November 27, 2019

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act [Our File #: FIN-89-2019]

On October 29, 2019, the Department of Finance received your access to information request for the following:

“Any and all messaging prepared for the fall sitting of the house of assembly. This includes key messages for the Minister and binders.”

The Department of Finance is pleased to inform that your request has been granted and is attached. The materials include:

- a copy of the 2019 Summer Session Hansard
- e-mails with copies of various news articles
- key messages

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

Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John’s, NL. A1B 3V8
Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

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

Please be advised that responsive records will be published following a 72-hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

If you have any further questions, please feel free to contact the undersigned by telephone at 709-729-2082, or by email at bethbartlett@gov.nl.ca.

Sincerely,

Beth Bartlett, CIAPP-C
ATIPP Coordinator

Attached
MR. SPEAKER: The hon. the Leader of the Official Opposition.

MR. CROSBIE: Mr. Speaker, thank you.

While recognizing the paramount need to return to surplus by 2022-23: Does the Premier accept that the electorate has just instructed their representatives to collaborate on reorganizing budget priorities? And, if not, what instruction from the electorate does he think he has?

MR. SPEAKER: The hon. the Premier.

PREMIER BALL: Thank you, Mr. Speaker.

I think on May 16, when I look back at election day and the 28-day campaign that was ran, I think I made my intentions very clear on election night when I spoke to the people of our province and put forward a willingness to work together on behalf of all Newfoundlanders and Labradorians. As a matter of fact, made it quite clear that I wanted to work with all 40 Members of this House of Assembly.

Mr. Speaker, when you look at the dynamic of the decisions that we have to make, all of us I believe that sit in this House, that really what we want to do is make decisions that are in the best interest of Newfoundlanders and Labradorians.

In 2016, we started with a plan to return to balance in 2022-2023. Mr. Speaker, we are creating jobs in our province, and our province is on track to return to surplus. I believe that is the budget that we put forward to the people of our province during this recent election.

MR. SPEAKER: Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Leader of the Official Opposition.

MR. CROSBIE: I thank the Premier for the answer.

And he and I, as he knows, have had an exchange of correspondence on potential modifications to the unpassed budget.

Is the Premier willing to collaborate to pass supply and, over coming months, to negotiate policy preferences expressed by the voting public, like insulin pump coverage and of killing the levy, while respecting the paramount need to return to balance?
MR. SPEAKER: The hon. the Premier.

PREMIER BALL: Absolutely, Mr. Speaker.

In the letter that was sent to me on June 5, I think it’s now publicly shared – at least I hope it is – from the Leader of the Opposition, there were eight initiatives or eight things that were discussed. All of these initiatives were not new, Mr. Speaker, to government. These are all things that we’re currently working on.

As everyone in this province would know already, the levy was a temporary levy and it’s legislated out. So this is not on the advice or the response or a reaction to any particular letter that was sent to me on June 5. This was all part of the plan when the temporary levy was in Budget 2016. There is a legislative process that will make sure that this levy is gone by 2019. That’s about $55 million that will go in the pockets of Newfoundlanders and Labradorians, as well as insulin pump coverage that was expanded this year, ArtsNL funding, Mr. Speaker, all of which are part of Budget 2019.

MR. SPEAKER: Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Leader of the Official Opposition.

MR. CROSBIE: I thank the Premier for that somewhat limited amount of encouragement, and would ask the following: Upon election of the Speaker, the Premier has a 19-Member caucus in a 40-Member Legislature. Can the Premier explain how this amounts to a mandate to pass his pre-election budget with no changes?

MR. SPEAKER: The hon. the Premier.

PREMIER BALL: Mr. Speaker, the mandate that I’m talking about is that we have 20 Liberal seats currently in Newfoundland and Labrador. When you look at the popular vote within our province, I’m still Leader of the Liberal Party, which puts me in a position to be Premier of the province. That is the mandate that was given to me and a mandate to lead this province in this minority government. And it’s one that I embrace, because I see this as an opportunity to work together with every Member.

These ideas that have been mentioned, as I said, are not new; there are about eight initiatives there. What I’ve done in response to the letter is to ask the Leader of the Opposition, which is the responsible manner, to actually cost these initiatives and also speak to, in a very specific way, the cuts or the expenditure reductions that he refers to in his first letter on June 5. I think that is what leadership does, to actually work together in the response of that letter.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Leader of the Official Opposition.
MR. CROSBIE: The government promised to eliminate the sales tax imposed on auto insurance premiums, but chose not to give this measure legal effect before the election. People found out about this while renewing their coverage.

Will this legislation be brought to the House?

MR. SPEAKER: The hon. the Premier.

PREMIER BALL: Yes.

MR. SPEAKER: The hon. the Leader of the Official Opposition.

MR. CROSBIE: Can the Premier or other minister explain when?

MR. SPEAKER: The hon. the Premier.

PREMIER BALL: Thank you, Mr. Speaker.

For Members opposite, given this is their first exposure to Question Period, if you look at your desk there, there would be an Order Paper there that would explain when this piece of legislation was coming. I understand this was introduced yesterday by the Minister of Finance. This is a piece of legislation that we want to bring forward too. Of course, the House Leader, as everyone would know right now, will introduce this bill.

We want to get this done, Mr. Speaker. People in our province are looking forward to this rebate. This is a commitment that we have made, nearly $60 million to the people of our province, to remove auto insurance.

If you remember, Mr. Speaker, this was all part and parcel of the Public Utilities Board review on auto insurance that we were the first administration of many - many administrations prior to us have pushed this down the road. This administration dealt with it.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Leader of the Official Opposition.

MR. CROSBIE: Could someone from the ministry explain whether discussions have taken place with representatives of the insurance industry on the question of inconvenience and expense arising from the need to make rebates of auto insurance premiums.

MR. SPEAKER: The hon. the Premier.

PREMIER BALL: Mr. Speaker, any time you make a decision within government that's imposed, there's always a date that would be imposed. So what we want to do is work with the
insurance industry to make sure that these rebates can be effective, because the objective here is to put this money back in the pockets of Newfoundlanders and Labradorians, without delay.

We want to get this done. People have been asking for this. This was one of the things that came forward from the Public Utilities review, but it's something that we've wanted to do for quite some time. The measures that we imposed in 2016, the decisions that were made, Mr. Speaker, were very obvious, based on the fiscal challenges that we were left with coming into government in 2015.

So, Mr. Speaker, we are glad to get this money back in the pockets of Newfoundlanders and Labradorians as quickly as possible.

MR. SPEAKER: Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, I ask the Minister of Finance: The December 2018 report of the government's Independent Tax Review Committee said the Temporary Deficit Reduction Levy was – quote – regressive, a head tax, poor tax policy and consideration should be given to ending the Temporary Deficit Reduction Levy prior to the legislated date. Why not take your own committee's sound advice and immediately eliminate the levy?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

The levy is being eliminated in 2019. What we chose to do, as a government, is to reach the greatest number of people in the province with a tax break that we could by eliminating the sales tax on automobile insurance.

The Independent Tax Review Committee did not recommend the elimination of automobile tax insurance right away. They did recommend the levy, but the automobile tax insurance reaches a greater number of people and this way both win because the levy is gone this year and the automobile tax insurance is gone this year as well.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, I ask the minister for clarification.

Is the minister telling the taxpayers of this province that they will have to pay the full cost of the levy on their 2019 tax returns?
MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

Mr. Speaker, the tax levy is gone as of December 31, 2019. That's been legislated in this House since 2016. The same people that pay the levy, Mr. Speaker, of all tax filers in the province, less than 30 per cent actually pay the levy, but of people filing taxes in the province, almost 100 per cent pay automobile insurance.

We wanted to give the widest number of people we could a tax break, and that's what we did with the automobile insurance. The levy is gone this year as well.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, the answer is obviously, yes, and the minister referred to an amount of $55 million being the impact of the tax levy, so it isn't insignificant to the people of this province.

Mr. Speaker, there's new information that insolvencies are up over 50 per cent in this province. Businesses are going under because they're prospective customers have less to spend, thanks to exorbitant taxes.

Is the minister concerned about this number of insolvencies?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, there are jurisdictions in Canada with higher rates of growth and insolvency than this province, but what I will say is that in Budget 2015, the previous government gave a projection on the amount of capital investment in this province; we've exceeded that. They gave a projection on the number of jobs in this province; right now, today, we've exceeded that.

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: I remind all Members I will not tolerate interruptions, please.

MR. OSBORNE: They gave a projection on the amount of retail sales in this province; we've exceeded that.

So, based on their numbers, I would suspect that things would've been worse. We've got 11 consecutive months of year-over-year job growth in this province, we've worked hard to overcome the fiscal crisis that was there in 2015-2016 and we're making progress.
SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, I ask the minister: What is your solution to bring down the number of insolvencies in this province?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, what we’re doing is probably the opposite of what the crowd opposite were doing when they projected that capital investment would be lower than we’ve actually delivered, where retail sales in the province would be lower than what we delivered, where the number of jobs in the province would be lower than what we delivered.

We’ve come off a period where we’ve had two megaprojects shut down, and something that this province could not control was the effects of Fort McMurray on the province, where people had large incomes in Fort McMurray. Literally thousands of people in this province were affected by that, but we have made huge progress with 11 consecutive months of year-over-year job growth.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, the Dominion Bond Rating Service has indicated that the deficit for this year is actually $855 million.

In this government’s pre-election budget, the minister stated that the province would record a $1.9-billion surplus. I ask the minister: Which number is correct?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, with the Atlantic Accord, based on the accounting principles that this province has had in place for two decades, it does show a surplus, but without the Atlantic Accord, we’d have a $577-million deficit in this province.

If the Member wanted to be completely accurate with the people of the province and read a little bit further into DBRS, the reason they show the figure they do is because they project all capital costs immediately, as opposed to amortized over the life of the project.

June 12, 2019
MR. WAKEHAM: Mr. Speaker, this Liberal government is promising to return the province to surplus in fiscal 2022-23, but in order to do this the minister has said, in his own fiscal forecast, that revenue will need to increase by $439 million by 2022-23.

I ask the minister: Where will this revenue come from?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

It’s in large part due to natural resources. If the Member looks a little bit deeper into our books, oil production, for example, this year is up about 12 per cent, just as an example. We’ve got mining developments – several mining developments were announced last year, or in the last 12 months. We anticipate revenue from mining developments as they come on stream as well.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, this budget has $8.4 billion worth of spending.

Again, in your own fiscal forecast, the Minister of Finance indicates the need to reduce spending to $7.8 billion by 2022-23.

I ask the minister: How is he going to decrease spending by $617 million by 2022-23?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Well, there are two answers to that question, Mr. Speaker. First of all, I’d ask him to tap on the shoulder of the guy sat next to him who put a list of eight demands forward which would cost hundreds of millions of dollars over the next three years. That’s certainly not a way to reduce spending, without having a balanced approach in order to implement the things we’d also like to see. But real leadership means that you need to have a balanced approach.

How we look at this, in part, is by shared services, as an example. Shared services will save government tens of millions of dollars. We’ve looked at reducing the size of government’s vehicle fleet. We’ve already had great success reducing the size of leased space that government has. We’ve had great success, Mr. Speaker. We’ve done zero-based budgeting. We have efficiencies that we’ve put in place, and some of the savings from those are still to be found.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.
The hon. the Member for Stephenville - Port au Port.

**MR. WAKEHAM:** For the record, Mr. Speaker, we didn't say we wanted to increase the expenditure for this fiscal year, we asked that the budget be reintroduced and we would work with them to live within that budget.

This Liberal government promised the people of the province that they would get their financial house in order, but they have failed to get spending under control.

So I ask the minister: You now have over a billion-dollar problem. Based on your track record of increasing expenditures, do you have an actual plan to return to surplus?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

**MR. OSBORNE:** Thank you, Mr. Speaker.

Mr. Speaker, I'll start off by saying that we've held spending steady, despite the consumer price index, despite some of the many very positive initiatives that we've put forward as a government in health care, in infrastructure projects, whether it's schools or hospitals or roads that were badly in need of repair.

So we've held spending relatively steady, despite an aging population and health care and drug costs becoming more expensive. What will not hold spending steady are the eight initiatives where they ask for spending but provide absolutely no indication as to where the money will come from.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Stephenville - Port au Port.

**MR. WAKEHAM:** In *Budget 2016* the Liberal government asked the people of this province to reach into their pockets and contribute more. In exchange, the Liberals promised that they would cut expenditures. And I quote, budget speech 2016: "In addition to the public engagement efforts, to further address the deficit, all government departments, agencies, boards and commissions were asked to identify potential options for savings and present options to reduce expenditures by thirty per cent over three years."

I ask the Finance Minister: Has this been done?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

**MR. OSBORNE:** Mr. Speaker, we have found considerable savings within government departments through the Government Renewal Initiative and through a flatter, leaner government. We've outlined, through zero-based budgeting, savings within government. In fact, Mr. Speaker, some of those savings were put into very important initiatives that the people of the province wanted to see over the past three years.
I've also indicated, Mr. Speaker, that we're now focusing on some of our agencies, boards and commissions, in the same way we found within government departments, some additional savings in those areas. It accounts for about 60 per cent of government's total spend.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Stephenville - Port au Port.

**MR. WAKEHAM:** Mr. Speaker, numbers don't lie. Three years ago, the Liberal government spent $8.3 billion in 2016-17. This year, they are planning to spend $8.4 billion. So, after three years, instead of a reduction of 30 per cent, we actually have a projected increase in expenditures.

Where is the reduction that was promised?

**MR. SPEAKER:** The hon. the Minister of Finance.

**MR. OSBORNE:** Mr. Speaker, I tell you one of the places we're not going to find a reduction is an initiative that he wanted to do and remove the nurse from Black Tickle. If we want to play politics, Mr. Speaker, politics can go both ways. If we want to be conciliatory and look to cooperate, that goes both ways as well.

I'd ask the Member opposite to identify the hundreds of millions of dollars in spending that they've asked us to put in place, where that money is coming from.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Stephenville - Port au Port.

**MR. WAKEHAM:** Mr. Speaker, the Minister of Finance knows full well that regional health authorities do not make final decisions on budget reductions when it comes to health care.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. WAKEHAM:** They are approved by the government of the day and the departments of the day.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Is there a question?

The hon. the Minister of Finance and President of Treasury Board.
MR. OSBORNE: Mr. Speaker, the recommendations come from the regional health authorities and I believe it was his recommendation to remove the nurse.

MR. J. DINN: Thank you, Mr. Speaker.

We are starting to see evidence in departments of downsizing of government’s attrition policy in the form of staff burnout and reduction of services.

I ask the Minister of Finance: What measures is his government prepared to take to ensure that attrition will not interfere with services going forward?

MR. SPEAKER: The hon. the Minister Responsible for the Human Resource Secretariat.

MR. OSBORNE: I thank the Member for his question. Mr. Speaker, we’ve been practising attrition responsibly as a government over the past couple of years. We’ve reduced the size of the public service primarily through attrition. But we have not allowed our focus on attrition to interfere with the delivery of services that the people of the province rely on.

MR. SPEAKER: The hon. the Member for St. John’s Centre for a quick question, please.

MR. J. DINN: By definition, attrition means that when a staff person leaves they are not replaced.

So I ask the minister: What measures is his government taking to ensure that the remaining staff are not overburdened?

MR. SPEAKER: The hon. the Minister Responsible for the Human Resource Secretariat for a quick response, please.

MR. OSBORNE: Thank you, Mr. Speaker.

Again, I thank him, for the question. It’s an important issue. What we’ve been doing is as people retire, some of them – most of them, in fact, are replaced. But we do look at positions to determine what positions, Mr. Speaker, are no longer needed or those responsibilities can be redistributed. So most of the individuals that retire from the province, the positions are replaced.

June 13, 2019

MR. WAKEHAM: Yes, Mr. Speaker.

The Minister of Finance has stated that he has a plan to return the province to surplus, which includes a reduction in expenditure of $617 million.

I’d ask the minister to demonstrate where the $617 million will come from? Will he table the details behind his fiscal forecast, including a breakdown of savings by department?
MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

The Member opposite should know, or ought to know, that budgets are done on an annual basis. It's a one-year projection on where we're going to be. We continue to work on achieving those savings, Mr. Speaker.

We've identified, previously, based on the legislation we put in place in December, that we were looking to our agencies, boards and commissions and looking to work more closely with them to identify some savings. We've got a shared services model that will save government tens of millions of dollars annually, once it's fully implemented. We've got digital government that should save government money. We're consolidating collections within the Department of Finance. Some of that's already happening. Payroll within Finance, we're consolidating for some of the other agencies, boards and commissions. That's already happening.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, this is Public Service Week, and I'm a firm believer in the work that our public service does to provide services and programs to this province. I'm also a believer that they should be acknowledged for their work.

In my district there are three individuals who have waited over two years to have their reclassification heard or processed.

Is the minister aware of what the standard wait time is for reclassifications?

MR. SPEAKER: The hon. the Minister Responsible for the Human Resource Secretariat.

MR. OSBORNE: Yes, Mr. Speaker, I am. It's a very important issue. I thank the Member for raising it because it is important to our public service.

I've had several discussions with our union leaders about this very issue. In fact, we've put additional resources in place to try and look after the backlog that's been in place for a number of years.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.
MR. WAKEHAM: Over the last couple of days we've been asking about attrition in the Estimates. One department gave us a dollar target for '19-'20 but could not tell us how many positions would be removed, noting that that would be determined throughout the year. A second department was able to tell us both the dollar figure and the number of positions.

Can the minister please explain why departments are addressing attrition differently?

MR. SPEAKER: The hon. the Minister Responsible for the Human Resource Secretariat.

MR. OSBORNE: Certainly, Mr. Speaker, I'd be happy to address that question.

We have done a different attrition process than the former administration. The former administration essentially said that for every 10 people that retire, only eight come back. It's very rigid. It doesn't give departments the flexibility to determine what positions are needed and what positions are not.

We've placed the attrition target as a fiscal measure. Departments have the ability, deputies, to examine each position as they retire to determine whether or not that position is essential. It's not necessarily based on positions, Mr. Speaker. When you base it on positions, you could have all clerk typists eliminated in order to meet the number of positions without any proper, thorough analysis.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, can the minister please table government's attrition plan for the next five years, detailing the savings in dollars and positions by each department?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

I can certainly give an indication as to the previous two years. We put a two-year plan in place. We're nearing the end of that two-year plan at the moment. We will then evaluate the success of the plan. My understanding is it's been very successful. We've reduced the number of positions in core government by over 900 over the past three years. Once we have an opportunity to evaluate what our targets should be over the next two to three years, we'll develop another plan from there.

MS. COFFIN: Mr. Speaker, the Minister of Finance told the media yesterday that household incomes, the median wage and employment numbers are higher than they were in 2015, yet his own budget data shows the unemployment growing over the next few years.
I ask the minister: How does his claims in the media square with the numbers in his budget documents?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

**MR. OSBORNE:** Thank you, Mr. Speaker.

The numbers I referred to are for 2018-2019 numbers. But, Mr. Speaker, we do have a megaproject that’s coming to conclusion, Muskrat Falls, which will have an impact on employment numbers in this province.

Having said that, Mr. Speaker, we are proud to say that the numbers that were put forward as a projection in 2015 for 2018 were more than 3,000 jobs higher in this province than those numbers. And that’s despite the fact that we had no understanding or knowledge at the time in 2015 that Fort McMurray would have such an effect as it is having on our province.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Thank you.

The hon. the Leader of the Third Party.

**MS. COFFIN:** Mr. Speaker, the Minister of Finance said in the media that the consumer price index is outpacing expectations.

I ask the minister: Does he understand that this means everything is getting more expensive for everyone, and how does he reconcile this with making life more affordable?

**MR. SPEAKER:** The hon. the Minister of Finance and President of Treasury Board.

**MR. OSBORNE:** Well, first of all, Mr. Speaker, I will say that we expect the consumer price index to have an effect every year. I wouldn’t say that it’s outpacing expectations. What I will say is that the consumer price index has an effect on the services that government provides, on the cost of services, on the cost of equipment and materials that government purchases. Every year the consumer price index will have an impact on the budget in Newfoundland and Labrador.

**MR. SPEAKER:** Thank you.

The hon. the Member for St. John’s Centre.

**MR. J. DINV:** Thank you, Mr. Speaker.

In his budget speech of April 2019, the Minister of Finance said since forming government we have made a commitment to reducing the size of the public service, which we believe can be achieved without mass layoffs: attrition.
I ask the minister: Are his attrition policy decisions based on numbers, or is it a needs-based policy with the welfare and needs of the people and the public servants first and foremost?

MR. SPEAKER: Thank you.

The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, like everything we do in government, it is a balance. We take a very balanced approach to ensuring that we reach our fiscal targets with providing the services that are essential to the people of the province.

I think we can say very clearly that on this side of the House, Mr. Speaker, we've always taken a focus on the people in our province who deliver our public services. Any decisions that we've made on reducing the size of the public service, Mr. Speaker, we've done so making every effort to ensure that we don't shock the delivery of public services and we don't shock the economy.

MR. SPEAKER: Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Member for St. John's Centre.

MR. J. DINN: Has there been an analysis done by which you determine the needs of the people, the needs of the public service in reaching these fiscal targets? Has there been an analysis?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, I don't think anybody in the province would dispute that in 2003 we had about 40,000 public servants; in 2015 we had about 49,000 positions in the public service.

Mr. Speaker, we've always taken a very strong focus on those who deliver public services. Deputy ministers have a great deal of say in our attrition. We put fiscal targets in place. Every position who retires, deputies and the departments analyze that position, Mr. Speaker, to determine whether or not the position is absolutely vital or the job can be spread out over other people.

June 18, 2019

MR. WAKEHAM: Thank you, Mr. Speaker.

My next question is for the Minister of Finance. I ask the minister: Did the request for proposals for retail cannabis licences fall under the Public Procurement Act and, if not, why not?
MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

The request for proposals went out through the Newfoundland and Labrador Liquor Corporation. Mr. Speaker, I feel and I believe that they've done a good job in rolling out that program, in providing access to the general public of retail cannabis and of the procurement of the retail sites.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, a local cannabis retail company, Better Leaf, was denied a retail cannabis licence.

When the NLC's scoring matrix was released to us through ATIPP, the local cannabis companies proposal ranked better than a large national organization whose proposal was approved.

I ask the minister: Why did Loblaws receive a retail cannabis licence over Better Leaf, despite Better Leaf scoring better on their application?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

This is an important question; I thank the Member for the question. I believe the Citizens' Rep reviewed this particular case and decided that the NLC made the appropriate decision. I understand, in my conversation with the NLC in regard to this decision, they did it because a tier 1 does not allow minors within the store, Mr. Speaker, and there are safety concerns if an adult goes into a store and leaves a minor out in the vehicle.

The NLC retained the right, Mr. Speaker, in locations with only a tier 1 to look at a tier-4 model, and the successful proponent got that model.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, were there any other applicants for retail cannabis licenses that scored higher than other applicants that did not get licenses?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.
MR. OSBORNE: Thank you, Mr. Speaker.

Not to my knowledge.

June 19, 2019

MR. WAKEHAM: Mr. Speaker, yesterday when closing out debate on Bill 1, the minister indicated his desire to collaborate with Opposition Members and even invited anyone to come to his office.

I ask the minister: Will he table information on how he will achieve the $617 million reduction in expenditure outlined in his plan to surplus by '22-'23?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

Yes, I am absolutely – my door is open. I'm looking forward to any Member of the Opposition, in addition to the eight items that they demanded, Mr. Speaker, when they sent a letter to the Premier and copied myself, which would be hundreds of millions of dollars, to put forward ideas where they see a savings in the provincial public service and the delivery of services to the people of the province as well.

Having said that, Mr. Speaker, this is an ongoing process. Our deputy ministers and our ADMs work very hard in trying to identify efficiencies. We brought legislation in in December to work with our agencies, boards and commissions to try and find efficiencies and work on attrition planning.

Thank you, I'll get a chance to further answer.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, on Thursday, June 13, I asked the minister to table a detailed breakdown of his fiscal forecast by department, but the Minister of Finance responded that budgeting only happens on an annual basis.

I ask the minister: How do you know that you can reduce expenditures by $617 million if you only budget on an annual basis?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.
MR. OSBORNE: Mr. Speaker, I'll put up with a lot but I won't put up with people putting words in my mouth or trying to say that my words mean a certain thing.

Budgets come out on an annual basis. Yes, absolutely, Mr. Speaker, I certainly said that. Deputy ministers, assistant deputy ministers, directors, managers, the heads of our agencies, boards and commissions work every month of every year, Mr. Speaker, to try and find efficiencies, to try and find better ways of delivering services to the people of Newfoundland and Labrador, and I won't have the Member try to paint a picture other than that.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, I know there is a fiscal framework for future years.

I ask the minister once again: Will he table the departmental details of his fiscal framework to return to surplus by '22-'23?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, in case the Member didn't get a copy, I'll table that.

Mr. Speaker, budgets come out an annual basis. This is the budget for this year. We will be working towards next year's budget. The officials in every department work towards next year's budget.

Mr. Speaker, we'll continue working towards next year's budget with a focus on finding efficiencies while delivering the services that the people of Newfoundland and Labrador want.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you. ~

I remind the Members about chirping. I don't want any interruptions

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, I ask the minister one more time: Do you have a departmental breakdown of where you will find $617 million in savings, yes or no?

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, this is ongoing work. As I said, this year's budget is this year's budget. Our officials will work towards next year's budget, which will help find efficiencies.
The Member opposite asked why our spending was up. I indicated to him in Estimates, Mr. Speaker, and now for anybody who is sitting in the gallery or watching this at home who didn't see Estimates, we've got $130 million, 100 per cent fully recoverable funding in this year's budget; 125 of that is because of the work that our government has done with the federal government — something the Members opposite haven't been good at when they were in government — $125 million of fully, 100 per cent, federally-funded initiatives in this province.

Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, in Estimates on Tuesday, the minister indicated that he would be looking to ABCs to find efficiencies as part of his plan to reduce expenditures by $617 million.

Health is about 40 per cent of the total budget. Using a straight line calculation, health share of this target is about $246 million.

Is it the minister's intent to cut health care expenditures by $246 million over the next three years?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, the Member opposite was the head of one of our health care organizations, and it's absolutely shocking some of the initiatives he put forward to try and find savings. I can go through those, but it's quite embarrassing to do so. If he's suggesting that we take some of his ideas, some of the ideas that he put forward would be very unfortunate to the residents of Labrador, and we weren't prepared to do some of the things that he put forward, I can assure you.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, once again I'll clarify for the record. Health authorities are asked to remove millions of dollars from their budget every single year. They are given options. We put forward options, as we would do, as any good public servant would do. We put forward options with pros and cons. It then goes into government. At the end of the day, government decides which options are chosen and which are not, not the health authority.
SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Is there a question?

MR. WAKEHAM: Yes, Mr. Speaker.

Finding efficiencies means reducing expenditures, and for health care that's about $246 million of his $617 million target.

I ask the minister: Will he table the expenditure reduction initiatives that he plans to implement to find efficiencies in health care?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, you're absolutely right. Government makes the final decision, which is why we didn't impose some of the draconian measures that that individual put forward. It was his recommendations, not ours.

Now, Mr. Speaker, if the Member opposite is suggesting that we have multi-year budgets in this province, that's something that I wouldn't impose on our public servants. Government is a moving machine, and different departments encounter different initiatives where we can find savings. They encounter different challenges on a month-to-month and a year-to-year basis, but I have absolute confidence in the CEOs that are in place in all of our health authorities, and I'm glad the Member is no longer putting forward the draconian measures that he suggested.

MR. SPEAKER: Order, please!

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, the minister keeps saying his attrition plan is working. We have heard in multiple Estimates committees that departments are holding positions vacant to achieve attrition targets. This is really just delayed recruitment and not a permanent reduction in the workforce.

I ask the minister: Will he table his attrition plan?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, the attrition plan that was put forward by the former administration was very rigid. It was an absolute reduction in the number of individuals working in government. For every 10 that retired, they were only going to hire eight back. We wouldn't
impose that, Mr. Speaker, in areas such as nursing, in areas such as correctional officers because it is too rigid.

What we put in place, Mr. Speaker, was a financial target. Departments are meeting those financial targets. In some cases, where somebody retires with a higher salary, they're able to hire two people at a lower salary to do the work, or maybe sometimes one person at a lower salary to do the work. Our departments have met the targets that were put in place.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, how can the minister say his attrition plan is working when his own salary details show a decrease in positions by two? Even if this is just a point in time, as he will probably say, it is the number of people on payroll.

How can he say his attrition plan is working?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, we've reduced the number of positions in core government by hundreds since we became government in December of 2015. To say that the number of positions has been reduced by two last year, any time you take a picture of a point in time – sometimes we have snowplow operators that have to work extended seasons, sometimes we have other temporary staff that have to work extended seasons.

To take a snapshot in time is not a true reflection, Mr. Speaker, but we have reduced the number of positions in government by a significant number since we've taken office. Financial targets still save money for the taxpayers of this province.

June 20, 2019

MR. K. PARSONS: Thank you very much, Mr. Speaker.

Since this government called an early election, retroactive payments for the removal of tax on auto insurance is required.

Can the minister advise us what the cost is to the insurance companies to make these retroactive payments, and will he ensure that this cost doesn't be passed on to consumers?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.
I know that officials in my department had consulted with the insurance industry, Mr. Speaker. It's my understanding that the insurance industry are more than prepared to provide the rebates, and that's the way it's going to roll out.

I don't know if there are costs, or if any costs are there to the insurance companies, Mr. Speaker, but the important thing is consumers will get the rebate of any taxes that they've paid since April 15 of this year, up to the point that this becomes legal.

MR. SPEAKER: Thank you.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Member for Cape St. Francis.

MR. K. PARSONS: I can assure the minister that the insurance companies are reaching out to us also and there is a huge cost to it.

Can you inform the consumers when they can expect to receive their refunds?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

I've been assured by the officials in my department who have consulted with the insurance industry that this will happen as expeditiously as possible. I guess depending on the insurance provider, some may be able to provide it quicker than others, but we do understand that they're going to get it done as quickly as they can.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Cape St. Francis.

MR. K. PARSONS: Thank you very much, Mr. Speaker.

Can the minister explain what will happen in instances of policy bundling where home and auto insurance is combined and the insurance company is unable to break down the premiums?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Mr. Speaker, I don't know if this is a concern or not. It has not been brought to my attention. I'm certainly prepared to ask and look into it; but, up to this point, no insurance company has contacted me with this concern.
SOME HON. MEMBERS: Hear, hear!

July 23, 2019

MR. WAKEHAM: Mr. Speaker, on Friday, July 12, the government announced Dean Brinton had been terminated without cause from The Rooms with a hefty, secret payout. Mr. Brinton had spent close to 15 years as the CEO of The Rooms. Rumors continue to swirl that his departure was related to his reluctance to accept the political appointment of Carla Foote to an unadvertised position, paying $132,000.

I ask the minister: Did the political appointment of Carla Foote play a role in the departure of Mr. Brinton?

MR. SPEAKER: The hon. the Minister of Finance and President of Treasury Board.

MR. OSBORNE: Thank you, Mr. Speaker.

These are two completely different matters. Discussions with Mr. Brinton had been ongoing regarding the decision that was made. There was no secretive payout. Government were very forthright and the fact that he received 11 months pay as compensation. That's been out there. It's known by everybody, Mr. Speaker.

The reality is, Mr. Speaker, we respect the privacy of Mr. Brinton, which is something that was mutually agreed to. This is a HRS matter, and I think that all parties involved should respect the privacy of the individual that we're talking about.

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: Thank you.

The hon. the Member for Stephenville - Port au Port.

MR. WAKEHAM: Mr. Speaker, it has been almost a year since defeated Liberal candidate George Joyce was appointed Acting Chair of the Public Service Commission without any competition and who now oversees all recruitment and hiring within the public service.

Mr. Speaker, I ask the minister: When is he going to remove patronage from the Public Service Commission by properly advertising and filling this position?

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Minister Responsible for the Human Resource Secretariat.

MR. OSBORNE: Thank you, Mr. Speaker.
I think we have done a good job of removing patronage from the public sector.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. OSBORNE:** Mr. Speaker, there have been over 500 positions appointed through the appointments process, a merit-based appointments process that was put in place by this government.

Prior to us coming to office, all 500 of those positions would have been appointed—hand selected by ministers. In fact, just prior to the election in 2015, I think one individual minister on one day appointed about 40 people.

**MR. J. DINN:** Mr. Speaker, last week the CEO of The Rooms was fired and the remaining year of his contract paid out. This CEO did not publicly support the government's hiring of the Liberal staffer for an executive position at The Rooms, after the CEO had already signed a contract to hire someone else through the normal process.

Can the Premier say that the dismissal of The Rooms CEO had nothing to do with the appointment of Carla Foote as executive director of marketing and development?

**MR. SPEAKER:** The hon. the Minister Responsible for the Human Resource Secretariat.

**MR. OSBORNE:** Thank you, Mr. Speaker.

As I'd indicated earlier in Question Period, these are two completely separate matters.
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ISSUE: Auto Insurance Tax Removal

In late June 2019 government introduced changes to the Revenue Administration Act to remove the remaining 13 per cent tax on automobile insurance. Some questions have arisen about implementation of these changes by insurance companies regarding who qualifies for a refund and when customers will see the changes take effect.

ANTICIPATED QUESTIONS:

- Have all insurance companies issued refunds?
- Who qualifies for a rebate?

KEY MESSAGES:

The change to remove the tax on auto insurance is now in effect. Anyone renewing their policy should not be charged the tax on their auto insurance.

Customers will see the changes take effect based on when they renew their policy.

The tax is charged on the retail sale transaction, which happens when a customer enters into or renews an insurance contract. Whether a policy is paid for up front in its entirety or by way of installments is not relevant for RST purposes.

Whenever an implementation date is set, there will always be those that that fall on either side of the date.

When the RST was first added to insurance in 2016 consumers didn’t pay the additional costs until they renewed their insurance. This is no different.

SECONDARY MESSAGES:

- Anyone who renewed or entered into a contract between April 15 and June 27 will receive a refund for the tax or a credit equal to the amount paid from their insurance company.
- The timing of that is dependent on the companies themselves, and anyone with questions on timing should direct those to their individual insurers.
- Government does not control how private companies structure their policies. If an insurance company cannot (or does not) separate auto insurance from other insurance in a bundled package, then the whole policy is taxed.
- Refunds of tax will not be provided to motorists who cancel their insurance policies.
• We cannot currently afford to remove the RST on home insurance in addition the tax on auto insurance.
Key Messages
Finance/NLC
October 24, 2019

ISSUE: Phase Two of Cannabis Legalization

On October 17, 2019, Federal Regulations will come into effect that legalize the sale of cannabis edibles, extracts and topicals. Due to licensing and product approval processes though, these products will not be available for purchase until at least mid-December 2019. Given that this is occurring on the one-year anniversary of the legalization of recreational cannabis, it is expected to generate media attention.

ANTICIPATED QUESTIONS:

- Has the first year of cannabis legalization been a success?
- Who will be allowed to sell cannabis edibles?
- Why aren’t products available for October 17?

KEY MESSAGES – PHASE ONE

Since the first day of legalization, the Provincial Government has been focused on ensuring legalized cannabis was sold in a safe manner and only to those who were legally allowed to purchase it.

As we reach the one-year anniversary of cannabis legalization, we can’t lose sight of the fact that recreational cannabis remains a relatively new industry and we will continue to ensure new products are handled with the same goals in mind.

With regards to retail, we predicted there would be bumps in the road, and we faced several over the past twelve months. These issues have been or are being addressed in consultation with retailers and producers.

But when you consider that in twelve-short months, we have developed an industry that has taken over $30 million away from the illegal market, with new job opportunities in retail and supply, I think we are on the right track.

KEY MESSAGES – PHASE TWO

According to Federal Regulations, licensed producers are required to provide 60-days’ notice to Health Canada of their intent to sell products, which they can do starting on October 17.

Because of this, it is expected that products will become available gradually starting in mid-December 2019.
All current licensed cannabis retailers will be permitted to sell cannabis edibles, extracts and topicals once these products become available.

The regulations on these new products are the same as the existing regulations for cannabis products, including:

- You must be at least 19 years old to purchase, consume or possess cannabis products.
- Cannabis is not permitted for use in public places or inside vehicles.
- Consumption is permitted in private residences, as well as in hotel rooms or apartments in multi-unit residential buildings at the hotel’s or landlord’s discretion;
- Driving while impaired remains a serious criminal offence with zero tolerance under provincial law for anyone under 22 – just as with alcohol. There is also zero tolerance for novice drivers and drivers of commercial motor vehicles.
ISSUE: Cannabis Retailer Consultations

On August 15, 2019, retailer Thomas Clarke was publicly critical of government for the eight per cent commission rate, saying that the current legal structure of the cannabis industry will put him and others out of business. Since then government has opened consultations with cannabis retailers, as per a commitment from the Minister.

ANTICIPATED QUESTIONS:

- What is the current status of retailer consultations?
- Do you have any comment on the issue of commissions paid to independent cannabis retailers?

KEY MESSAGES:

It is important to recognize that even as we start year two, recreational cannabis is still a relatively new industry.

In late-August/early-September we opened consultations with cannabis retailers.

NLC and Department of Finance officials met or spoke with representatives from every cannabis retailer in the province to get their feedback.

We are now considering this feedback, and plan to reach out to retailers over the coming weeks to discuss some potential changes based on what we heard.

The eight per cent commission rate was communicated in the RFP. Every retailer was aware of this before they applied for a retail licence.

SECONDARY MESSAGES:

- We recognize that retailers face challenges from the illicit market and growing pains in this new industry. I said from the outset that there would be bumps in the road.
- Supply was an issue faced by the entire country in the early days of legalization, so even the first few months beyond legalization are not a true measure of how this industry operates.
**Key Messages**  
Finance/NLC  
October 24, 2019

**ISSUE: CannTrust**

On September 17, 2019, Health Canada advised the NLC that CannTrust’s licences at both of their sites located in Fenwick and Vaughan, in the province of Ontario, were suspended. The suspension includes the activity of sale of cannabis for medical and non-medical purposes.

**ANTICIPATED QUESTIONS:**

- What impact does the CannTrust shutdown have on local cannabis retailers?
- Are there any CannTrust products still available in Newfoundland and Labrador?

**KEY MESSAGES**

The CannTrust shutdown will have a minimal impact on the local cannabis industry.

The last product shipped to this province from CannTrust was sent on June 28, 2019.

As far as we are aware, there are no CannTrust products currently available through Licensed Cannabis Retailers in this province, and there are no products available on ShopCannabisNL.com

NLC continues to monitor the situation and will advise the public if there are any changes to CannTrust’s status with Health Canada.

**SECONDARY MESSAGES**

- The NLC requires licensed producers to have Health Canada authorization, and as a result of this suspension the NLC has revoked CannTrust’s authorization to send product to this province.

- In the event that CannTrust’s licenses from Health Canada are reinstated, they will need to apply for a new authorization with the NLC.
ISSUE: Carbon Tax

On October 21, 2019, the Federal Liberal Party won a second mandate as a minority government in Ottawa. The carbon tax was a point of contention during the Federal Election, with the Federal Conservative Party promising to cancel the tax. The tax has also faced opposition from Premiers in some Canadian provinces. Questions are anticipated regarding the future of the carbon tax.

ANTICIPATED QUESTIONS:

- Do you anticipate any changes to the carbon tax with a minority Federal Government?
- How is the province’s carbon tax different from the Federal tax?
- Is there any rebate for consumers under our carbon tax?

KEY MESSAGES:

We anticipate the carbon tax will remain in place after the results of the Federal Election.

Our “Made in Newfoundland” approach to carbon tax is tailored to our unique economic, social and fiscal realities.

As part of our approach to carbon pricing, which was approved by the Federal Government in 2018, our taxation rates on gasoline and diesel are adjusted based on Atlantic Parity.

This means that our carbon tax rates will only increase if we can do so while remaining competitive with our Atlantic counterparts.

As with other provinces, we will review our carbon pricing system on an annual basis to ensure compliance with federal requirements.

SECONDARY MESSAGES:

- Consumers did not see our program as a pronounced 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.
- There are also exemptions for resource-based industries in support of offshore oil exploration, mineral exploration, the fishery and the forestry sector.
- Our plan does not include a rebate; instead it includes significant exemptions that lessen the taxation impact.
QP Issue Note
Finance
October 24, 2019

ISSUE: Credit Ratings

In July 2019, Moody’s announced that they would be downgrading the province’s credit rating, and changing the provinces outlook from a “negative watch” to “stable.” This received significant media coverage that questioned the province’s fiscal course. In August and September 2019, S&P and DBRS respectively, maintained the province’s credit ratings, as they have done for the two years previous.

ANTICIPATED QUESTIONS:

- What do these ratings mean for the province’s fiscal outlook?
- Are you still committed to returning to surplus in 2022-23?

KEY MESSAGES:

We are pleased that S&P and DBRS recognize that our plan is, and has always been, a disciplined approach to fiscal management.

We have exercised caution in our fiscal forecasting, and have not wavered in our fiscal approach.

While the fiscal outlook remains challenging, our efforts have made progress toward reducing annual budget deficits and slowed the pace of debt growth.

We have faced, and continue to face, significant challenges that have an impact on our fiscal plan – some of which are within our control, and some which are not.

While we must continue our efforts to reduce the deficit, we must do so while maintaining an acceptable standard of living for the people of this province.

We are going to continue with our balanced approach, which involves finding efficiencies while also finding ways to invest in communities and services that people rely on.

SECONDARY MESSAGES:

- S&P recognized our progress over the past year with our negotiated wage freeze and the elimination of severance benefits. S&P has signaled that if our plan is maintained, our efforts will keep us on track to return to fiscal balance by 2022-23.
- DBRS indicated that following the re-election of this Liberal government we were able to maintain our balanced plan.
- Several of the issues identified by Moody's, including our province's debt and interest burden and the inherent global volatility of commodity prices, are not new.
- These are the realities we have faced since coming into government in 2015, and these factors have shaped our fiscal approach.
ISSUE: Deferred Revenues – Second Hibernia Shutdown

On August 18, 2019, it was announced that production at Hibernia was shut down following an oil spill that proceeded from a power outage situation. This is one month after the platform was shut down for a different spill on July 18, 2019. Hibernia production resumed on September 26, 2019. Questions have arisen as to the potential economic impact of this shutdown on the provincial treasury.

ANTICIPATED QUESTIONS:

- How much revenue will the province lose as a result of this second shutdown?
- How much revenue did the province lose as a result of the first shutdown?
- Are you concerned about the potential financial impacts of this shutdown?

KEY MESSAGES:

While we appreciate there is a short-term financial impact when production was shut down in the offshore, our main priorities are ensuring the health and safety of workers offshore and the environment.

The estimated deferred royalty impact during the Hibernia shutdowns is currently estimated at approximately $2.7 million per day.

The first shutdown lasted approximately 28 days, while the second shutdown lasted approximately 40 days.

As a result, we estimate about $185 million in deferred revenues as a result of both shutdowns. It is important to note that these are still rough estimates.

This is deferred revenue, not lost revenue as this oil will be produced once operations resume.

These shutdowns are not insignificant from a financial perspective, and they have an impact on our fiscal situation.

We will be in a better position to provide an update at the Fall Fiscal Update, which will take place before the end of the calendar year.

SECONDARY MESSAGES:

- Total deferred production from both shutdowns is estimated at approximately 8 million barrels
- This estimate is based on Budget 2019 estimates of production, oil price and exchange rate.
- Oil volatility is nothing new for us, both in terms of production and in terms of changing oil prices.
- Our province’s reliance on oil is less than in years past. In 2019-20 oil revenue represents 11.4 per cent of total revenue, including the $2.5 billion revenue accrued in 2019-20 from the Atlantic Accord agreement.
- The 2018 offshore shutdown, including the partial shutdown of the Sea Rose that lasted for multiple months in 2019, resulted in approximately $82 million in deferred revenues in 2018-19, as well as approximately $4 million in 2019-20.
QP Issue Note
Finance
October 24, 2019

ISSUE: Equalization and Federal Support

During the 2019 Federal Election, numerous questions arose about government’s ongoing discussions with the Federal Government on rate mitigation funding. At the same time, a local stakeholder group renewed calls for changes to equalization to include Newfoundland and Labrador. Questions have arisen about how the Provincial and Federal Governments are working together to address the province’s fiscal situation.

ANTICIPATED QUESTIONS:

- What is the status of the province’s discussions with the Federal Government on rate mitigation?
- Will you push the Federal Government for changes to equalization?

KEY MESSAGES:

We have been clear since taking office that the equalization formula needs to be changed.

We have advocated for changes with the Federal Government since taking office.

It is hard to find common ground with our provincial partners on equalization, as all provinces have competing interests on how it should be addressed.

While we will continue to advocate for changes to the equalization formula, we have turned our focus to discussions on other ways to collaborate to address our fiscal challenges.

We remain in active discussions with the Federal Government on the issue of rate mitigation and examining the financial structure of the Muskrat Falls project.

These discussions have been positive as both sides recognize the importance of achieving the best possible outcomes for the people we both serve.

SECONDARY MESSAGES:

- We made a case to the Federal Government in 2018 on why we need changes to the equalization formula, but we were clear from the outset that it was unlikely we would get equalization given these competing interests.
- The Federal Government ultimately made the decision to maintain the status quo, as expected.
• Our discussions with the Federal Government led to an agreement on a new Atlantic Accord agreement which provided a new and guaranteed revenue stream of $2.5 billion and which ensures the Newfoundlanders and Labradorians are the principal beneficiaries of our offshore resources.

• The Premier has met with the Prime Minister and the Federal Finance Minister on the rate mitigation file on several occasions, including as recently as September.
QP Issue Note
Department of Advanced Education, Skills and Labour
October 24, 2019

ISSUE: MEMORIAL UNIVERSITY PENSION PLAN REFORM

A recent allnewfoundlandlabrador.com article noted that the audited financial statements were not appended to the MUN annual report due to outstanding pension reform.

ANTICIPATED QUESTIONS:

• What is government doing to assist with Memorial’s pension liability?
• When do you expect MUN to table its audited financial statements?
• Will government fund the special payment again this year?

KEY MESSAGES:

In recent years we have asked all of our agencies, boards and commissions to take a close look at their operations, to become more efficient, to find more savings and to be more fiscally responsible.

Over the last number of years, we have undertaken considerable work within government departments in this regard, and it is important for ABCs to follow suit.

In 2014 and 2015, government undertook pension reform with our union partners on the Public Service Pension Plan and the Teacher’s Pension Plan. Public sector workers and government came together for the collective good and restructured pension plans to ensure their long-term sustainability.

We have communicated to Memorial University that we expect them to undertake pension reform in line with what was done with the PSPP and the TPP, and Memorial is working towards this goal.

Our government continues to support Memorial University in its efforts to achieve pension plan reform and ensure its financial sustainability. We look forward to further discussions with Memorial regarding its plan.

Memorial University is actively engaged in joint sponsorship discussions with its employee groups. While those discussions are ongoing, and out of respect for that process, it would be premature for me to comment further.
SECONDARY MESSAGES:

- The annual report will be re-tabled once the audited financial statements have been finalized.
- No decision has been made regarding special payments for the pension plan.
- For 10 years, the provincial government allocated public funds to provide special annual payments to support the plan.
- It is important for Memorial University to get its pension on the path to long-term sustainability.
- Newfoundland and Labrador’s pension legislation is among the strongest in the country.
- Service NL is responsible for the regulation of pension plans in the province under the Pension Benefits Act.
- The mandate of the Pension Benefit Standards Division of Service NL, and the objective of the Act, is to protect the pension benefits of plan members as outlined in legislation.
- There are approximately 200 pension plans registered with the province, covering more than 100,000 plan beneficiaries.

BACKGROUND INFORMATION:

- Memorial University’s President has noted the ongoing challenge of the institution’s pension liability. The university has been granted a temporary exemption from making solvency special payments into its pension plan and was granted a deferral from making going concern special payments into its pension plan for the 2017-18 fiscal year.
- Since 2005, the Provincial Government has provided $127.8 million through its operating grants to support Memorial University’s special payments to the pension plan – this included $22.6 million in 2014. No special payment funding has been provided since 2015.
- The pension is currently 87 percent funded with a gap of between $150 million and $180 million.
- In the absence of a going concern special payment deferral for 2018-19, MUN would be required to make payment of approximately $30.8 million into its pension plan. In the absence of a solvency special payment exemption extension from January 1, 2019 to March 31, 2019, MUN would be required to make an additional payment of approximately $22.6 million into its pension plan ($53.4 million total payments).
- Dr. Kachanoski has advised that MUN does not have fiscal resources to cover these payments.
ISSUE: Competition for NLC CEO Position

On July 31, 2019, the job posting for a permanent CEO of the NLC was issued. Since 2018, members of the media have asked the Minister Responsible for the NLC whether interim CEO Sharon Sparkes would be made permanent or when a permanent CEO would be appointed through the Independent Appointment Commission process.

ANTICIPATED QUESTIONS:

- Will Sharon Sparkes be made permanent?
- When will a permanent CEO be installed?

KEY MESSAGES:

Sharon Sparkes has given me permission to state publicly that she will not be seeking to stay on as President and CEO, as she is preparing to pursue other career opportunities.

Ms. Sparkes has done an exceptional job overseeing a complex transition, in addition to the NLC’s historical mandate of overseeing the regulation of alcoholic beverages.

I would like to thank her publicly for her work during this transition, and wish her well on her future career endeavours.

Now that the NLC’s oversight of cannabis is solidified and many of the issues the organization faced, such as supply shortages, are settled, we have begun recruitment for a permanent President and CEO.

This recruitment is going through the Independent Appointments Commission process, and we expect to appoint a permanent CEO in 2019.

SECONDARY MESSAGES:

- When we appointed Ms. Sparkes as Interim CEO we indicated the need for an individual with corporate knowledge of the Corporation to oversee the transition to regulating cannabis in 2018.
- This was the largest policy shift in our province since Confederation, and the NLC is at the forefront of regulating this new industry.
Key Messages
Finance
October 24, 2019

ISSUE: Public Accounts

On October 24, 2019, government will issue its annual release on the audited financial statements of the province for the fiscal year 2018-19. This year’s audit revealed that the deficit was increased by $30.6 million from the revised Budget 2019 projection. This represents a change of less than a half of a per cent on the overall budget.

ANTICIPATED QUESTIONS:

• What caused a worse than expected annual deficit?

KEY MESSAGES:

We have a solid plan that is stabilizing our province’s finances, reducing long-term liabilities, creating jobs, and delivering services to communities and families.

Despite facing significant external and internal pressures over the past four years, we have maintained a steady course of deficit reduction and have met our fiscal targets each year.

Public accounts captures the full year of financial reporting – at budget time, financial officials use projections based on revenue and expenditures that are still trickling in.

The variance between budget day and today is less than a half of a percent from the overall budget.

Compared with the original Budget projection, we saw an improvement of $130.8 million.

We are over 99 per cent on track – a positive outcome for any budget projection.

Variances between what is announced on Budget day versus public accounts are totally normal. In fact:

• Last year, it was $98.9 million;
• In 2016-17, it was $67.5 million;
• In 2014-15, it was $81.8 million; and
• In 2012-13, it was $235.9 million.
SECONDARY MESSAGES:

- Revenues were above the latest projection based on higher-than anticipated offshore revenues, investment revenue, as well as revenues from various other sources.
- Expenses were also slightly higher than anticipated, primarily as a result of actuarial adjustments.
- Our government has worked very hard to improve our fiscal situation. The fiscal path the previous government put us on was not sustainable.
- We remain committed to creating the conditions necessary for economic growth in this province.
QP Issue Note
Finance
October 24, 2019

ISSUE: Return to Surplus

In September 2019, in discussing the province’s latest credit ratings, the Minister of Finance stated that while government is still focused on a return to surplus, that he wouldn’t “risk getting back to surplus if it means closing hospitals where people need them.” Media reported this as the Minister backing off his commitment to return to surplus by 2022-23.

ANTICIPATED QUESTIONS:

• Are you still committed to returning to surplus in 2022-23?

KEY MESSAGES:

We have faced and continue to face significant challenges, which have put strain on our fiscal projections between now and 2022-23.

We remain committed to our balanced approach to fiscal management, which involves finding efficiencies while also finding ways to invest in communities and services that people rely on.

But as with any long-term plan, it is important that we revisit and refresh our approach regularly.

As we move forward toward Budget 2020, we will consult with the public on our path toward fiscal balance, and will provide an update at budget time.

While we must continue to reduce our deficits, we must do so while maintaining an acceptable standard of living for the people of this province.

SECONDARY MESSAGES:

• We will also consult with all MHAs in the House of Assembly. Opposition MHAs have stated publicly that they want to collaborate with our government, but the path to 2020 will be a true test of their sincerity.
• We set on an ambitious plan to return to surplus in 2022-23, and have made significant progress against this plan:
  o Reducing the annual deficit by nearly $2 billion
  o Keeping healthcare spending flat despite significant cost-pressures
  o Reduced the size of the public service, and will continue to do so through attrition.
- Stabilized spending after a 10-year period where provincial spending increased by over 50 per cent.
  - We have faced and continue to face significant challenges that have an impact on our plan – some that are within our control, some which aren’t:
    - Signs of a global recession.
    - Offshore shutdowns in 2018 and 2019 and oil volatility, which impact provincial revenues.
    - Muskrat Falls and rate mitigation, which divert money we would rather spend on service delivery.
    - Outmigration and an aging population, which reduce our taxpayer base and increase the strain on our healthcare system.
    - Delivering services to small population spread over a large landmass.
    - The reality of our minority government, which will make addressing our fiscal challenges difficult without true collaboration.
ISSUE: Steve Winters suing NLC for further compensation

On January 5, 2018, Stephen Winter was replaced as the President/CEO of the NLC and received termination benefits in accordance with his entitlements under the law. On September 18, 2019, Mr. Winter filed a lawsuit against the NLC claiming further compensation, including two years severance (vs. the one he received) further car allowance, and to be paid for additional hours.

ANTICIPATED QUESTIONS:
• Why wasn’t Mr. Winters given his full compensation?
• What compensation did Mr. Winters receive in 2018?

KEY MESSAGES:

We terminated our employment relationship with Mr. Winter without cause in 2018.

Mr. Winter was offered a benefits package in accordance with his entitlements under the law.

As this is now an active legal case between Mr. Winters and the NLC, I cannot provide further comment until a decision has been made by the judicial system.

SECONDARY MESSAGES

• The base salary for Mr. Winter in 2017 was $239,300, in addition to an $8,000 in car allowance.

• When we appointed Ms. Sparkes as Interim CEO we indicated the need for an individual with corporate knowledge of the Corporation was required to oversee the NLC’s transition to regulating cannabis in 2018.

• Ms. Sparkes has done an exceptional job overseeing a complex transition, in addition to the NLC’s historical mandate of overseeing the regulation of alcoholic beverages.

• Now that the NLC’s oversight of cannabis is solidified and many of the issues the organization faced, such as supply shortages, are settled, it is time to begin recruitment for a permanent President and CEO. We expect to appoint a permanent CEO in 2019.
ISSUE: THC Distribution Banking Issue

In October 2019, Thomas H Clarke, an independent cannabis retailer, told media that his bank had closed his account and that he was having challenges finding a new banking institution, and as a result his store would be going cash only.

ANTICIPATED QUESTIONS:

• Is there anything government can do to assist Mr. Clarke with his banking situation?

KEY MESSAGES:

We certainly feel for Mr. Clarke, and this is a difficult situation for him.

The cannabis industry is largely run by private retailers, each of whom have their own individual relationship with banking institutions.

Government has no standing between a bank and its customers, and it is not standard practice for government to intercede in situations like this.

Mr. Clarke has been in regular contact with the NLC during this time, and they are providing him with guidance where possible.

SECONDARY MESSAGES:

• The Federal Government led the charge on legalization of recreational cannabis.
• I believe they have a role to play in allaying any fears that Canadian banks have around their dealings with the United States.
ISSUE: Video Lottery Terminals (VLT)

In recent months there have been multiple media stories regarding VLT machine addictions and a class-action lawsuit against the machines that is proceeding. Questions occasionally arise on the status of the lawsuit, as well as government’s approach to responsible gambling.

ANTICIPATED QUESTIONS:

- What are you doing to address problem gambling?
- Will the province consider banning VLT’s?

KEY MESSAGES:

The ALC continues to advance its already strong responsible gambling program. Delivering a regulated and responsible suite of games is a central part of their operations.

I fully support the ALC in their efforts to address problem gambling.

VLTs are an important source of revenue for many small businesses in our province.

We are not considering a ban of VLTs at this time.

Such a ban would likely drive players to the underground economy, which is unregulated and not subject to any responsible gambling oversight.

SECONDARY MESSAGES:

- As there is a class-action lawsuit proceeding, we cannot provide any further comment.
- ALC is confident that their video lottery program does not violate any consumer protection standards.

BACKGROUND INFORMATION:

- The ALC is committed to ensuring responsible gambling in the province and continues to consider the matter.
• The Provincial Government received approximately $800 million in revenue from VLTs during the period covered by the suit, and currently receives approximately $80 million per year. This money was spent on vital public services.
• ALC has achieved level 4 on the World Lottery Association’s responsible gaming scale, the highest possible level.
• VLT funds are a significant revenue driver for bars and other establishments that host the machines. These bars employ people, pay federal, provincial and municipal taxes and generate other economic benefits in the communities in which they operate.
• ALC Details on Consumer Protection Safety Standards:
  o The class action is not claiming any consumer protection breach- or any violation of consumer protection standards.
  o Atlantic Lottery stands behind the integrity and fairness of our products. We are confident there is not a consumer protection safety issue with our video lottery terminals- and we are confident that our video lottery program does not violate consumer protection standards.
  o Delivering a regulated and responsible suite of games is core to our values, and central to everything we do.