



**PROVINCE OF NEWFOUNDLAND AND LABRADOR
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**Proceedings of the Standing Committee on
Government Services**

June 4, 2021 - Issue 1

Department of Finance
Public Service Commission
Consolidated Fund Services

SOCIAL SERVICES COMMITTEE

Department of Finance, Public Service Commission and Consolidated Fund Services

Chair: Brian Warr, MHA

Vice-Chair: Loyola O'Driscoll, MHA

Members: Jordan Brown, MHA
Lela Evans, MHA
Paul Pike, MHA
Scott Reid, MHA
Lucy Stoyles, MHA

Clerk of the Committee: Kim Hawley George

Appearing:

Public Service Commission

Hon. Siobhan Coady, MHA, Minister
George Joyce, Chair/Chief Executive Officer (A)
Diana Quinton, Director of Communications
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
Theresa Heffernan, Assistant Deputy Minister, Financial Planning & Benefits Admin.
Michelle Jewer, Secretary to Treasury Board
Tom Nemecek, Manager of Capital Markets and Financial Assistance
Diana Quinton, Director of Communications
Paul Smith, Deputy Minister
Doug Trask, Assistant Deputy Minister, Economic, Fiscal & Statistics
Wanda Trickett, Departmental Controller
Keith White, Executive Assistant

Also Present

Hon. John Hogan, MHA, Minister of Justice and Public Safety
Hon. Tom Osborne, MHA, Minister of Education
Craig Pardy, MHA
Tony Wakeham, MHA
Steven Kent, Researcher, Third Party
Megan Winter, Researcher, Official Opposition Office

Pursuant to Standing Order 68, Craig Pardy, MHA for Bonavista, substitutes for Loyola O'Driscoll, MHA for Ferryland.

Pursuant to Standing Order 68, Tony Wakeham, MHA for Stephenville - Port au Port, substitutes for Lela Evans, MHA for Torngat Mountains.

Pursuant to Standing Order 68, Tom Osborne, MHA for Waterford Valley, substitutes for Paul Pike, MHA for Burin - Grand Bank.

Pursuant to Standing Order 68, John Hogan, MHA for Windsor Lake, substitutes for Scott Reid, MHA for St. George's - Humber.

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

CLERK (Hawley George): Good morning, everybody, my name is Kim Hawley George. I'm the Clerk for this Committee today. This is the first meeting of the Government Services Committee for the 50th General Assembly.

I note that there a number of substitutions today for the Committee. The recommendation from the Table is that a Chair be elected today for the purpose of this meeting. Then, when the Committee meets next week, another Chair can be elected on a permanent basis.

In that context, I will ask for a nomination from the floor for today.

S. COADY: (Inaudible.)

CLERK: Thank you.

Any further nominations?

Any further nominations?

Mr. Warr, you have been appointed today and elected to be the Chair for this meeting.

CHAIR (Warr): Good morning, all.

Again, my name is Brian Warr, MHA for Baie Verte - Green Bay, and certainly, it's my pleasure to chair the meetings today.

The first thing that we will do, I'll just get a consensus from the floor that we would defer the

election of the Vice-Chair until our next meeting. Is everybody okay with that? Thank you.

Just to announce the substitutions for this morning: Substituting in for the Member for St. George's - Humber is the Member for Windsor Lake, MHA Hogan. Substituting for the Member for Burin - Grand Bank is the Member for Waterford Valley, Minister Osborne. Substituting for the Member for Ferryland is the Member for Bonavista, MHA Pardy, and substituting for the Member for Torngat Mountains is Stephenville - Port au Port.

Seeing no independents, the way that your speaking times will go this morning: We'll start off 10 and 10 and continue going that route.

We're going to be doing a review this morning of the Department of Finance, Public Service Commission and the Consolidated Fund Services.

Just a little housekeeping with regard to when it's your turn to speak, I'd ask you to raise your hand, wait for your tally light to turn red and continue on.

Starting with MHA Wakeham, I'd certainly ask that we introduce ourselves this morning. And we are starting off with MHA Wakeham.

T. WAKEHAM: Tony Wakeham, MHA, Stephenville - Port au Port.

J. BROWN: Jordan Brown, MHA, Labrador West.

S. KENT: Steven Kent, researcher for the Third Party caucus office.

T. OSBORNE: Tom Osborne, Waterford Valley.

M. WINTER: Megan Winter, researcher with the Official Opposition caucus.

C. PARDY: Craig Pardy, MHA, District of Bonavista.

L. STOYLES: Lucy Stoyles, MHA, Mount Pearl North.

J. HOGAN: John Hogan, MHA, Windsor Lake.
CHAIR: And I'll start to my left with Mr. Joyce, please.

G. JOYCE: George Joyce, Chair of the Public Service Commission (acting).

S. COADY: Good morning, it's Siobhan Coady, MHA, St. John's West.

CHAIR: Looking for a tally light. There you go.

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

W. TRICKETT: Wanda Trickett, Departmental Comptroller.

M. SMYTH: Mike Smyth with the Public Service Commission.

D. QUINTON: Diana Quinton, Director of Communications for Finance.

K. WHITE: Keith White, Minister Coady's EA.

CHAIR: Thank you.

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

CLERK: The Estimates of the Public Service Commission, 1.1.01 to 1.2.05 inclusive.

CHAIR: 1.1.01 to 1.2.05 inclusive.

Minister Coady, you have the floor for some opening remarks.

S. COADY: Thank you very much, Mr. Chair, and thank you everyone for being here today. This is an important process – the Estimates process of reviewing in detail the spending of the Public Service Commission.

Allow me first to say a little bit about the Public Service Commission. The Public Service Commission has gone through major changes and it now has a new vision and a new purpose. It has expanded its role in the public service and has gone from 19 employees up to 82 employees, so basically taking a number of employees that were originally from the Human Resource Secretariat within Treasury Board and

moving them back out to the Public Service Commission as part of that move. I am pleased to say that since September, new programs and services have been fully integrated into the Public Service Commission's culture and mandate.

The Public Service Commission is responsible for the merit-based appointments and promotions within the public service. It is responsible for the Employee Assistance Program and the Respectful Workplace Program; the training and development within the public service; the Strategic Staffing, the hiring of all staff for core government departments; Safety and Wellness, which includes Occupational Health and Safety and the Healthy Workplace Initiatives; the Opening Doors Program, which is the employment equity initiative in government that I know many Members are aware of and are very proud of; and, of course, the Treasury Board Secretariat. Given the reorganization that was announced in September, current appropriations reflect all those changes in budget. You will see that there are some variances due to this reorganization and COVID-related – mostly downward, just to point that out. Very prudent in its operations, very responsible and very diligent, and I want to congratulate and thank the members of the teams that are here and say that we are proud of the Public Service Commission and what it offers to the people of the province.

On that note, I will pause and allow others to speak.

CHAIR: Thank you, Minister Coady.

Just as you saw Minister Coady, feel free, if you have to speak – if you feel comfortable in doing that – dropping your masks is certainly acceptable.

1.1.01 to 1.2.05 inclusive.

Mr. Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

I'd like to start off with some general questions. When we were in Estimates last fall, there were 83 outstanding management classification appeals. The oldest file then was from 2018 and

the goal was to have it down to 50 files by the end of October 2020. Could you provide an update on that?

G. JOYCE: Thanks, Mr. Wakeham.

Last year, you asked a question – I remember very clearly – about the Management Classification Appeal Board. The Management Classification Appeal Board has the jurisdiction for management appeals only, not bargaining unit. Last year, I don't know what the number was but we're down to 60 now.

That's Management Classification Appeal Board, 60. There are two days of hearings set for the end of June and I'm hoping to – I chair that committee – have probably eight done that session over two days.

T. WAKEHAM: What's the longest outstanding one? Do you know?

G. JOYCE: For the Management Classification, I'd have to check. I don't know. I can get that information for you.

S. COADY: If I may, I'll add to this. I think it's important that we continue to focus on this area.

As the Member opposite knows, evaluation and appeals is a very important process. I've asked the Public Service Commission – they are working diligently towards eliminating the backlog in this area. They are doing so and that's why there are hearings now set.

G. JOYCE: If I may, for context purposes to avoid any confusion, the appeal process is broken up in the area of management appeals. There's another section of appeals called a JES, Job Evaluation System. That applies to bargaining units in the public sector.

I'll get the exact numbers outstanding, but I do know in the last budget year we received an additional 360 requests. We are now in the process of looking for additional resources. I do not chair that committee; we have a full-time adjudicator to hear those appeals. That all flowed from the Job Evaluation System, the reclassification; hence, the appeals. We're in the process of dealing with that. I can get you the

exact number on that as well, but we're continuously receiving requests under the JES.
T. WAKEHAM: Thank you.

Can you please outline how many Tier-1 appointments and Tier-2 PSC appointments were made over the last year? Has the LGIC made any appointments not on the recommendations of the IAC or the PSC?

G. JOYCE: I will say, Mr. Wakeham, that there's not one case that I'm aware of, since the inception of the IAC in 2016 – and the five years were up on May 26 – where government has made an appointment outside the authority or the recommendations of the IAC appointment for Tier 1.

T. WAKEHAM: Right.

G. JOYCE: For Tier 2, which is 120 agencies, boards and commissions, not one that I'm aware of.

T. WAKEHAM: Okay. Thank you.

How long, on average, does it take for a posting to get filled through the IAC process?

G. JOYCE: Through the IAC process, the standard, from day one, is six months.

CHAIR: The Chair recognizes the minister.

S. COADY: Thank you very much.

I will say to the Member opposite that we need to all encourage people to continue to put their name forward to go on these agencies, boards and commissions. It's important to continue to encourage people, so I'll encourage everyone in this room to ask people to move forward with putting their names forward to go on these agencies, boards and commissions.

I know that the Independent Appointments Commission does select from the website and does a lot of the narrative, does a lot of the work of making sure that we have people who are coming forward. I encourage all Members of the House of Assembly to encourage and solicit names. We need good people on these agencies, boards and commissions. I commend the work

of the Independent Appointments Commission in attracting good candidates.

T. WAKEHAM: Thank you.

Can you please give us some commentary on the EAP and if the demand for the program has changed with COVID. Has COVID impacted the actual program delivery?

G. JOYCE: Sure.

The Employee Assistance Program, comprising Employee Assistance and Respectful Workplace Program, in the past year, for example, 1,880 individuals went through the EAP-RWP for a utilization of right about 13.9 per cent. That's standard right across the country. We're right in exactly where we fit across the country in terms of benchmark.

In terms of COVID, as you know with COVID and the issues coming out of COVID, the issues are not neatly labelled. It's not linear in terms of exactly how a case is presented to EAP-RWP. We have seen an uptick, no question. It's hard to quantify exactly what's COVID and what's not for a couple of reasons; one is that the EAP program, for example, is very confidential and it's privileged information. We don't get what the symptoms or issues are with families and stressors and anxiety. We do know that there is an uptick in anxiety and mental health issues across the system.

As a matter of fact, with regard to EAP, I sit with my colleagues across the country for all the commissioners. They feel that the number one issue that's going to be coming up now, when all employees return to the workplace across the country is going to be anxiety and mental health issues.

Our program is working well. Most of the work is done virtually. If an employee presents and would like to meet in person, we will accommodate that in accordance with Public Health guidelines and we've done so. The program is growing. We have some background information. There are probably 140 service providers right across the province who provide individual counselling services, contracted out services on an annual basis.

T. WAKEHAM: So the demand for the program is increasing?

G. JOYCE: The demand for the program is increasing at an annual rate of about 2 per cent. I will say that the number of individuals that went through in 2021 was 1,882 and the year before it was 1,877, so identical, basically.

T. WAKEHAM: Thank you.

G. JOYCE: But I can't quantify the exact issues.

T. WAKEHAM: Right.

The French Language Training program: Has that been impacted by COVID or any other training offerings that you guys provide?

G. JOYCE: I defer to my colleague, Robert, the commissioner of the Public Service Commission.

R. SIMMONS: No, all the training for French services that were provided was done virtually, so more or less without interruption.

T. WAKEHAM: What about some of the other training programs? The same thing?

G. JOYCE: The training programs for learning and development were done virtually, yes.

T. WAKEHAM: Okay.

G. JOYCE: We focused on, of course, the essential training, learning and development. Of course, we're down in the area of non-compulsory or non-essential training.

T. WAKEHAM: Okay. Thank you.

CHAIR: I recognize the minister.

S. COADY: Thank you very much.

There was, just for clarity – and perhaps, if need be, either Robert or George will jump in – a reduction in some non-mandatory courses. Just for your clarity. That would be COVID impact, but most of it was able to be delivered then through virtual means. But there was some small

reduction. When we come to the actual Estimate on that, you'll see some reduction.

T. WAKEHAM: Okay.

And has COVID had any impact on the hiring process within government? Throughout some of the Estimate meetings, some officials have noted vacancies. I'm wondering if COVID has had an impact on hiring or slowed down the hiring process.

G. JOYCE: Mr. Wakeham, in terms of the Public Service Commission, as you would be aware, there would've been a directive during COVID of non-essential – we were into that culture at the time.

In terms of the impact on the Public Service Commission itself, very, very little. In terms of throughout government, what I see is that if a deputy minister at the time made a request for a staffing action and that was vetted through and it was considered essential, we moved in tandem with that department on filling that position because we deemed it to be essential.

S. COADY: If I may ...

CHAIR: There you go, Minister.

S. COADY: Thank you.

I think it should be noted – and the commissioner will correct me if I'm making an error – we have over 500 positions now being recruited for the public service. And, as with many industries in the province, we are actively recruiting. We have a lot of positions available. We're working hard to get them filled with good-quality people and we will continue to work toward that end as well.

So there are a fairly significant number of people being recruited.

T. WAKEHAM: And the follow-up to that, Minister, if I may: Is there a list somewhere of those positions in terms of are they listed under the Public Service Commission or are they in – where would I go online and actually see what positions are listed there?

G. JOYCE: The Public Service Commission, we collect that information. We'd be happy to

provide a breakdown of the whole statistical indicators, numbers, currently what's posted, what's not posted, what's recommended. We have the information. I can get that information.

T. WAKEHAM: Yeah, I'd appreciate that. Do you have it broken down by region of the province as well?

G. JOYCE: In region, I'm not sure. I'll defer to my colleague on that.

CHAIR: The Chair is recognizing Robert, thank you.

R. SIMMONS: So it's a little tricky. The number you see today, the 500, that'll be 500 tomorrow, but it's a different 500. Today we would have completed another 20 files, but there are 20 others that are in various stages that kind of take its place. You get a list today; it'll be different tomorrow; it'll be different again next week.

T. WAKEHAM: I understand that.

R. SIMMONS: Yes.

T. WAKEHAM: Yes, I know. But we'll get a list that will be dated as of a certain date.

R. SIMMONS: As of a certain day, yes.

T. WAKEHAM: That's fine.

R. SIMMONS: Yes, it's a point in time.

T. WAKEHAM: That's fine.

CHAIR: The Chair is recognizing the minister.

S. COADY: Thank you very much.

At any given time you'll see a number of positions – I've seen them online, specifically – in recruitment. I've seen them on some of the online websites recruiting for good-quality people to come to work with the civil service. It's an important part. We need some good people to come to work in the civil service. We have a very professional civil service and we want to continue to ensure we attract the right people to work for government.

T. WAKEHAM: Again, following up on that, I noticed that you introduced yourself as the acting CEO. I think it's been three years now as an acting CEO. I'm wondering if there is – because I asked the last time and I thought that there was actually going to be a competition about that particular thing. This is no reflection, by the way, on the work you're doing. Congratulations on the work you're doing. But I think that we should move forward and actually fill that role, considering that the mandate has been significantly increased. I'm just wondering if there's a time frame for that.

CHAIR: The Chair is recognizing the minister.

S. COADY: Thank you.

You are correct. We have some exceptional, in my opinion, commissioners. I thank them for their diligence and their hard work over the last year.

As you can appreciate, in the last year we have made significant improvements, in my opinion – changes, improvements – to the Public Service Commission. We also have been impacted by COVID. You can rest assured that we will be moving rather expeditiously on that.

T. WAKEHAM: Okay, thank you.

I'm just about out of time. I can get one more in.

We have employees who have been working from home for a significant amount of time. The government, obviously, has enjoyed some savings as a result of that. I understand there are discussions ongoing about the future of working at home. I wonder: Are the unions at the table with you in discussions about that, or what insight can you give us of what is being considered?

S. COADY: I'm sure the commissioner will have a say of that as well, but that does fall under Treasury Board more so than the Public Service Commission. The Treasury Board is considering, as we emerge from COVID, work at home policies and then discussing it going forward, but we have not concluded those discussions as yet. It's evolving now that we are evolving through COVID.

T. WAKEHAM: Thank you.

CHAIR: I remind the hon. Member that his speaking time has expired.

The Chair is recognizing MHA Brown.

J. BROWN: Thank you, Mr. Chair.

Can the minister provide how many appointments were made by the IAC this year and last year?

CHAIR: The Chair is recognizing Mr. Joyce.

G. JOYCE: Yes, Sir. The Independent Appointments Commission, IAC – I can give you a breakdown; I can get you all the information. Since its inception, in five years there have been 291 individuals appointed. That is for Tier 1; that is the IAC. For Tier 2, which is non-IAC, 120 agencies, boards and commissions, 459 for a total of 750 individuals that have been appointed through Tier 1, IAC, which comprised 30 ABCs and 120 Tier 2 ABCs.

J. BROWN: Perfect. Thank you so much.

CHAIR: The Chair is recognizing the minister.

S. COADY: If I may add to that. I don't think people understand Tier 1 and Tier 2 and perhaps you can go to that. But in Tier 1, the IAC submits three names to government for each position. For Tier 2, they'll do all the screening, they'll do all the background work and submit a list of names to government.

J. BROWN: Okay, perfect. Thank you so much, Minister.

I know we've been back and forth and everything with what is layoffs and everything in the budget. Can we define how much is a mass layoff and how much is not a mass layoff? Can we get a definition of that?

CHAIR: The Chair is recognizing the minister.

S. COADY: I don't think there is a definition in any book or anything that I have seen. I know that in previous administrations they've done thousands of layoffs. I can't give you a number

of what is mass or what is not mass. There is no guidance for that I'm aware of. I think that the question may be –

J. BROWN: What would your definition be?

S. COADY: You're asking for my personal opinion on this.

J. BROWN: Okay, that's fine.

S. COADY: I will say to you that intent of government is to not have numerous and multiple layoffs. There may be one or two situations where one or two people move away from the civil service and I don't want to get into quantifying numbers, but I will say that the intent of government is not to have these, what I will call massive layoffs or a large number of layoffs due to something that happens.

J. BROWN: You answered it perfect, thank you

S. COADY: Okay.

J. BROWN: I appreciate that.

Purchased Services, under 1.1.01, was underspent by \$21,000 last year. What was the source of savings? Was it COVID?

S. COADY: This is under 1.1.01, Executive and Corporate Services, \$21,000 less in Purchased Services was due to the COVID restrictions. Requirements for printing, for photocopiers, for ergonomic assessments were down, for professional training, those types of things were all down – it was all due to COVID.

J. BROWN: Under Professional Services as well, there are savings there. Would be that for COVID as well, Minister?

S. COADY: Yes.

J. BROWN: Purchased Services: What services would be purchased under that?

S. COADY: You're talking about Professional Services under G05?

J. BROWN: Yes, sorry, Professional Services.

S. COADY: I'm doing it for the record.

For G05, Professional Services, it's the legal professional services for the corporate division for 2021. I don't know if there is anything you wanted to add to that, Mr. Commissioner.

G. JOYCE: For context purposes, we, the PSC, retain a budget in the event that a legal issue comes up because we're independent, arm's length of government. We, insofar as possible, try to use Department of Justice; very sparingly will we go outside. That is where you can find that.

J. BROWN: Perfect, thank you, Sir.

1.2.01, Centre for Learning and Development: Purchased Services was underspent by \$360,000. What was the source of the savings there, Minister?

S. COADY: This is under 1.2.01, Purchased Services, it decreased by \$362,800 and that was really the division is responsible for legislative-based training throughout government. The decrease was for non-essential training that I mentioned a little earlier and non-mandatory courses.

What is normally in for the mandatory are things like workers' compensation, fall protection. There were some changes and deferrals under the WorkplaceNL due to COVID. Some of the non-mandatory, non-essential courses were deferred. Some of them were offered in a different mechanism through virtual means, but some of those requirements were also postponed and deferred because of changes due to COVID.

Some of this training has to take place in person, I believe. That was postponed because of COVID.

J. BROWN: I noticed that they are increasing this current budget from the previous budget. What's the reasoning for the increase there?

S. COADY: I'm just trying to find where you are. This is the \$941,900?

J. BROWN: Yes.

S. COADY: It reflects reprofiling of funds from other operating accounts because we anticipate a demand in that service.

J. BROWN: Yes.

S. COADY: Anything anybody would like to add? That's basically the rationale.

CHAIR: The Chair is recognizing Mr. Joyce.

G. JOYCE: Yes, just for context purposes, what the PSC did during COVID: We focused on one element under Learning and Development in particular. Legally, what government is obligated to, whether they have to put loaders out on the road, power line-hazard training, first aid training, mandatory or safety training – workers' compensation has a core eight program for eight mandatory training modules. That's mandatory in government. We focus on those exclusively. Anything non-essential during COVID, we've shut it down.

J. BROWN: Okay.

G. JOYCE: Now it's back on the scene again. Hopefully we're going to reopen and that's going to go right up to where it was.

J. BROWN: Okay, that explains the increase, because you're going to have a big influx of people requiring safety training.

G. JOYCE: Yes, that's right.

J. BROWN: Perfect. Thank you so much, Sir.

Revenues, federal revenue, where does this revenue stream come from?

CHAIR: The Chair is recognizing the minister.

S. COADY: Thank you very much.

This is some of the federal revenues related to French Language Training. The French Language Training, some of it's funded through the federal government.

J. BROWN: Okay.

I noticed that the revenue is slowly declining there. What's the reason? Is the program is coming to an end from the federal government?

S. COADY: It's just the anticipated requirement for the fiscal year from the federal government.

J. BROWN: Okay.

I noticed there's a provincial revenue stream as well. We never collected it in '20-'21, but we're anticipating in '21-'22. What's the reasoning for that, Minister?

S. COADY: If you look at under M27-related revenue – and it was not collected in 2020-21 – that's a timing issue around an invoice. An invoice went out and it wasn't paid by Eastern Health, so it just wasn't collected and now it will be.

J. BROWN: Oh, perfect. Thank you so much.

Under 1.2.02, Strategic Staffing there, the salary line was underspent by \$400,000. Can the minister explain the savings there, please?

S. COADY: Just vacant positions throughout the year. I don't know if the commissioner would like to add to that, but it was vacant positions.

J. BROWN: Vacant positions.

Also, there was a revenue collected under Strategic Staffing. What was the revenue for?

S. COADY: It was a refund of a card purchase from 2019-2020, that was received in 2020-2021. It was not really revenue; it was a return of funding of something that was put on a card.

J. BROWN: Perfect, thank you.

Under 1.2.03, Employee Safety and Wellness, there was a reduction in Salaries from there and it was a reduction in 2021. What is the reasoning for the reduction in Salaries there?

S. COADY: Two things: If you look at the 2020-2021, that was just due to a vacant positions throughout the year. It is decreased in the '21-22 and that reflects the removal of the allocation for the 27th pay period – I am sure you have heard that in multiple Estimates – and the transfer to Treasury Board Secretariat of the Integrated Disability managers.

Remember – I'll use it this way. Treasury Board Secretariat is responsible for employees and the

public services for the recruitment, wellness, as I said, upfront. We've moved the Integrated Disability managers back to Treasury Board Secretariat.

J. BROWN: Okay.

S. COADY: Anything you want to add to that, Commissioner?

CHAIR: The Chair is recognizing Mr. Joyce.

G. JOYCE: Yes, to underscore what the minister indicated, when government moved the Integrated Disability managers to Treasury Board Secretariat, it was a better fit with the Human Resources because accommodation and Human Resources work hand in glove. So there were a lot of synergies there and it was a perfect fit. That is what you are seeing there now, a reconciliation of that.

J. BROWN: Perfect.

CHAIR: The Chair reminds the hon. Member that his speaking time has expired.

J. BROWN: Thank you, Mr. Chair.

CHAIR: 1.1.01 to 1.2.05 inclusive, we are back with MHA Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

My colleague from the NDP has asked a lot of questions that I would have asked, so we can move along quickly.

One thing I did want to ask about was the revenue generated provincially from Eastern Health. What service exactly did you provide to Eastern Health to bill them for that revenue?

G. JOYCE: On occasion, every second year – I don't know if it is every year, Mr. Wakeham, but the Public Service Commission will work with Eastern Health in the provision of French training to nurses. I think government is under contractual arrangement with the French islands of Saint Pierre and Miquelon and there's movement back and forth. So we had to train up some nurses in the area of French.

T. WAKEHAM: Thank you. I'm aware of that one.

Under 1.2.04, the Office of Employment Equity for Persons with Disabilities, I notice that the Salaries there went unspent. Can you explain some of that?

CHAIR: The Chair is recognizing the minister.

S. COADY: Certainly. It's savings due to vacant positions throughout the year. You can appreciate with COVID that some of them went unfilled, but we really hope to have them. This is a great program. I know everyone would be supportive of the Opening Doors Program.

We have 82 permanent positions and seven temporary positions under that program. It is a tremendously good program.

T. WAKEHAM: That was my next question actually: Was there still 82 –

S. COADY: See, we're synergistic.

T. WAKEHAM: – positions? How many are filled?

CHAIR: The Chair is recognizing Mr. Joyce.

G. JOYCE: I'll defer to my colleague there, Robert.

CHAIR: The Chair is recognizing Mr. Simmons.

R. SIMMONS: I don't know the exact number, but typically we're running at around five or six vacancies. Not the same ones, but it rotates through depending on where they are in the recruitment process. There is usually –

CHAIR: The Chair is recognizing the minister.

S. COADY: I will note we have budgeted for the full allocation. I just want to make sure people understand. We are continuing with that program. As people leave or retire, we recruit for new entrants.

T. WAKEHAM: Yes.

Would it be possible to get a breakdown of location in terms of, again, regional location of these positions? Where they are based? Are they East Coast, West Coast, Labrador or whatever?

CHAIR: The Chair is recognizing Mr. Joyce.

G. JOYCE: We'll provide that information to you. As well, your previous question there: One of the reasons it may be down is during the COVID time, there are more accommodations required. During the COVID period, we've seen a less of a demand in that area.

T. WAKEHAM: It's a great program. That's why I want to see.

G. JOYCE: We'll provide that information to you.

T. WAKEHAM: I look forward to getting that.

One more question on the Employee Assistance and Respectful Workplace again. Last year there was an overage in the Salary line item. Can you explain why that was?

CHAIR: The Chair is recognizing the minister.

S. COADY: Yes, it was associated with a retirement.

T. WAKEHAM: Okay, the severance.

That's it for me, Mr. Chair.

CHAIR: Thank you.

The Chair is recognizing MHA Brown.

J. BROWN: Thank you, Chair.

I only have one more question seeing as my colleague here finished up what I started.

I know in the Greene report they mentioned about back-to-work legislation and that kind of thing. I just want to ask the minister if she has any interest in putting that forward or does she feel that it would have any implications on recruitment in the future?

S. COADY: I'm sorry, what type of legislation?

J. BROWN: The back-to-work legislation, legislating unionized employees back to work. Does the minister have any interest in looking at that or exploring any of that?

S. COADY: That doesn't fall under the Public Service Commission.

J. BROWN: No, but from a recruitment point of view.

S. COADY: That would be the department of labour.

I would suggest you point your question – it does not have anything to do with the Public Service Commission.

J. BROWN: Okay. Thank you.

Thank you, Minister.

I am done with this section, too, as well. Thank you.

CHAIR: That's it, MHA Brown?

MHA Brown? You're done?

Okay.

Is the Committee ready for the question?

Shall 1.1.01 to 1.2.05 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 1.1.01 through 1.2.05 carried.

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: Shall I report the Estimates of the Public Service Commission carried without amendment.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, Estimates of the Public Service Commission carried without amendment.

CHAIR: Mr. Wakeham, do you want any final comments?

The Chair is recognizing Mr. Wakeham.

T. WAKEHAM: Just one final comment again to thank the employees of the Public Service Commission for coming in, and thank you for the work you do. I am looking forward to seeing the new and revised and how it all rolls out. Congrats and keep up the good work.

CHAIR: MHA Brown, did you have any final comments?

J. BROWN: I'd like to thank the Public Service Commission for being here today. Thank you so much for answering our questions and that. Enjoy the rest of this lovely day while we still sit here.

CHAIR: Thank you.

Minister, final comments.

S. COADY: If I may, I would like to congratulate the Public Service Commission on the incredible work they have done over the last year in moving to this new model that we've put forward. I think it has been well received within the public service and within the public. I want to thank them for all of their extra efforts in doing that. I look forward to continued evolution of the Public Service Commission. I thank the commissioners and all the team for doing the outstanding work that they do.

We want to continue to recruit exceptional people for the public service and we want to continue to recruit exceptional people for the boards and commissions that we have that serve the people of this province and that is what the task of the Public Service Commission is. I thank them for their professionalism, for their diligence, for the responsible nature in which they undertake the performance of their duties and wish them well as they continue this growth in the next year.

Thank you.

CHAIR: Thank you, Minister.

We'll end off this part of the morning. I thank the Public Service Commission as well as I thank the Committee for their participation.

Thank you. I would look for a mover for an adjournment of this part of the meeting.

So moved by MHA Brown.

Recess

CHAIR: Good morning, once again.

The second part of our morning will be reviewing the Estimates of the Department of Finance. I want to welcome you all here this morning, as well as the Committee.

We'll get under way with introductions. I'll start off to my right with MHA Wakeham.

T. WAKEHAM: Tony Wakeham, MHA, Stephenville - Port au Port.

J. BROWN: Jordan Brown, MHA, Labrador West.

S. KENT: Steven Kent, Researcher for the Third Party caucus.

T. OSBORNE: Tom Osborne, Waterford Valley.

M. WINTER: Megan Winter, Researcher with the Official Opposition caucus.

C. PARDY: Craig Pardy, District of Bonavista.

L. STOYLES: Lucy Stoyles, MHA, Mount Pearl North.

CHAIR: Thank you.

I'll start to my left with the minister.

S. COADY: Thank you very much.

Siobhan Coady, Minister of Finance and President of Treasury Board and MHA, St. John's West.

P. SMITH: Paul Smith, Deputy Minister of Finance.

D. TRASK: Doug Trask, Assistant Deputy Minister for Tax and Fiscal Policy, Economics and Statistics.

T. HEFFERNAN: Theresa Heffernan, Assistant Deputy Minister, Treasury Management and Budgeting.

W. TRICKETT: Wanda Trickett, Departmental Controller.

M. JEWER: Michelle Jewer, Secretary to Treasury Board.

D. QUINTON: Diana Quinton, Director of Communications for Finance.

K. WHITE: Keith White, Minister Coady's EA.

CHAIR: Can I recognize the gentleman who just sat down in the front row.

T. NEMEC: Tom Nemeč, Director of Treasury Management.

CHAIR: Okay, thank you.

My name is Brian Warr, MHA for Baie Verte - Green Bay. It's my pleasure to Chair our meetings this morning.

Just a little housekeeping. It looked like everybody knew what they were doing with regard to the tally lights. So if the minister recognizes someone in her staff to speak, all you have to do is put up your hand, wait for your tally light to turn red and introduce yourself and speak.

We'll get under way. I'll ask the Clerk to announce the first subheads, please.

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

CHAIR: 1.1.01 to 1.2.03 inclusive.

We'll ask the minister for some opening remarks, please.

Thank you.

S. COADY: Thank you very much.

Just for clarity to the Clerk, we are starting with Finance, versus Consolidated Fund Services.

CHAIR: Yes.

S. COADY: Okay. Thank you very much. Just wanted to make sure I was clear.

Thank you very much for the opportunity to be here today. I appreciate my colleagues for taking the time for Estimates. I think this is a very important part of budget. As you can appreciate, as Minister of Finance I take the Estimates process extremely seriously. It's an opportunity for Members of the House of Assembly to, at a very granular level, go through every expenditure within core government.

During the Budget Speech, I also announced that we'll be creating another Committee of the House of Assembly to ensure that agencies, boards and commissions have the same kind of review and scrutiny of budgets. I think that's a very positive step forward for the Legislature to have that kind of opportunity to question some of the largest expenditures outside of core government. So I'm glad that the House of Assembly will have that opportunity.

I also want to thank my colleagues here from the Department of Finance. Outstanding work that has been done by the Department of Finance, I will say. This is our second budget in nine months. Everyone can appreciate the amount of work that it takes to get one budget done, let alone two budgets done, in nine months. I want to thank everyone in the Department of Finance for their outstanding work.

You can come here morning, noon and night and there will be people here working in the Department of Finance. A lot of them have been working from home under very difficult circumstances of COVID. So two budgets in nine months, both during COVID times, I think all of us appreciate the extraordinary effort that has gone in and I want to thank them for that. I have to say as well, not only for the outstanding effort, their professionalism and their competence, but also their good cheer. They're great professionals to work with and very enjoyable to have their company as well. I want to thank them for that.

The leadership, whom you are seeing here today, has set that tone within the department and I think it carries through. The professionalism, the diligence, the efforts that they make are truly outstanding. I think, on behalf of the people of Newfoundland and Labrador, Members present and Members of the House of Assembly, I want to thank them for that.

The Department of Finance is responsible for setting government's fiscal and economic policy. I think that's important for the people of the province to know. We do this by providing both timely analysis and advice to departments and agencies, to Cabinet and to Cabinet Committees.

While we're separate from Treasury Board – now, I am responsible for both Finance as well as Treasury Board, but we've separated the functions of Finance and Treasury Board to have that tension between the two of them. We work closely with them as we work to transform government. You'll actually see the secretary of Treasury Board here today as well because she works so closely with us, especially as we transform and modernize government. In some instances, we've also provided centralized technical services to other departments, such as economic or project-specific analysis, Treasury advice or statistical services. I recognize the ADM is here today.

Of course, every year Finance is responsible for the budget. The last two were less than a year apart: the end of September of 2020, which was approved, I think, the 1st of November of 2020,

and now May 31. The department has a small but mighty team of 168 employees.

I will, just so that we don't have to pause – we can call it when we need it – is the Consolidated Fund Services, and that's managed jointly by Finance and Treasury Board. That's why you have both of the senior leadership here. The Consolidated Fund Services represents all the interest, costs and management expenses related to servicing the public debt of the province and the funding of the pension plans for government and the government agencies' employees. We'll come to those Estimates in due course, but I wanted to at least lay out what the difference of the two is.

Having said that, Mr. Chair, we await any questions.

Thank you.

CHAIR: Thank you, Minister.

1.1.01 to 1.2.03 inclusive.

MHA Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

I, too, want to acknowledge the hard work that the Department of Finance puts in. I know, as having worked in other government departments, other agencies and a board, that they work hard and they certainly keep you on their toes when they're looking for information as well.

I will say I don't know who's happier when the budget passes and who celebrates more, whether it's the government Members or whether it's the people in the Department of Finance, because I'm sure they must be relieved.

I have a couple of housekeeping things to take care of first. The first one, of course, is can we obtain a copy of the Minister's briefing binder?

S. COADY: Absolutely.

T. WAKEHAM: Okay.

Did the department receive any funds from the COVID fund? If so, what for?

S. COADY: We were responsible for the Residential Construction Rebate Program. And you'll see that throughout Estimates. When we come to those particular Estimates, we'll give you further details on where we are with that program. That was a program that the Department of Finance administered on behalf of the government.

You'll see this again when you come to it in Estimates: We also received, as flow-through, other government funding for the Safe Restart. I'll draw your attention to that as we come to that estimate so we can get into some granular activity around that.

T. WAKEHAM: Okay, yeah, because that was the other question: Did you receive any funds from the contingency fund?

S. COADY: Not per se, no.

T. WAKEHAM: Okay, yes.

S. COADY: I don't know if the deputy – no, okay.

T. WAKEHAM: To begin, I guess, the question is, how has COVID impacted in your service delivery? Has it resulted in any backlogs within the department?

CHAIR: The Chair is recognizing Mr. Smith.

P. SMITH: No, we've actually been in a pretty enviable position amongst government departments where staff – our experience with work from home being the main result of the pandemic – has adapted to that quite well and almost seamless. So, really, we have not relaxed anything. Our output is our output.

T. WAKEHAM: Thank you.

S. COADY: May I?

CHAIR: The Chair is recognizing the Minister.

S. COADY: Thank you.

We did – and you'll see this when you go through the Estimates book – purchase some additional laptops to ensure that seamless

delivery of service. I'll point that out when we're going through, just so you're aware of that purchase.

T. WAKEHAM: Okay.

And the minister has already indicated there are 168 employees in the Department of Finance. I wonder, can we get a breakdown of how many are permanent, temporary, full-time and part-time?

S. COADY: Certainly. Permanent are 102; temporary are 52 and contractual are 14, for a grand total of 168.

T. WAKEHAM: Do we have any vacant positions?

S. COADY: Always, and I'll turn that to our deputy.

P. SMITH: Thirty as of mid-May. That's probably more in the normal course of business. We have a few divisions like Tax Administration whereby it's really hard to keep people there. They come in, they look around government, sort of like a launching pad for different financial positions in government.

T. WAKEHAM: Are there any of those positions that have been vacant for a long time?

P. SMITH: Not typically, no. It may be a few months and whatnot.

T. WAKEHAM: Right. But not years, though?

P. SMITH: Yes.

S. COADY: If I may, Mr. Chair, I will say that some positions are hard to recruit because there's specific technical expertise that we are requiring. Through the Public Service Commission, we do our best efforts to attract and recruit, but some are difficult to recruit. As the Deputy Minister has indicated, it's just because we bring in such expertise and new people into government; sometimes they move on to other positions. They're upwardly mobile in their careers. Some are difficult to attract. You look at – we have Mr. Nemeč here, for example – his expertise in capital markets. It's

hard to find. We're very pleased to be able to attract some of these professional employees.

I think overall, as a government – and I'm being expansive in that, the Members of the House of Assembly – we always want to be cognizant of attracting the best people to our public service. We're making good efforts in that way. A lot of what we're doing through the Public Service Commission and some of the recruitment programs through our post-secondary education is going to be critical to our future success.

T. WAKEHAM: Thank you.

Were there any positions removed through attrition?

CHAIR: The Chair is recognizing the minister.

S. COADY: There was a grand total of \$45,000 that the Department of Finance needed to find in attrition services and that has been found.

T. WAKEHAM: Was there a budget set aside for PERT, and where would the expenses of PERT be shown?

S. COADY: Not in Finance.

P. SMITH: Yes, that wouldn't be in Finance. PERT has been responsible via Cabinet Secretariat.

T. WAKEHAM: Okay.

This next one has had a lot of discussion in the House – the sugar tax. I just wanted to try and get more information on it in terms of the implementation in April of 2022, and the logistics behind it in terms of can you explain the logistics behind the tax – I know we've talked about it in the House a bit – some information about who is going to administer and collect it, how you are working through those details and what role the federal government might have – the CRA, that type of thing.

CHAIR: Minister.

S. COADY: I'll start and I'm sure my team will jump in towards the end of it.

First of all, the sugary beverage tax is something that other jurisdictions around the world and into the United States – multiple jurisdictions and municipalities in the United States have brought this tax forward. Yes, we're the first in Canada, but I know that British Columbia has been looking at the same thing. We will discuss this with the federal government. At this point in time, it's not something that is normalized in our country. We'll be speaking to the federal government, but it will likely be administered provincially.

We are working through the logistics of that tax. As you pointed out, rightly, it is not until April of 2022, so the legislation and the requirements around this will be brought forward in the fall. We will be talking to stakeholders; we will be doing some jurisdictional scanning around the world, finding the best means and mechanisms for introducing this tax.

The cost of administration of this, we're expecting – I think it is about \$9 million we have in the fiscal forecast of what we would take in on this particular tax. That was an estimate, but a fairly good estimate based on our Tax Policy analysts. We are going to take in about \$9 million. I think the estimate for the administration of that is 1 per cent of that \$9 million, so it is not a tremendous amount of cost – or 1 or 2 per cent – and that hasn't been determined.

We are still working through the machinations of the introduction of that particular tax. We will listen and look and consider what other jurisdictions have done and then we'll also have big discussions with the federal government to see where they may be moving in the near future as well.

I don't know if either the assistant deputy minister or the deputy minister wants to add anything to that. We do have people right now in the department that are considering and doing that jurisdictional work.

T. WAKEHAM: Yes, the reason I ask, too, is obviously it was introduced or talked about being introduced before and the government decided not to go ahead with it and there were some issues associated with it. That's what I wanted to get at. You've been able to overcome

those issues that were identified and been able to work through them so that you're able to now feel confident that you can move forward with the introduction of this particular tax?

S. COADY: I think the Member opposite is referring to about five years ago there was some discussion around this particular tax. There have been many, many, many jurisdictions now since that time who have introduced it, who have fine-tuned it. There have been many municipalities in the United States that have done this. The fullness of time has allowed probably more information and better expediency of design. It's the fullness of time that's doing that. I think the world is moving in this direction and we're moving with them.

As the Member opposite knows far better than I do, we do have health concerns in this province and sugar does impact a lot of those. We're trying to look at programming that looks at our health care system. We want to be the healthiest province in the country in a short period of time, in 10 years. We have a tremendous amount of diabetes, for example, so looking at the designs of these types of programs and then also offering tax credits and encouragement, for example, with the Physical Activity Tax Credit, with helping with Kids Eat Smart funding is all trying to balance that out and move in that direction.

I think it's a lofty goal for all of us to have and I think that the people of the province are pleased with that direction.

T. WAKEHAM: Yes.

Again, it's just whatever roadblocks were preventing you from moving forward before are now being taken care of and you've been able to –

S. COADY: Well, I don't know if all roadblocks are being taken care of.

T. WAKEHAM: No, I understand.

S. COADY: Yes, please, the assistant deputy minister.

D. TRASK: I think the whole objective –

CHAIR: Can I just ask you to put up your hand? Just wait for your tally light.

Yeah, there you go.

D. TRASK: The only point I'd want to add is we've obviously announced that this is not going to be implemented until April 1, 2022. We have the time frame required to fully develop both the concept, the scope of the tax, how it's going to be implemented and then the administration of it. That's the objective.

T. WAKEHAM: Yes, and that's exactly what I was getting at: You have the confidence that you can move this forward.

D. TRASK: Absolutely, yes.

T. WAKEHAM: Right.

The other one I wanted to ask about when it comes – and part of your consideration when you're doing this – to small businesses who buy the soft drinks as suppliers, for example, will they receive their input tax credit? Those are little-bitty details, I know, but important for small businesses and stuff.

CHAIR: The Chair has recognized the minister.

S. COADY: We'll certainly be taking some time now over the summer and into the fall of conferring with stakeholders, making those considerations of where the tax will be collected and how the tax will be collected before we bring the legislation forward this fall. That is the purpose.

We do have a bit of a runway I'll say that. If you're hearing things, let us know and we'll certainly work with stakeholders to make this as well run and as efficient as possible.

T. WAKEHAM: Minister, one of the things that both you and I have discussed around fees is the collection of fees, the cost of collection of fees and whether or not we're actually making any money on the fees we charge and collect. Is there any work going to be planned on looking at that to determine exactly if we are actually making money on it?

S. COADY: You're talking about besides the sugar tax?

T. WAKEHAM: Yeah.

S. COADY: You're talking about in a general sense, a cost-benefit analysis of all the fees?

T. WAKEHAM: Right.

S. COADY: Certainly, we're going to continue to consider those types of work. This work is an ongoing work with the department. You also have heard in budget, of course, this whole continuous improvement process within government through Treasury Board. So, yes, is the short answer to a long question – sorry, short answer to a short question, but one that I think is very important.

I saw my deputy minister nodding; he may want to add to this as well.

P. SMITH: In my time here, which goes back to late last year with me, that's an ongoing process in the department. We will continue to identify certain taxes, certain items and question why are we doing it. Is there a better way of doing it? Is it worth the administrative effort and cost that goes in? I would consider that to be pretty much an ongoing process. It's continuous, to use that term again.

T. WAKEHAM: (Inaudible) forward to it.

The next section that I wanted to go to is 1.2.02 quickly, Administrative Support, the Salaries piece. There was no expenditure in the salary line for the last fiscal. I just ask for some commentary on that.

S. COADY: Certainly. That is where student employment was. Last year, we had no student employment due to the COVID restrictions. We will have student employment this year.

T. WAKEHAM: Okay.

Given the time, I think I'll stop right there for now.

CHAIR: Okay.

The Chair is recognizing MHA Brown.

J. BROWN: Thank you, Mr. Chair.

Just a general question there. How is the Department of Finance addressing inflation in budgets? How is it to direct their departments, though? We have capital projects proceeding and you know the cost of inflation, plus the cost of COVID and stuff like that. How is the department handling these increasing costs with ongoing projects?

CHAIR: The Chair is recognizing the minister.

S. COADY: First of all, for departments – and I'll use this as an example: The Canadian Institute for Health has said that Newfoundland and Labrador has really held the line on health care spending, whereas most jurisdictions have increased their health care spending because of inflationary pressures. We think that there is effort within departments to control their expenditures and really tighten their spending, if I can use that.

We have said to departments that there would be no increases and you'll see that. As you're going through Estimates, we are very much zero-based budgeting and making sure that departments are focused on efficiencies to absorb any costs that there are for any inflationary pressures.

With regard to infrastructure – and I think that's kind of where you're really wanting to go. Sometimes when we've gone to market – and I'll turn this over to my deputy who has experience in the infrastructure files as well. Sometimes when we have projects and we're gone to requests for proposals, if they're more expensive than what we anticipated, we go back to the drawing board and see how we can cut them down to fit the envelope that we have. Once they're awarded, they're awarded and we have to work within that budget envelope.

If something goes out to tender – and, again, I'll turn to my deputy. If something goes out to award and it is more expensive than what we have anticipated, then they have to go back to the drawing board to look and see how they can fit the envelope itself.

Deputy, would you ...?

P. SMITH: Really, as part of the budget process – and the reference, as the minister stated, towards infrastructure is very valid – I would project that over different expenditures and different programs in government. As part of the process, when the departments communicate, monitor and provide reporting to the Department of Finance on where they stand with their budgets, they will identify inflationary pressures on their programs in out years.

As the minister mentioned, if they report that a certain service, due to market inflationary forces it's going to exert some upper pressure on costs over the near term and long term, that's reported to us. We will then consider is there a different way of doing this. Can we actually reasonably revise the scope or, certainly, the delivery mechanism on it?

That's part of an ongoing process, again, with respect to budgeting to identify those on a program basis. Some experience more potential inflation than other programs, so they will identify it and report it to us.

J. BROWN: Perfect. Thank you, Minister and Deputy Minister, for that.

Moving on there to 2.1.01, Budgeting: We notice there with Salaries they were budgeted at \$1.1 million and then they come down to \$998,000, but then it's back up again to \$1.2 million. What's the reasoning for the savings, but then, also, what's the reasoning for the increase in the current upcoming budget?

S. COADY: Certainly. So the decrease first.

We've gone down to \$998,200 in the projected revised budget for '20-'21. That was due to vacancies, so again that movement of people within the departments. There were also reduced overtime requirements. We've been able to do some good things with budgets. Sometimes budgets require some overtime, but with the way we've been able to do things, we've been able to reduce our overtime. That's for what it was reduced last year. I would say predominantly due to vacancies.

This year it's basically adjustments to the department salary to ensure we have a budget analytical capability, and we all want that.

Budget analytical capability is very, very important. It's a slight increase. I think it's \$75,000. There has been the removal of, of course, the 27th pay period. That's been removed, but because of analytical requirements and capacity requirements, we've increased that stipend.

J. BROWN: Okay.

S. COADY: Don't forget, too, we've had some salary increases. That would show up across all budgets, right?

J. BROWN: Okay, yes.

S. COADY: Anything you'd like to add there in your –?

OFFICIAL: (Inaudible.)

S. COADY: No? That's good.

CHAIR: The Chair is recognizing Ms. Heffernan.

T. HEFFERNAN: Just to add to what the minister said with regard to the reduced costs in '20-'21, we had some delayed recruitment of our current positions, but the overtime reduction was a result of the late budget. We didn't present the budget until September and we had extra nine-to-five time to get there.

J. BROWN: Bit more runway, yes.

T. HEFFERNAN: Yes, more runway, that's exactly it.

J. BROWN: Perfect. Thank you so much.

Under 2.1.02, Treasury Management, we noticed that it was budgeted in '20-'21 of half a million and then it was down to \$486,000. But then there's an increase to \$1.3 million. What is the justification there, Minister?

CHAIR: The Chair's recognizing the minister.

S. COADY: Thank you.

We've consolidated in one place, for your view, the Residential Construction Rebate Program staffing. We've had to second a lot of people

across the government services to make sure that we have eyes on the Residential Construction Rebate Program, so we've seconded a number of people. We have also hired, I think, four temporary people in that area. That is why you are seeing that impact in that particular area. Instead of it being sprinkled, we have now consolidated and said this is where we are going to place the Residential Construction Rebate Program.

Just a little bit on that, just so that you're aware. There were 11,945 applications. It was a very popular program. About 98 per cent of it is gone through now, so we will be moving through this particular program and you likely won't see these expenditures next year. Why I say it is 98: About 2 per cent still have some outstanding issues in their applications. Staff are going back and forth with the individuals who have applied. On that, of those that are ready for their rebates – 7,275 – about 92 per cent of that have already been rebated.

J. BROWN: Oh, perfect.

S. COADY: Thank goodness, we've been able to move forward. Very popular program, very well received. We have spent about, I think, \$35 million on that program.

J. BROWN: Thank you so much, Minister.

Revenues there from provincial: What's the source of revenue for this right here in this particular area?

2.1.02, Treasury Management.

S. COADY: This is under 2.1.02, Treasury Management? The \$59,700? That's a timing difference. Sorry, it is lower in last year and then projected to go up higher.

J. BROWN: Yes, that is correct.

S. COADY: Right.

Let me just get you the lower first. It is lower because of timing of the actual receipt of revenue for salary and benefit recoveries due to COVID, and then it is going to go up just slightly and this is because of – we track time and recover it – this is around sinking funds. We

track the time that the employees use and then apply it against that fund. We actually get a revenue source from the funds.

J. BROWN: Okay.

S. COADY: This is all about the sinking funds. Just so you know, sinking funds are put aside to offset the cost of the bonds coming into maturity when it matures. This is going back in time. We stopped having sinking funds, I think, back – I think the last one was in 2002, was it not? About 20 years ago, but we still monitor and organize the sinking funds. We just take the stipend and time that's used in that and then apply it against those funds.

J. BROWN: Okay.

S. COADY: Anything you want to add there? Is that pretty clear?

OFFICIAL: (Inaudible.)

S. COADY: Okay.

J. BROWN: Thank you, Minister.

Okay, I only have 13 seconds, so moving along there. I'll finish up there later. Thank you.

CHAIR: Thank you.

1.1.01 to 1.2.03 inclusive, Mr. Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

We noticed that there are a lot of differences in the salary because of vacancies. I'm just wondering: Is there anywhere that there's a compilation or a compiling of all the vacancies that exist in all of the government departments? And where would we find that?

S. COADY: That would be under the Public Service Commission. I think the commissioner indicated he'd give you that. But it would be under the Public Service Commission.

T. WAKEHAM: Right. Because at any one time, I guess, even though there might be 500 on the board, there are probably other vacancies that are (inaudible).

S. COADY: There's always recruitment.

T. WAKEHAM: Okay, I can get it at a particular time.

Under 1.2.02, Administrative Support, under Transportation and Communications, we've seen some T and C savings in other departments as a result of COVID, but here we're seeing an overage. \$111,000, I think, was spent. Can you provide some commentary on that?

S. COADY: Certainly.

That was due to the Residential Construction Rebate Program. Remember, they got notifications, administration of the tax program. We notified when their applications were received. We sent out their notices of acceptance into the program. Those types of things. It's about a \$28,000 increase, but it's all due to that program.

T. WAKEHAM: Okay.

And under Property, Furnishings and Equipment, there's \$163,000 in expenditure.

S. COADY: That, again, is the laptops that I mentioned to you. That's the laptop purchases for the whole department. We made sure that people could work from home and work from home well.

I have to say, it was seamless. I commend the entire team in Finance for that, because they really have been doing yeoman service, and doing it a lot of times from home.

T. WAKEHAM: That may wind up being something, like you said, you're continuing to look at now as to what the future –

S. COADY: Work from home.

T. WAKEHAM: – workplace might look like.

Thank you for that.

The revenue, again, provincial, there's \$26,000 there. I just wondered where it came from.

S. COADY: It is just a miscellaneous account – such things as if there is any salary overpayment

recoveries, if there is any unallocated repayments, any certain tax administration refunds, that type of thing.

T. WAKEHAM: Okay, thank you.

S. COADY: So it is miscellaneous, but I gave you examples of it.

T. WAKEHAM: Okay.

I'm going to flip over now to 2.1.03, because my colleague took care of some of the other ones for me. Again, it appears there were some vacancies in the Salaries here again in 2.1.03, Treasury Analysis. Is there an explanation for the vacancies?

S. COADY: This is Treasury Analysis, sorry. Yeah, it is vacancies.

T. WAKEHAM: Any particular reason for them?

S. COADY: Hard to recruit, too. These are Treasury analysts, so they are hard to recruit.

Perhaps you can give more.

P. SMITH: I think it was touched on earlier; we have some positions that require some very specific expertise that is not always obtainable and certainly Treasury Analysis is one of those areas where you have pretty stellar people with some very deep knowledge basis that are required for the position, and it is not always easy to identify those people and they are certainly in demand.

S. COADY: They are harder to recruit. It takes longer.

T. WAKEHAM: Where would someone –?

CHAIR: Can I just excuse myself here? We are on 1.1.01 to 1.2.03 inclusive and that's where I want to stay. Anything beyond that, we have to make sure that we vote these subheads first.

T. WAKEHAM: I just want to point out that he started it. We are finished then with that first section.

CHAIR: MHA Brown, do you have anything left in 1.1.01 to 1.2.03 inclusive?

J. BROWN: No, I'm good there.

CHAIR: Okay. Is the Committee ready for the question?

Shall 1.1.01 to 1.2.03 inclusive carry?

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.

CHAIR: Can I have the Clerk call the next subheads, please?

CLERK: Treasury Management and Budgeting, 2.1.01 to 2.1.03 inclusive.

CHAIR: 2.1.01 to 2.1.03 inclusive.

Mr. Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

I'll just follow up. I'm just wondering about what type of qualifications you are actually talking about here in terms of a background for someone to apply for jobs in this particular area.

CHAIR: The Chair is recognizing Mr. Smith.

P. SMITH: I'm going to defer to Theresa – that is her area – but certainly, my knowledge, a very broad base; we're talking about knowledge of the intricacies about the large projects that the department and government are involved in. This is pretty much a support and advisory function for all of government departments and programs. You're looking at significant analytical skills. I can't see it being one particular field, but someone who's got significant skills, critical thinking, analytical skills and certainly knowledge of big, government-type projects and their intricacies.

I'll defer to Theresa if she wants to explain a bit further on the job descriptions, but it's significant.

CHAIR: The Chair is recognizing Ms. Heffernan.

T. HEFFERNAN: I can't add too much more to what Paul has said, but usually these individuals would have chartered accountant-type designations, economics degrees, those types of things. But what we look for is the significant experience in the analytical piece that Paul referred to.

T. WAKEHAM: Yeah, I understand. I was asking the questions because I was wondering if our educational institutions are able to provide people with the background skills they need to be able to fill these jobs. Because, as you say, these are critical jobs that could be right here in our province that you're looking for, and whether or not there are opportunities for our educational institutions to offer such program. Now, the experience thing is always a challenge, because what comes first and how do you get your experience if you don't get hired on. Perhaps it's not a question for here, I just –

T. HEFFERNAN: I think the educational piece is well in hand. I think it is the experience that we look for. And of course if you're talking about some of these significant projects like oil projects or Muskrat Falls or those types of things it's difficult, salary-wise, to compete with the private sector in those areas and that type of thing. So we do our best to attract the best. That's why we have Mr. Nemecek here.

CHAIR: The Chair is recognizing the minister.

S. COADY: Thank you, Mr. Chair.

I think this is a very important topic in that we need to continue to recruit – and again, I keep going back to this point – very qualified, very energetic people into the civil service. The civil service provides a tremendous amount of support to government, a tremendous amount of information of how best to move forward for the province.

So I think, Mr. Wakeham – I'm not sure if it is Mr. Member – we need to continue to have, for

example, student recruitment into government. We need to continue to offer training programs within government. We do that. For example, with our CA program, we do offer training through the institute. That we continue to attract people from Memorial University, from the College of the North Atlantic and recruit them within government.

This is going to be important as we move forward, and certainly, when we get into the Treasury Board and we talk about human resources even more, how important this will be into the future. Because we have a lot of retirements, a lot of people – like everywhere, the baby boom generation is starting to move through their professional careers and now we're recruiting for a lot of positions within government.

T. WAKEHAM: Yes. I will probably have more to say about it then. I appreciate that.

S. COADY: Yes.

T. WAKEHAM: That's the end for me in the 2.1 section.

CHAIR: Okay. Thank you.

MHA Brown, 2.1.01 to 2.1.03 inclusive.

J. BROWN: Thank you, Mr. Chair.

I only have one more last question for this section here.

Is the minister able to provide a list of reports generated by the Treasury Analysis that are available?

S. COADY: I'm sorry, I'm not quite sure that you're looking for.

J. BROWN: Are we able to get a copy of a list of the reports and stuff generated from the Treasury Analysis?

S. COADY: I don't know if there is a generated list of reports. I'll turn it to the deputy minister.

CHAIR: The Chair is recognizing Mr. Smith.

Thank you.

P. SMITH: It's not that prescriptive in that you get a list. Their work is very fluid, very organic. It's providing advice for government, in which case that's a certain perspective on that. I certainly appreciate the question, but it's not as prescriptive as here's a list of reports and we do the analysis and here's the report. It is very fluid and it's providing a lot of advice to government decisions on that. It comes in a lot of shapes and forms, the output (inaudible).

J. BROWN: Yes, absolutely. Thank you, I understand. Thank you so much.

That will be my last question for this section.

Thank you.

CHAIR: Thank you.

Is the Committee ready for the question?

Shall 2.1.01 to 2.1.03 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 2.1.01 through 2.1.03 carried.

CHAIR: I'm going to ask the Clerk to call the next subheads, please.

CLERK: Tax and Fiscal Policy, 3.1.01 to 3.1.03 inclusive.

CHAIR: Shall 3.1.01 to 3.1.03 inclusive carry?

Mr. Wakeham. Thank you.

T. WAKEHAM: Thank you, Mr. Chair.

Just under 3.1.01, Tax Policy, Grants and Subsidies, I notice there's a small amount allocated there. Just wondering what is allocated and who the recipients are – \$13,100 or something.

S. COADY: Grants and Subsidies – well, that’s a good question.

Deputy Minister – oh, here it is. I just found it. It’s the annual membership to the Atlantic Provinces Harness Racing Commission.

T. WAKEHAM: Harness –

S. COADY: Yes, Racing Commission. Membership allows for the harness racing events outside Newfoundland and Labrador. The industry must be regulated by the province.

T. WAKEHAM: Who knew? Okay. I’m not sure about that.

S. COADY: We’ll look into that one, but that’s what it’s for.

T. WAKEHAM: Yeah, the membership fee. Okay.

S. COADY: Yes, it’s a membership fee.

T. WAKEHAM: The next one I had was 3.1.03, under Tax Administration, again, under the Salaries. It’s significantly under budget, a little over \$700,000. What’s the explanation for that?

S. COADY: I’ll turn to the deputy minister, but I will say that it is vacancies during the year. These are entry-level positions, because there’s a lot of – I guess these are entry-level, new students coming into government, and then they advance in their careers and move on. There were also some delays due to COVID for filling those positions, but that’s what it is.

There’s a slight increase in the next year and that is because the salary increases are in there. We’ve talked about that, but we’re also looking at additional support for that area.

T. WAKEHAM: Roughly, how many positions would we be talking about for \$724,000?

S. COADY: There are 41 permanent and five temporary.

T. WAKEHAM: Okay.

The next question I had was under Grants and Subsidies in that same section. There’s \$18 million that was received. I’m just curious what that was – or spent, I should say.

S. COADY: Yes, that’s really interesting. You’re talking about the revenue?

T. WAKEHAM: No, the expense. Sorry, Grants and Subsidies, \$18 million.

S. COADY: Oh, the \$18 million.

T. WAKEHAM: Yes.

S. COADY: Reflects costs associated with the Residential Construction Rebate Program. That’s the payout of the Residential Construction Rebate Program. Funding was transferred in this account to allow for these payments. Approximately \$15.4 million is anticipated to be spent in ’21-’22 on this program, and funds will be transferred in as required.

T. WAKEHAM: That’s what was paid out last year? Got you.

The revenue, again, on the revenue line, it’s a small amount of revenue showing there. Just wondering how that is generated.

S. COADY: It is one of those interesting ones. It’s the International Fuel Tax Agreement registrations and decal fees.

T. WAKEHAM: International Fuel Tax Agreement.

S. COADY: Yeah, International Fuel Tax Agreement registrations and decal fees.

T. WAKEHAM: So we collect it?

S. COADY: Yeah, we collect that revenue from there. I don’t know if anyone has any additional information?

Okay, thank you.

D. TRASK: This agreement is between the US and Canada for tax paid on fuel for cross-border trucking. So it is specific to the fuel tax, but it simplifies reporting of fuel use by these truckers who operate in multi-jurisdictions.

T. WAKEHAM: How do you reconcile that? Is it just the money comes in and then an invoice in, or is there some reconciliation of it?

D. TRASK: There's a very complex reporting structure attached to this.

T. WAKEHAM: Does it cost more, the complex structure, than the revenue?

D. TRASK: Not from our point of view.

T. WAKEHAM: Okay. Thank you.

That's all I have under this particular section.

CHAIR: Thank you.

3.1.01 to 3.1.03, Mr. Brown.

J. BROWN: Thank you.

Just very quick. In Appendix I of the budget, we see a Small Business Tax Reduction; expenditures take a significant drop from \$74.8 million from last year and it just keeps continuing down further and further. What was the reasoning for this – what we're receiving from the Small Business Tax? It seems to be declining.

S. COADY: (Inaudible) in the budget?

J. BROWN: It is in Appendix I. It is showing Small Business Tax Reduction, where are you getting that there.

S. COADY: I'm not sure where you're referring, so just ask me again the question. So you're asking why small business tax was lower in 2020-21?

J. BROWN: Yeah, well, in 2020-21, it was expected at \$74 million and the actual was \$66.9 million. Then, in the upcoming year, it is down to \$63.3 million.

S. COADY: I will refer to the assistant deputy minister responsible for tax and let him scramble to find that point.

D. TRASK: Yeah, I think we're going to have to provide it for you.

J. BROWN: You'll provide it?

S. COADY: Yeah, we'll provide it.

J. BROWN: Yes, just an explanation on why we're seeing such a decrease in the small business.

S. COADY: Yeah, so working on that. He is looking it up now; we'll come back to you on that.

J. BROWN: Perfect. For that section there, that was the only other question I had for the taxation. Tony took a lot of the other ones.

CHAIR: Thank you.

Is the Committee ready for the question?

Shall 3.1.01 to 3.1.03 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subheads 3.1.01 through 3.1.03 carried.

CHAIR: Can I have the Clerk call the next subheads, please?

CLERK: Economics and Statistics, 4.1.01.

CHAIR: Shall 4.1.01 carry?

Mr. Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

A couple of questions here under 4.1.01, Economics and Statistics, the Salaries section. It appears, again: vacancies. Have these been filled? There were also vacancies, I know, in '19-'20. Are these hard-to-fill positions?

S. COADY: Thank you very much for the question.

It also has to do with the lower telephone interviewing. You can appreciate some of the costs of the survey products depend on what survey is there and the timing of the surveys as to whether or not people are needed. There has been some change within the last year as to when the different requirements for surveys were.

I will say that there are some vacancies, obviously, during the fiscal year. I'll turn it to my colleagues to see if they have anything to add in this.

Deputy Minister, Assistant Deputy Minister, is there ...?

CHAIR: The Chair is recognizing Mr. Trask.

D. TRASK: There was also some shifting of salaries related to operations, I believe, within the department. We had an operations manager that left to another position in another department, so that was vacant. There was one maternity leave. There was a manager backfilled who moved into a director position. There were a number of reasons for that.

T. WAKEHAM: Right.

Again, are there a total number of positions associated with the dollar amount?

S. COADY: Yes, there are – oh, you're talking about just (inaudible).

T. WAKEHAM: The vacancies, yes.

S. COADY: I can tell you overall, there are 15 permanent positions and there are 35 temporary. That is for data collection, for surveys. That's why you're seeing some of the puts and takes. There are three contractual positions.

Again, this is where all the surveys are done. That's why you have so many temporary and it depends on the survey that's being done. We do surveys for everyone from Newfoundland Hydro to workers' compensation, for example. That's where all the survey work is done.

T. WAKEHAM: Right.

Is that about 50 total, between permanent and temporary?

S. COADY: Forty-three, I think, isn't it?

No, 53. You're right.

T. WAKEHAM: Yeah.

What's the average salary in that particular section? What's the average salary of people in this section?

S. COADY: I'll turn to my colleagues.

P. SMITH: It's hard to determine right now the average salary, because obviously there's a mix of salary within the complement within each division. You're going to go from your director down to your lower paid staff. The salary details may actually help you get a feel for what the complement is in this section.

T. WAKEHAM: Okay.

P. SMITH: And with respect to the vacancies as well, it's really hard to come up with a prescript of how many positions are the savings due on vacancies. Because we could have a vacancy in position A for three weeks and then it's filled and then, two weeks later, position B, there's a vacancy of a different amount. So it's sort of a moving target.

I guess we could come up with how many of our total complement were vacant at any time in the year, potentially.

T. WAKEHAM: Right.

P. SMITH: But it's sort of not a specific number, per se, because it is pretty fluid throughout the year.

T. WAKEHAM: Okay, thank you.

The next question I had was around the provincial revenue. Again, it was \$45,000 budgeted, \$54,000 received and now we're expecting it to go down to \$10,000. I'm just wondering why the decrease.

S. COADY: Thank you, Mr. Chair.

I will say the increase was due to some additional work that we had. For example, the Northern Policy Institute, we did work for them. We do work for Newfoundland and Labrador Hydro forecast. There was a workplace survey. So there were a number of surveys that were done last year. We have a decrease this year, mostly because those surveys have been done. The survey that we have here, the \$10,000, the revenue that we're receiving is for another Newfoundland and Labrador Hydro sale.

So it's just the ebb and flow of different types of work that may be required under surveys. So we'll continue to do surveys for institutes that require them.

T. WAKEHAM: Okay, thank you.

Mr. Chair, I have no more questions in this particular section.

CHAIR: Thank you.

Mr. Brown with 4.1.01.

J. BROWN: My colleague here has asked every question I was going to ask on this set of headings. So I'm good here too as well.

CHAIR: Thank you.

Is the Committee ready for the question?

Shall 4.1.01 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subhead 4.1.01 carried.

CHAIR: Can the Clerk call the next subhead, please?

CLERK: Financial Administration, 5.1.01.

CHAIR: 5.1.01.

Mr. Wakeham.

T. WAKEHAM: Okay, thank you.

Again, we see \$146 million received from the federal government and then flow out. I just want to get an explanation of how this spending breaks down.

S. COADY: Certainly. That is the Safe Restart money. So you'll see, for example, this is all – well, not all, but the majority of Safe Restart money, so it would have gone to Health for example, municipalities – these are the various departments. Health would have received a budget of close on \$109 million. Municipalities received \$27.4 million. Education received \$10.2 million. Then the Canada Emergency Commercial Rent Assistance program was transferred in. The total revenue – you'll see it there – is the \$147,449,000.

You'll see that this year's related revenue to that is still the flow through of that revenue. Anything you'd like to add there, Deputy Minister?

P. SMITH: Effectively, it is a flow through. The federal government, as part of the assistance, provide different provinces with Safe Restart money toward the latter half of last year. Each province had to provide an application and then most of that money was per capita and came to the province, but it was for very specified purposes: Health, municipalities, Education and whatnot and then the Commercial Rent Assistance.

Mainly on the \$146 million, it came and was very prescriptive. Instead of us transferring it out to the department for administrative reasons, we had the various departments, like Health, be able to access this account to be able to flow the money out for the purposes that it was intended. Like Health, it was contact-tracing support; it was testing, data management; very specific efforts toward, basically, economic restart. We were just a conduit; we didn't really process that, but we held that money and the applicable departments accessed it to flow it out.

T. WAKEHAM: The \$42 million for next year in the federal revenue, \$25 million in expenditure, is just a continuation or is that ...?

P. SMITH: Yes.

CHAIR: The Chair recognizes the minister.

S. COADY: Yes, it is the continuation of the Safe Restart, so it is the flowing of that money. That is why we have the Estimates there, but it's controlled within the Department of Finance and then drawn down, if I can use that word, by the departments.

T. WAKEHAM: Okay, thank you.

Mr. Chair, I have no more questions in this section.

CHAIR: Thank you.

5.1.01, MHA Brown.

J. BROWN: Thank you, Mr. Chair.

Just a question, is this where the mining money will go? No, it is not this section here.

S. COADY: No.

CHAIR: Minister.

S. COADY: We're coming to it.

J. BROWN: We're coming up to it, okay. Perfect.

S. COADY: That's in the next section that we'll come to. That's where our COVID contingency money is.

J. BROWN: Yes.

Under Allowances and Assistance, just to recap there, the \$3.1 million, what was that used for under Allowances and Assistance?

S. COADY: Thank you.

That reflects an increase resulting from the transfer of funding from Grants and Subsidies for Education to facilitate bursary payments to early childhood educators and the child care fee reimbursements to individual daycares that were categorized as allowances, versus grants.

J. BROWN: Oh, perfect.

S. COADY: That's where that money is showing up.

J. BROWN: Perfect. Thank you so much.

That's the end of my questions for this section.

Thank you.

CHAIR: Thank you.

Is the Committee ready for the question?
Shall 5.1.01 carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, subhead 5.1.01 carried.

CHAIR: Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, Department of Finance, total heads, carried.

CHAIR: Shall I report the Estimates of the Department of Finance carried without amendment?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Carried.

On motion, Estimates of the Department of Finance carried without amendment.

CHAIR: That will conclude the Department of Finance. We will move on with the Consolidated Fund Services.

If I could have the Clerk call the first set of subheads, please.

CLERK: Consolidated Fund Services, Servicing of the Public Debt, 1.101 to 1.4.02 inclusive.

CHAIR: Shall 1.1.01 to 1.4.02 inclusive carry?

MHA Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

I have a number of questions relating to the statements, schedules and exhibits. We've made copies for you so you don't have to look them all up. If you want, we can provide some copies. Just to make it easier.

The first question I have is from Statement II – on page v of the Estimates book, for those of you that we don't have enough copies for – about the personal income tax. I notice that the revised revenue from personal income tax in '20-'21 was \$1.35 billion. In fiscal '21-'22, \$1.48 billion is expected, which is an increase of \$129 million. How much of this increase is due to income tax changes and the new tax bracket, and what accounts for the remainder of the estimated revenue increase?

CHAIR: The Chair is recognizing the minister.

S. COADY: I'll turn it to officials but, on the good-news side of things, it is a rebounding of our economy. As you would have seen from the economic forecast, employment is going to be up, our household incomes are up, so that is being reflective in here but also the changes to the personal income tax above \$136,000. I'll turn it over to officials so you can get a robust answer.

CHAIR: The Chair is recognizing Mr. Smith.

P. SMITH: So I would reiterate that if you see the economic indicators, you'll see that it is certainly forecasted to become quite positive into the remainder of this year and into next year. So it goes part and parcel with that. I don't

know, I'll certainly defer to Mr. Trask if he wants to add anything to it.

D. TRASK: As mentioned, it is primarily due to household income growth, but there is also an expected large, positive, prior year adjustment for the tax year of 2020 as well.

T. WAKEHAM: Okay, thank you.

The next one I wanted to touch on is the offshore oil royalties. The revised revenue for 2020-21 was \$567 million. This year you are estimating an increase of \$1 billion. I guess just an explanation of what the increase is based on. We know production is up and price is recovering. Are you confident in this expectation?

CHAIR: The Chair recognizes the minister.

S. COADY: Thank you.

I'm glad to have the ADM who is responsible for the economic forecast here, too. That is exactly as you said; the price has rebounded significantly. We have now put into this forecast \$64 average price for a barrel of oil and, of course, today it is over \$71. We use 11 different forecasters to set that bar. I think we've done a very good job of keeping those expectations on the lower end of things. You are seeing the rebound in the price of oil. Last year's price I think was in the 30s, if I remember correctly. This year, of course, it is \$64. So that rebounding in price is what you're seeing, but I'll turn to officials for anything –

CHAIR: The Chair is recognizing Mr. Trask.

D. TRASK: It is mainly due to, as the minister has indicated, higher oil price. If you compare \$64 US this year, we were forecasting \$44.60 per barrel last year. So it is mainly due to that.

T. WAKEHAM: Okay, thank you.

The lottery revenue is another one that we're anticipating an increase in. Can you provide any analysis you've done to support that?

CHAIR: Recognizing the minister.

S. COADY: I will turn it over to Mr. Trask in a moment, but I will say that the lottery sales were

down in the early parts of COVID, too. We're seeing kind of a rebounding now of the economy coming out of some of the downturn that was due to COVID. I will ask Mr. Trask for his ...

CHAIR: Recognizing Mr. Trask.

D. TRASK: As the minister just indicated, it's mainly due to COVID-depressed revenue in 2020-21, as we did have periods of time when various lottery games were closed and were not available.

T. WAKEHAM: Thank you.

The next one I want to talk to is on Exhibit II, page x in the Estimates book. I've compared this year's Estimates book to last year's, and this year's Debt Servicing Costs revised is \$721 million and estimates for '21-'22 are \$638 million. Last year, Debt Charges and Financial Expenses, revised, \$1 billion, and Estimates for '20-'21 was \$1.5 billion. Then when you go to Other General Government Sector, the cost has increased by roughly the same magnitude.

I'm wondering if there is an accounting change and whether or not some of the expenses which were debt servicing-related are now counted under general government.

CHAIR: The Chair is recognizing Mr. Smith.

P. SMITH: With respect to the debt servicing here, when you look at the debt servicing number that's north of a billion dollars, you're looking at our total debt, including unfunded pension liabilities and so forth. That essentially, conceptually, is the difference between that and this number, whereby the component of the debt servicing that has to do with our bank borrowings and whatnot is typically around \$600 million or \$700 million. I guess, just as context, there's a difference between those numbers.

Unless officials can answer, I need to go and have a look at the Other General Government Sector numbers, just to see what makes it up. In a lot of these cases, it's not one thing; it's many things going up and down, if there are a lot of different inputs into specific total numbers.

S. COADY: If I may ...

CHAIR: The Chair recognizes the minister.

S. COADY: I think it's an important discussion and I know you'll want to have it around. We're really focused on improving debt and Treasury management. That is something that we think – as you know, it has been our second-highest expenditure. I think it's no longer our second-highest expenditure – close on it, but not quite.

This is through leadership of the director and the ADM that we are really focused on making some changes to our Treasury and our debt management to bring down the cost of debt to ensure we're maximizing our Treasury as well. We are anticipating some continued changing to lower that cost. I want to congratulate both of them and through the deputy as well for that additional focus. I think you will hear more of this as we move through the year.

T. WAKEHAM: Thank you.

Like you said, if you look at the pie chart from the previous year, the Debt Charges and Financial Expenses that were at 18.6 per cent and the new one looks like it is at 7.5 per cent. The other one that changed significantly was Other General Government Sector went from 5.9 to 12.4 per cent. So, as you said, if you could provide some explanation as to what that is made up of or why that change happened. Is there accounting shifting or something that has changed it?

S. COADY: I think it is a flow through of monies, but we will get that for you.

T. WAKEHAM: I appreciate that for you.

The next one I would look at is in Exhibit VI, which has page xiv of the Estimates book. Sorry, my Roman numerals aren't very good. It is under the Salaries. The Salaries for the entire governmental budget was revised to \$575 million in 2020-21. The budget amount for '21-'22 is \$748 million.

Now obviously, as we've heard, there are a significant number of vacant positions. Each year, we know there are positions that are hard to fill or kept vacant at some time. My question is: What analysis do you do regularly on these vacant positions to see if they can be eliminated

to save government dollars without removing people, from an ongoing perspective?

CHAIR: The Chair recognizes the minister.

S. COADY: The Member opposite will remember his time in government where every position that is vacated for whatever means, retirement or someone has moved into another position, every position is then evaluated to see if that is a requirement moving forward or if there are requirements to what the job function is. I will say, also, that across all of core government, there is an attrition requirement of 0.5 per cent. The position will be considered from that lens as well.

But every position within government is reviewed as it becomes available to make sure that it is still a requirement within government, or if changes to the job function are required as well. That is before any job is refilled or placed on the board, that has to go through that kind of analysis.

The Member opposite will remember in his time in government, as the request for the filling of that position, it also has to be signed off that it has been reviewed.

T. WAKEHAM: Correct. And that's exactly what I was wondering. There's actually a form that's actually filled out so you have a record of it and it goes through that process.

S. COADY: Yeah.

T. WAKEHAM: Again, Minister, we've talked about this at some point in time, have you given any thought to allowing people to retire early without penalty and to trying to speed up the increased attrition and get some salary savings, pension savings?

S. COADY: That would be more under Treasury Board.

T. WAKEHAM: Okay.

S. COADY: The officials wouldn't have the depth of knowledge in there that would be required in order for us to get into those details. So perhaps if I may suggest – and we'll have

time in Treasury Board Estimates, if that's okay with you?

T. WAKEHAM: Yeah, that's fine.

Under Grants and Subsidies, again, the revised spend – and I'm looking at Current here – for '20-'21 was \$4.4 billion. The budget for '21-'22 is \$5 billion. Now, I know it's a global snapshot and in the Estimates we'll get down – and COVID actually had a piece to play in it, there is an EDGE program, for example, in the Business Support Division which always has money, but it hasn't been utilized. I think it was the Husky innovation fund, maybe, in support of oil and gas has been underutilized for a number of years.

Again, do you guys do the analysis – or maybe this is a Treasury Board thing, again – to see what programs have consistent underutilization and how they might be changed to try to get better uptake?

CHAIR: The Chair recognizes the minister.

S. COADY: Thank you.

They're all important questions, but this is a good discussion and dialogue. Every department has to do that, obviously, through a budgeting process. They have to go out – so they're all tasked with zero-based budgeting, first, to make sure everything they're spending is required. Secondly, is every program?

But there is additional work – and you'll have seen this in the Budget Speech where we said we're going to have a whole continuing improvement – which I think is very, very important – program review, continuing improvement and accountability framework within the Treasury Board so that Treasury Board is now tasked with making sure the oversight for this is in that division. I think that's an important addition to ensuring that everything is reviewed, not just by the department, not just by the people responsible for delivering the program, but by external folks as well.

T. WAKEHAM: Certainly. And if there are funds that are coming in from people like Husky and others that we could put to use instead of

just having it grow and grow and grow, it certainly would be good to see.

My next questions come from Appendix I, A-1 in the Estimates book. In this one we're looking at the cost of tax credits. Again, none of us are opposed to tax credits, but, again, I do believe they should be reviewed on a periodic basis to ensure that the actual tax credits meets the need they were intended to provide. Can you just maybe comment on how often the tax credits are reviewed?

CHAIR: The Chair recognizes Mr. Smith.

P. SMITH: Again, similarly, when we look at different items, tax measures on an itemized basis, my experience in the department is an ongoing process to revisit these things. Certainly, my experience in the budget process is that when we're considering what different tax measures to pursue in terms of our fiscal targets, we always look at what we are already doing, how we can change that, whether we should be still doing it. Certainly, part of the work that the department does on an ongoing basis to revisit the effectiveness of these tax credits, both from a fiscal perspective and from a policy perspective as well.

T. WAKEHAM: Thank you.

Last year, the low income tax credit cost \$16.3 million. It was \$2.7 million more than anticipated, obviously demonstrating the need for the tax credit. I'm wondering if you could provide some information on how many taxpayers avail of the credit.

P. SMITH: We'll get it.

T. WAKEHAM: You'll get it?

CHAIR: Mr. Smith.

P. SMITH: Yes, we'll take that away and we'll certainly get you the information on that.

T. WAKEHAM: Okay.

Thirty-seven seconds, I think I'll stop right there.

CHAIR: Okay, thank you.

The Chair recognizes MHA Brown.

J. BROWN: Thank you, Mr. Chair.

Under 1.1.02, Treasury Bills there: We were expecting \$23 million. The revised was \$13 million and now we're down to \$2 million. What's the justification there?

S. COADY: Thank you very much.

This section is for those 90-day terms that refresh every Wednesday. So every Wednesday we go out to the market and we get 90-day terms. It is a very, very normal process. We put out about \$90 million in each tranche – just for your information.

The big thing is I think it is just because of the price of money today. Last week, we were able to place it – I think it was very, very low. It's just at any given time we have an outstanding of about \$1.17 billion – I'm seeing the director nod his head here. So this is really about that kind of minimizing the amount paid to markets and improving our debt management has really dropped substantively the costs that we have here.

J. BROWN: So we are doing very good in those markets?

S. COADY: We are doing extremely well and I do compliment the director on the efforts here. I don't know if there is anything further that you want to comment on but that's – so it has improved processes, improved markets, things are – rates are lower.

J. BROWN: Oh, excellent.

CHAIR: The Chair is recognizing Mr. Nemeec.

T. NEMEC: The biggest decrease there is due to the decrease in short-term interest rates. We did a Treasury bill auction on Wednesday at 0.18 per cent. So we are borrowing at basis points.

J. BROWN: Perfect. Thank you so much.

S. COADY: Extremely low.

J. BROWN: Extremely low, yeah. Excellent.

Under 1.2.03 there, provincial revenue there. Obviously, we're receiving more revenue under there. What's the reasoning we're budgeting more revenue under that?

S. COADY: Could you give me the number again?

J. BROWN: Oh, sorry, 1.1.03.

S. COADY: Oh, same one again?

Provincial revenues?

J. BROWN: Yes, under Debentures.

S. COADY: I can't find it. Do you have it there? 1.1.03. I have to turn my page. Sorry, my apologies.

J. BROWN: No worries.

S. COADY: Related revenue. Sorry, the provincial revenues.

This is the debt issued to Newfoundland and Labrador Hydro at the beginning of '21-'22. We do Hydro's borrowings because we can get a lower rate for them. So the revenue is increasing as Hydro will reimburse Government of Newfoundland and Labrador for the interest expense.

J. BROWN: Okay.

So obviously it's an adjustment.

S. COADY: Right.

Any further comment on that?

J. BROWN: Under –

S. COADY: I think just on that, on the debt expense, just for clarity.

J. BROWN: Yeah.

S. COADY: It decreased, if you notice, from 2020-21 from original to revised by a significant amount of money, \$11 million, I believe it is, but that's due to better interest rates. You'll see in '21-'22 the rise was not as high as the budget

last year, but certainly higher than the projected revised budget. The reason for that is the exchange rate. The exchange rate would have an impact here.

J. BROWN: Yeah, the same as anyone who's buying in US currency.

S. COADY: Yeah.

J. BROWN: Under 1.3.01, for provincial revenue there, obviously, we received more revenue there and we're expected to receive another million dollars. What was the reasoning for the increased revenue and what is the source of this revenue?

CHAIR: The Chair is recognizing the minister.

S. COADY: That is the Newfoundland and Labrador Hydro guarantee fee.

J. BROWN: Okay.

S. COADY: Again, remember we're borrowing monies for Newfoundland and Labrador Hydro. They have to give a guarantee fee, because we're borrowing it at lower rates than they can get in the markets themselves, but they do have to pay a guarantee fee. That's what you're seeing here.

J. BROWN: Okay.

S. COADY: I don't know if there's anything further anyone wants ...

No? That's good.

J. BROWN: 1.4.03, Discounts and Commissions.

CHAIR: Did you say 1.4.03?

J. BROWN: 1.4.01, sorry.

CHAIR: There you go.

J. BROWN: My mistake.

Professional Services: Can the minister explain \$3 million in savings last year and an \$8.4-million drop this coming year?

S. COADY: Certainly. This is under the professional fees to the operating accounts of Discounts and Commissions. It reflects commissions and management fees on the actual debt issuances completed during '20-'21. The fees for the '20-'21 budget were based on the 30-year borrowing terms; however, the average term of debt issued was 16.5 years, so we were able to reduce the commissions and fees that we had to pay.

J. BROWN: Okay, perfect.

Also, obviously, debt expenses. What were the debt expenses for?

S. COADY: That was a lot, wasn't it? I'll give you the note and then maybe Mr. Nemec would like to comment. The revised reflects the total of actual discounts on the new issues completed in 2020-2021. As discounts and premiums on new borrowings can only be determined upon the pricing of issues, it's usually just a placeholder and then you put the actual in there.

Remember, we had a \$3-billion borrowing program. Mr. Nemec, would you care to comment further on that?

T. NEMEC: Certainly.

The bulk of our debt is issued in the public markets through bonds/debentures. We have a number of those outstanding at any given time. The market expects us to build those up to a certain level, usually \$1 billion-plus so that there's liquidity in the markets for them to buy and sell the bonds easily.

When those bonds are initially issued, they are issued at a coupon interest rate that would be in effect that particular day. For example, if we were to do a 30-year issue today, the coupon would likely be 3.2, 3.3 per cent. That's fixed for the next 30 years. It doesn't change but interest rates do change.

If in a month's time or two months' time we go to reopen that bond, it's fixed on the coupon rate of 3.2 or 3.3 per cent, whatever we fixed that day previous, but now the interest rates may be 4 per cent. So in order to get an effective yield of 4 per cent, the bond must be issued at a discount. Up front, we might get \$90 per \$100 or \$95 per \$100, but we still only have to pay the 3.2 per

cent coupon. It's the way the bond market works in making sure that the effective yield on the bond any time you issue it is at today's rate.

That discount can be significant. We've issued bonds at \$89 per \$100 because the coupon is lower than the effective rates of the day. We have no way of knowing, though, when that will occur. On the other side, when interest rates move the other way, we often issue bonds at a premium and will get \$110 or \$120 per \$100 because the coupon on those bonds is higher. We have no way to predict it, so we just put a placeholder in. As you can see there, we had \$69 million in discounts and \$24 million in premiums during the year.

J. BROWN: Okay. And then, obviously, next year when we come back around now, we'll see the results of that work, just because it's a placeholder.

T. NEMEC: Yes.

J. BROWN: All right, perfect. Thank you so much and thanks for the lesson in the bond market.

Under General Expenses there, 1.4.02, obviously, last year we didn't have any Transportation and Communications or anything like that or Supplies. What was the reasoning for this, this time around?

CHAIR: The Chair is recognizing the minister.

S. COADY: Thank you very much.

This is under Professional Services. Investor Relations wasn't required last year due to COVID. This allows for some increases in the contingency to ensure that we have lots of opportunity there. It is also about any invoices, so it's a timing issue. Invoices that we didn't get prior to year-end are now moved over to this year.

I don't know if there's anything further that anyone would like to add in that area.

CHAIR: The Chair is recognizing Ms. Heffernan.

T. HEFFERNAN: Yes, with the Professional Services, a portion of it is considered to be funding for Investor Relations. The other part would be cost for bond-rating agencies. We pay for three of those.

J. BROWN: Perfect. Thank you.

I'm good for this section there now.

Thank you.

CHAIR: Thank you.

1.1.01 to 1.4.02 inclusive.

Mr. Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

I just want to go back to 1.1.02, Treasury Bills, before I go back to the Appendix. You haven't changed the type of borrowing you're doing. You're just going to see a significant savings because of the drop in the interest rate, is that correct?

T. NEMEC: Yes and no. Our regular short-term Treasury bill program remains unchanged at \$1.17 billion. We issue those every Wednesday at a 91-day term and \$90 million per week. We do also issue extra treasury bills for cash-management purposes throughout the fiscal year depending on where rates are.

Right now, we have a positive carry on those. We've issued a number of those since April 1. That's something that's fluid that we decide on a day-to-day basis.

T. WAKEHAM: Something like for cash flow purposes?

T. NEMEC: Yes.

T. WAKEHAM: Okay.

There's a significant drop. You're pretty well anticipating that the interest rates will remain low in terms of these particular offerings.

T. NEMEC: Yes, right now the US Federal Reserve and the Bank of Canada have pretty much anchored short-term interest rates to be close to zero because they have both said that

they will not change the overnight rate this year. The market just can't go anywhere in the short term.

In the past year, before COVID, we went from short-term treasury bills yielding 1.2, 1.3 per cent. The lowest we went during this crisis, we issued one week at seven basis points – that is an annualized rate. We were through the Government of Canada treasury bills.

So my prediction for this year, based on the Bank of Canada and the Federal Reserve, is that our short-term rates are going to remain extremely low this year.

T. WAKEHAM: That is good to hear.

T. NEMEC: It is.

T. WAKEHAM: Thank you for that.

S. COADY: If I may ...

CHAIR: The Chair recognizes the minister.

S. COADY: I think Mr. Nemec would also say that you're seeing some increases in the longer term interest rates but the shorter term – in the next two years, I think you've indicated, because of what the Federal Reserve and the Bank of Canada have said are going to remain consistent but in the longer term you are starting to see some changes.

CHAIR: The Chair recognizes Mr. Nemec.

T. NEMEC: Yes, in the past three to four months – once there was evidence of economic recovery in the United States, we have seen a rather dramatic move in medium and longer term interest rates, so five years and above. The five-year rate in Canada has doubled in the past few months. Now, it is still only one-point-something per cent but it has doubled from 50 basis points.

The yield curve has steepened, so it is more expensive to borrow in the long term than it is in the short term. A year and a half ago that curve was actually inverted. With the curve in that position, that tells us that the market is saying that interest rates in the longer term are going to increase. Perhaps we're going to see some

inflation, which will drive up interest rates as well.

So, yes, we have seen a rise in longer term rates, but the short-term rates remain anchored where they are.

T. WAKEHAM: That's good to hear.

If I could go back to Appendix I again, it is A-1 in the Estimates book.

The Seniors' Benefit: It appears that the Seniors' Benefit cost less in '20-'21 than anticipated. It cost \$54.9 million, which was down from the budgeted amount of \$57.2 million. I was wondering if you have any sense of why this might have occurred.

CHAIR: The Chair is recognizing Mr. Trask.

D. TRASK: No, I wouldn't be able to speak specifically to that. There could be a range of factors: Taxable income could have been higher than expected. We have an aging population. There could have been additional deaths versus what was projected. There are a lot of different factors that could influence that.

CHAIR: The Chair is recognizing the minister.

S. COADY: I will add to that. We may be seeing some effect of some of the federal government programs in here, too. It could possibly be that's what we're seeing in here. As Mr. Trask indicated, it might be due to taxable income changes because they received other funding.

T. WAKEHAM: Right.

I've noticed, though, you've increased it to \$56.6 million, so you've brought it back up a bit

–

S. COADY: Yes.

T. WAKEHAM: – for this fiscal year. Again, that's why I ask what analysis might have been done or what your projection on that was or how you arrive at the \$56.6-million number.

CHAIR: Mr. Trask.

D. TRASK: Yes, obviously there have been a lot of impacts due to COVID, which is influencing some of the numbers in 2020-21.

I can answer an earlier question that was raised related to the number of low-income tax reduction recipients. That number for 2018 revised is 41,000.

If I can, I'll take the opportunity to answer a previous question as well. I believe it was related to the Small Business Tax Rate Reduction. What that effectively is, is we provide a lower tax rate for small business up to \$500,000. Obviously, with impacts of COVID, again, profitability in taxes paid would have probably declined in 2020-21.

T. WAKEHAM: Thank you.

There's a Physical Activity Tax Credit in this year's budget. Glad to see it. I just want to try to get some more information, if I could, on who will potentially qualify, how much the credit is and how it will work.

S. COADY: The announcement will come in the next few weeks, but I'll certainly clarify. It's a \$2,000 tax credit per family. Family could be one person or it could be five people. It's per family. That would be on anything that's receiptable.

If, for example, you are playing hockey or ballet or you're doing an online program, you're in the gym; anything that's receiptable will go towards that. It's effective this year, so 2021. I don't know if there are any other further details that I can give at this point in time, but it will be announced within the next week or so. But if that's helpful, it's a tax credit.

T. WAKEHAM: Yeah, there two concerns, I guess. One, it could result in somebody getting a refund, I guess. Because if you had no tax owing and you were able to claim this, you'll be able to get the full \$2,000 as a refund.

S. COADY: No, that's not the way it works. Mr. Trask?

D. TRASK: It's calculated (inaudible) rate in front of me, but it'll equate to about \$174. So the tax credit is the amount applies against the tax

and then it's a certain rate that's applied against that credit.

T. WAKEHAM: Okay.

What about for low-income families or anything like that? Is that all factored into this when you do this? Because everybody who files an income tax, basically, can avail of this tax credit.

D. TRASK: It is a refundable tax credit. So those earning lower incomes will actually get a refund against that.

T. WAKEHAM: Yeah, the only challenge –

D. TRASK: (Inaudible.)

T. WAKEHAM: – for low-income earners is the ability to put the money upfront. I don't know if there's any consideration given to any of that.

CHAIR: The Chair is recognizing the minister.

S. COADY: Certainly, under the poverty reduction program, as you know, we have signalled that we'll be renewing that program and considering that. Those would be great policy discussions around that renewal and how we can advance and support those that are suffering from low income or poverty.

T. WAKEHAM: Thank you.

I guess my time is up there, so I'll stop right there.

CHAIR: Thank you.

Again, 1.1.01 to 1.4.02 inclusive, MHA Brown.

J. BROWN: Thank you there.

I only have one question about the tax credit for sport there. Was there any consideration for a tax credit towards the arts as well for people who are more in tune to that? I know sport and physical activity is important, but there are a lot of people with kids and stuff who would really like to participate in the arts and stuff. I was just wondering if there was any consideration of doing a similar thing for the arts.

CHAIR: The Chair is recognizing the minister.

S. COADY: Before I move on, I just used a poor choice of words, so I want to correct what I said. It is for those experiencing low income or experiencing poverty versus the choice of the word I used. I want to make sure I corrected the record on that.

We have increased, as you know, for ArtsNL, their annual allocation to \$5 million. We have moved it from \$1 million over time now to \$5 million over the last number of years. We've also put in a \$30-million program for Tourism and Hospitality. Some of that would go towards a COVID program for arts. There would be some portion of that – they are working with the arts community on what would be beneficial to them. Last year we did offer the program. It wasn't as great an uptake so we are working to see if we can improve upon that.

As well, we have put monies in there for the film and television. We are having quite a revival or an encouragement of the film and television programs. We have increased the equity portion of that as well as the tax credit portion of that program to encourage growth in the film industry.

J. BROWN: I was more thinking towards kids and stuff – guitar lessons or painting lessons or stuff like that.

S. COADY: Oh, okay.

J. BROWN: That's more my thinking, for people experiencing low income and that. The idea that there are opportunities, sports credits, for parents to put their kids in sports programs, which is great, but I was just wondering if there was any opportunity or thought put into some parents or some children who are not really based for team sports or anything like that to have an opportunity to do guitar lessons or music lessons or something like that and have a similar opportunity for them as well.

S. COADY: That is something that we will take under advisement. Thank you for that.

J. BROWN: No problem.

That would be my last question for this section.

Thank you.

CHAIR: Thank you.

Back to MHA Wakeham.

T. WAKEHAM: Thank you very much.

I just wanted to go back to Appendix II for a second, and this question, I could certainly ask it in Executive Council in the House if you would like. It is to do with the salary expenditure in the Executive Council. It is expected to grow substantially. I was wondering about it but I can wait for Executive Council if you want or if you want to comment on it here.

S. COADY: It would be under Executive Council, but we'll get you an answer for that. Thank you.

T. WAKEHAM: Okay.

Appendix III, A-3 in the Estimates book. From 2020 to 2021, there is an increase of \$104.8 million in municipal debt. I guess I'm just looking for some explanation around that one.

S. COADY: I'll turn to officials who have prepared this.

P. SMITH: I think we'd need to take that away and probably give you a more fulsome answer on that.

T. WAKEHAM: Okay, I look forward to it.

P. SMITH: As opposed to speculation.

T. WAKEHAM: And that might be (inaudible).

P. SMITH: Okay.

CHAIR: The Chair is recognizing Mr. Nemeec.

T. NEMEC: The increase there in municipal, that's the bond issue that the City of St. John's did during the year. We're reporting here the debt of all the municipalities in the province. The bond issue that the city did was around \$110 million or thereabouts. That's not the exact number, but it's very close. That's that increase there.

T. WAKEHAM: That's what that reflects.

There's another one there in the other debt, of course. From 2020 to 2021, there's a decrease from \$271.8 million to \$193.4 million. Again, what would be the explanation for that one?

S. COADY: Okay, we'll take that away. The officials will look and see where the change was, if that's okay with you. Everybody okay with that? Okay.

T. WAKEHAM: I appreciate that.

Next, I go to 1.3.01, Guarantee Fees.

S. COADY: 1. –

T. WAKEHAM: 1.3.01.

S. COADY: Okay, sorry, got it.

T. WAKEHAM: Under there I was wondering if we can we get a list of the organizations which were charged for the guarantees in '20-'21 and how much was charged to each.

S. COADY: Certainly. We'll be happy to take that away and get that for you. But Newfoundland and Labrador Hydro, we have guarantee fees that range from, I guess, a – pardon me?

OFFICIAL: It's only Hydro.

S. COADY: Oh, it's only Hydro. There you go.

T. WAKEHAM: Okay.

S. COADY: Okay, I'll turn to officials. There you go.

T. WAKEHAM: It's always good.

S. COADY: That's always good. But it is – that's why I specifically mention Hydro, because I know they are charged a guarantee fee. It's usually around 0.25, like 25 basis points. Could go to 50 basis points, depending on the term of maturity. But I'll turn to my officials. Tom, there you go.

T. NEMEC: Yes, there are two organization there. The bulk of it is Newfoundland and Labrador Hydro and the other is a guarantee that we have in place with the Fogo Island Co-operative.

There's nothing outstanding on it; it was just a guarantee that they keep in place and pay us a fee to do so.

T. WAKEHAM: Okay.

Are there any new loan guarantees being considered by Cabinet?

S. COADY: Good try.

At this point, I'm not aware of anything that's emerging.

T. WAKEHAM: Okay, thank you.

Let's keep flipping over here. I'm not sure how we can go, Mr. Chair.

CHAIR: We're going as far 1.4.02.

T. WAKEHAM: Okay. Well, I'm done with the 1s.

CHAIR: Okay, and MHA Brown, you're done with this section as well?

J. BROWN: (Inaudible.)

CHAIR: Okay.

Is the Committee ready for the question?

Shall 1.1.01 to 1.4.02 inclusive carry?

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.

CHAIR: Can I have the Clerk call the next set of subheads, please?

CLERK: Employee Retirement Arrangements, 2.1.01 to 2.2.01 inclusive.

CHAIR: Shall 2.1.01 to 2.2.01 inclusive carry?

MHA Wakeham.

T. WAKEHAM: Sorry, I thought we were just doing the 1s. You mentioned 2.1. I had some more questions in that section, I'm sorry. I thought it was just the 1 –

CHAIR: No, we were doing 1.1.01 to 1.4.02 inclusive.

T. WAKEHAM: 1.4, but this one, the 2.1?

CHAIR: We're just starting that now.

T. WAKEHAM: Okay, perfect, sorry.

CHAIR: Mr. Wakeham, I'll repeat it again: 2.1.01 to 2.2.01 inclusive.

The Chair recognizes MHA Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

Under 2.1.02, the Non-Statutory. This is where the payout of the severance lives. When the severance was paid out a couple of years ago, some employees elected to keep with the Government of Newfoundland and Labrador and would receive it at a later date. In the Salaries last year for '20-'21, \$93 million was budgeted. I'm aware that some of this would've been transferred out to other departments as needed. Can you tell me of the \$93 million how much total was spent, and could I get a list of departments and how much was transferred to each?

S. COADY: Thank you very much. I am going to turn to the secretary to Treasury Board.

You are correct. This is where the block funding budget for things like severance payouts, unforeseen retirement costs and negotiated salary increases, funding that we hold – mainly related to entities – until they're ready to be paid. We would transfer these amounts, as you indicated, during the year to the applicable department when it's required.

To get a further breakdown of that, I will turn to the secretary to Treasury Board.

CHAIR: The Chair recognizes Ms. Jewer.

M. JEWER: I think we can get that information and come back with it. I don't have that detail with me today.

T. WAKEHAM: Okay, appreciate it, thank you.

Under Salaries, there's \$126 million budgeted for this year. Can you provide some commentary on how you calculated that particular number?

S. COADY: That would be the allocation for the anticipated salary increases for '21-'22.

T. WAKEHAM: Thank you.

And regarding the ending and payout of severance, I'm aware that some employees, as I said, elected to keep their money with government and would opt to receive it later. How much is still on the government's books for severance pay?

CHAIR: The Chair is recognizing Ms. Jewer.

M. JEWER: Again, that's something I can come back with, with that detail.

T. WAKEHAM: Okay, thank you.

We're not doing 3, right?

CHAIR: No.

T. WAKEHAM: Okay, I'm good.

CHAIR: The Chair's recognizing MHA Brown.

J. BROWN: Thank you, Mr. Chair.

Under Pensions and Gratuities - Statutory and Non-Statutory, 2.1.03, Pre-1949, how many beneficiaries are left in that category in the province right now?

S. COADY: I don't know how many. This is pre-1949 and the amount is only \$23,600. So I don't know how many - I don't know if you know - but it would be a very low amount.

J. BROWN: Yes. Just, it's still on the books. I'm just curious why (inaudible).

S. COADY: Yes, but you'll see how small the portion is.

J. BROWN: Yes.

Perfect, other than that, my colleague has asked all my question here.

Thank you.

CHAIR: Thank you.

Is the Committee ready for the question?

Shall 2.1.01 to 2.2.01 inclusive carry?

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: Can I have the Clerk call the next set of subheads, please?

CLERK: Contingency, 3.1.01 to 3.1.02 inclusive.

CHAIR: Shall 3.1.01 to 3.1.02 inclusive carry?

The Chair recognizes MHA Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

Again, under 3.1.01, Contingency, can the minister provide a list of what transfers were made out of the contingency fund in '20-'21?

CHAIR: The Chair recognizes the minister.

S. COADY: If you'd look at your Estimates there, it says zero. We did allocate \$22 million for contingency. That is just regular contingency. I'll separate that from COVID contingency. The \$22 million, that is for regular

contingency. Nothing was spent in 2020 to 2021. We've just reallocated \$22 million in contingency. That's just in case something happens: You have a payout or you have something that occurs. Goodness knows what that could be, but we didn't spend anything out of the contingency. It's just that; it's a contingency. And we've reallocated for this year.

T. WAKEHAM: Have any transfers been made out of the '21-'22 contingency fund yet?

S. COADY: Not –

OFFICIAL: No.

S. COADY: No. Not that I'm aware of, I was going to say.

T. WAKEHAM: And what type of approval and public reporting is needed to transfer this money?

S. COADY: On the \$22 million?

T. WAKEHAM: Yes.

S. COADY: It is referred to the House of Assembly. We report to the House of Assembly.

T. WAKEHAM: Okay.

3.1.02, COVID Related Contingency: Can you provide a breakdown of how the \$281 million was spent and/or transferred to departments?

S. COADY: Certainly, I'd be happy to provide it. I did provide it during the year on multiple occasions to the House of Assembly, just so that you're aware. We've certainly publicly disclosed where that money was spent. There are some, what I'll call, puts and takes overall, because some programs did come over an additional year.

For example, the Residential Construction Rebate Program that we've talked about substantively this year, the transferral came into the 2021-22 budget. We also have other things. Like, the Safe Return to School funding is still, what I'll call, flowing through. Some of the tourism funding was flowing through.

This is where the mining money would go. The rationale for putting it in the COVID money was multiple. First of all, it's assisting the mining industry coming out of COVID, so putting some additional monies there. It also ensures that it is one-time funding at this point so that the department doesn't see it in their development. They have to draw down from Finance, so that control is there.

Third, we would make sure that if there is any savings within the department, that would offset that \$2.5 million. It is about control of the money and making sure that control. We haven't added \$2.5 million to their programs and it's gone on forever. We're putting it there for this. If at some point in time we want to add more, we'll add more for them, but we'll also look to see any savings the department has.

But we'll be happy to table again that COVID-19 – I do table it regularly in the House of Assembly.

T. WAKEHAM: Yes.

With the \$120 million budgeted for this year again, what's your estimate on how you're going to spend that?

S. COADY: The programs that have already been announced. There's only a small portion still outstanding in case we need it. I think there's only \$20 million or something that could be allocated to things, but it will be the continuation of the programs. For example, the Residential Construction Rebate Program, there was a fold-over. A lot of the money will come out in this particular year.

There's not a whole lot of room left in the COVID contingency. I think there may be \$20 million, something like that, which we could allocate.

CHAIR: The Chair recognizes Mr. Smith.

P. SMITH: As the minister mentioned, it's significantly subscribed based on requirements. As well, she mentioned one of the features and advantages of keeping that in one central place is that it gives you flexibility. Some programs you have to allow for the full potential demand or subscription of a program under the FAA.

Sometimes as you get through the year, if demand is not as much as you would expect on a certain program – at least when it’s centrally – it allows you to be able to use those savings to refocus to other pressure areas that may emerge that weren’t known when the budget was tabled.

CHAIR: The Chair recognizes the minister.

S. COADY: Thank you.

There is about approximately \$15 million there for the Residential Construction Rebate Program. There were some economic recovery programs under the Department of Fisheries, Forestry and Agriculture. There is money there for Chromebooks. It’s a carryover from last year because not all the Chromebooks were receipted and invoiced by the end of the year. There’s money there for education for the Safe Return to School that flowed over into this fiscal year. There is the \$30 million for the Tourism and Hospitality Support Program. There’s \$20 million for the Small Business Assistance Program. There’s the \$2.5 million for mining.

I think that kind of adds it up, but we’ll certainly table it again in the House of Assembly.

T. WAKEHAM: Yes. You’d give us an indication of what \$120 million, like you said. You just listed them off.

S. COADY: What I just ran through is pretty much that.

T. WAKEHAM: Okay, and what’s left of it. That’s good. I look forward to getting that.

That’s all I have.

CHAIR: Thank you.

MHA Brown.

J. BROWN: Yes, just to go back to there. Under the COVID-related fund, I notice that we got \$81 million from the feds last year. We’re not expecting any more money for the COVID contingency fund from the federal government this coming fiscal year?

CHAIR: The minister.

S. COADY: Federal government programs, they’ve continued a lot of their COVID-related programming. We haven’t heard at this point whether there’s additional funding to be expected.

J. BROWN: Okay, perfect. Thank you.

That’s my only question there for this section. Thank you.

CHAIR: Thank you.

Again, is the Committee ready for the question?

Shall 3.1.01 to 3.1.02 inclusive carry?

All those in favour, ‘aye.’

SOME HON. MEMBERS: Aye.

CHAIR: All those against, ‘nay.’

Carried.

On motion, subheads 3.1.01 through 3.1.02 carried.

CHAIR: The total.

Shall the total carry?

All those in favour, ‘aye.’

SOME HON. MEMBERS: Aye.

CHAIR: All those against, ‘nay.’

Carried.

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

CHAIR: Shall I report the Estimates of the Consolidated Fund Services carried without amendment?

All those in favour, ‘aye.’

SOME HON. MEMBERS: Aye.

CHAIR: All those against, ‘nay.’

Carried.

On motion, Estimates of the Consolidated Fund Services carried without amendment.

CHAIR: Just to clue up this morning, again, I'll offer a few closing remarks from MHA Wakeham.

T. WAKEHAM: Thank you, Mr. Chair.

I want to thank all of the officials, of course, from Finance and all of you guys for coming in and sharing with us some of the information about what goes into developing these Estimates and the hard work that's being done and, certainly, the expertise that we have and the need for continued expertise. I look forward to, hopefully, lots of success in filling those positions that we need.

Again, we'll have some more opportunities during the Treasury Board and Executive Council to have some more discussion around some things.

Thank you.

CHAIR: Thank you, Mr. Wakeham.

MHA Brown.

J. BROWN: I also would like to thank the department for participating and answering our questions and that. I know sometimes it's a bit dry. Like I said, I'm not used to the numbers and stuff yet, but it's great. Thank you, and I really appreciate taking your time to explain things to me. It was really, really much appreciated and I thank you all for your time. It was excellent. I hope now we all can go, hopefully, and enjoy the rest of this nice day.

CHAIR: Minister, you have the floor.

S. COADY: Thank you very much.

I thank my colleagues for this diligence on Estimates. I said at the very beginning I think the Estimates process is an incredibly important one for budget. I know the amount of work that goes into preparing this process, both from the Opposition's perspective of digging into the numbers and making sure we're held to account for those numbers. I also know from the team's

perspective how much work it takes to develop the Estimates. I again thank the Department of Finance, the Treasury Board for their diligence and their hard work. I appreciate this process.

Thank you, Chair, for doing a very good job, and to the Clerk for doing a very good job for the organization.

Thank you.

CHAIR: Thank you, Minister.

I just want to remind the Committee that the next meeting will be Monday, June 7 at 6 p.m. where we will be considering the Estimates of Transportation and Infrastructure and the Public Procurement Agency.

I, too, want to thank everybody for their participation this morning.

With that, I will ask for a mover for adjournment.

MHA Stoyles.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

On motion, the Committee adjourned.