

Finance

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# Strategic Plan

2020 - 2023



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## MESSAGE FROM THE MINISTER

As Minister responsible for the Department of Finance, I am pleased to present my department's 2020-2023 Strategic Plan. This plan covers a three-year timeframe from April 1, 2020 to March 31, 2023.

In accordance with the **Transparency and Accountability Act**, the Department of Finance has prepared this strategic plan, which sets out the goals and objectives to be met during the 2020-2023 time period. It was developed in accordance with the applicable legislation and guidelines, and takes into account the strategic directions of Government, the department's mandate and current budget (as per the 2020 Estimates document).

My signature below attests to my accountability for the preparation of this plan and for achievement of its goals and objectives.

Sincerely,

A handwritten signature in black ink, appearing to read 'Siobhan Coady', written in a cursive style.

Honourable Siobhan Coady  
Deputy Premier  
Minister of Finance

### Overview

The **Transparency and Accountability Act** (the Act) provides the legislative framework for strengthened accountability, openness and transparency to the people of this Province. As such, all government entities are required to produce three-year performance-based plans and annual performance reports, both of which are presented to the House of Assembly and are made available to the general public.

The planning and reporting expectations of all government entities are determined by their categorization, as decided upon by the Lieutenant-Governor in Council. The Department of Finance is a category 1 government entity and, as such, is required to develop a three-year strategic plan that establishes goals and objectives at the outcome level. The goals and objectives of the strategic plan must be:

- achievable within current financial resources;
- within the mandate of the Department;
- prepared in consideration of the strategic directions of government; and
- measured and reported annually.

The 2020-2023 Strategic Plan for the Department of Finance was developed in accordance with these legislated expectations, as well as those outlined in the corresponding guidelines.

### Mandate

The Department of Finance is responsible for matters related to the fiscal, economic and statistical policy of the Government, primarily through the provision of analysis and advice to Cabinet, the Committees of Cabinet, government departments and agencies, boards and commissions (ABCs). The Department is responsible for the development and oversight of the annual provincial budget, the administration of provincial tax statutes,

management of provincial borrowing and debt, project analysis, economic and fiscal forecasting, negotiation of Federal transfers, and representing the Province on national fiscal, economic and statistical matters.

### Staff and Budget

The Department of Finance is headquartered in the Confederation Building, East Block with offices in Corner Brook, Grand Falls-Windsor and at 5 Mews Place, St. John's. Contact information is available online at [www.gov.nl.ca/fin](http://www.gov.nl.ca/fin).

As of the date of tabling this document in the House of Assembly, the Department of Finance had 146 employees across the following branches:

Branch	Division	Staff Complement
Economics & Statistics	<ul style="list-style-type: none"><li>• Economics Division</li><li>• Newfoundland and Labrador Statistics Agency</li></ul>	53
Tax & Fiscal Policy	<ul style="list-style-type: none"><li>• Fiscal Policy Division</li><li>• Tax Administration Division</li><li>• Tax Policy Division</li></ul>	56
Treasury Management & Budgeting	<ul style="list-style-type: none"><li>• Budget Division</li><li>• Project Analysis Division</li><li>• Treasury Management Division</li></ul>	25
Executive	<ul style="list-style-type: none"><li>• Communications</li><li>• Executive Support</li><li>• Policy, Planning, Accountability &amp; Information Management Division</li></ul>	12

As per the 2020-21 Estimates, the total budgeted net expenditure for the Department of Finance is \$13.2 million. Additional information is provided online at

<https://www.gov.nl.ca/budget/2020/wp-content/uploads/sites/3/2020/09/Estimates-2020.pdf>.

### **Lines of Business**

The primary lines of business of the Department of Finance are as follows:

- Supporting government's provincial revenue and expenditure planning processes;
- Providing analysis of the financial and economic impact of major projects; analyzing and forecasting the macroeconomic environment;
- Conducting statistical research, analysis and data development;
- Management of the Province's borrowing and debt servicing programs, including cash management and the investment of sinking fund assets; and
- Administering, auditing and collecting various provincial taxes; administering various provincial taxation rebates and credits.

### **Primary Clients**

The primary clients of the Department of Finance include:

- Cabinet and the Committees of Cabinet
- Provincial Government Departments and ABCs
- Boards of Trade / Industry Associations
- Municipal Governments / Consolidated Communities
- Economic / Statistical Agencies
- Other Non-Government Organizations
- General Public



# Strategic Issues

## Strategic Issue 1: Economic and Fiscal Stability

A robust, stable economy will provide a firm foundation to ensure the delivery of vital public services to the residents of the province. Reimagining how programs and services look in the future has to be paramount as we balance fiscal pressures with growing expectations for a more innovative, efficient government. In light of the impact of lower oil prices on the province of Newfoundland and Labrador and the enduring effects of Covid-19, there is an acknowledgement that the provincial economy is facing unprecedented challenges. As referenced in Budget 2020, the Government of Newfoundland and Labrador remains committed to strong fiscal management while ensuring that residents, businesses and the health care system are equipped to respond to the pressures of the Covid-19 global pandemic. As we build on our track record for fiscal prudence and discipline in our expenditures, we need bigger, bolder solutions to address long-standing structural issues. To this end, and in reference to the strategic directions found in Annex A, the Premier appointed an Economic Recovery Team to bring together expertise from a variety of sectors and sources, to identify opportunities to advance the development and diversification of the provincial economy and address immediate fiscal challenges.

The Department of Finance provides strategic leadership in provincial revenue and expenditure planning, which includes developing, implementing and monitoring fiscal government policies, as well as negotiating Federal transfer funding. To ensure continued prudent management of provincial fiscal resources during a global pandemic, the Department of Finance will collaborate with the Government of Canada, other provincial departments and stakeholders in fulfilling its responsibilities. The following goal and annual objectives have been established.

### Goal

By March 31, 2023, the Department of Finance will have lead measures that contribute towards sound economic and fiscal stability.

#### Goal Indicators

- Lead fiscal and economic policy
- Provided support for economic measures arising from Covid-19
- Where required, implemented Cabinet decisions based on recommendations of the Premier's Economic Recovery Team
- Worked with departments and ABCs to optimize efficiencies to ensure that the size of government reflects the appropriate levels required

### Objective 2020-2021

By March 31, 2021, the Department of Finance will have supported financial and non-financial efforts to stabilize the economy in light of Covid-19.

#### Indicators

- Developed and supported tax measures
- Supported fee relief initiatives
- Participated in and coordinated federal response efforts
- Launched the Residential Construction Rebate Program

### Objective 2021-2022

By March 31, 2022, the Department of Finance will have continued with strategies aimed at prudently managing the financial resources of the province.

### Objective 2022-2023

By March 31, 2023, the Department of Finance will have led measures that contribute towards sound economic and fiscal stability.

### Strategic Issue 2: Review of Existing Tax Credit System

As referenced in the Minister's mandate letter, the Government of Newfoundland and Labrador is committed to fostering an economy that is diversified and sustainable in order to harness the potential opportunities for growth.

The principal function of the tax system is to raise revenues necessary to fund government programs and services. A number of credits and incentives are designed to encourage economic growth in strategic areas. The Department of Finance is responsible for the implementation and administration of most provincial taxes. The tax system is an instrument of policy that serves to advance a wide range of economic, social and other public policy objectives.

The Department of Finance will undertake a review of the provincial tax credit system to contribute to an environment that impacts business growth.

### Goal

By March 31, 2023, the Department of Finance will have completed a review of the provincial tax credit system and, where directed, implemented recommendations with a focus to stimulate business growth.

### Goal Indicators

- Consulted key stakeholders to identify need for tax credits
- Completed a jurisdictional scan
- Considered relevance

- Analyzed the implications of changes
- Developed recommendations that reflect government's commitment to sound fiscal management
- As directed by Government, implemented select recommendations

### Objective 2020-2021

By March 31, 2021, the Department of Finance will have initiated its review of the tax credit system.

#### Indicators

- Defined the scope of the tax credit review
- Commenced consultations with core government departments and ABCs regarding priority tax credit issues

### Objective 2021-2022

By March 31, 2022, the Department of Finance will have developed recommendations from the review of the tax credit system, including the Newfoundland and Labrador Film and Video Industry Tax Credit.

### Objective 2022-2023

By March 31, 2023, the Department of Finance will have implemented select recommendations to the tax credit system, as directed by Government.

### **Strategic Issue 3: Framework for Treasury Management**

The Department of Finance is responsible for the financial management of the public treasury. This includes management of the Province's borrowing and debt servicing programs, including cash management and the investment of sinking fund assets. As referenced in the Minister's mandate letter, the Government of Newfoundland and Labrador looks to the Department of Finance to lead the Government's strides towards solid financial footing.

In managing the financial risk associated with the province's debt and financial position, there is a significant level of planning and research required in order to participate in financing programs. The department must use its knowledge and analysis of relevant markets and market responses in order to obtain the best results.

The role of the Department of Finance is to ensure Government has the treasury management capacity it requires to optimize risk and flexibility. As such, the following goal and annual objectives have been established:

#### **Goal**

By March 31, 2023, the Department of Finance will have enhanced its leadership role in the treasury management capacity of Government.

#### **Goal Indicators**

- Improved capacity to effectively manage treasury risk
- Developed a treasury risk management framework to inform decision making
- Completed a banking syndicate review

### Objective 2020-2021

By March 31, 2021, the Department of Finance will have identified best practices to support the development of a treasury risk management framework.

#### Indicators

- Evaluated existing banking syndicate
- Researched the composition of management and banking groups across other provinces
- Assessed the allocations per management and banking groups

### Objective 2021-2022

By March 31, 2022, the Department of Finance will have continued to implement priority initiatives aimed to strengthen the treasury management capacity of Government.

### Objective 2022-2023

By March 31, 2023, the Department of Finance will have further implemented initiatives aimed to strengthen the treasury management capacity of Government.

# Annex A – Strategic Directions

Strategic directions are one of the ways a government entity can communicate a desired physical, social or economic outcome that would normally require action or involvement of more than one government entity. These directions are a way for government to convey its high-level priorities to the public. The **Transparency and Accountability Act** requires government entities to consider strategic directions in the formulation of their multi-year performance-based plans. This consideration helps make sure that all entities are moving forward on key commitments and provides stability of direction over the long term.

The Government of Newfoundland and Labrador has identified the following strategic directions for the 2020-2023 planning cycle:

- A Better Economy
- Healthier People
- Better Living
- A Bright Future
- A More Efficient Public Sector

