March 13, 2019

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act [Our File #: FIN-18-2019]

On February 13, 2019, the Department of Finance received your access to information request for the following:

“Any messaging or draft messaging prepared for the Department or Minister since January 1st, 2019. In addition, any benchmarks/status updates/lists outlining levels of completion of "The Way Forward" initiatives.”

The Department of Finance is pleased to inform you that access to the requested information has been granted.

In response to the first portion of your request, please see attached messaging prepared for the Department and/or the Minister of Finance for the month of January 2019.

In response to the second portion of your request, The Way Forward initiative consists of three phases, each of which identifies specific actions and deliverables for government. The following is a list of those initiatives applicable to the Department of Finance:

- Engage the Government of Canada in the review the 2005 Atlantic Accord.
- Consolidate collections activities across Government.
- Undertake a comprehensive review of the current tax system.
- Develop an Asset Management Framework to help departments determine how to dispose of assets in a manner that ensures optimal social, economic and financial return.
- Expand the role of the Government-wide Audit Committee.
- Utilize zero-based budgeting.
- Continue to work with Agencies, Boards and Commissions to lower operational costs in a manner that is mindful of service delivery requirements and attrition policies.
- Implement a Government-wide shared services model for back-office functions.
The above initiatives are at various stages of completion/implemention. The current status of each is available to the public on The Way Forward website at: [https://www.gov.nl.ca/thewayforward/focus-areas/](https://www.gov.nl.ca/thewayforward/focus-areas/).

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

Attachment
KEY MESSAGES

Finance
Deficit Reduction
January 7, 2019

Summary:
Mount Pearl South MHA Paul Lane has publically (via VOCM) questioned the two billion deficit reduction figure, stating that officials are manipulating financial numbers to make them appear a certain way. This has led to questions around the $2.7 billion projection from Budget 2016.

Anticipated Questions:
• How was the $2.7 billion number arrived at?
• What have you done to reduce the deficit?

Key Messages:
• The former administration set the province on a course to reach $2.7 billion in Budget 2016. That was the projection that the public service presented to us if we did nothing when we took office. It was based on a continued decrease in oil royalties while maintaining the status quo with expenses and other revenue.
• Based on the actions we took, the actual deficit for that fiscal year ended up being $1.1 billion.
• Those actions included:
  o The taxation measures we were forced to put in place;
  o Restrictions were placed on hiring and the use of consultants;
  o Discretionary travel and non-essential spending was eliminated;
  o The reallocation of savings was restricted.
  o Government took a line-by-line analysis of the budgets for all government departments and entities
• At Budget 2016 the deficit for 2015-16 was $2.2 billion. The current projection for 2018-19 is under $700 million. To say that there has been no appreciable change is factually incorrect.
• This proves that our balanced approach is working. We are finding better ways to deliver programs and services and helping create new jobs and economic activity.

Secondary Messages
• Nobody liked the taxes we were forced to put in place in 2016. As things continue to improve, we will work to lighten the debt burden on the people of this province.
• We are seeing improvements in the economic indicators that people will feel in their everyday lives:
- The unemployment rate has declined from 2017 and is expected to decline further in 2019.
- While retail sales have tapered off in recent years, indicators project renewed growth between 2018 and 2022.
- Household income is expected to trend upward in line with wage gains in the economy.
- While capital investment has declined since 2016 with the completion of the Long Harbour and Hebron projects, it is expected to rebound next year as West White Rose and Voisey’s Bay underground mines ramp up development.

- We have been able to keep our spending steady by:
  - Maintaining spending on health care has been critical in our approach. After health care budgets swelled by almost 70 per cent between 2005 and 2015, we have been able to hold spending steady the last three years while creating new capacity and bringing services to the community.
  - We have achieved $2.9 million in annual savings by reducing leased office space by 101,900 since 2016. Government on track to reduce lease space by 130,000 square feet by 2020.

- Our balanced approach has not always been as quick as some would like, but I think this update shows that it is effective. We needed to act as responsible stewards of the public purse, something that was lacking in this province for years.

- We remain on track to return to surplus by 2022-23.

**Revenue sources and expenditure reductions figures as released through ATIPPA in November 2018.**

**Increased Revenue Sources:**

- Tax Measures and Fee Changes $882,000,000
- Offshore Oil Royalties $515,400,000
- Maximizing Federal Revenue $124,000,000
- Other Revenues $172,700,000
  - Revenue Subtotal $1,694,100,000

**Expenditure Reductions:**

- Government Renewal Initiative $189,000,000
- Zero-Based Budgeting $65,900,000
- Review of ABC Expenditures $41,900,000
- Other Reductions $9,900,000
  - Expenditure Subtotal $306,700,000

**Total Amount Applied to Reduce Deficit** $2,000,800,000
KEY MESSAGES

Finance
Spending reductions
January 7, 2019

Summary:
After the mid-year update, several questions arose about how government would reduce spending to stay on track for its plan to return to surplus.

Anticipated Questions:
• Where will you be reducing expenditures to stay on track to return to surplus?

Key Messages:
1. We can’t control revenue, but we can control expenses. The mid-year update showed we are in line with our expense forecast, even showing a slight reduction of $6 million. We will continue to focus on expenditure control and smart reductions that do not have a negative impact on service delivery in our province.

2. Our return to surplus plan includes expenditure reductions between now and 2022-23, to which we remain committed.

3. Through our balanced approach, we are finding ways of delivering services more efficiently and at lower cost, and we continue to find savings through attrition and collective bargaining.

4. Our government is open to new ways of doing things, and through The Way Forward we are continuing to action initiatives to help improve government efficiency. These include:

   a. Consolidating government’s vehicle fleet under one department, which will result in the reduction of the number of vehicles by 10 per cent – saving taxpayers hundreds of thousands of dollars over the long-term;

   b. We have decreased government’s footprint by 10 per cent, or more than 101,900 square feet, by reducing the amount of leased space. This has resulted in $2.9 million in savings annually;

   c. Consolidating collections activities to reduce redundancy and standardize collections processes. This will provide a single approach to managing receivables owed across multiple departments;

   d. Making it easier for citizens and businesses to access services online through our Digital By Design project, which will improve the overall experience of interacting with government, and will result in greater efficiencies and savings;

   e. We are working towards a single government ID that citizens and businesses will use for all services accessed through a single portal.
KEY MESSAGES
Examples of Economic Diversification and Strategic Investment
January 7, 2019

Top Five

- Investments in new and improved health care infrastructure to ensure we are meeting the province's health needs, including:
  - Two new 60-bed long-term care homes in Gander and Grand Falls-Windsor;
  - A new 145-bed long-term care home and 164-bed hospital in Corner Brook;
  - The opening of 28 long-term care beds and new ambulatory care space in Carbonear;
  - A 20-bed expansion of the protective care unit in Botwood; and
  - A new 94-bed adult state-of-the-art mental health and addictions facility in St. John's, a six-bed mental health unit in Happy Valley-Goose Bay, and a series of community-based mental health and addictions services across the province.

- One year into the implementation of Towards Recovery: The Mental Health and Addictions Action Plan for Newfoundland and Labrador, there has been a 68 per cent reduction in the number of people waiting for counselling services across the province.

- Implementation of the Education Action Plan, which was developed as a result of the Premier's Task Force on Improving Educational Outcome
  - Creation of 54 teaching and learning assistant positions, which will increase to 200 over the next three years.
  - Creation of 21.5 new reading specialists, which will increase to 104 over next three years.
  - Creation of 13 additional teacher-librarians, which will increase to 39 over three years.
  - Increased allocation of 13.5 learning resource teachers.

- Provided support for the establishment of a 500-person in-bound contact centre in St. John's. Over the next five years, it is expected that S&P Data will generate up to $131 million in economic activity.

- A framework agreement with Equinor to advance the Bay du Nord project, signed in July 2018, marked the province's first step into deepwater production. The project will generate more than $14 billion in economic activity and 11,000 person years of employment over the life of the project, with 2,000 person years of employment during the pre-development and development phases.
Other Examples

- An agreement with Husky Energy to develop the West White Rose project in May 2017 has resulted in employment of approximately 1,700 jobs to date, largely in Argentia and Marystown.

- In November 2018, $1.39 billion in bids for exploration licenses was received as a result of the most recent calls for bids in the Eastern Newfoundland Region and Jeanne d'Arc Regions.

- Vale’s expansion of the Voisey’s Bay underground mine will create 16,000 person years of direct and indirect employment during the five-year construction period, peaking at 4,800 in 2020. Once operational, the underground mine and Long Harbour processing plant will contribute 1,700 jobs.

- The Provincial Government’s partnership with Grieg NL is positioning Newfoundland and Labrador as a leader in Canada’s aquaculture industry. Government’s repayable loan helped leverage another $220 million and will create 830 jobs through construction and into operations, as well as another 380 in related sectors.

- Establishing the Canadian Agricultural Partnership, a $3 billion five-year investment to help Canada’s agricultural sector innovate, grow and prosper. The partnership will provide $37 million in strategic initiatives for agriculture and agrifoods programming in Newfoundland and Labrador.

- The film and television industry is a generator of well-paid skilled jobs and attracts new investment. 2017-18 production activity exceeded $50 million, up from approximately $40 million the year before, and resulted in approximately 640 full-time equivalent positions.

- Government’s five-year infrastructure plan, rolled out in 2017 and valued at $3 billion, is supporting construction and upgrades for new and existing schools, healthcare facilities, post-secondary institutions, roads and bridges, justice facilities, affordable housing and municipal infrastructure. The plan is generating an average of $540 million in economic activity and an average of 5,300 person years of employment per year.

- Increase of 25 per cent in the number of immigrants who have been supported toward permanent residency since 2017.

- Introduced policy changes to support the province’s fast-growing craft beverage industry, including increasing the discounts to markups that craft beverage facilities remit to government on the production of beer, spirits, cider and non-grape wine. Government has also committed to continued work with craft beverage producers on an industry-wide review to continue growth in the sector.
KEY MESSAGES

Finance
Oil revenue forecasting
January 9, 2019

Summary:
• At the 2018-19 Mid-Year Update, the Provincial Government revised the oil price forecast to $74 US per barrel, up from the Budget forecast of $63 US per barrel.
• There was some confusion among media about this forecast, including questions on why government would not maintain the forecast at $63 US.

Anticipated Questions:
• Why aren’t you keeping the oil forecast at US$63 per barrel, to enjoy further surplus revenues?

Key Messages:
1. 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.

2. 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.

3. The year-to-date average as of the fiscal update was approximately US $75.50 (November 6). The fiscal YTD average as of January 4th was US $72 per barrel.

4. We continue to take a risk-based approach to estimating oil price forecasts, relying on independent industry analysts and include an oil revenue risk adjustment for the out-years. We use the best information we have available to us at the time of each forecast.

5. We didn’t “pop the champagne” when the price of oil went above $80 a barrel for a period this year, and we aren’t panicking now that it is below $60.

Secondary Messages:
• Keeping oil forecast arbitrarily low does not mean that we are getting more money – at the end of the day, revenues are what they are.

• We remain prudent with our forecasts, in contrast with the former administration. We recognize that oil prices have inherent volatility, and we do not make decisions regarding our forecast based on short-term results.

• While it is never bad news to see a surplus of oil revenue like we saw at mid-year, we would have been satisfied if we had seen oil at our initial projection of US$63 per barrel. Both results would have meant we were on track.
• We can’t control revenue, but we can control expenses. The mid-year update showed we are in line with our expense forecast, even showing a slight reduction of $6 million. We will continue to focus on expenditure control and smart reductions so that we do not have a negative impact on service delivery in our province.

• Our current reliance on oil is 15 per cent, compared with 30 per cent in 2010-2011.

• Every dollar decrease to the **average annual US price** of oil for the full fiscal year represents a decrease of approximately $22 million in revenue. Since this is based on the full fiscal year average, we will not know the full implications of current levels until the end of the fiscal year.

Prepared by: Marc Budgell, Director of Communications
Approved by: Executive Branch, Finance
Pre-Budget Consultations 2019

Anticipated Questions:
- What is the focus of this year’s budget?
- Why aren’t you hosting an in-person session in my community?
- Will any of this feedback have any impact on the budget?

Key Messages:
- Since 2015, our government has taken significant action to address years of financial mismanagement by the previous administration, and we have built a solid foundation for economic growth:
  - We have reduced the annual deficit from over $2 billion in 2015-16, and we are projecting the deficit at less than $600 million in 2018-19;
  - We have reduced the size of the public service; and
  - We have stabilized spending after a 10-year period when provincial spending increased by over 50 per cent.

- We have worked closely with industry to attract more than $16 billion in investment that will advance projects in the mining and oil and gas sectors, and we have collaborated with industry partners in agriculture, aquaculture, advanced technology and the tourism sectors.

- These collaborations are creating meaningful employment opportunities and an environment for success. Today, we are better positioned to capitalize on the exciting opportunities that exist in our province.

- This year’s pre-budget consultations, themed “Sustaining Our Momentum,” are focusing on how we can build on the work we have done to date.

Secondary Messages
- The pre-budget consultation process is inclusive, no matter where you live. You can participate online at engageNL.ca, or at one of the in-person sessions that are scheduled.

- Our dual focus continues to be on reducing the burden on the people of this province while staying on track to return to surplus. We cannot sacrifice one for the other. This is the foundation or our balanced approach.

- We are now in the midst of the budget process. The pre-budget consultations are less than a month to ensure that we will have time to review the feedback as we make our budget decisions.
Budget 2019 Preparations

Anticipated Questions:
- How does government plan to address its spending issues?
- What areas will government look to reduce spending?

Key Messages:
- We will continue to take a balanced approach, where we focus on delivering programs and services that are important to the public in a smarter and more efficient way.

- While we still face fiscal challenges in this province, we have, and will continue to, take steps to address unsustainable spending in government departments and agencies, boards and commissions.

- Today, we are better positioned to capitalize on the exciting opportunities that exist in our province because we have been laying the foundations for success through The Way Forward, Advance 2030 and Mining 2030.

Secondary Messages:
- The Way Forward is a government-wide approach to improving outcomes and growing the economy in a manner that unlocks the inherent potential of collaboration.

- To achieve the vision of a prosperous future for Newfoundland and Labrador, our actions for 2018-19 and beyond will continue to rest on four areas of focus:
  - **A Stronger Economic Foundation**: We are committed to supporting the private sector by continuing to foster the growth of high-potential industries and promoting economic diversification.
  - **A More Efficient Public Sector**: To ensure our government’s continued ability to spend revenue on vital services like health care, education and transportation infrastructure, we are leading a number of initiatives aimed at lowering costs and increasing efficiency in program delivery.
  - **Better Services**: Service delivery has changed considerably in recent years due to technological advancements and citizens that expect services that are designed and delivered with their needs in mind.
  - **Better Outcomes**: Our government is working to ensure a better quality of life and better outcomes for everyone who, now or in the future, calls Newfoundland and Labrador home.
Oil prices

Anticipated Questions:
- Why didn’t you keep the oil forecast at US$63 per barrel, to gain further surplus revenues?

Key Messages:
- 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.
- Our goal in oil forecasting is to be as accurate as possible on what we expect from oil prices, so that we can reflect our financial position. The year-to-date average as of the fiscal update was approximately US $75.50 (November 6). The fiscal YTD average as of January 4th was US $72 per barrel.
- We continue to take a risk-based approach to oil price forecasts, relying on independent industry analysts that include an oil revenue risk adjustment for the out-years. We use the best information we have available to us at the time of each forecast.
- Our current reliance on oil is 15 per cent, compared with 30 per cent in 2010-2011. We didn’t “pop the champagne” when the price of oil went above $80 a barrel for a period this year, and we aren’t panicking now that it’s about $60.

Secondary Messages:
- Every dollar decrease to the average annual US price of oil for the full fiscal year represents a decrease of approximately $22 million in revenue. Since this is based on the full fiscal year average, we will not know the full implications of current levels until the end of the fiscal year.
- Keeping oil forecast arbitrarily low does not mean that we are getting more money – at the end of the day, revenues are what they are.
- We remain prudent with our forecasts, in contrast with the former administration. We recognize that oil prices have inherent volatility, and we do not make decisions regarding our forecast based on short-term results.
- While it is never bad news to see a surplus of oil revenue like we saw at mid-year, we would have been satisfied if we had seen oil at our initial projection of US$63 per barrel. Both results would have meant we were on track.
- We can’t control revenue, but we can control expenses. The mid-year update showed we are in line with our expense forecast, even showing a slight reduction of $6 million. We will continue to focus on expenditure control and smart reductions so that we do not have a negative impact on service delivery in our province.
Equalization

Anticipated Questions:
- Equalization renewal is closed and the province will not be receiving it, what is next?
- Are you supportive of the Federal Government’s plans for equalization?

Key Messages:
- We are disappointed that the Federal Government decided to move forward without significant changes to the equalization formula. We made a case on why we need changes, but they made the decision to maintain the status quo.

- The equalization formula only addresses the equalizing of revenue, without consideration given to the varying cost of delivering services for each province. In a geographically large province with a small, dispersed and aging population, high per-capita revenue does not necessarily translate into an ability to provide comparable services.

- I have been clear that we did not expect the formula to change in the last round of talks. We have always said that Equalization is a challenge for the Federal Government given the competing interests of all jurisdictions.

- We have turned our attention towards working with the Federal Government to review the Atlantic Accord. This agreement only affects Newfoundland and Labrador and Nova Scotia, which should mean less competing interests to manage.

Secondary Messages:
- The review of the Atlantic Accord is timely in light of the fiscal challenges facing our province. Under the agreement, both governments must review the arrangement no later than March 2019 to address whether the objectives have been achieved.

- Newfoundland and Labrador’s “have status” is a misnomer that was achieved when oil was approximately $100 per barrel, and made up nearly 30 per cent of our budget reliance. It was poor planning to rely on one source of income. Today, oil makes up approximately 15 per cent of forecast revenues.

- We worked diligently with our federal colleagues to secure the commitment of additional loan guarantee support for the Muskrat Falls Project of up to an additional $2.9 billion and relief for the escrow account obligations.

- We have been successful in securing additional financial support for our province, including tariff relief on our two new ferries and suspension of the repayments being paid to the Federal Government on equalization.
Electricity Rate Mitigation and PUB’s Review - Natural Resources

Anticipated Question:
- What is government doing to mitigate electricity rates?
- What the timelines for the Board of Commissioners of Public Utilities providing its reports to government?

Key Messages:
- The people of the province cannot be expected to bear the cost of the Muskrat Falls Project - a project that should have never been started.
- Be reassured – we are working to keep electricity rates as low as possible once the Muskrat Falls Project comes online in 2020 by:
  - Ensuring the budget and schedule is under control
  - Securing a federal loan guarantee for the increased costs associated with the cost overruns
  - Firming up long-term allocation in Budget 2018 of up to $200 million a year once Muskrat Falls comes online
  - Tasking Nalcor to find ways to address rising rates
  - Seeking advice of a panel working within government on this issue
  - Asking the Board of Commissioners of Public Utilities to undertake a review
- We are looking at all options to reduce costs, find savings and generate revenue to reduce rates. We will leave no stone unturned, no option unconsidered in doing so.

Secondary Messages:
- In September 2018, government requested that the Board undertake a review of electricity rate mitigation options and impacts in relation to the Muskrat Falls Project.
- Government has appointed Dennis Browne, Q.C. as Consumer Advocate. In addition, two expert consultants have been engaged to assist with the review: Liberty Consulting Group and Synapse Energy Economics.
- The Board is required to provide two reports to government: an interim report by February 15, 2019, and a final report by January 31, 2020.
- The interim report will address the Board’s preliminary findings - options to reduce the impact on rates and the amount of required and surplus energy and capacity from the Muskrat Falls Project. The Board’s final report is to set out its conclusions on these issues and address the rate impacts of the identified options.
KEY MESSAGES

Finance
NLC – Clarenville LCR concerns
January 29, 2019

Summary:
• A licensed cannabis retailer in Clarenville has announced its closure at the end of January.
• The retailer did an interview with CBC detailing many of their concerns regarding competition from legal and illegal operators, supply challenges and the inability to sell products such as plants (clones) and seeds.

Anticipated Questions:
• How can licensed retailers survive in this new market?
• Will you consider making changes to retailer compensation?

Key Messages:
1. This is a brand new industry in Newfoundland and Labrador, and represents the largest public policy shift in this province in decades. We were clear from the outset that there would be challenges and unknowns, and we continue to work to overcome them.

2. We are just three months into legalized non-medical cannabis and are continuing to monitor this evolving industry and regulations. All industry participants were made aware of the requirements and commission rate well in advance, as these were set out in the RFP process.

3. While supply shortages have made it difficult to get a solid understanding of overall sales potential and trends, NLC is encouraged with the significant volume of sales to date. From October 17 to December 31, cannabis sales in this province were $9.3 million or 1022 kg.

4. Supply shortages are not unique to this province and have been experienced throughout the country, as have concerns regarding THC levels. NLC continues to work with its suppliers to resolve and address supply concerns.

Secondary Messages:
• Groups looking to establish licensed retailers went into the NLC RFP process with their eyes open, and the eight per cent commission rate was communicated at the outset of that process.

• Newfoundland and Labrador has more physical store locations per capita than any other province in Canada. Customers may also avail of the option to purchase online at ShopCannabisNL.com.
• During the current supply issues, there are limitations to what specific products can be ordered online by LCRs. We expect this to change once supply issues are resolved.

• Terms of agreements between licensed retailers and licensed suppliers are between those companies, however NLC is continuously working with all parties to ensure fairness in the market. We are always open to hearing and, when possible, addressing complaints from retailers.

• We are not aware of any “special deals” between licensed producers and retailers, but we have once again reiterated to our suppliers that allocation of products must be done fairly for all retailers in the province.

Prepared by: Marc Budgell, Director of Communications
Approved by: Executive Branch, Finance
KEY MESSAGES

Finance
Tax on Insurance
January 31, 2019

Summary:
• On January 31, 2019, the PC Opposition issued a news release claiming that government had misled the public about the reductions on the tax on auto insurance.
• Opposition Finance Critic Keith Hutchings stated that “what the Minister [of Finance] failed to announce is the actual tax doesn’t kick in until people renew their insurance policies which could be anytime during the calendar year 2019.”

Anticipated Questions:
• Why did you mislead the public in saying the change was effective January 1st?

Key Messages:
1. Effective January 1, 2019, the retail sales tax on an insurance contract is 13 per cent upon renewal. Tax changes to an individual’s insurance contract can only occur at the time of renewal.

2. This is the first of a five per cent reduction – future decreases will occur on January 1, 2020, January 1, 2021, and January 1, 2022. These reductions will positively impact citizens and businesses in the province.

3. We will continue to review the tax and make further reductions as the province’s financial situation improves.

Secondary Messages:
• Government charges retail sales tax on the retail sale transaction, which occurs when someone enters or renews an insurance contract. As such, consumers will see this change when they renew their insurance contract for the year.

• Some people pay for their insurance in whole when purchased while others choose to finance their purchase through their insurance company and pay off the amount through monthly payments. Government does not control the payment arrangements between the company and its customers.

Prepared by: Marc Budgell, Director of Communications
Approved by: Executive Branch, Finance
KEY MESSAGES

Finance
Cannabis Supply
February 4, 2019

Summary:
• Supply has been a challenge during the first three months since legalization of marijuana.
• The NLC continues to work with licensed suppliers to overcome the current supply challenges.

Anticipated Questions:
• When will supply issues be sorted out?

Key Messages:
1. While every province has faced supply issues, we are faring better than many of our counterparts.
   a. According to recent reports, the $9.3 million in sales from October 17 to December 31, 2018 is the third highest sales per capita in the country.
   b. NLC received over one million grams of product from October 17 to December 31, 2018.

2. These results point to a viable industry going forward. Once the current challenges with supply are resolved we anticipate a significant and successful retail cannabis industry in Newfoundland and Labrador.

3. Our approach to retail focused on private retailers rather than a government-run model. There are currently 25 private retailers licensed to sell non-medical cannabis in our province, the most of any province in eastern Canada and among the most stores per capita of any other province or territory.

Secondary Messages:

• The NLC continues to work with suppliers to overcome the current supply challenges that are facing the entire cannabis industry in Canada. We expect supply to become more consistent over the next 6-12 months.

• The NLC was chosen to oversee the rollout of legal cannabis because of their experience in the regulation and distribution of liquor. Similar regulatory and social policy considerations were necessary for the distribution of cannabis, and their expertise has been valuable.

• The NLC are exploring potential changes to the royalty structure for independent, stand-alone retailers, and we expect they will provide further details in the coming weeks. It is important to note that all retailers were aware of the commission rate
before any retailer licenses were issued.

- We have put in place a robust framework of rules and regulations that will improve the safety and quality control measures surrounding cannabis and challenge the illegal market in the long-run.

Prepared by: Marc Budgell, Director of Communications
Approved by: Department Executive, Finance
KEY MESSAGES

Finance
Human Resource Secretariat
Changes to structure of Finance and the Human Resource Secretariat
February 5, 2019

Summary:
• On February 4, 2019 a journalist posed questions to communications around several “Order in Councils” that alluded to restructuring in the Department of Finance and the Human Resource Secretariat

Anticipated Questions:
• Why were these structural changes made?

Key Messages:
1. Through The Way Forward, our government has taken steps to operate in a smarter, more effective manner.

2. We have consolidated such divisions and resources as marketing, engineers, and the Student Loan Corporation, which has collectively leverages skills/knowledge and also results in savings as we minimizing duplication of services.

3. The new division will assist in identifying other initiatives and contribute to a review of back office functions such as borrowing, financial analysis across government organizations.

4. It is important work. Work that will improve overall government efficiency.

5. As we go forward, any actions will be aligned with collective agreements.

Prepared by: Marc Budgell, Director of Communications
Approved by: Executive Branch, Finance and Executive Branch, HRS
KEY MESSAGES

Finance
Borrowing
February 5, 2019

Summary:
David Mahar with the Telegram has asked In terms of 2019 budget borrowing, who is doing the lending for the coming budget? And will there be borrowing out of European markets?

Anticipated Questions:
- Who will be doing the lending for the coming budget?
- Will there be borrowing out of European markets? If so, does this reflect a shift in strategy when it comes to borrowing and how will it affect future borrowing costs?

Key Messages:
1. The Province’s annual borrowing program is predominantly undertaken by an underwriting syndicate. The syndicate consists of fiscal agents or dealers representing twelve banks and investment firms. Canada’s six largest banks form the ‘management group’ and six other smaller banks form the ‘banking group’ of the underwriting syndicate.

2. Since the mid-1990s, debt issued by the Province of Newfoundland and Labrador has been exclusively issued in the domestic Canadian market.

3. All methods of international debt issuance require considerable investment of time, resources and capital to execute and to maintain with required annual and interim filings, foreign currency administrative support, and global investor relations program.

4. Though the Province is always evaluating borrowing opportunities to determine if cost savings exist.
KEY MESSAGES

Finance
Personal Insolvency Cases in the Province
February 11, 2019

Summary:
• On February 11, 2019 AllNL.com released a story on personal insolvency cases increasing in the Province and how Newfound and Labrador now has the highest number of insolvencies per capita in the country.

Anticipated Questions:
• What is the government doing to support the economy and lower the number of insolvencies?

Key Messages:
• I feel for the families that have found themselves in these challenging circumstances.

• While every individual situation is different, we have come out of a difficult period of fiscal mismanagement and a downturn in the Western Canadian economy that impacted our economy.

• As a government, we have contributed significantly to economic development and job growth and economic indicators are trending in the right direction:
  o Newfoundland and Labrador has experienced six consecutive months of employment gains between July 2018 and December 2018;
  o Retail sales are projected to grow over the next four years;
  o Capital investment is expected to rebound in 2019; and
  o The Conference Board of Canada and APEC have projected Newfoundand and Labrador will have strongest GDP growth in the country this year.

• Examples of jobs secured include:
  o An agreement with Husky Energy to develop the West White Rose project has resulted employment of approximately 1,700 jobs to date, largely in Argentia and Marystown.
  o $1.39 billion in bids for exploration licenses was received as a result of the most recent calls for bids in the Eastern Newfoundland Region and Jeanne d'Arc Regions.
  o Voisey's Bay underground mine will create 16,000 person years of direct and indirect employment during the five-year construction period, peaking at 4,800 in 2020. Once operational, the underground mine and Long Harbour processing plant will contribute 1,700 jobs.
• Partnership with **Grieg NL**, which will create 830 jobs through construction and into operations, as well as another 380 in related sectors.

• Establishing the **Canadian Agricultural Partnership**, which will provide $37 million in strategic initiatives for agriculture and agrifoods programming in Newfoundland and Labrador.

• The **film and television industry** is a generator of well-paid skilled jobs and attracts new investment. 2017-18 production activity exceeded $50 million, up from approximately $40 million the year before, and resulted in approximately 640 full-time equivalent positions.

• Government’s **five-year infrastructure plan**, rolled out in 2017 and valued at $3 billion, is supporting construction and upgrades for new and existing schools, healthcare facilities, post-secondary institutions, roads and bridges, justice facilities, affordable housing and municipal infrastructure. The plan is generating an average of $540 million in economic activity and an average of 5,300 person years of employment per year.

**Secondary Messages**

• Employment gains of the last 6 months have occurred in:
  o Mining and Oil and Gas,
  o Professional, Scientific and Technical Services,
  o Information, Culture and Recreation and
  o Federal Public Administration

• In 2010 employment was at 222,800 people, which was considered a “high point for economic activity in the province” at the time. In 2018, it’s higher at 225,300.

• I would encourage anyone facing personal financial challenges to reach out to a financial advisor or someone at their personal bank and ask for help. There are professionals at financial institutions that can help you explore your financial options.

• Since 2015, our government has taken significant action to address years of financial mismanagement by the previous administration, and we have built a solid foundation for economic growth:
  o We have reduced the annual deficit from over $2 billion in 2015-16, and at mid-year we projected the deficit at less than $600 million in 2018-19; and
  o We have stabilized spending after a 10-year period when provincial spending increased by over 50 per cent.

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**Approved by:**
Key Messages

Finance
McKinsey Economic Growth Strategy
February 13, 2019

Summary
- On February 13, 2019, the PC Opposition issued a news release alleging that the government was “hiding” the McKinsey report. The PC release also stated that economic indicators show the Liberal plan is not working.
- The Minister of Finance has stated publically that McKinsey has until the end of February to deliver the report, that it will inform the budget and that it will be released publically after the budget.

Questions
- Why are you hiding the McKinsey report?
- Are the government's other initiatives under The Way Forward not working?

Key Messages

- The McKinsey report will inform Budget 2019, and the public should expect to see references to it on Budget Day. The full report will be released after Budget Day, with a view to highlighting the longer-term initiatives that the report recommends.

- We have a plan, it is called The Way Forward. It is our comprehensive plan for maintaining comprehensive government services and addressing the fiscal situation the opposition put us in.

- 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 agriculture, aquaculture, technology and oil and gas sectors.

- The McKinsey project builds on the work completed to date under The Way Forward. The project will help identify opportunities to spur greater economic activity and help create new jobs, beyond our already numerous successes.

- Our actions reflect our commitment to business development and job growth. We have partnered successful with large industry and small businesses to create new opportunities for Newfoundlanders and Labradorians.

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