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**Proceedings of the Standing Committee on
Government Services**

October 2, 2020 - Issue 6

Department of Finance
Consolidated Fund Services
Public Service Commission

GOVERNMENT SERVICES COMMITTEE

Department of Finance, Consolidated Fund Services and Public Service Commission

Chair: Carol Anne Haley, MHA

Vice-Chair: Loyola O'Driscoll

Members: Alison Coffin, MHA
Christopher Mitchelmore, MHA
Pam Parsons, MHA
Lloyd Parrott, MHA
Perry Trimper, MHA
Sherry Gambin-Walsh, MHA

Clerk of the Committee: Kim Hawley George

Appearing:

Public Service Commission

Hon. Siobhan Coady, MHA, Minister
Marc Budgell, Director of Communications
George Joyce, Chair/Chief Executive Officer
Robert Simmons, Commissioner
Mike Smyth, Manager of Accountability and Certification
Wanda Trickett, Departmental Controller
Keith White, Executive Assistant

Department of Finance

Hon. Siobhan Coady, MHA, Minister
Marc Budgell, Director of Communications
Denise Hanrahan, Deputy Minister
Theresa Heffernan, Assistant Deputy Minister, Financial Planning & Benefits Admin.
Doug Trask, Assistant Deputy Minister, Economic, Fiscal & Statistics
Wanda Trickett, Departmental Controller
Keith White, Executive Assistant

Also Present

Hon. Bernard Davis, MHA, Minister of Tourism, Culture, Arts & Recreation
Hon. Lisa Dempster, MHA, Minister of Indigenous Affairs and Reconciliation
Paul Lane, MHA
Hon. Elvis Loveless, MHA, Minister of Fisheries, Forestry & Agriculture
Hon. Sarah Stoodley, MHA, Minister of Digital Government and Service NL
Tony Wakeham, MHA
Megan Drodge, Researcher, Official Opposition Office
Scott Fleming, Researcher, Third Party Office
Bobbi Russell, Acting Table Officer

Pursuant to Standing Order 68, Bernard Davis, MHA for Virginia Waters - Pleasantville, substitutes for Carol Anne Haley, MHA for Burin - Grand Bank.

Pursuant to Standing Order 68, Lisa Dempster, MHA for Cartwright - L'Anse au Clair, substitutes for Christopher Mitchelmore, MHA for St. Barbe - L'Anse aux Meadows.

Pursuant to Standing Order 68, Elvis Loveless, MHA for Fortune Bay - Cape La Hune, substitutes for Pam Parsons, MHA for Harbour Grace - Port de Grave.

Pursuant to Standing Order 68, Sara Stoodley, MHA for Mount Scio, substitutes for Perry Trimper, MHA for Lake Melville.

Pursuant to Standing Order 68, Tony Wakeham, MHA for Stephenville - Port au Port, substitutes for Loyola O'Driscoll, MHA for Ferryland, for a portion of the meeting.

The Committee met at 9:06 a.m. in the Assembly Chamber.

CLERK (Hawley George): Okay, good morning, everybody.

My name is Kim Hawley George. I'm the Clerk in the Committee this morning.

This is the first meeting of this Committee for this year in this Estimates cycle, so the first order of business is to elect a Chair.

Are there any nominations from the floor?

MR. LOVELESS: I nominate Bernard Davis.

CLERK: Are there any further nominations from the floor?

Are there any further nominations from the floor?

Mr. Davis has been acclaimed as Chair of the Committee.

Mr. Davis, come and join me at the Table, please.

CHAIR (Davis): I call for nominations for election of Vice-Chair, in the unlikelihood that the Chair has to vacate this Chair.

AN HON. MEMBER: (Inaudible.)

CHAIR: Do I second that one?

CLERK: It's usually a Member of the Opposition.

CHAIR: It's usually a Member of the Opposition I think.

AN HON. MEMBER: (Inaudible.)

CLERK: You are, so she can't actually.

AN HON. MEMBER: (Inaudible.)

CLERK: Actually, you are too. We'll defer the nomination of Vice-Chair for this meeting because you're both substitutes. Absolutely.

CHAIR: Okay, we'll defer that.

This is the first time for me, so bear with me. I'm lucky I have someone as skilled as I do at the Table with me.

I'd ask the minister to do some introductions and opening remarks.

MS. COADY: Thank you, everyone.

It's wonderful to be here this morning with everyone. I thank you for taking the time for this important process. I will let you know that I am COVID negative, so that you don't have to be concerned.

SOME HON. MEMBERS: Hear, hear!

MS. COADY: Thank you very much.

I do want to start with some kind of overall remarks about the changes that we've made. The Premier wished to restructure Treasury Board and Finance, not unlike what you've seen in other jurisdictions. In particular, in Ottawa it's a very familiar separation of expenditure management and administration from the fiscal policy and revenue oversight.

This also creates and helps create a couple of strong voices for Finance and Treasury Board administration at the Cabinet table, so operationally it certainly works well. Of course, many of you are familiar with what happens in other jurisdictions with that separation. Finance does continue to have the economic and fiscal policy and the strength of that as well, and then Treasury Board is the administration of that function and role.

We've made some major changes, I think, to the Public Service Commission. It's strengthened and restored to its former prominence as an institution to uphold and protect the merit-based recruitment of the public service, oversee conflict of processes, provide independent services for the Employee Assistance Program and Respectful Workplace Program – all very important – and other similar functions.

The *Public Service Commission Act* sets out the role of the Public Service Commission in recommending promotion and hiring in the public service based on merit. This is very consistent with similar organizations across Canada and certainly does rejuvenate the Public Service Commission.

The Public Service Commission now has 83 employees. That's up from 19, so you can see the breadth and depth of the organization. As well, there's Opening Doors which is a part of the Office of Employment Equity for Persons with Disabilities.

As you can tell, the Consolidated Fund Services will now be shared with ministerial responsibility for two groups: one for setting the fiscal and economic policy and one with carrying out the administrative functions within the organization. I think that's all I wanted to say.

I want to thank the team at both the Public Service Commission and, of course, in Finance for the outstanding work that they do. I can tell you as a testament of the last – I've only been here now, I think, just a month or just a little over a month, but the work of the departments is outstanding. I especially want to draw attention to the Department of Finance who have just recently brought in a budget in very tumultuous times, of course, with COVID and have worked

around the clock. I witnessed it, because any time I was here, morning, noon or night, they were always here. I swear to God I don't think they went home.

You will see within the Estimates today there may be some variances because of the changes and reorganization. There may be some changes going forward, as well, as we work through this reorganization. It was only announced, of course, in August. We will fine-tune the appropriations over the next number of months, but I think the Department of Finance did an exceptional job of doing that in very quick order.

In all cases, the appropriations are presented in a comparative format. If a function is moved, the prior information was restated to ensure usability and comparability. You'll get a sense and a flavour of what would've been last year if things had been in a comparative format. So I think that's helpful as well.

I'll stop with my statement to allow maximum time for questions and questioning. Perhaps, if I may suggest we start with the Public Service Commission that would be helpful.

CHAIR: Perfect.

If we can do some introductions of your team, it would be great.

MS. COADY: Excellent. That would be very good.

CHAIR: Then we'll start.

MS. COADY: To my right, go ahead, George.

MR. JOYCE: George Joyce, Chair and CEO, Public Service Commission, Acting.

MS. COADY: Robert Simmons, Commissioner, go ahead.

MR. SIMMONS: Robert Simmons with the Public Service Commission.

MS. COADY: Mike Smyth.

CHAIR: I think if you raise your hand your light will come on.

MR. SMYTH: Manager of Appointments and Accountability with the Public Service Commission.

MS. COADY: Wanda.

MS. TRICKETT: Wanda Trickett, Departmental Controller.

MS. COADY: Of course, Keith.

MR. WHITE: Keith White, EA to the Deputy Premier and Minister of Finance.

MR. BUDGELL: Marc Budgell, Director of Communications, Finance.

MS. COADY: Theresa.

MS. HEFFERNAN: Theresa Heffernan, ADM, Treasury Management and Budgeting.

MS. COADY: Okay, Doug, if I say your name maybe they'll (inaudible).

MR. TRASK: Doug Trask, ADM responsible for Economics, Statistics, Tax and Fiscal.

MS. COADY: Denise.

MS. HANRAHAN: Denise Hanrahan, Deputy Minister, Department of Finance.

CHAIR: Thank you.

I think we'll let the Opposition Member, Mr. Wakeham, say a few words. Is that what we start with first?

CLERK: Some introductions.

CHAIR: Some introductions, as well, and we'll let everyone go around from there.

MR. WAKEHAM: Thank you, Mr. Chair.

I'm glad to be here this morning. I look forward to getting some answers to a few of the questions we might have. I thank everybody for coming and for the work you've done in putting this budget together and the work you continue to do.

As a former public servant I know how hard you guys work, despite what people say sometimes about – or I should say, us, as a former civil servant. I thank you truly for that.

This morning I have with me Megan Drodge and later on, Lloyd Parrott, our MHA for the Clarendville area, will be here and will be joining us.

Thank you.

CHAIR: Thank you, Mr. Wakeham.

Ms. Coffin.

MS. COFFIN: Excellent. I'm Alison Coffin, I'm the MHA for St. John's East - Quidi Vidi and the Leader of the New Democratic Party of Newfoundland and Labrador.

Again, thank you so, so much for your hard work and dedication. I see your cars there when I leave and I understand the economics well enough to know that you have some of the most difficult jobs in the public service right now. Thank you so, so much for trying to keep this all in check.

(Inaudible) introductions. Yeah, thank you.

MR. FLEMING: I'm Scott Fleming. I'm a Researcher for the NDP caucus office.

CHAIR: Excellent.

Now, if we can do some introductions around. If you wave your hand the system behind us can actually see you, but the public I don't think can.

MS. DEMPSTER: Lisa Dempster, MHA for the beautiful District of Cartwright - L'Anse au Clair.

MS. STOODLEY: Sarah Stoodley, MHA for the economic powerhouse District of Mount Scio.

MR. LOVELESS: I can't trump that.

Elvis Loveless, MHA for Fortune Bay - Cape La Hune.

MS. GAMBIN-WALSH: Sherry Gambin-Walsh, MHA for Placentia - St. Mary's.

MS. DRODGE: Megan Drodge, Researcher with the Official Opposition caucus.

MR. LANE: Paul Lane, MHA, Mouth Pearl - Southlands.

CHAIR: I guess, probably, it's a good time to deal with this. Is it okay if MHA Lane asks questions? Does he have the ability to do that, if it's okay with both parties?

It's a decision of the Committee, so is that okay with everybody?

AN HON. MEMBER: Leave.

CHAIR: Excellent, so he can. We'll move through that.

Thank you everybody for being here today and those that are joining us online and/or listening on their devices, wherever they may be.

I'd ask the Clerk to call the first subheads.

CLERK: For the Public Service Commission, 1.1.01 to 1.2.03 inclusive.

CHAIR: For the Public Service Commission, 1.1.01 to 1.2.03.

Do you have any questions?

MR. WAKEHAM: Thank you, Mr. Chair.

I'll start off with just a couple of general questions. The minister has already alluded to the increased staffing at the Public Service Commission, so maybe just an expansion on the actual scope and the additional responsibilities that have been assigned now to the Public Service Commission, if we could start with that.

MS. COADY: Yes, thank you very much.

What we've seen here is strategic staffing and the hiring of all staff for core government departments will now move to the PSC. Training and development in the public service Safety and Wellness Division, as well as the Opening Doors Program will move to the PSC.

MR. WAKEHAM: Thank you.

Last year in the Estimates we chatted about the classification management appeals. At that time there were 161 outstanding. Mr. Joyce said it was his goal to have them cleared up in that year. I was just wondering if I could get an update on the outstanding appeals.

MR. JOYCE: Mr. Wakeham, since last year when we were in the Estimates Committee, management classification appeals, right now there are 83 outstanding. There are 60 files representing 83 employees. We have them right now. After the next hearings, which are scheduled for the end of October, we will be down to about 50. There are, right now – the oldest is in 2018.

MR. WAKEHAM: 2018. Okay, thank you for that.

Can we get an update on the activities of the Independent Appointments Commission for the past year?

MS. COADY: If I may, just for an overview, because I think I'm quite pleased about the IAC and this is, I think, important for all of us. The appointments that have been made over the period – 691 in total – 48 per cent of them are female. I wanted to point that out because there's been some discussion and concern of making sure that we have balance on these boards.

I think from what you're seeing is we are tending to strike that right balance. We'd like to see it 50-50 but 48 per cent is very, very close. Of course, we do make sure we have some geographic representation as well as diversity. On that, I'll turn it back over to Mr. Joyce who can give you kind of the overview of the numbers this year.

MR. JOYCE: If you don't mind, I'll share all the information we have with you on it.

In the past year, as Minister Coady indicated, since its inception there have been 691 appointments with the IAC – not with the IAC, that's in total. With the IAC there have been 273; that's representing Tier 1 appointments – Tier 1, under the authority of the IAC. For Tier 2

appointments – that’s the Public Service Commission appointments – there have been 418, for a total of 691 appointments since its inception, I think, about four years ago. This is the fifth year, I think, for the IAC and the change to the Public Service Commission.

In the past year, last year, this fiscal year 2019-20, there’s been 31 appointments made for Tier 1. There have been 40 appointments made for Tier 2 for a total of 71.

For Tier 1 IAC appointments since inception, 46 per cent female and for the Tier 2 appointments since its inception, 50 per cent female, for a total of 48 per cent. That’s trending in the way we wanted it to trend; it’s moving in the right direction. It’s not there, but we’re getting there.

MR. WAKEHAM: Thank you.

There has been some recent public criticism of the IAC process. Some individuals have indicated that they’ve been approached about a position years after they applied for something different. Have applications for positions declined?

MR. JOYCE: Can you just repeat that question again? You say years after?

MR. WAKEHAM: Yes, some people were saying that they’ve been approached about a position years after they applied for something different. In other words, they’re getting a call to say are you interested in a position that they basically didn’t apply for; had applied for something different or something like that. That’s what we were wondering, are applications – the number of people seeking have declined or something?

MS. COADY: I think it’s incumbent on all of us to continue to encourage people to refresh and renew and make sure that they are in the database. I know I spend time making sure that, in particular, women – because I want to make sure that we have a good number of women on boards as well – know about the IAC process and put their name into the database and have a fulsome profile there.

Once a position is identified, then, of course, the IAC will go through the databases and databanks

and see what qualifications people have and then approach them to see if they might be interested in a position. I think that’s a positive thing rather than a negative thing.

MR. WAKEHAM: Under the salary section, 1.1.01, Salaries there are forecasted to increase by \$4 million in this fiscal year. I think you started to allude to that earlier, Minister.

MS. COADY: Yes.

MR. WAKEHAM: Can you give us the explanation on that one again?

MS. COADY: Absolutely.

If you look, there is a restated original budget of \$3.808 million, okay, so it’s just normalized. It’s \$3.808 million, now going to \$4,115,500, okay. The reason for that is we’ve reprofiled for a third commissioner position and there’s been an allocation – and you’re going to see this across all Estimates so you might as well – 27th pay period.

MR. WAKEHAM: Payrolls, yes, I’m aware of that.

MS. COADY: So you’re going to see that now almost everywhere. You’ll see an additional stipend there.

MR. WAKEHAM: Yeah.

MS. COADY: But we have an additional commissioner in the budget as well.

I should note that the actuals last year were a little lower and that was due to vacancies.

MR. WAKEHAM: So they have been filled now?

MS. COADY: That’s a good question; I think they are in process. Some of them ...

MR. JOYCE: Yeah, different stages of recruitment, vacancies, just normal run-of-the-mill process.

MR. WAKEHAM: None of them have been vacant for a long time or anything?

MR. JOYCE: No.

MR. WAKEHAM: Okay.

MR. JOYCE: No, no, no. If they're vacant for a long while we take – they're not.

MR. WAKEHAM: Okay.

Transportation and Communications, there's an increase there from the actuals of last year. I'm just wondering what's happening in that particular line.

MS. COADY: I'm going to speak to this, if you don't mind, because you're going to see this throughout Estimates, I think, over the next little while as you go through Estimates.

If you looked at the restated budget, it would have been \$102,400 and the actual was \$41,600, so the difference, of course, is COVID related, in particular. It was less travel for the commissioners. It was less travel due to more teleconferencing. Again, a lot COVID related. It's been restated to \$88,100, which is slightly down from last year, and that's because they are anticipating overall normalized lower cost for communications and travel because the mobility costs have gone down and the contract as well, and we're anticipating using more Skype and teleconferencing.

But I will say it is not really reflective of a continuation of COVID. It's more of a normalized number and if we don't spend it, of course, it will be either redeployed or it will be brought back into government.

MR. WAKEHAM: Right. This is the number for the full fiscal year –

MS. COADY: Correct.

MR. WAKEHAM: – so we've already spent six months. I'm just curious if you're on target for your expenditures. Throughout the whole process here, we're going to see all of the numbers that are reflective of a full year's expenditure –

MS. COADY: Right.

MR. WAKEHAM: – and we're going to be asking: Where are you after six months? Are you on target or are you under budget or over budget? This is an unusual time; obviously, we wouldn't (inaudible) already.

MR. JOYCE: Mr. Wakeham, I can say for this fiscal year so far, the first six months, that our Transportation and Communications is significantly down. We will not exhaust that amount.

MR. WAKEHAM: But will you spend it?

MR. JOYCE: Pardon?

MR. WAKEHAM: Will you spend it?

MR. JOYCE: We'll have to see how it goes for the next six months, particularly, when we added new programs and services to the Public Service Commission. But there's been a push on for six months to keep it as essential as possible; very little, if any, has been taking place.

MS. COADY: I will say there is a directive, I guess, from the Department of Finance, basically saying you're not to travel and you're not to incur those costs. So we're hoping to have savings there that might be redeployed through Treasury Board because of COVID for demands because of the pandemic or realized savings then to government. Is that fair? Yeah.

MR. WAKEHAM: Okay.

CHAIR: We'll take some opportunity – we're going to go in 10-minute chunks, so I'll move over to Ms. Coffin.

If I can get everyone, when they're answering their question or asking their questions, to say their name first because we're not visual for the public. It would be just a little bit easier for them to follow what's going on.

If I can ask Ms. Coffin to take her questions now.

MS. COFFIN: Thank you.

I do have a few and I'm going to kind of jump off from that for now.

I'm going to ask a little bit about what's happening with Professional Services. I see that there's an awful lot of money going into that in addition to Salaries. Can you give me a sense of what we purchased for Professional Services?

MS. COADY: Yes, thank you.

That's mostly EAP, Employee Assistance Program. That's obviously driven by employee uptake. There are about 100 service providers for that. You're going to see there was a slight increase in the number of employees receiving assistance through EAP and we'll continue with that trend throughout 2020-21.

MS. COFFIN: That's a great program and I've occasionally referred individuals to that. Keep going on that please. We probably have a greater need now.

Do we have a sense of the number of vacancies on the agencies, boards and commissions and for how long those vacancies have existed?

MS. COADY: Is this through IAC you're referring?

MS. COFFIN: Yes.

MS. COADY: Okay. So the average from request to recommendation, since inception of the IAC: for Tier 1s it's 199 days and for Tier 2s, 175 days. It takes about, I'm going to say on average, a six-month recruitment process for the boards for IAC.

MS. COFFIN: Six months seems like an awful long time. I've gone into the website where you can apply for each of them and all the criteria – good job on the website, really easy to navigate. I understand that.

My understanding is that résumés can kind of come in in a fluid manner. Is there a problem from the time that there's a vacancy identified, to we need to go through all the people who are potentially qualified, we need to recruit? Normally a recruitment process will take two months or three.

MR. JOYCE: Just to answer your question first. Currently outstanding for all agencies, boards and commissions for Tier 1 and Tier 2:

There are eight current board opportunities for Tier 1 and there are 29 opportunities for Tier 2 for a total of 76 right now, that between the IAC and the Public Service Commission we're getting ready to fill.

Our time period to fill those vacancies would vary, would depend on the complexity of – if it's Tier 1, for example, it might be a CEO for one of the top agencies in the province. We tailor make our advertising recruitment – it might be across the country. The average was about, I think – and I'll defer to Mike. The time period has reduced. We're still at about Tier 1, six months. It's being reduced every year but I think in the past year, in fairness, to bring it down even more is that we're looking to – I find that every major recruitment now, particularly on Tier 1, is not a cookie-cutter approach anymore.

Say it's the Auditor General, just for an example. We will go out now and we will advertise and work with a specific department on what's the best approach. We'll advertise for all the accountant associations in Atlantic Canada. We'll go right across the country for their national organization, as opposed to – each case is different.

We're trying to get it down. We're working hard, no doubt about it. Some boards we get 200 applications. Every résumé has to be reviewed and we work with the departments to develop a profile for thresholds and for competencies. You have to match the competencies to 200 of those résumés; we have to try to get it down to a manageable level. It takes time with limited staff and resources.

Then, we do our work in preparation for the IAC and give it to them. Then, they have their own process to sit down, strike a committee, go through it and call it through themselves. They may even conduct interviews themselves – it's up to them – in order to get into a situation to make recommendations to government.

It's an extensive program but we're getting it down. I think, initially, we were up over six months and we're down under six months now for Tier 1.

MS. COFFIN: That's reassuring. Thank you.

Here's a bit of a technical question: Can you give me a sense of the criteria that would be used to send appointments to the Independent Appointments Commission? I know we have a set of – if you're in this particular agency you would do that. But say, for example, there's was a task force struck or a commission or something like that, would they automatically be sent to the Independent Appointments Commission, or is there a set of criteria to determine how things would be vetted through that?

MR. JOYCE: In answer to your question, we have – say we keep using the Tier 1. Tier 1 is the *Independent Appointments Commission Act*. Under the IAC Act there's a schedule and in that schedule it lists – for the IAC they have about 30 of the top agencies, boards and commissions in the province and about 25 of the top executive positions attached to them.

If the authority rests with the IAC for a particular entity, the minister responsible for that particular agency the CEO reports into, legally the minister has to make the request to the IAC. That's the trigger. If it's not under the act, they don't request it. That's the trigger. It's what's in the Schedule to the IAC Act.

MS. COFFIN: That's good to know. Thank you.

I have time. Excellent. Let's go on to the Centre for Learning and Development. I noticed that – let's talk about the French language training. Can you –

MS. COADY: Are we going to 2.1.01?

MS. COFFIN: No, this is 1.2.01. We're still in the ones.

MS. COADY: Yeah, are we doing –

CHAIR: We were going right through to (inaudible).

MS. COFFIN: Yeah, the preface of one and then the preface of –

MS. COADY: Okay, I just wanted to make sure I wasn't –

MS. COFFIN: I think so. Oh, there's only one section. I guess we're just doing all the Public Service Commission right at once. Okay, good to know.

For the Centre for Learning and Development, can you tell me about the French language training? I know that used to be housed in the West Block. Are we still doing that in-house? Has that been privatized? Are we now bringing in consultants? How is that working now?

MR. JOYCE: I'll defer to my colleague, Robert Simmons, who particularly represents that area.

MR. SIMMONS: Trainers are in-house. There are some services provided internally, but the bulk of that would be with Eastern Health. There's a contract there with Eastern Health and one with the federal government. There's –

MS. COFFIN: There's a contract. So we do contract private – okay and there are still some in-house, yes?

MR. SIMMONS: Yes.

MS. COFFIN: Okay, because I had heard that had somehow been moved around a little bit.

MR. SIMMONS: We have trainers on staff.

MS. COFFIN: I guess the Salaries and the Purchased Services are pretty close to equal there.

Can you give me a little bit of a breakdown between who is in-house and then the Purchased Services that we're using? I assume that some of that are independent consultants that are being used, yes?

MS. COADY: Specifically for French?

MS. COFFIN: No, this is just the whole Centre for Learning and Development, so I guess that would capture a lot of the things.

MS. COADY: Okay, sure.

MS. COFFIN: As I read this, it says executive development so I can see that we're probably paying Memorial University to do some of that stuff, I'm guessing, right?

MS. COADY: We utilize expertise where required. This is important, I think, to the Province of Newfoundland and Labrador to make sure we're utilizing expertise where required and sometimes it's across the province.

I'll ask Robert to kind of give you a breakdown because there are various specific regulatory responsibilities that the Government of Newfoundland and Labrador ensures is carried out, and then sometimes we might contract out if it's something across the province. Robert, can you give a fulsome answer on that one?

MR. SIMMONS: The Salaries would be the staff of the division. There is some in-house training that occurs. The Purchased Services, professional services would include a range of training; a lot of it outside of the St. John's area.

If you think of the regulatory requirements: first-aid, for example, fall protection, forklift operations, all the regulatory components that would go in – think of many of the field operations across government departments. We would also go out – it's easier to just find a provider in the area, bring the 10 employees to a provider in the area and pay for that service, as opposed to sending those folks in to a central area on travel or sending our trainer out. We just pick the most economical way to get the training completed.

MS. COFFIN: Can I have a full list of the training that's provided through both of them?

MS. COADY: Do you have this?

MR. SIMMONS: I haven't seen a list that breaks it down, but I'm sure we can certainly go check.

MS. COFFIN: That would be great. Thank you.

How about I just – 10 seconds is not fair for anyone, is it?

CHAIR: I think we'll move back to Mr. Wakeham. Then we'll go to Ms. Coffin and then we'll bring in Mr. Lane, if that's okay with everybody.

Mr. Wakeham.

MR. WAKEHAM: Under 1.1.01, again, I'm just a little curious about the revenue of \$3,256 and how it was generated. It's an actual revenue showing there for last year.

MS. COADY: It's a repayment of a salary overpayment from an employee from a previous fiscal year.

MR. WAKEHAM: Okay.

I'm going to switch over to 1.2.01. Again, I think there have been some questions asked about Salaries, and last year they went over budget. Can you explain what happened or what might have happened there?

MS. COADY: The majority of that was an annual leave payout that was required. There were some vacancies throughout the year but that was also offset by, I think, a contractual position that was required. Perhaps Robert, do you know what that contractual position was? The lion's share of that, just to be clear, was on that annual leave payout.

MR. WAKEHAM: Right. I guess the Employee Benefits would be part of that as well. They went over, I think, as well.

MS. COADY: Yeah, course reimbursements for the fiscal year.

MR. WAKEHAM: All good.

MS. COADY: I think Robert wanted to kind of add a little bit of colour to that.

MR. WAKEHAM: Oh, sure.

MR. SIMMONS: The contractual positions, I think, was the question you were asking. This group was within the Human Resource Secretariat, in the previous year. In many cases, we'd shifted positions around within that department to fill the need. We had a need in the CLD, so we created two temporary positions there and held positions vacant elsewhere to fund those, so they're up here, down somewhere else.

MR. WAKEHAM: Okay.

The Revenue - Federal, there was \$60,000 anticipated but we got more, which is always good, \$85,000 received. Can you please outline what happened there or what occurred?

MS. COADY: Yes, I can.

The revenue is from French language training. The contract amount has been increased with the federal government for French language training. I don't know if anyone wants to add anything to that, but it's French language training.

MR. WAKEHAM: I'll continue on, again, with the provincial revenue, the \$57,000 was anticipated and not received. Any explanation as to what happened there?

MS. COADY: No training occurred for Eastern Health employees. That would have been revenue was received from Eastern Health for French language delivery program but no training was done.

MR. WAKEHAM: Okay. This year the \$40,000, obviously, that's budgeted, it is anticipated that will happen?

MS. COADY: I'm assuming so. I don't know, Robert, if you have any update on that.

MR. SIMMONS: It's anticipated. There are still some details to be worked out in terms of the ability to conduct certain training and when that'll take place, but the plan is to offer those services.

MR. WAKEHAM: How much revenue have you collected, year to date?

MR. SIMMONS: I'm not sure exactly. We could check that.

MS. COADY: We'll check on that.

MR. WAKEHAM: Yeah, just curious, because we are –

MS. COADY: We are in the middle of a pandemic.

MR. WAKEHAM: Yeah, and we're also in the middle of a fiscal year, so it's –

MS. COADY: Yeah.

MR. WAKEHAM: – easy to see that – thank you so much.

1.2.02, again, the increase in the Salaries relates, I suspect, Minister, some to what you said earlier about the 27 pay periods?

MS. COADY: 1. –?

MR. WAKEHAM: 1.2.02.

MS. COADY: Is this Wellness?

MR. WAKEHAM: This is the Salaries, yeah, under Employee Safety and Wellness.

MS. COADY: Okay. So we had savings last year mainly due to short-term vacancies that we had. It's increased for a one-time allocation for the 27th pay period.

MR. WAKEHAM: That's what I kind of figured.

MS. COADY: You're going to see that almost everywhere, right.

MR. WAKEHAM: Yeah, everywhere.

MS. COADY: Sometimes it's a startling amount of money for that 27th – for that extra pay period.

MR. WAKEHAM: Yeah.

MS. COADY: Which is fortuitous for everyone in the province.

MR. WAKEHAM: Yeah, exactly.

Under Employee Benefits there, they did go over budget last year by \$45,000. Is there an explanation for that?

MS. COADY: Yes, it was an increase due to WorkplaceNL requirements being higher than anticipated during the year, and that's for all of Executive Council.

MR. WAKEHAM: Okay.

MS. COADY: So you can see they're normalized.

MR. WAKEHAM: If I go to 1.2.03, the Office of Employment for Persons with Disabilities, again, just some overview of the Salaries line. In particular, how many people were employed in '19-'20? I know that the budget increased again for 2021, and I'm just wondering if any additional positions will be created through that increase.

MS. COADY: Well, the one-time allocation is for the 27th pay period. We did have some vacancies last year and that's why it was slightly down and the timelines to fill those positions.

I will turn to Robert to see if – we have 86 positions, I think?

MR. SIMMONS: Eighty-two.

MS. COADY: Eighty-two positions allocated there, but perhaps you can give some more detail.

MR. SIMMONS: Eighty-two positions in the Opening Doors Program. Usually there are some vacancies, so there's always normal turnover. It did drop down a bit there coming out of last fiscal and into this fiscal, obviously. It's currently in around the mid-70s in terms of positions that are filled.

MR. WAKEHAM: Okay. So the number, though, it's at 82 is what your goal ...

MR. SIMMONS: It's flat, yes.

MR. WAKEHAM: Okay, thank you.

I have no more questions.

CHAIR: Okay, Ms. Coffin.

MS. COFFIN: Thank you.

I'm just going to have a quick chat about the Office of Employment Equity for Persons with Disabilities. I note that there's quite a large salary in there, which is good and it's wonderful to see the support for individuals with disabilities.

Does that salary include money for individuals participating in these programs or is this just simply salaries for the administration?

MS. COADY: No, this includes the money for the salaries for individuals, but I'll turn to Robert.

MR. SIMMONS: I'd have to double check to see if the program staff are actually included there, I'm not sure that they are, but that is the individuals within the programs salaries.

MS. COFFIN: Okay, that's what I was wondering. It's a big chunk of money and I was hoping that the individuals – because we bring in individuals with disabilities into the public service and support them through that. Okay, that was my understanding; I just wanted to check on that.

Can you give me a list of the number of clients that we do have or the number of individuals that are involved in this program?

MS. COADY: Well, certainly, as was alluded to earlier, there are 82 positions.

MS. COFFIN: Oh, sorry, okay. Oh, right.

MS. COADY: There's always some turnover in that and I think there are several positions available at this point in time, but I'll turn to Robert.

MR. SIMMONS: You're looking for the number that's currently vacant or the number that's currently filled?

MS. COFFIN: Either. How many can we support?

MS. COADY: Eighty-two.

MS. COFFIN: Okay, that is our full capacity, okay.

MR. SIMMONS: Eighty-two is the count and there are currently mid-70s filled. That's down a little bit because we've slowed a little bit through the last six months or so.

MS. COFFIN: Of course.

MR. SIMMONS: But they're all active.

MS. COFFIN: Wonderful. That's great and they're spread all throughout the public service?

MR. SIMMONS: Correct.

MS. COFFIN: Nice.

Is there a range of disabilities that are being accommodated through that? I mean, I can imagine some of them – fantastic.

Okay, I think that's about what my questions were.

In terms of Grants and Subsidies, that would be for supports for these individuals or would this be for external agencies? The Grants and Subsidies says \$100,000 – and good job on someone spending very, very close to the \$100,000. That's some good math there.

MR. SIMMONS: I'm going to make sure I have this correct. The Grants and Subsidies are also for the Wage Subsidy Program. We would provide grants for folks who can offset the salaries, if they were to hire folks through the program.

MS. COFFIN: Right.

MR. SIMMONS: That's available to agencies, boards and commissions throughout the public service.

MS. COFFIN: So is all of this considered Opening Doors?

MR. SIMMONS: Yes.

MS. COFFIN: Or if it was just all in under that office. I didn't know if Opening Doors was a separate thing unto itself or not.

MS. COADY: This is Opening Doors.

MS. COFFIN: This is Opening Doors. Okay, very good.

Thank you very much. I think those are all my questions for this section.

CHAIR: Mr. Lane.

MR. LANE: First of all, thank you to my colleagues for giving me leave to ask some questions. I'm not a Member of the Committee per se, but I do appreciate the opportunity.

I'm not going into any line by line. I have more general questions; I'll leave the line by line to my colleagues. The first question is around contracts and contractual employees. You can correct me if this is the right place or not. If there's somewhere else I have to go with this, that's fine.

We've seen situations in the recent past, I'm going to say, that have upset an awful lot of people in this province, including yours truly, about people who may have been named and involved in a certain project – Muskrat Falls – and a lot of people might say should have been tossed. They're allowed to leave gracefully with a full pension, benefits and payouts in hand, or be transferred to another department and all this good stuff.

We keep hearing all the time the reason why there's no accountability, from the public's point of view, is because they all have this great contract. That we can't do anything with them, it will cost us more to get rid of them than it would to let them stay or let them retire normally with all their benefits, and no accountability for whatever they may have done or not done.

I'm wondering: Is it this division that would now be involved in creating these types of contracts? If so, what is going to be done to change these contracts in the future so that if anybody is ever hired in government again or an agency, board or commission and they totally screw up, they're incompetent, whatever the case might be, that they can simply be given a pink slip and out the door based on performance, as opposed to us being held hostage and having to pay out large sums of money?

I'm just wondering: Would that be through the Public Service Commission or whoever makes these policies?

MS. COADY: Just allow me to go first.

MR. LANE: Yeah.

MS. COADY: Thank you for the question.

This is in general not related to Estimates but I'd be happy to try answer. Then I'll turn it over to my colleague representing the Public Service Commission, the commissioner.

I think everyone in the province recognizes that employees – and this is an employee-employer relationship. Employees of any organization, any business that you belong to, any government agency – any time you're an employee there are employee and employer rights and they're well known in law. Your contract, either a strict contract or perceived contract, has to be upheld. You can be dismissed with cause – and that's very hard to prove – or without cause. Without cause there are certain contractual obligations that you carry.

We have to abide by those laws, those recommendations. That makes it challenging, especially when we're very passionate about certain things, but as a government, we would seek the best legal advice as to how we can move forward.

On that note, I will turn it over to the commissioner of the Public Service Commission to give you the important response from officials.

MR. JOYCE: Mr. Lane, I can only speak on behalf of the Public Service Commission. To answer your question, the Public Service Commission, as you know, is an independent, arm's-length agency of government. We have no authority – the PSC has no authority – to hire, fire; we play an oversight role.

The jurisdiction that flows to the PSC comes from either the IAC Act or the *Public Service Commission Act*, going through a merit-based approach and a vetting approach, as you know. To answer your question: We don't receive any applications. We don't get involved.

MS. COADY: I know Robert might be able to help with this. This might be a better question for the HSC, the Human Resource Secretariat? I'm just asking.

MS. SIMMONS: Some of the finer details on how those processes are going to flow are still to be worked out. The Human Resource Secretariat would have had a role to play for certain hiring.

Some of that now is with the Treasury Board Secretariat; some of it will flow over to the Public Service Commission.

I don't know that I have a great answer to the question of detailed contracts. I wouldn't be familiar with the – I'm not actually familiar with the circumstances you're talking about.

MR. LANE: Okay, I appreciate that.

I'm not even sure if this is exactly the spot to ask the question but it's important to get the question out there. The bottom line is when you see situations and I'm just looking at it now – let's look at it from the average Joe's point of view. You go to work; you're working for an employer. If I went to work tomorrow and I was always late, I screwed up my job and I did this or I did that, the boss would fire me. I'm gone and that's it. That's the end of the story.

People see situations that have happened and, obviously, I'm talking about the Muskrat Falls inquiry and some of the stuff that has come out of that. People would say mismanagement, hidden documentation and reports. We all saw the inquiry, Justice LeBlanc's recommendations and so on. When you see those situations, people would say people at the very top who were making these decisions – I think a lot of people would say: They should be fired. The bottom line is though, people are just now retiring, moving on and there's no accountability that's happened.

When asked about it, Minister – and this is not on you; I'm not trying to make it that way – you would say, and others would say, well, we take the legal advice and we have to abide by contracts. The contract is written in such a way that even if they screw up royally, it's hard to prove and we have to pay them out and whatever.

All I'm saying is on a go-forward basis is it this group or who would decide? How do we consult with legal to make sure in the future that if we have anybody who is getting paid on behalf of the taxpayers of this province – whether it be an agency, board, commission or core government – and they demonstrate that they can't do the job and they screw up royally, that they can simply be let go with cause at no cost to the taxpayer?

Let's make the contracts ironclad in that regard if we can, as best we can, to have people held accountable, like we would at McDonald's, Sobeys or some construction site, anywhere else. I guess that's my question.

MS. COADY: Thank you very much for that. I understand the passion for this particular item.

There is case law and employment law. I'm not a lawyer, so it's not on me to even speak to this. But I am a businessperson so I can somewhat understand it because I've had a number of employees and had to abide by the requirements of same.

I think it's a question you could seek legal opinion on, so maybe when Justice comes before Estimates. I can say that we have to abide by employment law. We have to ensure that we're listening to our lawyers on this particular matter as well.

MR. LANE: Thank you. I appreciate the answer.

In terms of positions – and this definitely would apply to the public service, obviously. There are a lot of people working in government that are permanent – sorry, that are temporary, and seemingly temporary forever, 10 years go by and they're still temporary. They are trying to make a life for themselves and whatever, they'll probably be here for the next 20 years and they're always temporary. They can't seem to get permanent status.

How does that work? At what point in time – how long does someone have to be here doing a job before they get permanent status? Can you just give me some idea as to how that works and why it is some positions someone's here and they're immediately permanent? Some people are temporary for a year and then they're permanent, and some people might be here for 10 years and they're still temporary. Can you explain why that it is and how that works?

MS. COADY: Thank you for the question.

I do believe under this administration we've been making good strides or working towards any of the positions that have been long-term temporary, we've been trying to either decide

whether they should be permanent or do we actually need the position? Why is it temporary?

I'll turn to my colleague and ask for his considered opinion, but I know it has been a viewpoint of this administration to try and move those forward.

MR. LANE: That's good to hear, yeah.

MR. JOYCE: Mr. Lane, I'll try to deal with just one part of it and I hope it hits to the heart of it.

MR. LANE: Yeah.

MR. JOYCE: I know Minister Coady indicated that this administration was trying to move in a certain direction to deal with that. We have a policy at the Public Service Commission, it's called a concurrence policy that allows deputy ministers – and the policy states: If a request is received at the Public Service Commission, the deputy might ask, for example, say if someone was there for five years and come to us and say, well, what am I going to do, I want that person.

We have a policy in place; it's three criteria. One, has that person come into the system through the Public Service Commission selection process? Yes. Did that person work in that position for greater than two years? Yes. Is there a demonstrated need at the request of the deputy minister to fill that position on a permanent basis? Yes. If those three criteria are met and the request comes from the deputy minister, we don't get in the way from the Public Service Commission. We will go back to the deputy minister and we'll sit down with our commissioners and say we have this request.

We'll do an investigation, make sure all those criteria are met, and then we get back to the deputy and say we concur. That person came in through the system on a Public Service Commission-approved process and for administrative reasons, efficiency reasons, for all kinds of reasons, would the Public Service support that, and we do.

I think in the past year – I've been there now over two years – we've done a lot of work in that area on concurrence. I can get you the numbers, but we've supported a lot of

applications from deputy with those three criteria in place.

MR. LANE: But it means the deputy, though, has to take the initiative to say they're going to do it.

MR. JOYCE: That's correct.

MR. LANE: If they don't bother to do that per se –

MR. JOYCE: If they don't bother to do it then we have little authority under the act to get involved in temporary appointments, but what we can do, may do, have the authority to do, if temporary appointments are an obstruction to the public service, and what I mean an obstruction, if it interferes with hiring, the Public Service Commission hiring and the merit approach, we can get involved. We can.

But because of the past year and a half and past two years, the work that we've done to work with the departments to move that through, through a PSC-approved process, and the staffing from the HRS, that came over with us now, that's cleaned up a lot.

I can get all the information for you.

MR. LANE: I appreciate the answer, thank you.

CHAIR: I'll ask Mr. Wakeham if he has any questions left for this section.

MR. WAKEHAM: None.

CHAIR: Ms. Coffin?

MS. COFFIN: None.

CHAIR: Mr. Lane?

MR. LANE: I have one other question, very quickly.

On the idea of jobs and temporary jobs and so on, the 13-week provision, I hear from – well you hear from people, of course, on both sides but you hear from some people saying here's a resume, pass it in and if there's anything that comes up in a department, I can get hired through the department. We all know that's been

going on forever, but on the flipside then you do hear from people who are saying this is not fair, people do it, they just get their foot in the door and the next thing you know, they're applying for a job that I would have possibly had and I'm competing with someone who came in through the backdoor and all this kind of stuff.

You hear about 13-week positions and then they put in for an extension and another extension and another extension. Is there anything being done to try to – I don't know if the word is clean up, but to try to address that matter?

MR. JOYCE: Mr. Lane, the Public Service Commission now is rejuvenated. We play an investigative role in that area. We've now taken on the responsibility of the staffing division.

MR. LANE: Okay.

MR. JOYCE: That was formally HRS, now it's under the Public Service Commission.

MR. LANE: Okay.

MR. JOYCE: So we now are responsible for all the staffing in the public sector and oversight.

MR. LANE: Okay.

MR. JOYCE: The policies that we would put in place now, what I outlined to you just a couple of minutes ago, about the thresholds, we can set polices. We've even had situations where – not a lot, dealing with one recently – that you've asked for a concurrence; say, hold on a second now. Yeah, they got two years, they got this, that, but they didn't come in through a PSC-approved process, so the answer is no.

MR. LANE: Yeah.

MR. JOYCE: So what I'm saying to you now is because the Staffing Division is together, because the PSC is here together now as an oversight role, we will tighten up. We'll have better communication with the Staffing Division to, insofar as possible, prevent any of that from happening. I don't see it.

MR. LANE: Okay, excellent.

Thank you.

The very last –

MS. COADY: (Inaudible.)

MR. LANE: Okay. I'm sorry.

MS. COADY: Just one further point.

If you are taking someone in on a 13 week, they have to meet the qualifications and the requirements of that position.

MR. LANE: I understand that.

MS. COADY: It's not like you can just put anyone in any role.

MR. LANE: No, I understand that, Minister.

MS. COADY: Okay.

MR. LANE: Just for the record, I totally understand that. I'm not suggesting otherwise. But some people would say you go in there for – it's supposed to be an emergency hire. But, I guess, what some people might perceive is that in the past – and I'm not referring to this administration any different from the one before and the one before that – somebody might have something that's longer than 13 weeks, but you say: Ah, it's only 13 weeks. Then you put in an extension and another extension and before you know it that person is there a year or longer. Then they apply for the job when it does come up and then they get the job over someone who might have wanted the job, who came in through the Public Service Commission and so on. I just wanted to put that out there.

Okay, I'm glad to see that's being monitored.

My final question and it relates kind of to the Opening Doors thing. The 82 positions, that's great. I didn't realize there would be that many people in government. That's fantastic news to my mind. The only thing I sort of wonder or question to some degree is, always, could we be doing more. I'm not talking about now creating positions that don't exist and so on. But I look at Visions Employment, as an example, which is an organization near and dear to my heart in my community and they do fantastic work for people with intellectual disabilities, in particular. You go up to Colemans or go up to Sobeys and

there are always people participating in that program. It's wonderful.

I wonder why that could not be happening, for example, at the NLC or something like that, stocking shelves and so on. I never see anybody through Visions or at any of those. So I'm wondering – core government, great – are we also including ABCs and so on, and getting them on board? Again, they don't have to necessarily – they could be going through Visions Employment or through Vera Perlin or through whatever and have opportunities in ABCs as well to get more people with intellectual disabilities employment, because they want to work, they can contribute and they do a great job, quite frankly.

MS. COADY: Thank you.

I will say, I think you heard a little earlier, Robert talk about there's a grant program, there's \$100,000 allocated for grants for that very purpose but I'll let Robert give a little more of a fulsome answer.

MR. SIMMONS: You are correct. There's grant money there available for wage subsidies across any agency, board or commission, and that does happen. I guess I just throw out as well that you may not see the program in action; it doesn't mean that it's not happening right in front of you. It's a program designed to help folks break down barriers in certain areas but that's not always a visible exercise that you'll see walking through a particular building or operation.

MR. LANE: Thank you.

That's all I have.

CHAIR: No other questions?

I'll ask the Clerk to call the subheads again, please.

CLERK: For the Public Service Commission, 1.1.01 to 1.2.03 inclusive.

CHAIR: For the Public Service Commission, 1.1.01 to 1.2.03 inclusive.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 1.1.01 through 1.2.03 carried.

CLERK: The total.

CHAIR: Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, Public Service Commission, total heads, carried.

CHAIR: We're looking to move on to the next one. Do we want to take a five minute break before, if that's okay with everyone, just to change out? We'll put the next line on the ice. Five minutes.

Recess

CHAIR: Order, please!

I'll ask the Clerk to call the subheads for Consolidated Fund Services.

CLERK: For Consolidated Fund Services, 1.1.01 to 3.1.02 inclusive.

CHAIR: Consolidated Fund Services, 1.1.01 inclusive to 3.1.02.

Mr. Wakeham, please.

MR. WAKEHAM: I'd like to start off, if I could, with some general questions if that's okay, before we get into the Consolidated Fund. The first one, of course, is one that's a standard one; it's about getting a copy of the minister's briefing binder. I'm sure that's usually –

MS. COADY: Absolutely. We'll be happy to give it to you.

MR. WAKEHAM: In relation to COVID and the whole COVID fund, did the department get any funds directly into the department for COVID from that particular fund? Would that have been something that would've been transferred to the Department of Finance for any reason?

MS. COADY: We actually gave you a list of all – we've already tabled in the House all the expenditures.

MR. WAKEHAM: Yes.

MS. COADY: Some of them would have come to the department because, of course, we are responsible for some programs. Would they have come directly into the department? I'm going to turn to the deputy minister to see if they came directly in.

MS. HANRAHAN: For an appropriations perspective, you'll see in CFS the \$281 million, less \$81 million federal revenue for a net \$200 million as a vote. When a budget is passed, then any spending that's been approved will then go out to that department. Finance did have a program so Finance will get that piece; ISL had a program, they'll get that piece. That's how the expenditures will get out.

From a cash perspective or the revenue, let's say the federal revenue, that'll come in through our normal revenue receipting, similar to Safe Restart money or any other fed money.

MR. WAKEHAM: Okay, thanks.

In terms of service delivery in relation to COVID and its impact on the department itself, have there been any backlogs or anything within the department as a result of COVID?

MS. COADY: Backlogs in a general sense or with regard to a particular COVID-related program?

MR. WAKEHAM: Just in terms of the general sense of trying to do what you normally do.

MS. COADY: Well, you can appreciate, I think – I'm going to give kudos to the staff. I know they're working extremely hard and worked extremely hard during COVID to ensure that

there was Interim Supply done. We've done three Interim Supplies this year, which is unusual. We normally do one.

There was also the contingency fund, the \$200 million that you had just referred to, legislation concerning the same; then the administration and adjudication of that \$200 million; and the discussions with Ottawa that were ongoing. I can tell you even today, I still have had, in the last month, several meetings with the minister of Finance federally for help with the federal funding programs and how they are helping with the economy and with social programming.

All that work has absolutely impacted the Department of Finance in particular, but are they behind in any of their particular work? I would say no. We had a budget on a timely basis. We're only the third in Canada to actually have a budget during a COVID period, so I would say it's just because the department has worked extremely hard.

If you're going to ask about a particular program, I can tell you where they sit in a particular program.

MR. WAKEHAM: No, that's good. I'm glad to hear it.

MS. COADY: I don't know if the deputy minister wants to add to that because, of course, I'm only one month here. Is there anything new to add to that?

MS. HANRAHAN: No, Minister, that's fair to say.

I think government made a series of actions in March, April and May that changed the work of the department. For example, there were decisions that matched some federal government actions to slow down or temporarily suspend fee applications or collection efforts or various things. Our work changed sometimes because of responses to COVID, which allowed staff then to do other things, as well as the implementation of new programs.

If anything, I'd say from an impact perspective, to be honest it was probably the ability to get competitions done or the ability to do other things. It was very priority-based and very

focused on that. I'm very proud of the team for the work that they did all summer and to still get the budget.

MR. WAKEHAM: Thank you for that.

It brings me to my next question, actually, again. How many employees are in the Department of Finance? How many are permanent, temporary, full-time and part-time? Is that something that we can be provided?

MS. COADY: Certainly. Perhaps may I suggest when we get to the Finance section, because that'll get into the salaries and everything –?

MR. WAKEHAM: The positions being vacant and those types of things.

CHAIR: Yeah, we can deal with that in the next sections.

MS. COADY: I'm sure we can provide that to you when we get to the Finance section.

MR. WAKEHAM: Can I ask about the subheads under Financial Assistance, or do I want to wait?

CHAIR: Just for a bit of ease for all of us, I think what we'll do is we'll attack the Servicing of the Public Debt, 1.1.01 to 1.4.02 inclusive. If we can keep our questions to there and then we'll vote on that portion, then it'll let us move a little bit smoother. Is that okay?

MR. WAKEHAM: Okay.

CHAIR: Not that you did anything wrong. That was me; I'm new at this game.

Mr. Wakeham, continue. I yield the floor.

MR. WAKEHAM: Let's go quickly to 1.1.01, Temporary Borrowings. Is the line of credit still at \$200 million?

MS. COADY: It is. It has not been used. It's just an appropriation.

MR. WAKEHAM: Okay and the interest rate on the line of credit?

MS. COADY: Just let me check.

It was very low but I don't have that off the top of my head. We can get that for you.

MR. WAKEHAM: Thank you.

MS. COADY: It is not used, just so you know.

OFFICIAL: (Inaudible.)

MR. WAKEHAM: Okay. It's good that you didn't have to use it.

MS. COADY: It's never been used, really.

MR. WAKEHAM: 1.1.02 on the Treasury Bills. What's the current interest rate on the T-bill program?

MS. COADY: As you know, that's a rolling program. We do a weekly T-bill option. It's a very low interest rate, less than 1 per cent actually, but it's rolling. It's a running list, 90-day T-bills.

MR. WAKEHAM: What is the current size and balance of the program?

MS. HANRAHAN: Currently, the max outstanding we'd have is \$1.17 billion. That's basically 13 issues as we roll through the year. The interest rate is well below 1 per cent, much more tied to short-term money in the market.

MR. WAKEHAM: Okay.

Again, the deficit for 2021 is expected to be \$1.8 billion but the borrowing requirement it \$3 billion. Can you please explain the difference in the two numbers?

MS. COADY: That's rollover, but I'll ask the deputy minister to give you details.

MS. HANRAHAN: Of the \$3 billion, about \$720 million is directly related to maturities of debt. That's how we get down to a \$2.3 billion net new borrowing. Of that \$2.3 billion, of course, it's a combination of everything in consolidated government. It would be everything for the cash payments we need to make to our two jointly sponsored pension plans. That's about \$323 million. It would be cash payments of interest on the debt which is about in the \$600-, \$700-million range. It would

be our infrastructure programs which are about \$420 million. Those investments for Current and Capital infrastructure.

It would be a combination of those types of things, net of any revenues we would get from our GBEs.

MR. WAKEHAM: Okay, thank you.

On budget day, we were given a slide deck which indicated that the gross borrowing was \$3 billion but the net debt was \$2.3 billion. Again, can you explain the difference in the two numbers?

MS. HANRAHAN: I just pulled out my deck.

What changed between July and now was an improvement in the deficit. The deficit improved about \$300 million. About \$200 million of that was cash related; about \$100 million would have been accrual adjustment. That flowed directly into that gross borrowing change of \$3.2 billion down to \$3 billion.

MR. WAKEHAM: Okay.

The Bank of Canada borrowing program; has the Bank of Canada borrowing program been used to support any of our recent bond issues?

MS. HANRAHAN: No.

MR. WAKEHAM: Okay, thank you.

This year, the government will look to borrow \$3 billion, and for comparison purposes personal income tax revenue is \$1.4 billion and the total received from provincial tax sources is about \$4 billion. Regardless of COVID, the province has a financial problem.

I'm looking for some commentary here, put the politics aside, for a second because – should we be concerned that we are borrowing one-third of our expenditures and how long will we be able to continue to borrow?

MS. COADY: I will say this, Newfoundland and Labrador has had some structural financial problems for quite some time. That is why, I think, I singled out in the Budget Speech that we really do need to start looking at those structural

financial problems. We've been very fiscally responsible and prudent, that's why you haven't seen expenditures escalate over the last number of years and, as you know, Newfoundland and Labrador has held a very steady line. You've seen that now across many, many Estimates processes where we've kind of held the line. But there are structural challenges that have to be addressed and I'm asking everyone for what kind of bold ideas do we need to do to address that situation.

I will say this, though, we are a member of a very sovereign country, a very strong financial country and, therefore, that will always back the Province of Newfoundland and Labrador. That's why we have been able to – we've already borrowed \$2 billion this year, and I can tell you the bond-rating agencies have been quite complimentary to our team – I'll recognize Theresa and Denise for their efforts on this – on how they've been able to place that \$2 billion.

I think it's because markets are also looking at the fact that Newfoundland and Labrador does have a tremendous amount of opportunity, natural resources and strength. So I would say: Yes, we have a very serious, challenging financial situation that has to be addressed over time and that we have to get to it.

MR. WAKEHAM: I have no more questions.

CHAIR: Ms. Coffin.

MS. COFFIN: Thank you.

The hardest part with this is where to start. Let's go with this one.

Investor Relations website shows that our borrowing requirements is \$3.2 billion; we've borrowed \$2 billion so far, so we're looking to borrow another \$1.2 billion this year?

MS. COADY: Now –

MS. COFFIN: No?

MS. COADY: – I will update –

OFFICIAL: (Inaudible.)

MS. COADY: Yeah, it will be updated.

So just remember, that \$3.2 billion was during the update of July, the financial update of July, and now that we've had a budget, it's gone down to \$3 billion. We've already placed \$2 billion, based on the legislation that's gone through the House of Assembly and now once our newest legislation goes through the House and you give us permission, we'll go out and borrow another \$1 billion. Our team is ready to do that.

MS. COFFIN: So we are borrowing \$3 billion this year?

MS. COADY: \$3 billion, not \$3.2 billion.

MS. COFFIN: Okay, all right.

I was looking at Appendix IV, Estimated Interest and Debt Retirement. I noticed that wasn't included and that normally is included, the borrowing for the year.

MS. COADY: I'm sorry what appropriation was this?

MS. COFFIN: Appendix IV in A-4.

MS. COADY: Oh, you're in the book, okay.

MS. COFFIN: Oh, yeah. Sorry, I moved over from Investor Relations. I have a lot of reference material.

MS. COADY: I don't have the book in front of me so I'll ask the deputy minister.

MS. HANRAHAN: So you're wondering where the \$2 billion is?

MS. COFFIN: No, normally in Appendix IV you list the anticipated borrowings and I noticed that hasn't been included this year, right?

MS. HANRAHAN: So there is 2020-21 anticipated there. You'll see an interest expense of \$13 million. The \$2 billion that was borrowed would have been Series: 7B, 6W, 7G, 7I, and portion of 7H, that's where the \$2 billion comes in. That anticipated borrowing then is the billion that's left.

MS. COFFIN: Okay.

MS. HANRAHAN: The net redemptions on the side after the Sinking Funds is where you'll see the maturities roll over.

MS. COFFIN: Okay. I think you had that in the past?

MS. HANRAHAN: Normally, we wouldn't have had any borrowing done for this fiscal year, but it's 2020 and it's October so ...

MS. COFFIN: Things are different and I totally understand it.

MS. HANRAHAN: But you don't see it as clean. You'd have to compare year to year to see that 7B was \$675,000 last year, we reopened it, and it's \$875,000 now; that series of bonds.

MS. COFFIN: Okay. Lovely, thank you.

I guess another question would be: Are we still going to the federal government looking for money to help us? Because I know pre-COVID, the premier at the time, wrote a letter to the prime minister saying we were no longer able to borrow. Are we still looking for help borrowing?

MS. COADY: Thank you for the question.

I will turn it over to my team, but I will say this, we've been able to place \$2 billion worth of borrowing – all provinces in the country had challenges. That's why the Bank of Canada brought in some support and they did come into the money markets to support T-Bills. As I said, we've been able to place \$2 billion, and kudos to the team for that.

We don't anticipate any challenges for the replacement of that further \$1 billion – I'm looking to my team. They don't seem to be too concerned about that placement, but the Bank of Canada still was involved because the country, as a whole, had concerns around borrowing money especially during that February, March time frame, just as the global markets really did have challenges because of COVID and because of the oil situation. It was around that time the Bank of Canada came in and helped support the markets.

I don't know if there's anything needs to be added from there.

MS. COFFIN: I realize that, globally, we were all in a state of concern, and then, nationally, all provinces were similarly affected by the COVID pandemic. However, our province had been out ahead in terms of some of the fiscal challenges that we had been facing. So I think that our situation is not necessarily comparable to that of other provinces.

Let's see, where else to go here now. The Guaranteed Fees, Loan Guarantees, did we used to list all of the guarantees and all the Loan Guarantees in Estimates? I know that they're in the audited financial statements. I have 2019 here and Schedule E lists – oh, no, that's the debt. There was a great long list of everything that we guaranteed. Here we go, Schedule F. Are those normally included in Estimates?

AN HON. MEMBER: (Inaudible.)

MS. COFFIN: Okay, they're usually just Public Accounts. All right, I'm sorry. Sometimes I forget where I find all of the information. So we will see an updated version of that. All right, that's nice to know.

Are the numbers comparable for this year? I'm guessing some of these guarantees have already been in place, yes?

MS. COADY: Yeah, there's an appropriation of 1.3.01, the Guarantee Fees. You're referring to the appropriation 1.3.01 and there are Estimates there. So perhaps, Deputy Minister, could you ...?

MS. HANRAHAN: So they would be relatively comparable. Public Accounts will audit them to make sure if anything's changed, if there have been payments or changes, but there were none issued. So you'll see there that it's just a repeat of the appropriation for '20-'21.

MS. COFFIN: Just a rollover. Okay, all right. Nice to –

MS. COADY: And I will say that there have been no new guarantees issued, just so that you understand that, okay.

MS. COFFIN: Okay, that's good to know.

I imagine some of those things would've been taken care of with some COVID funding as well, right, because there are lots of restarts. I know that we have an enormous amount of fisheries guarantees. So I assume some of that would come from some of the COVID funding as well.

That I'll ask for after, I think, once we move to Finance, I'll ask for the COVID funding along the way. I'm trying to make sure I've got everything in the right spot.

Let's go to 1.4.01, \$19 million is a really big number, as is \$7 million in actuals from 2019. Can you tell me a little bit about why we're spending \$19 million on Discounts and Commissions?

MS. COADY: Certainly, and I'll turn to my team, but that is the Estimates for the underwriting commissions through the banking syndicate and the work that we have to do in order to place our bonds and our debt, so it's budgeted as a net figure.

Perhaps I can turn to the deputy minister. It is a tremendous fee, I agree. Maybe we can hope to narrow that a little bit.

MS. HANRAHAN: This is anything that is above or below par, if you went out onto the market to do any borrowing. Every year you see variations. Every year, because we generally don't know how it's going to go in the market, we budget one number. Last year, you would have seen \$8.7 million in Professional Services and then this year you're seeing the \$19 million; obviously, a significantly larger borrowing program this year than last year. It's an estimate based on our experience.

The actuals is where you see the real story because you see what really happened. In this case, overall, we were able to issue our bonds in such a way that we – I'd hate to use the term "made money" – but did them better than was expected when they were tabled. The net there was actually a save because interest rates dropped very quickly after COVID. So we would have forecast, let's say, for example, 3 per cent was what we were going to pay, we had some that came in at 2.68, so you end up saving interest because we would have forecast that all in.

This is really that up and down and because of accounting rules, premiums get recorded one way and discounts get another, as opposed to a net figure.

MS. COFFIN: Right.

MS. COADY: I want to give kudos to the team here and, I think, especially as we're talking about Estimates, but kudos to the team. We got the lowest rate for debt, I think, in January or February of this year and it was because –

MS. HANRAHAN: (Inaudible.)

MS. COADY: – for 30 years, because of the hard work. It was pre-COVID, so the hard work for some of the team members here. We got a premium discount on that, and thank you for that hard work.

MS. COFFIN: In times like these, it is the right time to borrow.

MS. COADY: Yeah, if we have to –

MS. COFFIN: Your borrowing is less than the cost of living so – or your CPI rates have changed so you actually make money when you borrow. I am not advocating for borrowing more money.

MS. COADY: No.

MS. COFFIN: We shall not do that.

When I see Revenue - Provincial is that where you're capturing when you said you "made money"? Is that where that's captured? Because way to go on \$21 million, right.

MS. HANRAHAN: Yeah, and "made money" is totally the wrong term. It's less than what we thought we were going to spend.

MS. COFFIN: Right.

MS. HANRAHAN: So here you're seeing the upside, so the debt we got that was below what we thought, and the other side is the expense, which was over what we thought, so premiums and discounts type of language.

MS. COFFIN: Right.

MS. HANRAHAN: That's how we have to record it as revenue because that discount that we got, that's how it gets recorded. So what I mean is if we borrow \$300 million and the market gave me \$320 million, I'm to the good \$20 million, and that's where you'll see it as revenue.

MS. COFFIN: Ah.

MS. COADY: It's the balance (inaudible).

MS. COFFIN: All right.

MS. HANRAHAN: Yeah, versus 295. I would've gotten an expense.

MS. COFFIN: I'm an economist, not an accountant, so I –

MS. HANRAHAN: And neither one of us are bankers.

MS. COFFIN: I yell at it occasionally.

CHAIR: Mr. Wakeham.

MR. WAKEHAM: Minister, a minute ago we had a brief conversation about our revenue challenges and our expenditure challenges. I'm wondering with Dame Moya Greene now being secured to lead a task force, are there terms of reference available for that?

MS. COADY: Thank you.

I just wanted to make sure my light was turned on. I don't know if they're available at this point but I'll certainly investigate that for you.

MR. WAKEHAM: Thank you.

MS. COADY: They're moving through the process.

Again, I want to emphasize that Moya Greene, international reputation has been doing a lot of good change management work around the world, including in Canada. She's volunteering her time to put together what I'm going to say are recommendations to government as we move forward.

MR. WAKEHAM: Right.

MS. COADY: We'll take that under investigation and get back to you.

MR. WAKEHAM: Do we know if anybody else has been appointed?

MS. COADY: Not at this point.

MR. WAKEHAM: Not at this point.

You mentioned that she's volunteering her time, but is there a budget set aside somewhere for the actual cost of this?

MS. COADY: Not in Finance. I'll investigate to see if there's anything anywhere in government.

MR. WAKEHAM: I'm just thinking –

MS. COADY: It might be in some other appropriation that I just don't know about at this moment.

MR. WAKEHAM: Living expenses, housing rentals, car rentals, I don't know; the other members whatever. Just to see if –

MS. COADY: I will investigate but it's not in the appropriations of Finance.

MR. WAKEHAM: Okay.

I know I originally read that her task force was focused on economic recovery, but the language in the Budget Speech seemed to imply that she'd be studying government's organization and expenditures. I'm looking for a little clarity on that.

MS. COADY: I would think that's all part of what she would have to do as part of reimagining government. She would look at where our fiscal situation is, give their opinion, whoever else would be on the task force, on how we can improve our financial picture; look at how we're expending and how we're generating revenue; look at economic opportunities as well as how can we improve our financial situation. I think it's all encompassing.

MR. WAKEHAM: I know last week, the Mills's report was tabled as well and I'm just wondering what your plans are to deal with those recommendations?

MS. COADY: The bill's report?

MR. WAKEHAM: Mills's.

MS. COADY: Oh, Paul Mills, sorry.

Certainly a lot of the Paul Mills's report has been actioned under COVID and you'll have seen a lot of his report talking about the COVID-related expenses that have occurred and the programs that we've put in place. We'll be looking at his other recommendations as we move forward. Certainly, we've actioned a tremendous amount, I think, coming out of Mr. Mills's analysis of what we should be doing under the current pandemic.

MR. WAKEHAM: I guess my next question then or the next challenge is how do you sketch all of these reports together? The Mills's report, the McKinsey report and now Dame Greene's report when that comes due, in terms of sketching?

MS. COADY: Well, certainly, they're three separate and different reports. One report, the McKinsey report, was on economic opportunity in the province and it was pre-COVID. A lot of the activities under the McKinsey report have already been actioned. The Mills's report was: What should we do immediately during a pandemic situation to secure and assist many of the businesses and opportunities in the province? A lot of his recommendations have already been actioned. The Dame Greene report, which is still under development, is how do we ensure and reimagine the way government operates and maximize our opportunities, minimize our expenses as best possible, and in looking across government and looking at the economic opportunities in Newfoundland and Labrador, what their recommendations would be. So, with respect, I don't think it's a stacking of reports. I think they were different reports for different requirements.

MR. WAKEHAM: I think where the interest will be is in the recommendations and the implementation, as you suggested.

Just going back to the terms of reference, is there a date that we can expect it?

MS. COADY: I'll have to get back to you on that.

MR. WAKEHAM: Okay.

MS. COADY: Because of course, as I indicated earlier, I would assume that would be under development, but I'll get back to you as to when and where.

MR. WAKEHAM: Okay.

Just back under 1.3.01, quickly. The Revenue budgeted last year was at \$8.9 million, but only \$8.2 million was attained. Was there a particular reason for that? It's under 1.3.01.02.

MS. COADY: The contributions to sinking funds increase year over year. The amount guaranteed by the Government of Newfoundland decreases; therefore, the fee paid to Government of Newfoundland and Labrador from Hydro decreases.

Do you want to put that in better language than that? I did ask, I did write down, but you know – she can interpret.

MS. HANRAHAN: As the sinking funds went in, the amount to be guaranteed went down. So of –

MR. WAKEHAM: Could you repeat that again?

MS. HANRAHAN: As the sinking funds went in – every year there's a sinking fund requirement – the amount to guarantee gets lower and lower and lower, like paying your mortgage, and so naturally the fees get lower and lower.

MR. WAKEHAM: Right.

MS. COADY: I think that was 50 basis points, wasn't it?

MS. HANRAHAN: Yeah.

MS. COADY: Roughly, it was worth about 50 basis points.

MR. WAKEHAM: Okay, thank you.

Is it possible for us to get a list of which organizations were charged for their guarantees in '18-'19 and how much was charged to each?

MS. COADY: Is it just Hydro? Yeah, it's just Hydro.

MR. WAKEHAM: It's just Hydro?

MS. COADY: Yeah.

MR. WAKEHAM: Okay.

Any new loan guarantees being considered?

MS. COADY: No, not that I'm aware.

MR. WAKEHAM: To quote again: Is there a list of which loan guarantees were approved and issued last year?

MS. COADY: Were there any? No.

MR. WAKEHAM: Okay.

MS. HANRAHAN: (Inaudible.)

MS. COADY: If the deputy minister of Finance is not aware, then ...

MR. WAKEHAM: Yeah, there's an old saying that I often used that said: If I'm surprised, you better be surprised. Good one for the minister.

I'll move now, quickly, to 1.4.01, Discounts and Commissions. Again, I think we already talked about the \$19 million. The Debt Expenses of the \$7.4-million expenditure, can you explain that again for me?

MS. HANRAHAN: That would have been issuances we did whereby we had to pay a little bit more to get the money, versus the ones in the Revenue are the ones where we did a little bit better.

MR. WAKEHAM: So the Revenue of \$21.7 million is where you did better?

MS. HANRAHAN: If we went out to do \$300 million, the ones that you're seeing as expenses were the ones where I didn't quite get that much or the ones where I got more, you will see it as the Revenue.

MR. WAKEHAM: Okay.

MS. HANRAHAN: And before the year starts, we don't really know which ones are going to be premiums or which ones will be discounts.

MR. WAKEHAM: Okay.

1.4.02, under General Expenses, Professional Services, again, \$1.2 million was budgeted but only \$300,000 was spent. I'm just curious about what that –

MS. COADY: I'm sorry, what appropriation?

MR. WAKEHAM: Sorry, Minister, it's the Professional Services, 1.4.02.

MS. COADY: General Expenses.

MR. WAKEHAM: General Expenses, under Professional Services, the difference between the Budget and the Actuals.

MS. COADY: That was funding to determine whether we would register in the US or the domestic markets to make sure that we're very competitive going forward. So we did put an appropriation in there to determine whether or not we wanted to go on the international or US markets, versus the domestic market, as you can appreciate. That did not advance and was not required, so therefore it was not spent.

MR. WAKEHAM: Yeah, okay, and it's reduced.

Quickly again under the Employment Retirement Arrangements, under 2.1 –

CHAIR: No, we're not in the twos yet.

MR. WAKEHAM: Oh, sorry we're not in the twos. My humble apologies, Mr. Chair.

CHAIR: Do you want me to move on to Ms. Coffin, then we'll come back to you for your next question?

MR. WAKEHAM: Absolutely.

Thank you.

CHAIR: Ms. Coffin.

MS. COFFIN: Where am I now?

Let's do a little take off from Mr. Wakeham's questions. I noticed you just talked about McKinsey, Mills and Greene reports and I completely understand the difference between them and the rationale behind them. The thing that perhaps causes me a little bit of concern is, the first two are solely business focused; the third is about finding efficiencies and reducing costs and making government operate, I guess, more efficiently, more cost-effectively and things like that. One of my concerns here is government provides public services, we provide social services that most of which ought to be consumed equally by every individual at no cost.

When we're talking about implementing a lot of these reports is there any consideration to alternative outcomes or other criteria by which we evaluate how we deliver programs? It's not necessarily we serve 15 people at a cost of blank; it's are people getting the services they need. When we provide health care, yeah, I got to see a doctor in a short wait time, but did people get healthier?

When we talk about diversity that's hugely important but the diversity needs to map over into things like the Public Accounts, and here's a little jump into what I'm going to talk a little bit about next. When we look at the Auditor General's report, there are a set of criteria by which we evaluate the health of the province.

Most of that is financial and that's not that social piece, but I guess before we get to that part, the things that are going to be guiding us through the tumultuous financial times that we are in, are those solely based on financial considerations or are we talking more about social concerns, things like well-being indexes, things like improved social outcomes?

Are those going to be any of the things that are going to help us, help guide us through making decisions on the provision of public services and the management of our finances? Will those two things be integrated at all?

MS. COADY: I think your point is very valid and I think you've seen some of the work through health care, through a whole-of-

government approach to certain of these, important health and wellness being one of the pillars of this government, of course. The social determinants, of course, I see them all as integrated. What we're talking about really is reimagining government.

When you talk about reimagining government, it is responsive to what services are you providing, what outcomes are you getting and how do you achieve the best results for people. I see that is completely integrated. I think government's role is to integrate them. You take the best advice you have and as I said, I guess, over the last number of days is we would like advice from – everybody in the province has a role to play in ensuring that we address some of the structural, foundational issues of Newfoundland and Labrador. We have a large geography; how do we provide better services?

I've used the example because the ministers in the room – Minister of Digital Government and Service NL – we've had a tremendous uptake on utilizing MyGovNL: 1,600 per cent increase. I was on CBC yesterday and one gentleman said: But that didn't work for my mom and dad. How do we ensure that service delivery works for everyone?

It was a very valid point and I think we have to think about how do we ensure that. I know the minister will be interested in considering that as we move forward. How do we ensure that kind of integration? We've given some supports to other agencies, other organizations that might be able to help that integration because it is an alternate service delivery mechanism and a good one for people. Those of us that are computer literate can do that with ease and it's faster, better, better outcomes, but we do have to consider the whole of the people of the province.

I take your point and I think it's very valid. Thank you for that.

MS. COFFIN: I think the next step would be let's start talking about the ways in which we would incorporate the provision of services and ensuring the well-being of citizens.

It's wonderful that we've seen the 1,600 per cent increase in the take-up of MyGovNL; however, we were told we had to. I can't register my car

unless I register there, right? I did find out that my MCP card was expired when I tried to register, which meant that I could no longer register. I just tried that the other day. It's not a foolproof program.

I think some of the other things that perhaps we ought to consider would be things like – the cleaning services here are a good example in the provincial government. Years ago we essentially started to contract out or privatize cleaning services in the provincial government. What has resulted there are some cost savings on the part of government, but a lot of individuals who are working at minimum wage who do not get step increases or cost-of-living allowances. They don't have a pension plan. They don't have access to a health care plan. They have very little in way of job security. To my knowledge, they're actually being paid in cash.

When I talk about the delivery of public services, we also need to think about, well, if we want these people to be contributing members of society, we have to be able to provide a salary that they can afford to live on. I have clients who are working as cleaners who are in my district who can't afford to get a home, who can't afford a place to live, that have to go through public housing. Because we've privatized this service, we've put an additional strain on some of the other services that we've provided. So it kind of distorts what our ultimate objective is. I think that's a really important thing.

I know we're talking about the Department of Finance and I know it's like, well, these numbers kind of all have to match, but we also have to realize what is our ultimate objective as government. I think that's a really important thing as we go forward in trying to find our way out of the situation that we're in. We need to make sure that it's not going to do us more harm in the future. I think that's a really important piece. So work with the community accounts and try and establish indicators of well-being and I think that will maybe help us get through where we are.

Okay, so let's flip over to the Public Accounts and the Auditor General's report. I think one of the first times I called the Auditor General, my first words were, hey, love your books, read them all – big fan. And me and the other 20

people in the province that read these cover to cover get kind of excited about it. However, there's an awful lot not to be excited about. The reason we're excited is because it's about transparency and accountability. What's happening, though, is when we look at a budget, a budget is a year to year to year thing. When we look at the Auditor General's reports, it kind of takes a more comprehensive view of, if we keep making these decisions, where are we going to be in the future.

The Auditor General uses three factors that they use to analyze the health of our economy and our finances. Those are flexibility, sustainability and vulnerability. So perhaps we can have a little chat for the next minute and then we'll flip it over to the next person. Let's start with flexibility, because I think that's perhaps most relevant when we talk about the Consolidated Fund Services. The definition used in the Auditor General's report talks about "whether a government can meet rising commitments by expanding its revenues or increasing its debt" Given the nature of our existing finances, can you give some comment on how we have gone about addressing flexibility?

Now, recognizing that COVID is a bit of a blip in the last 10 years, but this is something that has been consistently addressed in the Auditor General's report over at least the last 10 years, and our flexibility has not changed very much. We have very little borrowing ability and we have not identified additional revenue streams. Perhaps we can talk a little bit about how we are intending to address that as we move into this uncharted future.

And you have 20 seconds. Off you go.

MS. COADY: I have now 19 seconds. That was –

MS. COFFIN: That's a mouthful –

MS. COADY: That's a mouthful.

MS. COFFIN: – and a half.

MS. COADY: So I'm down to 10 seconds.

What I can say is I think what the Auditor General has always pointed out, and even during

the most – I've run out of time, so we'll come back to this. Might be –

CHAIR: Yeah.

MS. COADY: Okay.

You've seen this over time, even when the Auditor General – I can remember going back to 2007, 2008, 2009, when the price of oil was \$150 a barrel and we were having some economic well-being in the province because the price of oil was so high, yet the Auditor General was pointing out that we were spending beyond our means.

I think you are pointing out the Auditor General's reports are very important, I think, to the province. The flexibility that is talked about in their reports talks about can you either grow your economy or borrow enough. Do you have the capacity to borrow enough in order to satisfy the demands? I think what you're seeing with the invitation of Moya Greene to come and volunteer her time – she's been through this with the federal government; she's been through change management with a number of organizations – is to kind of start reimagining and addressing some of what the Auditor General has been talking about for decades.

I'll stop there because I know we have others that need to speak.

CHAIR: Mr. Lane, if you have any questions for the sections 1.1.01 inclusive to 1.4.02. And then we'll vote on that section.

MR. LANE: Thank you.

I just wanted to go to 1.4.01, again. This is for my clarification and perhaps anyone who may be listening; although I'm not sure there's going to be a huge number of people listening.

Just to get my head around what this number exactly means, am I to understand – and maybe I got this wrong – this is not interest or anything that we're paying on loans we've got. We're actually paying or estimating that we're going to pay \$19 million, but I think you said there's an offset, but a substantial amount of money just for – we're paying that just for going through the

exercise of looking for money. Is that what's happening?

MS. HANRAHAN: Any market activity generally generates or attracts management fees, commission fees, legal fees, all the various fees that get encountered for us. We have to, for disclosure purposes, disclose everything we encounter from an expense or revenue perspective. If you were to place a private trade in the market, you would pay a fee, so the province does the same.

This reflects all of the various fees we would encounter. Sometimes the fees or the spread or whatever you want to call it is better or worse but that's really what you're seeing disclosed here.

MR. LANE: It's \$19 million.

MS. HANRAHAN: That's our estimate for this fiscal year.

MR. LANE: You're estimating it's going to cost us \$19 million.

MS. HANRAHAN: Yes, net of all the mess, we think that's what the cost will be to issue \$3 billion.

MR. LANE: So to go through the exercise – again, I'm just trying to make it simplistic for anyone who might be listening and an average person and simplistic for myself as well. I understand this is going to be a very simplistic analogy but I'm going to liken it to when I go to the – if I say I need \$50 or something and I don't have any cash and I go to the ATM machine. I get my \$50 and then they charge me \$3 or \$2.50 or \$2 or whatever. Just for the pleasure of being able to stick my card in that machine, the bank is going to take \$2 or \$3 off me because I used the machine.

In a very simplistic analogy what we're saying is we went out and we are borrowing \$3 billion, albeit it's a huge number, I get that, and the fees, whether they be just from the banks or the lawyers or everybody else, we're going to pay \$19 million, estimated, just for sticking my card in the machine – again, using that analogy. I'm right in saying that, am I?

MS. HANRAHAN: You are. We make an assumption for budget purposes.

MR. LANE: Wow!

MS. HANRAHAN: We assume the longest term debt we have now is 30 years, which is the most expensive from a commission or fee perspective because you look at the period of time. We always assume, I guess, the worst case scenario and our preference for 30-year debt with a rate of interest, that's what you'd want.

In '19-'20, our average age length of debt was 18 years. If '19 was this year, we might have spent 14, but, yes, there's definitely – and, in some cases, you can see here when the interest rates in the market go down, the Bank of Canada is helping provinces and all those things come through, we actually did well. I don't think there have been many years in the past where you would have seen the revenue outstrip the expense from a net perspective, but, generally, yeah, that is the cost of issuing debt. It's not the interest on the debt; it's the cost of issuing the debt.

MR. LANE: Do you know who's doing well? The banks and the lawyers, that's who's doing well.

MS. COADY: If I may, I just want to draw your attention to the Actuals for last year. There's puts and takes in this, too, just so you know. We might come back next year with Actuals that are much lower than this.

MR. LANE: I understand that.

MS. COADY: We have to do an appropriation for that amount.

MR. LANE: I understand that this is just an estimate. It's like every estimate in this book, you're estimating and then next year it will be – I'm not being critical of the government or anybody else. I'm being critical of the banks, quite frankly. I think it's highway robbery. It's unbelievable actually.

Anyway, it's just that charge on the bank card to a totally different extreme that I don't think the average person would ever – if you were to tell the average person on the street this, I would say

that they would say what? Really? Are you kidding me? That's just my take on it. It's good to know. Good for chatting at the coffee shop, for sure.

Federal support, I just want to get my head around that. This may have been asked but, again, I just want to clarify it. We would not have been able to borrow money, or so we were told, that we did borrow already, the \$2 billion, had the Bank of Canada not stepped in. I think that's what was said or something to that point. We would not be able to borrow money on our own, I think, is the impression that was given.

MS. COADY: If I may.

MR. LANE: Yes.

MS. COADY: At the time –

MR. LANE: At the time.

MS. COADY: –I think it was being pointed out that there were some difficulties in the market and our premier, at the time, wrote a letter to the federal government talking about that.

MR. LANE: That's right.

MS. COADY: But I can say, at the time, there were challenges in the market across the spectre, that's why the Bank of Canada came in.

MR. LANE: I understand that.

MS. COADY: It wasn't specifically for Newfoundland and Labrador. It was more the Bank of Canada came in to boost up the marketplace at the time.

MR. LANE: Okay, all right. Well, then, that leads me to another question.

Had the Bank of Canada –

MS. COADY: I just want to make sure my officials – that's fair?

Maybe Denise ...

MR. LANE: Okay.

MS. HANRAHAN: At the time, which was early March, mid-March, our borrowing strategy has a whole bunch of pieces to it. We have long-term debt, we have short-term debt, we have overnight cash balances, we have revenues coming in and we have expenses going out.

MR. LANE: Yeah.

MS. HANRAHAN: Of course, every year, in March, you have probably the most expenses going out because people are getting year-end invoices going out in March and April. You probably have the least, in some regard, revenue coming in because you're waiting until March 31 or they're waiting until April 1 to pay. It's just the normal year-end cutover things.

For us, as officials, from an abundance of caution, we watch our cash on a daily basis. We would have been anticipating every day: Oh, this is going to come in, this is going to go out. We would have been anticipating doing T-bills and we would have had our borrowing program finished for the year, so we were waiting for April to get a new loan bill to kind of wait for the – so you're (inaudible).

It just was very unfortunate that by the middle of March we realized that even the short-term market was going: We don't know what this COVID-oil world looks like. So everybody kind of stopped spinning. As officials, we had no idea how long or how short it would last. We always would advise that if this was to continue for a period of time, of weeks, these are some of the other tools in our borrowing tool box we would have to use, such as the line of credit, for example.

It never came to that because very quickly the short-term market got more confidence because of some of the federal government responses.

MR. LANE: Mm-hmm.

MS. HANRAHAN: So as long as I can do short-term money, I have access and then I can go do long-term money, and that's kind of what happened there. They did do some supports. They supported the banks and the market in the short term. Then they came out with their bigger program and that helped us with any debt under 10 years and we got some better spreads on that.

But they really haven't put their hand in any of our 30-year length. Our average length last year of debt was 18 years, so we did a tremendous amount on our own. But the markets in the world really kind of almost stopped spinning for a period of time.

MR. LANE: I totally understand and appreciate that.

I guess, where I'm going, I'm just trying to understand because I'm trying to get answers for the average person, right? It's fine for us to be in here and we can have these discussions, but the average person on the street who comes to me, constituents of mine, are asking me things and they have impressions of how these things work and what things mean and there are mixed messages. Then, certainly, once it gets on social media, God, there's every kind of spin in the world put on it, so you don't know.

The bottom line is this: If the federal government had not have stepped in when they did – not for Newfoundland but for the whole country, as you say, and the whole world is in turmoil and I get all that – would we have had the ability, as a province, to borrow and pay our bills if they hadn't have stepped in? Question one. Question two: When we borrow – and I think the Bank of Canada is still in, but if they stepped out tomorrow for next year, would we still be able to borrow on our own or do we still need their backing?

MS. COADY: I'm going to say this: It might have cost us a little bit more money. That would be the impact.

When the Bank of Canada came in, of course, they got more response out of the market; the market settled down a little bit and then we were able to get reasonable credit at reasonable cost. I think we would have been able to place on the market – I'm seeing my deputy minister nodding her head fervently – but it would have been more expensive and it would have been very costly.

The help of the federal government – we are a part of a nation; we are part of a country and that is a strength of that country.

MR. LANE: Which is great, I understand.

MS. COADY: Obviously we want to hear from the deputy minister on this as well.

MS. HANRAHAN: Yes, we are very, I will say, aggressive when it comes to trying to get the most efficient and effective borrowing we can do.

When the upheaval of March happened – the minister is absolutely correct: You can always borrow; it's a question of how much are you willing to pay. For us it was question of when do we want to start pulling the other levers. As we talked about, for example, we had an appropriation to go international from a borrowing perspective. That's as much of a check on our domestic market as anything else. If I can't get it in the domestic market at a rate that we feel is reasonable, then I'm going to go somewhere else.

The challenge back then was how fast I could get registered, how fast I could do a deal in Europe and those types of things. It's a conjecture question, I guess, what would have happened if the Bank of Canada hadn't supported the banking industry. I think the entire country would have had that issue, from that perspective. We weren't the only ones there. However, I will say that we would have then utilized other tools. For example, we have an approved, existing line of credit – whether we could have increased that line of credit, how long that instability would have happened?

We did not tap into, for example, the bank accounts in our agencies, boards and commissions or their lines of credit. We didn't slow down bill payments. We didn't do the normal things a normal person would do when they suddenly find out that they couldn't get their credit card. We didn't go into our savings accounts; we didn't do all the other things. If the spin had lasted longer – and to be fair, it lasted days – it felt like months and hours but it was probably literally days.

Let's be honest: We just didn't want to pay what was being told we were going to be charged. Somewhere in Toronto there is a picture of me – I know it is – on a bank floor somewhere with darts in it, because we weren't willing to pay in some cases what people wanted. So we found

alternative methods of funding. That's really what you're seeing going on here.

CHAIR: Okay, Ms. Coffin.

Your time is expired, Mr. Lane.

MS. COFFIN: (Inaudible.)

CHAIR: Mr. Parrott's already said there are no questions he has left in this –

MR. PARROTT: (Inaudible.)

CHAIR: Oh, you do in this section? Okay. Sorry, Mr. Parrott.

MR. PARROTT: Just curious, year to date, 2021, how much has the province paid to issue debt?

MS. COADY: In total?

MR. PARROTT: Yeah.

MS. COADY: Do you have the total figure?

OFFICIAL: (Inaudible.)

MS. COADY: We can get that for you. We just don't have it in front of us because we're doing Estimates.

MR. PARROTT: Okay, I'd like to have it. That's good.

CHAIR: That's good?

Okay, Ms. Coffin, anything left in this section?

MS. COFFIN: Oh, yes.

CHAIR: Okay.

MS. COFFIN: This is the first –

MS. COADY: This is your Christmas Day.

MS. COFFIN: Kind of. Budget day is pretty exciting.

I just need a little bit of clarification on your response to the last question. Am I interpreting it correctly when you say you are going to task

Dame Greene with addressing our fiscal flexibility? I mean, this is an issue that has been going on for 10 years. Flexibility is, again, where government can meet rising commitments by expanding revenues or increasing debt. When I asked then, I think you had said she would be –

MS. COADY: I can't really quite recall what I had said. I said that part of the solutions that I see coming forward are some of these bold ideas that the task force will certainly advise government on. That's part of our overall looking at how do we address the structural challenges. I can't recall my exact words a half an hour ago, but I do see it as part of the solution for how we address some of the challenges that we have in the province.

MS. COFFIN: Sustainability, which is one of the other criteria by which the Auditor General evaluates these things, is whether a government is living within its means. It's measured on annual surpluses or deficits, surplus or deficit as a percentage of gross domestic product, net debt, net debt per capita, and net debt as a percentage of gross domestic product. All of these are trending in the absolute wrong direction and have been for quite some time.

I guess the follow-up to that would be the new task force on economic recovery would also be expected to somehow maybe craft some solutions to address sustainability?

MS. COADY: I don't want us to misinterpret by putting words in each other's –

MS. COFFIN: Which is why I'm asking.

MS. COADY: Yes, that's right.

Again, we're way off Estimates, so I will say that.

I will say that I think it's very important that government – and this is my own opinion at this point – needs to get its structural financial house in order; that we have to find important ways and better ways of both growing our economy – because I think that's a very important part of it – diversifying our economy but also addressing some of the structural challenges that we've had for a very long time.

I think it's incumbent upon all of us to start thinking about how do we do that. Dame Greene will certainly inform government on some of her thinking and her task force's thinking of this. The Minister of Health, for example, will be setting up for a 10-year health accord. That will inform that conversation. There will be other ways and means for people to interact; to give big, bold ideas of how we continue to reimagine government services, how we continue to grow our economy, how we continue to ensure vibrancy in Newfoundland and Labrador. I think it speaks to what the Auditor General has said.

MS. COFFIN: That's going to be some interesting conversations as we move into that exercise, I'm sure.

I think that may be all of my questions in this part. Vulnerability I think will be more appropriately addressed when we get to Finance in itself and all of the other things here.

Had we already spoken to Professional Services in General Expenses, 1.4.02? Professional Services there did drop a fair bit. Was that as a result of the dartboard exercise?

MS. COADY: Go ahead if you have it there.

MS. HANRAHAN: Somewhere in Toronto now is printing the picture, if they didn't have it before. I apologize to my colleagues. They have been fantabulous to us in supporting our borrowing as they always are, and we have really good relationships. I just think I need to say that because I have good Catholic guilt over here right now.

Yes, that's all part of that same issue. Just being honest.

MS. COFFIN: Good on you, because you're probably not doing a good job unless you're ticking at least one person off, right?

MS. HANRAHAN: Oh, well, I'm doing a fabulous job on a daily rate.

MS. COFFIN: Way to go. Lovely.

MS. COADY: But I will add: She does it very professionally and very well, so it doesn't hurt as much.

MS. COFFIN: I was not questioning that at all. In fact, I am very admiring of her professionalism, so thank you.

CHAIR: Okay, Mr. Lane.

MR. LANE: I just want to pick up on where I left off, actually.

First of all, on the dartboard piece, don't worry about it. I can guarantee you, my face is on a few dartboards; probably at a convention this weekend. When was your convention? I'm sure it was on that one, too. Anyway, that's all good, that's all good. I don't care.

Again, just to try to use a common-day analogy. What I think I heard you say – I'm not putting words in your mouth, but I'm trying to use an easy-to-understand analogy – based on the situation that we were in, the world was in, the country was in and everything else, you're saying we could have gotten the money on our own, but to make the analogy, we couldn't go to Scotiabank, so we would have to go to easy loan to get it at a much higher rate.

Is that a fair analogy; just putting it in layman's terms?

MS. HANRAHAN: I would say no.

MR. LANE: Okay.

MS. HANRAHAN: Because, in fairness, all of our banking syndicate would have absolutely given it to us, based on investors in the market.

MR. LANE: Okay.

MS. HANRAHAN: Because really it's about the investors and what they're willing to pay as a cost –

MR. LANE: Okay.

MS. HANRAHAN: – because what they're really charging for is risk.

MR. LANE: Yeah.

MS. HANRAHAN: So if they assess the risk higher, they want more money. Our question

would have been: How much were we willing to pay for that risk?

MR. LANE: Yeah.

MS. HANRAHAN: So we did have to pay more in some cases. In fairness, we've had investors that have stuck with this province from a bond-support perspective for a long, long time. We had no problem probably paying extra fees to them in a risky environment because, in fairness, that's what you needed to do. We've got a lot of people that have invested a lot of money for 30-year tranches at a time. But if the Bank of Nova Scotia couldn't give it to us at a certain rate, we would wait a few minutes to see if the rate got a little bit better, as they worked with us to get it out of the market. I don't think we were ever in the world of an easy-loan logic.

MR. LANE: Easy loan. Okay.

MS. HANRAHAN: Really, we're talking about how aggressive we were to get 2.68 per cent rather than 2.75 per cent.

MR. LANE: Yeah, okay.

Listen, I appreciate that and I'm just trying to put it into layman's terms for people. Because I can tell you, I can say this, the perception – and we know perception can be reality in the public, right? The perception amongst an awful lot of people was that's where we were. If the feds didn't step in – you go out and you go up to Tim Hortons and you ask people, a lot of people would say: If the feds didn't step in, we would have been bankrupt, insolvent, whatever. I know we're a part of a country and that's not going to happen, but that's the perception that people have of that letter that the premier wrote and that's how bad off we were. People were not going to get paid if the feds hadn't stepped in.

What you're saying is that's not accurate and we still could have gotten money. The feds stepped in, not just for us but for the whole country during a turbulent time. If COVID – knock on wood – goes away and next year comes around, the feds wouldn't need to step in and we should be fine. Is that fair to say?

MS. HANRAHAN: I think the world has adjusted to COVID from a market perspective.

We also had oil, so there was another layer for us. None of us know what we don't know, but we did have the benefit of a federal government and the Bank of Canada. We did have lower interest rates. We did have a lot of things happening that were supportive of us.

I guess, in fairness, you don't know it's to the point where you can't, until you've used all your levers. No, we did not use all our levers.

MR. LANE: Okay.

Thank you, I really do appreciate that.

Minister, a final question from me and we can move on. Some of these questions it's hard to know where they really fit because they're not under a certain category.

Just a general commentary. I, as I'm sure you and everybody else in this province, am very concerned about our huge debt, our year-over-year deficits. Something has to change. It keeps being said year over year, but, generally, it hasn't changed to a great degree. Holding the line is fine but holding the line while the debt is still there, it's still growing and we're still borrowing, it's still an issue.

Now, on top of that, we're into a situation with COVID-19, CERB got a lot of people through. CERB is now going to be dissipating. I know that there are some EI enhancements and so on that, hopefully, will address a lot of people.

We've seen what's happening with our offshore oil and the projects like Husky and all the oil workers now that are going to be out of work. A lot of those people are just hanging on by their fingernails as it is, because while CERB for some people was a total replacement of their wages; for some they're better off and some they're not doing too bad. CERB for somebody who's working in a high-paying job is really a drop in the bucket in terms of their expenses, their mortgage and everything else and savings are done and now we're into this.

I'm just wondering with all this here, there has to be some concern about – things are possibly going to get worse not better in the backdrop of all this unless there's going to be something that we're not aware of, maybe something with the

federal government to step in and try to help us out. I know the equalization conversation is over for another two or three years, but we've heard talks of conversations with Ottawa to try to help us out.

I know there's only so much you can say, but are there still active discussions on ways to tangibly help dig us out of the mess that we're in with the federal government, beyond rate mitigation?

MS. COADY: Thank you for that.

A lot of what you said is both concerning, obviously, for all of us and concerning especially for the men and women who work in the oil and gas industry and who are having very, very difficult times right now. The value of our oil industry can't be overstated, nor can it be easily replaced. I keep saying that for people to understand how important that industry is to the province and to the people who work in the industry and all the other community support organizations that bring value.

So, yes, there are on-going conversations with the federal government, not just from Newfoundland and Labrador's perspective but across the country. If you look, COVID has had a major impact on all of our provinces. Alberta, I think, has a \$22-billion deficit. Let alone our \$16-billion debt, they have a \$22-billion deficit. There are a lot of challenges across the country, a lot of challenges across the globe and Newfoundland and Labrador is not unique in that.

That's why the budget spoke to supports for small business, money for technology, money even for the oil and gas industry in terms of trying to encourage our exploration activity offshore, supports for aquaculture, fisheries, forestry and many, many others; an understanding and recognition that we need to have that kind of growth in our economy as well.

I will say that, yes, we're still talking to the federal government and working with the federal government. They have come forward with a lot of supports, as you're well aware, over the last six months in particular. We're talking to them about the Fiscal Stabilization fund, we're talking to them about supports for various sectors and

some big, bold ideas on how we can manage our way through this.

MR. LANE: Thank you.

I hope there are some more big announcements coming. Stay tuned, eh?

Thank you, Minister.

CHAIR: I think that's all the questions we have for this section. I'll ask the Clerk to call the subheads for 1.1.01 to 1.4.02.

CLERK: 1.1.01 to 1.4.02 inclusive.

CHAIR: 1.1.01 to 1.4.02 inclusive.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 1.1.01 through 1.4.02 carried.

CLERK: 2.1.01 to 2.2.01 inclusive.

CHAIR: 2.1.01 to 2.2.01 inclusive.

I'd ask Mr. Parrott if he has any questions on that section. Mr. Parrott.

MR. PARROTT: Uniformed Services Pension Plan is one of the only ones which has not gone through a pension reform process. Are there any plans to reform this pension plan?

MS. COADY: Thank you very much. That would be under Treasury Board now or – yes, that would be under Treasury Board at this point. So I would suggest you might want to discuss it during that process.

MR. PARROTT: Okay.

2.1.01: Can the minister please explain where the Revenue comes from in that line?

MS. COADY: You're talking about related revenues, the decrease.

MR. PARROTT: Yeah.

MS. COADY: Perhaps I'll turn it to you, Denise, on that particular one. That's just the employee share and it's changed over years, so perhaps you would like to just discuss that.

MS. HANRAHAN: If any of the people that we pay pensions for can get reimbursed from somewhere else, this is the revenue for that. In some cases that would be charging person off, for example, if they're reimbursed under WorkplaceNL. So if a staff person works in the review division, which is fully paid for by WorkplaceNL, then we would get back from them as well their portion of the benefits. This is where you see their portion of pension. You'd see their portion of the employer cost for EI and CPP, those premiums, under Treasury Board Support. This is us getting back what we can so that the true net expense here of the \$112 million is government's cost.

MR. PARROTT: Okay.

2.1.02, Ex-Gratia and Other Payments - Non-Statutory: This is where the payout of severance lies. Last year for Salaries for '19-'20, \$293 million was budgeted. How much was transferred and spent in other departments and what was the total spend?

MS. COADY: I'll ask the deputy minister, because she was there during this period.

MS. HANRAHAN: I'll have to get the information, Minister, for exactly what was transferred. I don't have it right in front of me. The expenses you would see would be throughout the Estimates book and would be into the various salary lines across the book.

The small amount you see there is actually – when we charged, we did charge some severance directly here, but in most cases it would have flowed out to departments and would net into their salary plans. But we can get that for you.

MR. WAKEHAM: Okay.

Again, in 2.1.02, what is the \$93 million included for this financial? How much has been spent or transferred out to date?

MS. HANRAHAN: It really would have the 2 per cent for anybody that was part of negotiated collective agreements that occurred during the year. We put it here in a pot and then we moved that money out. The rest of the money would be what we're estimating for the remaining groups to be paid out of severance and any remaining real, let's say, retirements that would happen as severance. We would pay that out to departments as they come looking for the money.

MR. WAKEHAM: Okay.

Mr. Chair, are we going to carry on to section three or just section two right now?

CHAIR: We're just going to do section two.

That's it for you?

MR. WAKEHAM: No questions.

CHAIR: Ms. Coffin.

MS. COFFIN: Yes, thank you.

I am curious to know, under 2.1.02, the number of people receiving ex gratia pensions? It might not be in your briefing book.

MS. COADY: I can turn to my deputy minister because I don't have that. We'll have to get that for you.

MS. COFFIN: That would be great.

Can you also let me know if there's been any flow in or out of that in recent years, as well?

MS. HANRAHAN: Yes, we can.

MS. COFFIN: Thank you.

I think that's all my questions for this one.

CHAIR: Mr. Lane?

MR. LANE: None.

CHAIR: Okay.

No questions for this section, so I'd ask the Clerk if she could call the subheads for 2.1.01 to 2.2.01 inclusive.

ACTING TABLE OFFICER (Russell): 2.1.01 to 2.2.01 inclusive.

CHAIR: 2.1.01 to 2.2.01 inclusive.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 2.1.01 through 2.2.01 carried.

CHAIR: Okay, I'll ask the Clerk if she will call the subhead from 3.1.01 to 3.1.02 inclusive.

ACTING TABLE OFFICER: 3.1.01 to 3.1.02 inclusive.

CHAIR: I'll ask Mr. Parrott if he'd like to have any questions on that section.

MR. PARROTT: I'm understanding that the minister tabled a report two or three weeks ago on COVID spending up to date. Is there any intention to file another report, more up to date before the House closes?

MS. COADY: I think that is the up-to-date report. That is everything that's been spent to date. If there are any changes in that, I guess we can update it, but there is certainly only, I guess, another month or so before the House closes. If there's any material change, I can do that; but if there's not I'll leave it and table it as it makes sense to do so.

MR. PARROTT: Okay.

Under 3.1.01, Contingency: Can the minister provide a list of what transfers were made out of the contingency fund in '19-'20?

MS. COADY: Certainly. They're tabled in the House of Assembly on an ongoing basis. Do you have a conglomerated -?

OFFICIAL: (Inaudible.)

MS. COADY: No. We'll gather together the information, but as you are aware, they are tabled regularly in the House. We'll just take all those tablings and make a list for you.

MR. PARROTT: Okay.

Have there been any transfers year to date for '20-'21?

MS. COADY: None that you're aware of?

OFFICIAL: (Inaudible.)

MS. COADY: None that we're aware of.

MR. PARROTT: What type of approval is needed to spend the money?

MS. COADY: It's usually Cabinet approval, isn't it?

OFFICIAL: (Inaudible.)

MS. COADY: Treasury Board approval. Sorry, I'm both. Treasury Board would have to approve any spend on that nature.

MR. PARROTT: Okay.

3.1.02 under COVID Related Contingency. How was the \$281-million number determined?

MS. COADY: It's basically the \$200 million that we had appropriated this spring and the difference going to \$281 million is the offset of the federal government. You have to remember that when the federal government gives you money, you see it in expense and you also see it in your revenue line. It's \$200 million and then the \$81 million would be on top of that.

MR. PARDY: Okay.

MS. COADY: That's basically how you add it up. That was sort of detailed in the document that I've tabled in the House. You saw the puts and the takes to make that work.

MR. PARROTT: Does the minister intend to ask the House for any COVID money in

addition to the \$200 million which was already approved?

MS. COADY: Not that I'm aware of. At this point, it's to \$281 million, right? So that's because it's \$200 million plus the feds money, so that gives you \$281 million. That's what we're asking for in this year's budget.

MR. PARROTT: Okay.

I assume the breakdown is what's been already supplied in the House recently?

MS. COADY: Exactly.

MR. PARROTT: Okay. I'm good.

CHAIR: Okay.

Ms. Coffin.

MS. COFFIN: Yes, thank you.

Throughout, I guess, the height of the pandemic, when we were having our joint COVID calls, irregularly I would ask for updates on expenditures or at least money that would be coming out of the COVID-related contingency fund. I have one here as of September 2020. This was tabled rather recently, but some of the other ones that we had were much more comprehensive. They were great long lists and said this was federal and this was provincial.

Perhaps, can you do another one kind of like that, that the former –?

MS. COADY: Happy to do so.

MS. COFFIN: Okay, perfect.

MS. COADY: As you can tell, there hasn't been a whole lot of change because the federal government isn't implementing, at this point in time, new things; nor is the province, at this point. But we will certainly get you the most up to date and give it to you and make sure you have it.

MS. COFFIN: Excellent.

Can there be a more detailed breakdown of how that – I know the money is allocated for a

department or a particular idea or issue or concept. If any of that has already been earmarked for a particular entity or an organization, can you also detail that for me, please?

MS. COADY: I don't know if we can get to that granular detail. For example, under the Residential Construction program, which Finance is delivering on that program, we couldn't give you a detailed list of every person that got an appropriation under that.

MS. COFFIN: Fair. Yeah.

MS. COADY: That would be, I think, just be too large and too complicated.

MS. COFFIN: That would be, yeah.

MS. COADY: The Tourism and Hospitality Support would be to individual tourism and hospitality operators, right?

MS. COFFIN: Mm-hmm.

MS. COADY: That's still on going, so we wouldn't have a finite list.

Newfoundland Power redistribution and reimbursement of interest costs is if people didn't pay their bills and there was an interest cost accruing. I don't think you wanted that granular level.

MS. COFFIN: Perhaps not that granular level.

MS. COADY: Right. But if there's some in particular, we would certainly be happy to see what we can give you in more detail.

MS. COFFIN: Let's start with the level that you can provide and then I guess if I –

MS. COADY: Okay.

MS. COFFIN: – need to unpack that a little bit more I can come back to you, right? We don't have to be in Estimates to have this conversation.

MS. COADY: Right.

MS. COFFIN: Good.

MS. COADY: So Safe Return to School, for example, under Education.

MS. COFFIN: Yeah.

MS. COADY: We just say Safe Return to School and you probably want it broken down to what programs, busing and that type of thing.

MS. COFFIN: That would be wonderful.

MS. COADY: Okay.

MS. COFFIN: We'll start with that.

MS. COADY: Yeah, I understand now. Okay.

MS. COFFIN: Then maybe we'll see how much money is going into each of the other particular areas and then if I'd like a little –

MS. COADY: Okay. We'll see if we can get you maybe a little more granular detail and then you can figure it out.

MS. COFFIN: Sure, that would be great.

Thank you.

I think that's all for this section.

CHAIR: Okay.

Mr. Lane.

MR. LANE: Nope, already been covered.

Thank you.

CHAIR: Okay.

I'll ask the Clerk to call the subheads for this section.

CLERK (Hawley George): 3.1.01 to 3.1.02 inclusive.

CHAIR: 3.1.01 to 3.1.02 inclusive.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 3.1.01 to 3.1.02 carried.

CHAIR: All right.

CLERK: The total.

CHAIR: The total.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, Consolidated Fund Services, total heads, carried.

CHAIR: Perfect.

I think another five-minute break would probably be in order. What do you think? It's up to you guys.

MS. COADY: We're finished at noon, aren't we?

Do you want to press on?

If you want to take a five-minute break. I have a speech at 1 o'clock.

CHAIR: We'll take a five-minute break. Okay, sounds good.

We'll take a five-minute break and then we'll come back and do Finance.

MS. COADY: Okay.

Recess

CHAIR (Gambin-Walsh): Order, please!

We'll start again now.

I'll ask the Clerk to call the subheads.

CLERK: For the Department of Finance, 1.1.01 to 1.2.03 inclusive.

CHAIR: Shall they carry?

MR. PARROTT: Over the past 24 months has spending on consultants increased or decreased?

MS. COADY: The Department of Finance?

MR. PARROTT: Yes.

MS. COADY: I will turn to Denise. I don't think they have but I see flat lines everywhere.

Denise?

MS. HANRAHAN: The only, I would say, is we had McKinsey two years ago. That was a million dollars. We did have shared services, which is now Treasury Board. So for Finance, no.

MR. PARROTT: Okay.

Is attrition still being followed throughout government? Can you provide us an overview of the targets for this year, with any metrics on how attrition was carried out last year?

MS. HANRAHAN: There is an incremental attrition program in *Budget 2020*. It's a combination of attrition for core government departments against salaries. There are attrition and operating reductions against the agencies, boards and commissions for the Department of Finance. The salary reduction is \$45,700.

MR. PARROTT: Thank you.

On budget day there was an announcement of \$30 million for small business and non-profits. Where in Estimates can we see that? What department? It's obviously not right here.

MS. COADY: The \$30-million program – \$25 million and \$5 million – would be found in the COVID contingency.

MR. PARROTT: The budget referenced an increase in the carbon tax, yet when the carbon tax legislation was implemented we were told that it would only increase with Atlantic parity. Does the minister have any insight on this? Are other Atlantic provinces increasing their taxes?

MS. COADY: That's what we understood was Atlantic parity. We've been told by the federal government that it's \$30 per ton this year and the required change was necessary.

One thing is for sure, I don't think there's anyone in this province would like to have the federal backstop; we'd like to have our made-in-Newfoundland-and-Labrador solution. That's why we're upholding that.

MR. PARROTT: Thank you.

The \$320 million for offshore oil, is that contained in the budget Estimates? If so, where?

MS. COADY: No, it is not contained in the budget Estimates because it was late breaking; I think only less than a week before budget. Of course, we already had all of our appropriations done.

That would come in through – what mechanism or means would the \$320 million come in to the provincial government? It would just be deposited to revenue.

MR. PARROTT: Thank you.

I'm going to go right to 1.2.02, Administrative Support. Can you please detail the variance on the Salaries line?

MS. COADY: The big difference there is – you're talking about in Salaries?

MR. PARROTT: Yeah.

MS. COADY: It's not changed very much. It was \$65,000 last year; it was \$63,000 this year. The difference – you're talking about Actuals in '19-'20?

MR. PARROTT: Actuals, yeah.

MS. COADY: A savings. The student summer employment costs were lower at that particular point.

MR. PARROTT: Employee Benefits went over budget in '19-'20. \$111,707 was spent, which is four times the budgeted amount? Can you detail why?

MS. COADY: The workers' compensation costs were higher at that particular point in time. It's normalized now.

MR. PARROTT: Four times the amount?

MS. COADY: Yeah. It was a payout I would assume, wasn't it? It was a requirement because of compensation.

MR. PARROTT: Okay, it was a payout versus a fee.

MS. COADY: Yes.

MR. PARROTT: Okay.

Can you please outline where the \$15,000 came from under Provincial?

MS. COADY: Under ...?

MR. PARROTT: For Revenue.

MS. COADY: Oh, related revenues.

MR. PARROTT: Yes.

MS. COADY: Just miscellaneous recoveries. It could be repayment of mobility charges. It could be additional recoveries, such as petty cash or overpayments or unbudgeted contract arrangements that type of thing. It's miscellaneous.

MR. PARROTT: Okay, I'm good, Madam Chair.

CHAIR: We'll move on to Ms. Coffin.

MS. COFFIN: Thank you very much and welcome to the Chair. Did you get to be Vice-Chair? No? Okay.

Let's see, where to start with this. Let's perhaps start with a continuation of a conversation that I had with the former minister of Finance. You may have been party to that as well.

One of the conversations we've had – and, as you know, we're in a minority government situation. Part of the conversations that my party, my caucus and I have been engaging in is how we can potentially work together to make

our governments just last a little bit longer and meet the needs of the people.

One of the conversations that we have been talking about was incorporating \$25-a-day child care into the budget. That happened from, say, June of last year into about February of this year. My understanding was, with the former minister of Finance, that there was a genuine interest and effort to move forward with acting on \$25-a-day child care, because that was one of the things that our New Democratic caucus had wanted to see brought into the budget. It had been a platform issue for us. Our understanding was that was something that the minister of Finance was very willing to work on and had started making accommodations for in the budget.

In February, we were told that we had no money; it was financially unfeasible to go ahead with \$25-a-day child care. So the discussions that we were having in talking about a collaborative government, that got dropped off the table altogether.

I'm a little confused now. Given the financial state of the province, how have we been able to accommodate \$25-a-day child care now when we weren't able to do it in February?

MS. COADY: Thank you for your question.

I can't comment on any conversation you might have had privately or otherwise with the former minister of Finance back in February, but I can say I think it has unanimous support in the Legislature and probably across everyone in the province that \$25-a-day child care is important. We've allocated \$3 million for the first quarter of 2021 for this program. We understand that there's a \$12-million request from the department in order to fund it throughout the year, which, of course, is what we anticipate for next year, being a \$12-million expenditure, in that area.

I do know that from the Conference Board of Canada for every \$1 invested in child care, gets a \$6 return in the economy. You probably can speak even more strongly to the benefits of the program, but we were able to make it work because it's the right thing to have happen. I know that you are advocating for it, I know that

the new Premier was advocating for it, I know the PCs were advocating for it, because it's the right thing to do.

MS. COFFIN: Absolutely. I think the way in which we have brought this forward was we believe in affordable and accessible child care for everyone. That has manifested into a: Let's aim for a \$25-a-day child care. I think that's the catch phrase that had been grabbed all along. I think the question I was asking here was: How did we magically find this \$12 million? I think I understand exactly how that has come about now. So that's okay.

Let's go to Appendix VI. Maybe I should've talked about this in terms of the Consolidated Revenue Fund, so if it's inappropriate, perhaps we can just have this discussion at another time. Appendix VI talks about Restatements by Department. I note that there is note (1) that says: "Majority of 2019-20 restatements are due to departmental restructuring announced in August"

It says the majority, but perhaps can we have a breakdown of this in a little bit more detail?

MS. COADY: I'll certainly turn this to my deputy minister.

MS. COFFIN: Yeah.

MS. HANRAHAN: There were two small restatements from two other departments where they basically realigned duties and then everything else was related to 2020. But we certainly can provide additional information if required.

MS. COFFIN: As an aside, how much time and effort did it take the department to move all the money around after the restructuring of departments? Ballpark is fine.

MS. COADY: I can tell you the Department of Finance works generally very, very hard. They had to double their efforts from August, obviously, to get a budget by the end of September, but, thankfully, we have a good team and they were able to do that. I can tell you they worked very, very hard to do it.

MS. COFFIN: Oh, I have no doubt. I am just trying to quantify what hard means. That's all I'm doing here.

MS. COADY: Yeah, and I don't think – I mean, no one was recording hours or anything of that nature.

MS. COFFIN: No, no. I can imagine it may have been –

MS. COADY: They were too busy making it happen.

MS. COFFIN: And we are all very grateful. I just wanted to try and capture that extra effort as a result of the restructuring.

Let's carry on. We're still in ones; maybe we want to go to (inaudible).

We're just in Executive and Support Services; perhaps I'll just go on with 1.2.02, Transportation and Communications for the administrative activities of the department.

Can you give me some sense of what's captured in that? Is it travel, is it stamps; we had to buy new phones? It seems a lot of money for administrative activities.

MS. COADY: Mail costs are captured in there, because that's why it was decreased over the year.

I don't know if you want to give us a more granular detail, Wanda?

MS. TRICKETT: Yes, that captures the mail costs for the Department of Finance. That would be the majority of the charges that are recorded under that line object.

MS. COFFIN: Stamps and couriers.

MS. TRICKETT: Yeah.

MS. COFFIN: Okay. Just curious, I was like: That's a lot of couriers.

Another just obscure question: How much Capital can you buy for \$100?

MS. COADY: Oh, I'm sorry, this is in 1.2.03?

It's a placeholder. It keeps the vote open and the appropriation open. That's why it's there.

MS. COFFIN: Okay.

MS. COADY: No, you wouldn't do very much for \$100, you're right.

MS. COFFIN: That's what I was thinking. It's Capital.

MS. COADY: It's just literally a placeholder.

MS. COFFIN: Just asking about the technicalities of this, right?

Okay, I think that might be all my questions for particular section. I think the fun questions are in the next section.

CHAIR: All right.

We'll move on to Mr. Lane.

MR. LANE: Okay.

I apologize, some of my questions are a little bit more general and it's hard to place them in a particular place.

First question: Are we still doing this zero-based budgeting? Is that still a thing or has that gone away?

MS. COADY: Certainly, that is very, very important, in my opinion, for all of us in life to do zero-based budgeting, because rather than just take an amount of money that you had last year and reappropriate it, you have to go back and say that you actually looked at whether or not you spent it and what you spent it on. I think that's important.

MR. LANE: So we're still doing that?

MS. COADY: Yes, of course.

MR. LANE: Okay.

Well, the former Finance minister, Bennett at the time, I think, originally that's who put that out there, that we're doing zero-based budgeting. I'm assuming before that point in time we

weren't doing zero-based budgeting. Well, I guess we are and that's good. Okay, just asking.

I'm wondering about – this is a question I asked at the other Estimates and I will ask at every set of Estimates because I think it's an important one, to my mind at least, maybe to nobody else's, but COVID-19 has presented us, I think, with some opportunities. Obviously, it's been a terrible time, but one of the lessons we've learned is that – in every aspect of life, I suppose, but I'm focusing on government, core government, agencies, boards and commissions and so on – we don't have to continue doing things the way we always did things.

Some of the examples of things we've seen, of course, is we're seeing more online services. We're seeing employees working from home, in a lot of cases, which, in theory, if that could continue then we wouldn't necessarily need all the office space; we could consolidate office space, in theory, and save money. We're seeing meetings utilizing Zoom and Skype and all that kind of stuff, so there are not people travelling and criss-crossing the province and staying in hotels and burning gas and all that kind of stuff and meal allowances.

The bottom line is that it has created efficiencies. Certainly, when you think about health care, we're seeing virtual doctor's appointments. That's all wonderful. But in terms of your department, and that's one thing I ask every minister in every department: What has been achieved in terms of savings and efficiencies? Is there a commitment that – I understand there maybe some people working from home, you had no choice and maybe that can't be a permanent thing, for whatever reason, but where it can be permanent, where we continue to do online services, where we can continue to use Zoom and Skype as opposed to travel, do we have a commitment in this department, I guess, all departments, that that's going to be a permanent thing, not a COVID thing?

MS. COADY: Absolutely.

MR. LANE: Okay.

That was a pretty quick and definitive answer. I'm glad to hear that because it makes a lot of sense to me, at least.

I'm not exactly sure where this one fits but I'll ask it here anyway because if I don't ask it now, I'll ask it later, it's all the same thing, still time.

In terms of the budget itself, and this is the department that crafts the overall budget – I asked this question last night to Minister Haggie actually because of an issue I had with it. It wasn't with him or the department per se, and he's only doing it the way it's always been done in terms of how the budget is written and so on.

As I said to him last night, the largest expenditure that we have in the entire province really is health care, of which there was one line in the budget with a whole bunch of: for this, for that, for something else. All the health care authorities – it was the regional health authorities but then there was long-term care, everything – \$2.6 billion or \$2.8 billion all captured under one heading.

From a transparency point of view, public transparency and from the ability, quite frankly, of duly elected Members, which we are, to be able to question and understand how money is being spent we have one heading. I think, personally, that we should have some system – well, there are a couple of things. First of all, in terms of the budget, it could have at least said Eastern Health got this much money, Western got this much and then other things – ambulance service got this much money and here's how much they spent last year; the same as we're doing here: What are the Estimates, what were the Actuals last year and all this kind of stuff. We can't question any of that kind of stuff because we don't know any of it.

You can ask the question. The minister was great trying to answer the best he could, but the way the budget is done – as I said to him last night, I'm not talking about counting bedpans here in terms of the health authorities, but surely we need to consider breaking down the budget a little more so that the public knows, we know and we are better informed to ask questions about how public money is being spent. I use Health as an example because that's the biggest spend of them all, but you can see the same

thing in other departments as well, not to the degree as Health.

Is there any opportunity, I wonder, or thought process around – is it possible for us to start breaking it down a little more in this regard, so that the public know and we know how much is being spent and budgeted in a better breakdown than we have now?

MS. COADY: It's a very important point I think you're making. We'll certainly take it under advisement. It is not something that's traditionally done.

MR. LANE: No, I know that.

MS. COADY: But that doesn't mean that we can't look at it going forward.

MR. LANE: Okay. Thank you.

I guess in that same vein, Minister – and I'm throwing this out here again just on the record as a suggestion, a point, a comment – it kind of ties into the same thing to a great degree. Once again, I look at the Newfoundland and Labrador Liquor Corporation. I'll just use that as one example. Nothing against anybody over there or the board that's running it or whatever.

Significant taxpayers' dollars going in and revenues – I know it generates revenues but it's still a big entity, it's a public entity. I know they may have a board and they may put out an annual report or something, but I really think that we need to have a process, whether it's part of Estimates per se, or a separate process. Maybe even not every ABC every year, but pick one every year or something to be able to delve into Nalcor, OilCo, Newfoundland and Labrador Liquor Corporation and all the other entities that are spending public dollars so that we can be able to understand how much money they're spending, what they're spending it on and ask questions around all these things, the same as we do for core government departments. It's still public money and it is huge public dollars. The public really has no idea per se and the same accountability as we're doing here.

It's great what we're doing here, it's important, but like I said to the minister, we're talking here about how come last year you spent – I don't

know, there's a variance of \$2,000 on office supplies. It was: Yeah, we needed a new photocopier or we needed whatever. That's all good but at the same time we're spending millions and billions of dollars in all these agencies, boards, commissions, health care authorities and everything else and we're not questioning anything, and there's really no mechanism.

I'm not faulting anybody here of the way it's always been done, I'm just saying as we move forward if we truly want more openness, transparency and scrutiny to try to understand expenditures, as we're doing here in core government, then I think that same approach needs to start applying to other aspects of government. I'm not expecting you to say, yeah, we're doing it tomorrow, but I would ask the minister that you at least consider that and it's something we look at doing so that we can have greater accountability for public money.

That's all I have. Thank you.

MS. COADY: I just want to update on the \$22 million you asked on contingency. In '19-'20, the two expenditures were: CSSD, children in care was \$6 million and NLHC Emergency Shelter Program, \$2.27 million, for a total of \$8.27 million. The debt commissions to date, '20-'21, on \$2 billion was \$12.7 million.

You asked about loan guarantees. No new loan guarantees this year or last year and the interest on the line of credit is prime less 50 basis points.

I think I have everybody's questions answered. Thank you.

CHAIR: I ask the Clerk to call the subheads.

CLERK: 1.1.01 to 1.2.03 inclusive.

CHAIR: Shall 1.1.01 to 1.2.03 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 1.1.01 through 1.2.03 carried.

CLERK: 2.1.01 to 2.1.03 inclusive.

CHAIR: Mr. Parrott.

MR. PARROTT: The Member for Mount Pearl - Southlands asked a question about people working from home. During COVID, obviously, there was a necessity and a high level of co-operation, I would suggest, from all the people of Newfoundland and Labrador to do what was right. I applaud everyone for that.

What alarms me is the response of absolutely. It doesn't alarm me because I think it's a bad idea, but I would assume that if the answer is absolutely, that there's a line item in the budget for a feasibility study associated with the taxes that are going to be incurred with people claiming their households as a workplace, computers, printing, phones: all the other costs associated with people working from home.

MS. COADY: No, the question that was put to me was whether or not the cost savings that we tried to capture during COVID on telecommunications, on utilizing Skype or web-based video, would that all continue? He did throw in about people working from home. That's something that I think we should be considering because some people prefer to work at home. That's a huge piece of work that would have to be done. That would be done as a regular part of government and not necessarily a stipend to study that.

I just was more responding to the fact that if we can capture savings by not travelling, can capture savings by doing things differently then we should, I think that we should be doing that because I think it's beneficial for everyone.

MR. PARROTT: Yeah, no doubt there's a benefit but there's a cost associated as well.

MS. COADY: Oh, yeah, and I think that has to be considered.

MR. PARROTT: 2.1.01: Salaries are budgeted to increase to \$1.1 million in 2020-21. Can you please outline why and are there additional hires planned?

MS. COADY: No additional hires. That's just the 27th pay period that we've been talking

about this morning. It's just that addition, because it's such a large sum of money, the additional pay period during the year would cause that.

MR. PARROTT: Okay.

In 2.1.02, it appears that there were vacant positions in '19-'20. Can the minister outline the vacancies in this salary line and why it is increasing to \$526,500 for '20-'21?

MS. COADY: You're absolutely right there were savings due to vacancies. They are hard-to-fill positions. The increase is a one-time allocation for the 27th pay period.

MR. PARROTT: Can you give me an example of a hard-to-fill?

MS. COADY: I'd have to turn to officials.

MS. HANRAHAN: Getting capital markets' people. We're competing with what banks give people and what the Bank of Canada give people so it's been challenging for us. We have an excellent team, but you'll see that was part of we had some vacancies last year.

MR. PARROTT: Okay, thank you.

Can you please provide some information on the revenue line? Where does the money come from and how did you estimate the \$166,500 for this fiscal year?

MS. COADY: That's recovery from sinking funds, but perhaps you want to give some detail on that.

MS. HANRAHAN: Every year there's usually timing that happened. You would probably see this year, particularly related to COVID, some things that squeaked in on March 31 or some things that fell over to April 1. Of course, we had the benefit of a September budget, which I really know the cut-offs this year. But, yes, those are recoveries with respect to any work that's done on our sinking funds or municipal financing corp., those kinds of things. If there are any employees that work on those plans, we charge off their costs. That's what you see there.

MR. PARROTT: Thank you.

I have no more questions. Actually, I have one more question, sorry.

2.1.03, can you please give me an overview of the variance in the Salaries on this line?

MS. COADY: Again, difficult to fill positions, so it's vacancies throughout the year and then the slight increase is because of the 27th pay period.

MR. PARROTT: So in 2019-2020 is it safe to assume that you lost significant staff part way through for Salaries. I mean the Actuals are much less.

MS. HANRAHAN: Good people move and it's hard sometimes to fill good people. That's really the long and the short of it.

MR. PARROTT: It's just that when people move in positions like that, there's generally a severance or other –

MS. HANRAHAN: No, no, they got promoted.

MR. PARROTT: Okay.

MS. HANRAHAN: They got other opportunities. The Treasury analysis group are so key to so many huge files from Muskrat Falls to any project that ever happens. We have a pretty lean, mean team, so those people, we need them in a lot of places and sometimes the Salaries you'll see down here, you'll see them up over here. That's what it is.

MR. PARROTT: Okay, thank you.

No further questions.

CHAIR: We'll move on to Ms. Coffin, please.

MS. COFFIN: Thank you.

Let's start with sinking fund. I flipped over to Appendix IV and a sinking fund would get interest, of course, right? The sinking fund per cent rate, that's what we're seeing here, the 1.8, the 1.4, 1.2, that's what we're getting? Is that right, in your sinking funds?

MS. HANRAHAN: You mean the rate there where you see –

MS. COFFIN: Yeah, that (inaudible) range.

MS. HANRAHAN: Yeah, they're tiny.

MS. COFFIN: Yeah, okay.

MS. HANRAHAN: It's the reason you're not seeing a lot of sinking funds, because most times it may not be worth it.

MS. COFFIN: If you're getting a quarter of a –

MS. HANRAHAN: Right.

MS. COFFIN: – or three quarters of a per cent –

MS. HANRAHAN: Yeah.

MS. COFFIN: – and CPI is operating at 3, then yeah.

MS. HANRAHAN: So you'll see that sometimes it's older debt or particular terms in that debt of why we would have a sinking fund.

MS. COFFIN: Yeah, okay.

Is that \$500 million – oh, that's a net debt redemption, I'm sorry, no.

MS. HANRAHAN: That's a redemption, yeah. We had a couple of redemptions.

MS. COFFIN: Yeah.

MS. HANRAHAN: (Inaudible.)

MS. COFFIN: If you have a \$500 million sinking fund, we need to have a different conversation.

MS. HANRAHAN: Yeah, we do well on our sinking funds too, so yeah.

MS. COFFIN: Oh good, thank you. I really appreciate that. Those are really important, this couple of – even a couple of basis points. Fantastic.

Okay, here's an interesting question. Just for the record, this section is called Treasury Management and Budgeting. So I guess this question I'm going to ask next would apply to

most departments, but perhaps it's directed by you.

What's happened to the savings from the lower price of gasoline and diesel, because we fill up lots of things with gasoline and diesel? So any cost savings that have accrued from, say, operation of government vehicles or anything that we put gas in, what we would've budgeted for would be more than, I assume, what we're paying, given the huge drop in the price of gasoline.

MS. COADY: Anything that we would've under-realized or under-expended would go back to drop balances that would be captured back in Finance.

MS. COFFIN: Okay.

MS. COADY: So, yeah, that –

MS. COFFIN: So there's no ability to move within that.

MS. COADY: You can move from one vote to another in a Treasury Board process, but I can't remember any one about gas tax, in particular, moving.

MS. COFFIN: No, no, not tax.

MS. COADY: No, sorry –

MS. COFFIN: Cost of gas for government vehicles.

MS. COADY: – cost of gasoline.

MS. COFFIN: Yeah.

MS. COADY: The savings for there. I don't think it was reappropriated. I think it was probably in dropped balances.

MS. COFFIN: Right.

MS. HANRAHAN: It's interesting, we always get asked when the price changes about the savings. Nine chances out of 10, the department was never budgeted for it when it went up either. They're usually trying to live with their appropriation. So when it goes down they get that little bit of relief.

MS. COFFIN: Right.

MS. HANRAHAN: So you would see it in the various line items if there were any reductions, just like we had talked about COVID with Transportation and Communications would have been lower.

MS. COFFIN: Okay. Thank you, I appreciate that.

I thought, we must buy a lot of gasoline. I was just going to put – I saved money in my car, maybe we saved a lot of money.

Let's go back to the Auditor General's report again, we're under Treasury Management and Budgeting and I think this is where vulnerability sits. In terms of vulnerability, just to go back to, again, the three criteria are: flexibility, vulnerability and sustainability. We talked about the flexibility and the sustainability. Vulnerability, I'll just use the definition here, is: the degree to which a government becomes dependent on, and therefore vulnerable to, sources of funding outside its control or influence.

We get tied to things that we have absolutely no control over. Important vulnerability indicators include: federal government and own-sourced revenues compared to total revenues and offshore oil royalties as a percentage of own-sourced revenues. Basically, what we're saying is there are a lot of things in our budget that we have very little control over. We have no control over the price of oil. We have no control over the exchange rate. We do have some control over the amount of federal revenues that are coming in.

The observation from the Auditor General was: "Own sourced revenues include oil royalties that are subject to volatile pricing and production swings and changes in exchange rates – factors outside of Government's control. Thus, there is vulnerability associated with reliance on this source of revenue to finance existing programs and services. Continued efforts to diversify the economy over the medium to longer-term timeframe, and thus reducing reliance on oil royalties, will remain important."

So, I guess, in that context, I'm wondering has there been any movement to get us away from the extreme vulnerability that we currently have. We've seen this happen, perhaps twice in the last 10 years, we have been subjected to tremendous vulnerability. Even if you look at the Auditor General's report here, I think they talk about a 10-year time frame. This comes up in repeated samples and repeated samples. We've had a long lead to realize that we are vulnerable and we need to move away from that.

I guess, if you could maybe comment on what we're doing there and if you'd like to take, perhaps, the *Advance 2030*, which is we want to invest more in oil and maybe try and align that for me with the Auditor General's recommendations and comments here. I think that would, perhaps, help me get a better sense of where we're going and if we are becoming more vulnerable, or if we are somehow making ourselves a little bit more insulated to the effects of things that are well beyond our control.

MS. COADY: Thank you very much.

I think one of the ways we ensure that we manage volatility is through the 11 different agencies that give us advice on what the price might be this year, so it's not – the price of oil. The price of oil, for example, is not what government indicates it may be, it's utilizing experts so that in our budgeting process we're not overinflating or underinflating – 'underdeflating' the price of oil.

I think there have been times in the recent past when the price of oil was higher than what others had anticipated because it gave you that boost in revenues. I think that's one way, is making sure that you're utilizing best numbers and best efforts. There have been opportunities in other areas where we've put in, I think, reserves to ensure the price of oil and the volatility in the price of oil as well, so making sure that you're managing that from a budgeting perspective.

I will say that oil used to be almost 30 per cent of our GDP. It's fallen quite dramatically; I think it's under 20 per cent now if memory serves – I'm looking to Doug. I think it's under 20 per cent now, I think it's around 19 per cent. That's because of the volatility in the oil

markets, but that doesn't mean that we shouldn't still encourage the oil and gas industry and the development of the oil and gas industry here.

You talked about *Advance 2030*. It's not where we're investing more in oil; it's that we have an opportunity in Newfoundland and Labrador to develop lower carbon oil. I think that that's a valuable thing for not just Newfoundland and Labrador; I think it's a valuable thing for the globe to have lower carbon and lowering carbon oil on the global markets. I certainly do encourage and support the growth and development of our oil industry that is environmentally – we have very good environmental standards, we have very good human rights standards and we have very good safety standards in our offshore and it's a lower carbon per barrel.

So, yes, I encourage its development but also in the budget you'll see diversification, you'll see emphasis on technology, you'll see emphasis on food sustainability, fisheries and agriculture and aquaculture. You'll see other investments in tourism, for example, and arts to ensure that we have that diversified economy

MS. COFFIN: I see where you're coming from and I do recognize the importance of the oil industry, I recognize how we are very different than many other jurisdictions. I'm not dissing that at all. That needs to be separate and distinct to the provincial budget's reliance on oil revenues to sustain our economy.

That's where our vulnerability comes in because even though oil royalties as a share of our budget have gone down, it's only because the price of oil has gone down. It's not because we deliberately made decisions to build our budgets and our provincial finances on a diversified economy.

I think there are two separate and distinct things; we can encourage the oil industry. I think a little while ago Husky came out and had higher level environmental, social and governance issues where they talked about it is very important for all of our executives – and, in fact, they gave incentives for their executives to invest in lower carbon oil. Excellent. That is an incentive that will likely drive these individuals to our jurisdiction, but that does absolutely nothing to

ensure that the fiscal stability of this province is not heavily reliant on these sources that are incredibly volatile.

What that means is we either need to change the way in which we expend money or we change the way in which we accrue revenues, so that it is not intrinsically linked to something that is so incredibly volatile. All of us here have been through two major recessions as a result of drops in oil prices. We need to protect our economy, not just diversify it. We need to protect our coffers, not just throw all our money in oil. It will have huge, huge benefits as our oil industry is developed.

Our concern is protecting the public purse. I think we need to separate those and start thinking these bold new ideas that we're talking about – need to address the key issues that are in the Auditor General's report. I think we need to start separating those two and really start talking about how do we manage our budget a little bit differently.

CHAIR: Ms. Coffin, your time is up.

MS. COFFIN: I'm sorry. Thank you.

MS. COADY: I do want to respond to that comment in saying that I think you have hit on why in the budget I went through ensuring in the speech that we talked about the other sectors of our economy. You're absolutely right; we have a huge oceans industry, a huge technology opportunity.

We have tourism and arts and so many other things that really will be sustainable in the province. I think that is incredibly important. That's why you've seen monies allocated in the budget towards the supports for those industries.

CHAIR: All right, we'll move on to Mr. Lane.

MR. LANE: I've no questions on this section.

Thank you.

CHAIR: No questions?

Mr. Parrott.

MR. PARROTT: I'm good, thank you.

CHAIR: Ms. Coffin.

MS. COFFIN: Thank you very much.

Let's go to Treasury Management again. Under Treasury Management we talk a little bit about equity investments. That's 2.1.02. We have enormous equity investments in a number of entities, one in particular that has not ever returned any dividends on those equity investments.

Is there any intention to expect that Nalcor return profits, as a result of our equity investments in that Crown corporation?

MS. COADY: Yes, we have had equity from Nalcor over the years. It is –

OFFICIAL: (Inaudible.)

MS. COADY: Pardon me?

OFFICIAL: (Inaudible.)

MS. COADY: Yeah, it's the oil and gas assets that would've –

MS. COFFIN: No, the revenues have gone into Nalcor, the dividends associated with that I have not seen them come back into the provincial coffers. Have they?

MS. HANRAHAN: (Inaudible.)

MS. COFFIN: Yes?

MS. COADY: Yes, oil and –

MS. COFFIN: All right, that's –

MS. COADY: She's biting at the bit to respond.

MS. COFFIN: Yes, please. Please, I would like –

MS. HANRAHAN: So then Nalcor you would see in the statement of operations shows revenue from that entity. That's a combination of everything in Nalcor. Generally, that's why we see their net income being positive, is fundamentally those oil and gas assets.

MS. COFFIN: Their net income is positive. Do they –?

MS. HANRAHAN: That's from all their lines of business.

MS. COFFIN: Yeah and through all of their lines of business. So all the money going out to Muskrat Falls Project, going out for seismic testing – all of those things – plus the royalties that come back in as a result of our royalty regimes, yes?

MS. HANRAHAN: Our royalties come into the province.

MS. COFFIN: They come into the province.

MS. COADY: Correct.

MS. HANRAHAN: Right.

MS. COFFIN: Nalcor and the province – that money does flow back into the province? Is that a net from the money that we're putting in for our Muskrat Falls?

MS. HANRAHAN: From an accounting perspective, the equity is a different investment than the net income and the revenue-less-expenses number. You will see a net income from Nalcor and it's fundamentally all those lines of business. Equity tends to be a vote in the House of Assembly that's given directly into that, related to an ongoing project right now.

MS. COFFIN: Where would I see the money returned from Nalcor?

MS. HANRAHAN: Well, it's two places. If you look at the Budget Speech statements you would see on page v, Schedule I after Statement III in the back, see Total Revenue by Source, this Schedule. Here you'll see Atlantic Lotto, you'll see Nalcor Energy and you'll see Liquor Corp. Last year, you would've seen a negative \$90 million.

MS. COFFIN: Where am I looking?

MS. HANRAHAN: Keep flicking, Schedule I.

MS. COFFIN: Oh, yes, Schedule I.

MS. HANRAHAN: Right down on the bottom, lower right, you'd see a negative \$90 million last year. That's related to the one-time writedown on their oil assets that they did at March 31 – \$225 million.

MS. COFFIN: Yeah, I remember that.

MS. HANRAHAN: You will see this year it's back up to \$214 million, that's all their lines of business, but fundamentally a big chunk of that would be directly related to those existing assets. Royalties comes direct to the province, which is a different line of business.

MS. COFFIN: Yeah, okay. I kind of knew the royalties (inaudible).

MS. HANRAHAN: Gotcha. So this is the accrual statements; the Estimates would show you some cash.

MS. COFFIN: Okay, all right.

Where would I find that in Estimates?

MS. HANRAHAN: So let me look and see here. I don't know if the breakdown is specific in the Estimates. It could be in a Schedule. I might have to ...

MS. COFFIN: It's okay if you don't know it right off the hop. I mean, you've been able to pull a lot of information from –

MS. HANRAHAN: Yeah, it's probably mixed in amongst –

MS. COFFIN: – the (inaudible) rather impressively.

MS. HANRAHAN: Yeah.

MS. COFFIN: Thank you.

Okay, so yeah, we can chat about that another time.

Thank you.

I think that is all my questions in this section.

CHAIR: I shall ask the Clerk to call the subheads.

CLERK: 2.1.01 to 2.1.03 inclusive.

CHAIR: Shall 2.1.01 to 2.1.03 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 2.1.01 through 2.1.03 carried.

CLERK: 3.1.01 to 5.1.01 inclusive.

CHAIR: Mr. Parrott.

MR. PARROTT: 3.1.01, Tax and Fiscal Policy. Can you please give an overview of the Salaries line? Were the positions vacant in '19-'20 and have they been filled?

MS. COADY: I'm going to turn and see if they have been filled. It was due to vacancies. It was \$93,000 down because of vacancies, but we've allocated those back up in '20-'21. Have they been filled at this point?

OFFICIAL: (Inaudible.)

MS. COADY: Yes, they have been.

MR. PARROTT: Okay.

Purchased Services, can you please give some detail on the purchased services and what kinds of services are purchased under this line item?

MS. COADY: This is all income tax processing related, so I'll ask the deputy minister to talk about it.

MS. HANRAHAN: The federal government administers our tax programs, so this is what we pay administrative fees to CRA to do that. Sometimes they vary year over year, depending on various processing in the programs.

MR. PARROTT: Okay.

Under Grants and Subsidies, can you please outline how the grant money is allocated and why about two-thirds was spent in the previous fiscal year?

MS. COADY: Are you talking about the \$16,000 down to the \$10,000? That's the annual membership to the Atlantic Provinces Harness Racing Commission was less and a decrease in the annual membership to the Atlantic Provinces Harness Racing Commission. Who knew we were a member of that.

MR. PARROTT: Who knew.

3.1.02, Tax Administration, when comparing *Budget 2019* to *Budget 2020*, there's an increase in the salary line of about \$382,500. Can the minister please outline this increase? If new positions are being created, have they already been filed?

MS. COADY: No, that's the 27th pay period for the year.

MR. PARROTT: Same thing.

MS. COADY: Same thing. It's just because it's such a big salary bill, it just inflates that much more but that's the 27th pay period.

MR. PARROTT: Okay, thank you.

Can you please give some information on what services are purchased under 3.1.02?

MS. COADY: I'm going to ask Denise or Wanda to kind of go through it, but I can tell you the difference is lower allocation for photocopying and printing requirements. Is there anything else in that appropriation besides printing requirements?

MS. TRICKETT: Yes, it does include your regular purchased services: printing, record storage, that type of charges. However, in this area as well, because this is the tax administration area for the Department of Finance they have fuel dye testing and collection related costs. That's what you would see in that category as well.

MR. PARROTT: Just curious why? When I look at it and I think about what you just explained there, obviously with a three-month break in service you would think that the line item would be much less than it was last year.

MS. COADY: It would be much less this year you're saying?

MR. PARROTT: Based on fuel dye and printing and different things associated with people not being in the office, working from home.

MS. COADY: And there might be savings there by the end of the year.

MR. PARROTT: It's just not budgeted in that way.

MS. COADY: Right. Your budget amount is reflective of last year's budgeted amount. But there could be savings at the end of the year, we don't know at this point.

MR. PARROTT: Fuel dye costs wouldn't be associated with Transportation and Infrastructure?

MS. HANRAHAN: This group is responsible for audit on taxes. Regardless of usage, they still have to audit. This would be auditing that tax that's supplied on that. The people paying it could be in departments or anything like that, so that's why you're not seeing a significant change. If anything, we've slowed things down, we still have to check the taxes.

MR. PARROTT: Okay. Thank you.

Again under 3.1.02, can you please provide some information on the Revenue line and how the revenue is generated?

MS. HANRAHAN: So we get revenue for international fuel tax agreements, so that is what's varying year over year. There are decal fees and there are tax fees related to that that our tax group is coordinated with through North America and the federal government.

MR. PARROTT: Okay.

4.1.01, Economics and Statistics, I know the answer, but I'll ask it anyhow. Can you please give an overview of the Salaries line?

MS. COADY: Certainly. There were vacancies during the fiscal year and less contract work for outside parties and surveys. So less survey work.

MR. PARROTT: Okay.

MS. COADY: This year the increase is a one-time allocation for the 27th pay period as well.

MR. PARROTT: Okay.

Under Professional Services, on this line item there is a \$12,000 savings in '19-'20, can you indicate where that came from?

MS. COADY: Yeah, sure. Lower costs for services requested from Stats Canada. So that's the Newfoundland Longitudinal Administrative Databank, income tax data was \$2,000 less because data requirements were reduced and \$10,000 block funding for NLSA to access technical expertise from Stats Canada.

MR. PARROTT: Okay.

Purchased Services, can you please outline the purchased services that are included in this line item and what accounts for the \$26,000 savings in '19-'20?

MS. COADY: Less data service purchases were required. I don't know if there's anything further there. It's just less data services were required.

MR. PARROTT: Okay.

Under Revenue, can you please outline where the revenue is received and where that money comes from?

MS. COADY: This is really interesting. There was revenue from a survey that was conducted for the City of St. John's. That has now been removed because it was one-time incident.

MR. PARROTT: Okay.

5.1.01 under Federal Programs.

MS. COADY: Yeah.

MR. PARROTT: There is \$146 million received from the federal government and then a flow out.

MS. COADY: Yeah. That's the Safe Restart program. So we accepted the revenue from the federal government and then it would be

dispersed to the various departments that required that Safe Restart. That was Health and Education, mainly.

MR. PARROTT: So is there a breakdown of that?

MS. COADY: Where would they find a breakdown of that? Of the \$146 million, how much went to Health? How much went to Education?

MS. HANRAHAN: So the allocation has to be determined, but the federal government has advised publicly the types of things that the Safe Restart is targeted at. Let's say PPE, testing, vulnerable populations, municipalities, those types of things. I'm pretty sure that's been public, but we certainly can get you that information if you haven't found it.

MR. PARROTT: Can you indicate how much has been spent year to date?

MS. HANRAHAN: None of it has been spent.

MR. PARROTT: Okay.

The description indicates that it's for programs which are fully or partially funded by the federal government, obviously. How much is allowed in provincial money to access the funding?

MS. HANRAHAN: We've allocated the entire fund here as the appropriation for the province. None of this money has been given to departments. Some of this program is able to be applied to past spending. I think the cut-off date was July 1 on because it was a restart logic. Some of the money, if it was being incurred, we were incurring it anyway and then some of it is future.

MR. PARROTT: Okay.

No further questions for me, Madam Chair.

CHAIR: All right, we'll move on to Ms. Coffin.

MS. COFFIN: I was wondering if they were getting upset with my questions.

Let's jump off from one of the questions that my colleague had a little while ago on work at

home. Is it my understanding that there is no intention of issuing T-2200s for individuals who have had to work at home as a result of COVID?

MS. COADY: I'd have to take that under advisement. That would be an HRS and a tax issue. Perhaps when HRS is before you that might be a better directed question.

MS. COFFIN: Sure, I'll save that for them.

Let's go to Appendix I which is tax expenditures. This maybe should have gone in the Revenue Fund but it's under Tax and Fiscal Policy, so I thought it kind of works together. The Resort Property Tax Credit we're giving someone \$100,000. Is that \$100,000 for building a resort in a tax credit, which means we are not collecting \$100,000? Is that correct?

MS. HANRAHAN: Any values you see here are credits that people would have taken off their tax returns. In some cases they're very small amounts and we don't identify taxpayers but, yeah, that's what that indicates.

MS. COFFIN: Right.

EDGE Remissions; let's chat about the EDGE program, which I do believe that Mr. Trask and I had a look at when the Advisory Council on the Economy was in its original stage. That was the beginning of my career and I'm well past that now.

Is anyone actually participating in that? I notice we're up to zeros here. Is there anyone engaged in the EDGE program? Does that still exist? Is it available for people? What's going on there?

MS. HANRAHAN: I don't think that's a question maybe for Finance as opposed to IT.

MS. COFFIN: Okay.

MS. HANRAHAN: But if you see an asterisk it means it's less than \$50,000, so it could be old credits.

MS. COFFIN: Yeah and my understanding of the program is it still exists, but I wasn't sure if anyone was still participating. I think you can still get the application form –

MS. HANRAHAN: The federal government will do all kinds of things every year as they reconcile. This is recording what has actually happened.

MS. COFFIN: Right.

Do we have a list of who has the Digital Media Tax Credit? I think we have, what, four digital media companies?

MS. HANRAHAN: I wouldn't be able to tell you what companies are applying for the tax. Is that your question?

MS. COFFIN: You can't do that for any of them? Darn.

MS. HANRAHAN: For taxpayers, no.

MS. COFFIN: Okay, because I was going for the aviation one next, given that it's a carbon tax and the aviation industry consumes enormous volumes of carbon. I did happen to note there was recently an order-in-council that has committed \$2 million to Universal Helicopters.

We're going to pay them \$2 million and we're also giving them tax credits. I don't know because you're not allowed to tell me who has this, but if we're giving them \$2 million and then we're also giving them tax credits, we're subsidizing an aviation industry, recognizing now that the aviation industry has taken a huge hit since March. This, though, reflects last year and some projections pre-COVID. So I think there's a little bit of are we subsidizing the aviation industry by giving them tax credits as well as –

MS. HANRAHAN: Yeah, these are carbon tax.

MS. COFFIN: Carbon tax credits, so it offsets their – okay.

MS. COADY: Yeah.

MS. COFFIN: That's what that is. All right, I just wanted some clarity on it.

Okay, so I think that's good for taxes there.

Once upon a time I do believe I sat down with you and we had a little chat about the possibility

of a wealth tax. Now, a wealth tax can take on a myriad of forms and it can be designed for a variety of different purposes. One of the suggestions that I had would be perhaps taxing unused balances. If you want to stimulate an economy – and we know that we have a lot of individuals who have money that's just sitting in a bank account accruing some rate of interest – we can encourage that money to be invested in the economy by taxing idle balances.

Has there been any consideration of such a thing or any general analysis on the feasibility and/or possible revenues that could be associated with it?

MS. COADY: Well, certainly I'm only in the position for about one month now.

MS. COFFIN: Yeah.

MS. COADY: No, I haven't done any analysis on that, but we're looking at bold ideas going forward. I don't know if there's anything you want to add to that. It's something that we'll consider in due course.

MS. COFFIN: Tuck it in your pocket.

MS. COADY: Yeah.

MS. COFFIN: Tuck it in your pocket. Yeah.

Okay let's go over to Economics and Stats because, yay, it's the dismal science. I know, I know.

MS. COADY: (Inaudible.)

MS. COFFIN: (Inaudible.)

Without getting into tremendous detail, but perhaps building on the theme of some of my questions thus far, we've had a radical shift in the world. I know that has meant that our forecasting has radically changed and it makes it a little bit harder. I mean the further into the future you go the more difficult it is to predict anything because you have more variability as time goes on.

However, I expect that in the intervening times – I'm just wondering how the oil forecast in the short term, medium term and long term have

changed in recent times? Has the division of economic and statistics managed to do some updated forecasts on what we are expecting for oil and its viability into the next five, 10 and 30 years?

MR. TRASK: For oil price forecasting, which is very difficult as you know, it's been historically difficult for anybody to predict oil prices, but we're using 11 economic forecasters. Their forecasts have varied during COVID and timing of their forecasts differ.

We've stuck to that methodology and we haven't varied from it. It would be a function of what they would be looking for, looking at in the foreseeable future.

MS. COFFIN: I've been reading some stuff recently and BP's most recent analysis shows even in an aggressive growth scenario, demand will remain flat. In some other scenarios where we take on a little bit more renewable energies and varying sources and as technology varies, that some of those scenarios are actually showing significant decreases in demand. I think we're going to see it's going to be another wild ride for a while I think.

Perhaps you and I can continue to have some conversations about that. That one I was very concerned about because as those predictions change, then how we go about doing all of this stuff – remember the vulnerability – is going to have to radically change as well. The bold, new ideas are going to have to come pretty quickly and they're going to need to be adapted very quickly.

I remember I was in the economics department at about the time of the fishery collapse and the two professors that I was working with were fisheries experts. They talked a little bit about what the fishery was and they had projected growth rates, harvest rates and all of that. Twenty-five years later I chatted to them again and they did a reflection on how their analysis missed some of the fishery collapse. The thing that they pointed to most specifically was they got the rate of technological change wrong; in fact, they grossly underestimated it.

That's just a thing to note that if we don't get this right, we could potentially be facing yet

another dramatic event in our lives. I just wanted to put that out there in the context of Estimates and how we go about doing this process. Now is a very good time for bold, new ideas and I do look forward to contributing to helping develop those.

Good news, that was my last question or comment. Thank you all very much for your help and forthrightness. I do appreciate the considerable effort that you have put in to doing this and what you're facing for the next budget. This one was relatively easy, I expect, from what's coming next.

Thank you very much.

MS. COADY: Thank you.

CHAIR: We'll move on to Mr. Lane.

MR. LANE: Thank you.

First of all, I just want to thank my colleague to the right for making what would possibly be a somewhat dry, boring session a very informative and entertaining one. Thank you.

MS. COFFIN: Thank you very much, Sir.

MR. LANE: I have a comment more than a question and then I'll be done, which is good news I'm sure for everybody.

I do just want to once again thank all the staff in the Department of Finance for putting this together during a very troubling time. The work doesn't go unnoticed. I know maybe you think it does sometimes, but it doesn't. I'm sure everybody appreciates all the hard work that you guys have done and continue to do.

I just want to close out by saying to the minister, in terms of this budget in itself, given the volatile times that we are going through – the pandemic, nobody ever could have predicted this and so on – overall I think it's a good budget. I do.

MS. COADY: Thank you.

MR. LANE: I'll certainly be supporting it. That's not a question for me really.

I think the child care thing is wonderful. I have had some people question though: Well, we're up to our neck in debt, how can we afford anything new? But I do see that as an investment to get more people into the workforce, so I do see that as a positive.

I do question why there's no means test at all. In theory you could be a billionaire and you're still getting \$25-a-day child care. Some people would say let's keep that benefit or even increase that benefit to the working families that need it, as opposed to making it universal to everybody, people who really don't need that break. I'm just passing along some commentary I've heard.

Overall, it's good. I give it a pass given the circumstances and where we are. I think we need some certainty at this particular time and not to panic. I do want to say as we proceed, assuming that we can get back to some sense of normalcy, on future budgets, I've reach a point – and I think I'm speaking on behalf of a lot of people in my district – if I'm going to support future budgets, we really have to see movement in getting our fiscal house in order.

We've talked about it forever. COVID-19 didn't cause the fiscal crisis. It added to it, made it worse, but it didn't cause it. This train has been going down this track towards that cliff for a long time and it's just simply not sustainable. It's great to say we're going to diversify the economy. Obviously, we all agree with that. I will give credit where credit is due. I've seen some investments in aquaculture, agriculture and other sectors – IT, tourism. I really hope that it's going to pay off. I think there's opportunity.

As my colleague has said quite eloquently, we cannot depend on oil. It is just volatile. Ideally, we should be in a situation where we can say, you know what, if the price of oil is going to be \$70, let's budget it for \$40 and live within our means. Then if it's \$70 then that's money to pay down on the debt or do other things we need to do. We're at a point now where we're budgeting it to, basically, as high as we reasonably think it's going to go. Even on top of that, we're still having to borrow year after year after year. It just cannot continue.

I'm looking forward more to the next budget and, hopefully, some meaningful consultation with all parties and all Members of ways that we can try to get our expenditures under control. I think there are things we can be doing in terms of technology, doing things in a different way. Yes, there are going to be some tough decisions that are probably going to have to be made as well. I just wish everybody could put politics aside, on all sides, and actually be prepared to, in a united front, make a few tough decisions that have to be made.

We'll see where that goes but, for now, thank you for your time. Thank you for your work. Overall a good budget, I'll support it. But I'm really hoping, like I say, as we go forward we're going to really make an effort to start dealing with this huge deficit, debt and year-over-year deficit because we can't continue.

Thank you.

CHAIR: I think Mr. Parrott has one question.

MR. PARROTT: I'm just curious. Is there any overlap between the \$146 million Safe Restart and the \$281 million COVID fund?

MS. COADY: No.

MR. PARROTT: No overlap whatsoever? Okay.

I'd just like to echo what the other two Members said. The department should be proud of what they've done. I understand how hard it is to do something once and then be thrown into what you guys were thrown in to. It's been a tough situation for everyone.

I'd like to commend you for what you do, the hard work you've done. I know you guys probably don't hear it enough and I'd like for you to pass it on to the people you work with. I appreciate everything you do. It's a great job and I commend the minister for a budget that I don't think I'll have any problem supporting.

MS. COADY: Thank you.

If I may just thank everybody, especially the team at the Department of Finance, but everyone who had a hand in this. I thank you for your time

and your efforts this morning and throughout the next month. I'll turn it over to the Chair.

CHAIR: I would ask the Clerk to call the subheads.

CLERK: 3.1.01 to 5.1.01 inclusive.

CHAIR: Shall 3.1.01 to 5.1.01 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, subheads 3.1.01 through 5.1.01 carried.

CLERK: The total.

CHAIR: Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: Carried.

On motion, Department of Finance, total heads, carried.

On motion, Estimates of the Department of Finance, Consolidated Fund Services and Public Service Commission carried without amendment.

CHAIR: We have the minutes from the Committee. It has been distributed.

I ask for a mover. Minister Loveless.

On motion, minutes adopted as circulated.

CHAIR: The next meeting of this Committee is Monday, October 5 at 9 a.m.

The Committee will be reviewing the Estimates of the Department of Transportation and Infrastructure and the Public Procurement Agency.

I ask for a motion to adjourn.

AN HON. MEMBER: So moved.

CHAIR: Thank you.

On motion, the Committee adjourned.