

COVID-19 Economic Response Initiative
Summary Report: Engagement Process, Themes, and Responses
July 2020

INTRODUCTION

With the evolution of the global COVID-19 pandemic, all sectors of the Newfoundland and Labrador economy are experiencing impacts. The immediate impact on many industries included closures, lost revenue from reduced sales and services, travel restrictions and costs of enhanced health protocols. Beyond these factors, it was evident at an early point that the global economy was in an uncertain time and while there is still much uncertainty, it is clear that business practices are expected to change.

As a result of Public Health Orders, many businesses, employers, and public institutions were required to close, or where possible transition to employees working from home. All levels of government began to implement emergency response measures for individuals and businesses.

In April 2020, the Government of Newfoundland and Labrador hired a Special Advisor for Economic Response as part of the approach to assist businesses in coping with the economic crisis, both in terms of mitigating short-term impacts and identifying opportunities for long-term economic growth. The role involved working with Executive Council and deputy ministers, particularly in economic departments, to develop responses to COVID-19 economic impacts. From April 2020 to the end of June 2020, a series of engagement discussions occurred. As well, information and data released by various sources such as industry groups was monitored, and real-time monitoring of federal emergency responses and those of other jurisdictions throughout the country and internationally took place. Some organizations prepared economic recovery submissions to the province that should be further reviewed during ongoing economic recovery activities.

Recognizing the importance of active engagement with economic influencers such as business leaders, labour, community organizations, academia and governments, engagement discussions were conducted with more than 30 groups or organizations, as well as provincial departments and federal agencies such as the Atlantic Canada Opportunities Agency (ACOA). The objective was to discuss impacts, concerns and potential opportunities for immediate responses and future recovery.

The discussions explored short to long-term impacts and opportunities including immediate impacts for organizations and industry during the pandemic, identification of potential responses by government, as well as medium to long-term initiatives critical for the province to consider for overall development of the economy.

In addition to financial supports, government performs many other functions in supporting the economy such as regulatory, policy, programs and advocacy. This was raised often in the engagement discussions.

The following report outlines many of the common issues raised during engagement discussions, a summary of many Government of Newfoundland and Labrador initiatives implemented in response to the COVID-19 pandemic, and observations about some critical policy areas to be addressed for sustained economic growth.

COMMON THEMES

Advocacy with Federal Government

In all engagement discussions, the message was clear that people understand the difficult fiscal situation in Newfoundland and Labrador and the emphasis was that the Provincial Government should be lobbying the Federal Government for timely and relevant emergency supports to respond to the COVID-19 pandemic.

As programs were announced by the Federal Government, any issues or gaps became evident fairly quickly. For example, the Canadian Emergency Wage Subsidy was first introduced at a contribution level of 10 per cent. Stakeholders quickly responded publicly that this would not help or allow them with the necessary support to remain open or maintain employment levels. The Government of Newfoundland and Labrador also realized this at the introduction of the support and began advocating for higher contribution levels for employers. With this common feedback from governments, business, labour and various industry organizations throughout the country, the Government of Canada responded with an increase in the contribution level to 75 per cent.

During the engagement discussions, stakeholders continued to provide input as federal supports were announced. This feedback was provided to appropriate provincial departments in real time to inform various ministers so that information could be used in a responsive manner during regular calls and meetings with federal colleagues.

It was evident in the discussions that stakeholders expect the provincial government to advocate for major emergency supports such as those required for the significantly hard hit oil and gas and tourism and hospitality sectors, and to continue to lobby for program criteria changes where gaps and issues exist with supports announced. Many people seemed to recognize the unprecedented situation of the pandemic, that emergency responses are released quickly, and adjustments may be needed.

Food Security

The Government of Newfoundland and Labrador has committed to increasing the province's food self-sufficiency, including ongoing investments and actions to support the agriculture sector. The COVID-19 pandemic has created more awareness about the importance of food security for everyone, especially additional challenges for vulnerable populations such as access and affordability. Initiatives to support employment and

agriculture business opportunities while also improving food security were identified as beneficial for potential support or stimulus initiatives.

Business Liquidity

Due to mandated closures and travel restrictions, business liquidity became an issue almost immediately and continues to be a major concern. The degree of impact to businesses is varied because some had to shut down immediately while others were able to operate at reduced capacity. Similarly, during reopening of the economy some businesses are only able to operate at 50 per cent.

During the engagement discussions, many organizations identified business liquidity as the number one issue. This spanned many sectors such as tourism and hospitality, manufacturing, retail and professional services, real estate and so on. Essentially, the common comment was that without addressing cash flow issues, other issues such as employee safety or future growth plans were not an option because many businesses would simply close. It was regularly highlighted that many small and medium sized businesses were already carrying significant debt. To face closures and no revenue while covering fixed costs would force many to close and certainly not be in a position to take on even more debt.

Further, an issue raised by many was that accessing capital in normal times is challenging and they expect it will be much more difficult in the current economic circumstances. This was highlighted quite frequently with respect to the tourism and hospitality industry.

It was repeated by many stakeholder groups that the tourism and hospitality industry is experiencing some of the greatest hits as international borders are closed and there are travel restrictions within Canada. Specifically, the tourism industry without non-resident visitors is significantly impacted, as those visitors are a main source of tourism spending in the province. It was highlighted that hotel business was decimated, and bar and restaurant businesses saw immediate impacts as they were closed and it was unclear

how they could gear up for future reopening with requirements such as physical distancing. It was expressed that some operators just will not be able to survive, including some of the stronger businesses. In addition to lost revenue, another major area of concern related to commercial rent. There were recommendations for rent relief programs, and while a program was announced, concerns were raised that many property owners weren't willing to participate as it required a reduction in rent of 25 per cent. In addition to the challenges with the program, there was a common message from several industry groups that the Provincial Government should implement temporary regulatory changes to ban commercial evictions.

There were unique situations in the technology sector. While there were minimal impacts in the early stages of the pandemic as the sector was prepared for working digitally, some companies that have been on a major growth trajectory are expecting to experience serious negative impacts in the next few months. For example, many SaaS (Software as a Service) companies will show revenue growth for these past few months due to monthly fees from previous contracts. However, many have indicated sales have evaporated along with the cancellation of contracts and they are expect significant revenue declines in the coming months.

The most common recommendation regarding business liquidity was that governments should be considering non-repayable contribution supports for businesses. While it was highlighted that the federal emergency business loan of \$40,000 was helpful for many upfront, there is uncertainty about ability to repay if the economy is stagnant for a long period. Further, it was expressed that a mix of supports are required and supplementing the loan options with non-repayable supports is important for helping businesses navigate the uncertain economy while continuing to carry fixed costs and taking in limited revenue.

Various industry organizations identified that deferring fees is important and helpful but as it is only deferring debt, the timing of repayment will be critical. For example, not everything should be due at the same time. Many expressed that governments should be waiving fees in some cases, not simply deferring. This was also expressed regarding

public utilities, as many industry groups identified this as a significant cost at a time when many businesses are required to be closed.

There were many references that the Government of Newfoundland and Labrador should consider using procurement and tax incentives to stimulate business activity. For example, there was a clear position that tax incentives to buy Newfoundland and Labrador or Canadian technology and technical services is a way to stimulate activity. There was a common theme expressed that government needs to be a leader in purchasing local product, with all trade agreements in mind.

Consumer Confidence

When the COVID-19 pandemic was declared, consumer confidence declined around the world. In many cases, with the exception of essential workers, citizens were isolated to their homes, businesses were closed, and travel restrictions were immediately implemented. In addition to the mental health impacts of such isolation, in many cases, people were laid off or at a minimum were witnessing how economic activity was significantly reduced or non-existent in many sectors (i.e. hospitality).

During engagement discussions, there was an emphasis on the critical importance of communicating plans to reopen the economy and to begin instilling confidence for consumers. Strong messages were shared that the province should support marketing initiatives to encourage citizens to support local businesses and spend money in the local economy. The overall objective was clear – there is a need to get the economy moving as quickly as possible and that promotion is needed to share the message that supporting local is about sustainability.

Personal Protective Equipment (PPE)

Personal Protective Equipment (PPE) was generally raised by various individuals, with the importance of worker safety raised most frequently. There was agreement that workers need to know they are in healthy work environments. People expressed that if there were challenges accessing PPE for critical healthcare purposes, it is unclear how businesses will access appropriate product for their employees.

It was emphasized that as the economy reopens it will be most critical for employers to be prepared to implement additional workplace safety guidelines. This was also linked to discussions regarding consumer behavior and expectations that consumers will have as businesses begin to open. Specifically, consumers will want to see PPE used for their own safety and the safety of workers. There are considerable costs associated with increased PPE. Some businesses are challenged by the immediate cost upon reopening as well as long-term cost to the business.

The cost and accessibility of PPE was also noted as an issue that many municipalities will have to face while revenue is also down and there are fee and tax deferrals in place. This is in addition to already tight budgets and resources at a municipal level.

In addition, access to PPE was a concern raised by the community sector, including a suggestion that governments should consider amendment or additional funding to existing contracts to support actions required due to COVID-19 impacts.

Some industry groups felt that guidance was needed from government about PPE requirements in specific industries. Questions were posed about whether the province will mandate particular PPE for all employers, by industry group, etc.

There were suggestions that the Federal Government should introduce a non-repayable contribution program through ACOA to support businesses with ramping up PPE supply.

By end of June 2020, one federal program was announced specific to supporting PPE for the seafood sector.

Importance of Industry Associations

There are various industry associations in Newfoundland and Labrador playing a critical role in supporting various sectors of the economy. These associations are working with a diverse group of stakeholders to build industries and expand business activity in the province, with an objective to grow the local economy and labour market.

During engagement discussions there was a common message that these industry associations have experienced impacts as organizations, such as declining revenue from members not being able to pay fees as well as cancellation of major events that are a prime source of income to support operating costs.

Further, it was expressed that many of the associations would need to implement additional activities to support business adjustments due to the impacts of COVID-19. For example, members may expect guidelines for operational adjustments of businesses to ensure worker safety, assessment of impacts on international markets and supply chains and identification of best practices to manage changing consumer behavior.

It was clear that many industry associations would likely require additional funding support from the Provincial and Federal Governments to ensure support for industry needs.

Technology and Digital Readiness

At the beginning of the pandemic, the role of technology and importance of digital readiness was immediately evident. Where possible, employers and employees transitioned to work from home situations, but not without challenges in some areas such

as internet connectivity and lack of high speed, particularly rural or remote areas. Another obvious challenge was the readiness of businesses to move to online sales.

Mobilizing to strictly online activity was actioned for many facets of society including business activity and sales, government programs and services, municipal services, not-for-profit programs and services, online learning for post-secondary and K-12 systems, health appointments and so on.

During engagement discussions, the observations were common and clear from many perspectives. Specifically:

- High speed connectivity for all citizens is essential for many reasons such as business activity, ensuring safety, delivering health services, participating in online learning and training, etc;
- Increased ability to utilize online training and e-learning could address many skills gaps in industries poised for growth, such as the tech sector;
- Online presence and e-commerce readiness is more important than ever and many businesses would benefit from programs to encourage and provide capacity to support online platforms, etc.; and
- Digital Government is critical for improved services, which will also result in savings beyond the initial investment required.

Healthcare was another common item mentioned. In addition to the obvious impacts of the pandemic on the healthcare system, such as preparation for anticipated COVID-19 cases and planning for various scenarios, there was mass cancellations of regular appointments and procedures. The opportunity for the province to implement more telehealth options and to invest in virtual healthcare was emphasized. Many referenced that this should be a priority regardless of the pandemic as virtual healthcare options would have major positive impacts in rural and remote areas of the province, with potential cost reduction for better services.

The transition to having all online activity has been impressive in terms of how quickly stakeholders were able to pivot, but challenges quickly became evident. For example, post-secondary institutions and the community sector raised the fact that while transitioning to online delivery for programs and services was very smooth in many cases, connectivity issues in rural and remote areas was a barrier for some delivery. Further, the cost of being connected was identified as being a challenge for many citizens.

Municipalities immediately transitioned to using online mechanisms to continue activity and many turned to Municipalities NL for direction. Issues started to emerge quickly regarding areas for support. The importance of raising tech literacy in the municipal sector became evident and support will be needed to help build an e-commerce backbone in the municipal sector.

Although there has been ongoing funding for broadband infrastructure, in order to fully realize opportunities and in some cases, necessities, it is clear that investment in broadband and digital infrastructure is one of the most critical issues the province should address while recognizing it is not a quick fix and requires significant investment. The message was clear though that opportunities for economic growth and development require the basic foundation of connectivity requirements for all citizens. There was a clear theme that digital infrastructure is vital, will modernize the economy and fix some historical problems.

In addition to recommendations focused on major infrastructure such as broadband, there were suggestions for more immediate supports such as providing small non-repayable contributions to businesses to add online platforms to their business model, as well as encouraging technology adoption in general.

Post-Secondary Institutions

Post-secondary institutions play a unique role in economic development which is not limited to the obvious mandate of training and education. These institutions lead important

research and development activity, assist with development of an entrepreneurial pipeline, support innovation and community activities, and so on. As further details are released about federal stimulus programs, these institutions are an important consideration for potential investment and activity.

The role of post-secondary institutions was referenced many times with respect to economic growth opportunities. In particular, the technology sector is experiencing significant growth but faces skills and labour challenges. For example, the number of annual computer science graduates from Memorial is nowhere near meeting the demand of industry. Industry has been requesting for some time that the size of the program increase dramatically to support growth of the industry which has led to significant new employment opportunities. This type of investment and support will be critical for development of the technology industry and diversification of the economy. Innovation and technology is relevant and vital for all industries.

Municipalities

In addition to the issues already identified for municipalities such as broadband and PPE, there were various issues highlighted that are a result of the pandemic as well as ongoing issues among the sector. For example, 35 - 50 per cent of municipalities have offered tax deferrals, which may become forgiven payments in some cases. This is of most concern for future municipal budgets and will likely result in increased taxes.

It was expressed that regional government must be advanced as soon as possible. The issue has been discussed for many years but a model has not been implemented. It was felt that if regional governments had been in place, the municipal response to the pandemic would have been completely different. It was suggested that a Task Force for Regional Government should be put in place to implement a plan for regional government in Newfoundland and Labrador.

In addition, legislative restrictions were raised with respect to municipal legislation. While a review is underway, the timeline should be sped up to address critical and immediate issues.

It was also noted that a submission by the Federation of Canadian Municipalities (FCM) to the Federal Government for more financial resources should be supported by the province. In particular, the province should join FCM in a common message to federal colleagues.

Community Sector

The community sector is a significant contributor to the economy, which was highlighted in The Way Forward Community Sector Plan. During engagement discussions it was noted that the issue of liquidity was not isolated to for-profit businesses and this was also a major concern for many organizations in the not-for-profit sector. In many cases, organizations simply did not have equity to borrow against and had limited to no reserve funds to operate. The challenge to achieve financial stability for community organizations is not a new issue, however it was highlighted that now is the time for governments to investigate approaches for organizations to raise funds such as through community bonds. In addition, current foundations and corporate sponsors are going to be hard-pressed to provide the types of supports as in the past.

Similar to all businesses that generate revenue from the sale of goods or services, social enterprises are experiencing major reductions in revenue due to closures and reductions in services. Many will likely be required to consider borrowing and will need support to prepare for additional debt.

It was noted that despite many closures, the Province provided normal operational funding for 2020-21 to community organizations, including arts and heritage organizations. Those with government contracts and funding are able to manage the

pandemic challenges a bit easier but many have no source of revenue, with significant losses in some cases due to cancelled events and other activities.

Other Important Issues

Other issues raised during discussions that should be highlighted, include:

- Beyond the immediate emergency responses announced by all levels of government, there is a need for further stimulus programs as the economy reopens in an uncertain period while COVID-19 is still an issue.
- Regulatory burden continues to be an issue for many industries and reduction in red tape was raised by various industry groups.
- Air access is already a significant challenge for Newfoundland and Labrador and serious concern was expressed about how that will look in the months and years ahead with the impacts being experienced in the aviation industry due to the pandemic.
- Marine Atlantic cost recovery was a major concern and potential further increases in rates would be detrimental for citizens and non-resident visitors.
- Seasonality is already a challenge for the tourism and hospitality industry and the collective efforts for improvements to season extension over the past decade may experience major setbacks due to the pandemic.
- Resident travel is important for the tourism and hospitality industry for the short term but it cannot be the only solution as the overall impact will be limited. It must be recognized that some operators will not benefit at all from the resident market for various reasons (i.e. price point will be an issue).

- The oil and gas industry is facing significant challenges that are global in scope and it is clear that due to magnitude, an emergency response and support is required from the federal government. It was also noted that the \$75 million announced for oil and gas emission reductions should be strategically invested.
- Government should consider increasing the contribution for the Manufacturing Productivity program to 100 per cent (it is now 90 per cent), which assists businesses in the sector with implementing lean processes and has seen results of enhanced skills of the labour force.
- The province needs to continue providing funding programs to support business and economic development. Additionally, the importance of assessing existing tax incentives and exploring new ones was mentioned quite frequently. Some of the existing tax credits are too complicated and processes need to be simplified. The idea of a HST holiday for a period of time was also referenced.
- Construction is a big driver of GDP and potential stimulus supports should be directed at such activity. Transmission infrastructure was suggested as a focus which would create work and modernize with new assets.
- Food and beverage sector investments should be considered as secondary processing has tremendous opportunity.
- One of the challenges for many citizens as part of the pandemic is childcare. With the exception of some childcare service availability for essential workers, most childcare centres were closed for several months and even with reopening of the economy, childcare options are limited. As employers and many employees transitioned to working from home, it was immediately apparent that caring for children and providing learning in absence of schooling while also working was a significant challenge. The importance of affordable, accessible and reliable childcare was raised often in the context of being critical for supporting labour and linked to economic growth.

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR RESPONSES

The following table highlights a series of actions implemented by the Government of Newfoundland and Labrador since March 2020, to respond to the impacts of the COVID-19 pandemic.

Initiative	Description
Extension of deadline for Fuel Tax Exemption Permits	The expiry date for Fuel Tax Exemption Permits, which allows permit holders to purchase tax-exempt marked gasoline and light fuel oil, which was set to expire on March 31, 2020 was extended to June 30, 2020.
Extension of various tax return filing deadlines	<p>Recognizing the various challenges being experienced by businesses such as closures and staff layoffs, the Provincial Government extended various tax return filing deadlines for business impacted by COVID-19 including:</p> <ul style="list-style-type: none"> • Gasoline Tax • Carbon Tax • Health and Post-Secondary Education Tax • Insurance Companies Tax • Mining and Mineral Rights Tax • Tax on Insurance Premiums • Tobacco Tax
Compensation to Workers in COVID-19 Self-Isolation	Providing compensation for private sector employers for continuation of pay to employees who were required to self-isolate for 14-days due to the COVID-19 travel restrictions.
Various NLC Actions	<p>NLC waived liquor license fees for the 2020-21 fiscal year.</p> <p>NLC worked with the licensee community to return general list product in an effort to help with working capital.</p> <p>Temporarily waiving warehousing service fees for microbrewers with annual production of 1,000 hectoliters or less for those who use the NLC's distribution network.</p> <p>NLC approved to implement a wholesale pricing discount for licensees, by providing a five per cent discount for wines and spirits, and ready to drink beverages.</p>

	<p>An increase in product commission discounts for craft breweries, wineries, distilleries and cideries producing 1,000 hectoliters or less to 55 per cent for non-NLC distributed products.</p> <p>Government has also approved a temporary regulatory change to permit ferment-on premise operations (U-Brew) to bottle beverages for their customers that started batches of wine or beer prior to the COVID-19 health restrictions.</p> <p>NLC to further support businesses through its distribution and marketing capabilities by listing products of local microbreweries not already supported in this way.</p> <p>NLC to enter into commercial agreements with local craft producers to can product for those who otherwise would not have this opportunity.</p>
<p>Canada Emergency Commercial Rent Assistance Program</p>	<p>The Provincial Government and the Federal Government are cost-sharing this program which aims to lower rent by 75 per cent for eligible small businesses that have been affected by COVID-19.</p>
<p>Residential Construction Rebate Program</p>	<p>\$30 million allocated from the Contingency Fund to support the new Residential Construction Rebate Program.</p> <p>Designed to allow homeowners to save money on construction and renovations, while also helping to stimulate the economy and employment in the province's construction industry.</p> <p>Renovation Projects: A 25 per cent rebate is available for renovation projects for principal residences, up to a maximum rebate of \$10,000 (based on a \$40,000 project).</p> <p>New Home Construction: A rebate of \$10,000 is available for new home construction on homes valued up to \$350,000 before HST.</p> <p>The rebate will apply to work on a primary residence contracted within a 60-day period from the start of COVID-19 Alert Level 3, and the project must be substantially complete by March 31, 2021. To qualify, homeowners must use an eligible contractor, which</p>

	includes those who have general liability insurance and are registered.
COVID-19 Essential Worker Support Program	Cost-shared between the Provincial and Federal Governments, the program will provide a one-time payment to individuals who meet eligibility criteria and who work in professions included in the Government of Canada's "Guidance on Essential Services and Functions in Canada During the COVID-19 Pandemic".
Financial Supports for Child Care Sector	Financial supports for families, regulated child care centres and family child care homes impacted by COVID-19.
Investing in Technology to Support Digital Learning in K-12 system	\$20 million allocated by the province for the purchase of laptops for all teachers, and Chromebooks for all junior high and high school students.
Support for Food Sharing Programs	<p>The Provincial Government is working with community partners to assist in providing food to Newfoundlanders and Labradorians experiencing food insecurity due to the COVID-19 global pandemic, and is providing \$500,000 to Food First NL to support this effort.</p> <p>Food First NL and the Department of Children, Seniors and Social Development are co-chairing a task group that includes officials from Provincial Government departments and representatives from community food providers.</p>
Pandemic Relief Grant for Households in Isolated Labrador Communities	A grant in the amount of \$250 will be issued to 1,213 households in nine communities: Nain, Hopedale, Natuashish, Makkovik, Postville, Rigolet, Mud Lake, Black Tickle and Norman Bay. One-time funding in the total amount of \$331,000 is being allocated.
Technology Options to Families Impacted by the Temporary Suspension of Family Visitation	COVID-19 was impacting children in care and their families who were used to having in person visits before COVID-19 and some families experienced barriers to having video-based visits with their children. To reduce these barriers, CSSD, in consultation with OCIO and Bell Canada, supplied these impacted families that lack access to technology with additional resources to support video-based visits, where possible, with their children throughout the COVID-19 situation. This technology is making phone calls, texts, and/or emails possible.
Funding for a Temporary Low-barrier Emergency Shelter	\$732,000 announced to fund a temporary low-barrier emergency shelter for individuals experiencing

	<p>homelessness, with the temporary site identified at The Gathering Place in St. John's.</p> <p>While work is underway to develop a permanent low-barrier shelter through a request for proposals, the temporary low-barrier shelter will provide more access to those in need of a safe place to shelter with an emphasis on accepting individuals as they are and supporting them to secure more stable housing options. It will be operational by September 2020 and will support an effective response to any second wave of COVID-19 that may occur.</p>
<p>Extension of Expiry Date for Fish Processing and Buyers Licences</p>	<p>The expiry date for all current valid fish processing and fish buyer licences in Newfoundland and Labrador was extended from March 31, 2020 to August 31, 2020, in consideration of economic impacts on the Newfoundland and Labrador seafood sector stemming from the ongoing COVID-19 situation.</p>
<p>Deadline Extended for Current Aquaculture Licences</p>	<p>The Department of Fisheries and Land extended the annual validation expiry date for all current existing aquaculture licences in Newfoundland and Labrador from March 31, 2020 to May 31, 2020.</p>
<p>Expansion of the Vegetable Transplant Program</p>	<p>To address food security needs during the COVID-19 pandemic, FLR is nearly doubling the volume of vegetable transplants available under the Vegetable Transplant Program to assist eligible commercial vegetable producers in the upcoming growing season. This is resulting in an increase from 1.7 million transplants in 2019 to three million in 2020. Three million transplants have the potential to produce approximately 3.8 million pounds of vegetables.</p>
<p>New Agriculture Initiatives</p>	<p>\$13 million allocated to create jobs in the agriculture sector and assist farmers and producers. The plan aims to support employment in rural communities and help open new markets and products for renewable resource-based businesses during the COVID-19 global pandemic. Funds include:</p> <ul style="list-style-type: none"> • \$3.5 million to increase local beef production and determine support for local secondary beef processing facilities; • \$2.75 million for land development to increase large-scale potato production; • \$1.5 million for regional equipment banks to assist new farming entrants;

	<ul style="list-style-type: none"> • \$1.4 million for road construction to improve access to agricultural Areas of Interest; • \$1.25 million to support proposals for regional vegetable cold storage facilities; • \$1 million to construct a greenhouse complex at the Western Agriculture Centre Research Station at Pynn’s Brook; • \$1.01 million for critical equipment at the Centre for Agriculture and Forestry Development at Wooddale to expand activities to support the agriculture sector; • \$300,000 for training and supports for the beekeeping industry; and • \$100,000 to support agricultural virtual market opportunities.
<p>New Forestry Initiatives</p>	<p>\$9.6 million in funding to create jobs and develop forest sector products and markets. Funds include:</p> <ul style="list-style-type: none"> • \$5.7 million for forest industry development projects • \$400,000 for secondary forestry processing innovation pilot projects • \$3.5 million to establish forestry biomass market opportunities <p>Funding for these initiatives is expected to generate more than 100 seasonal and permanent jobs in the forest sector.</p>
<p>Financial Measures for Electricity Customers</p>	<p>Residential and general service customers including businesses and other organizations whose rates are based on Holyrood fuel costs, will receive a one-time credit on their bills.</p> <p>In addition, for customers who require flexible bill payments, government is providing up to \$2.5 million to waive the interest on overdue accounts for residential and general service customers throughout the province. This includes residents, businesses and other organizations that are struggling as a result of COVID-19 and will be for a period of 15 months commencing June 1, 2020.</p>
<p>Assisting the Mining, Mineral Exploration and Quarry Industries</p>	<p>The Department of Natural Resources actioned various supports to assist the mining, mineral exploration and quarry industries in Newfoundland and Labrador during the COVID-19 global pandemic, including:</p>

	<ul style="list-style-type: none"> • Deferral of rental and fee payments associated with land tenure issued under the Mineral Act and Quarry Materials Act until December 31, 2020. The date range to be qualified for deferral is March 18, 2020 to December 31, 2020. Items being deferred include mining and surface lease rentals, mineral licence renewal fees, application and reapplication fees and rentals for quarry permits, quarry lease rental, and hectarage fees for quarry materials exploration licence applications. • Waiver of water use charge payments for 2019 related to mineral exploration. • Waiver of mineral assessment expenditure requirements for mineral licences for one year – from March 18, 2020 to March 17, 2021. • Launch of a new Mineral Lands Administration Portal (MinLAP) to help ensure a seamless regulatory process for mineral exploration companies and prospectors.
Changes to Credit Union Regulations	<p>The Provincial Government amended the Credit Union Regulations, 2009 to allow credit unions to deliver the Canada Emergency Business Account (CEBA) program.</p> <p>To support credit unions and their commercial members, government amended the Regulations to provide all of the province’s credit unions with the ability to access federal commercial loan programs to help Newfoundland and Labrador businesses deal with the financial impacts from the COVID-19 public health emergency.</p>
Deferral of Fees for Businesses	<p>The province implemented the deferral of more than \$6 million in fees to help ease some of the operational pressures facing businesses and free-up cash flow including:</p> <ul style="list-style-type: none"> • Collection of WorkplaceNL assessments from employers has been deferred to after August 31, 2020, with no interest or penalties; • Clearance letters will continue to be provided during the payment deferral period to allow contractors that meet certain reporting criteria to continue to bid on work and operate; • The interest-free payment plan for workplace injury insurance is extended beyond 2020 to March 31, 2021 to allow employers more flexibility to pay;

	<ul style="list-style-type: none"> • Safety training certificates are extended to August 31, 2020 for confined space entry, fall protection, mine rescue, power line hazards, traffic control person, first aid and Occupational Health and Safety Committee members; • Elimination or offer of rebates on aquaculture licence fees, and deferral of annual Crown Lands fees for aquaculture sites; • Full rebate of base fish processor and buyer licensing fees to assist fish processing plants and fish buyers; • Licences will not be cancelled for non-application for renewals until the public health restrictions have been lifted for real estate salespersons and agents; mortgage brokers; insurance companies; insurance adjusters, agents, representatives and brokers; and prepaid funeral services; • New licence applications will be processed for real estate salespersons and agents; mortgage brokers; insurance companies; and insurance adjusters, representatives, agents and brokers; • Businesses are eligible to have a portion of vehicle registration fees for vehicles registered to the business refunded, if they are not in use; • Commercial vehicles of 4,500 kilograms or greater are not required to have their safety inspection completed while they are not operational; • Deferral of the requirement for businesses to file yearly returns under Companies and Deeds Online (CADO) and remittance of the accompanying filing fee; and • Payment of water use charges for 2019 related to microbreweries and wineries and aquaculture due in the 2020-21 fiscal year have been waived. Payment of water use charges for all other industries will be deferred until March 31, 2021.
Regulatory Initiative	<p>The Provincial Government launched a red tape reduction portal in June where businesses can suggest opportunities to ease regulatory pressures.</p> <p>The online portal is a single point of entry for all business stakeholders, community sector organizations and not-for-profit groups in the province for red tape reduction ideas arising from the challenges experienced in response to COVID-19. It is also a means for the sectors to dialogue with</p>

	<p>government on recommendations on issues not arising from the pandemic, but which could improve interactions. All feedback will be considered as government tries to streamline the regulatory process for businesses in the province.</p>
<p>Increased Procurement Thresholds</p>	<p>A local preference provision has been added to the Public Procurement Regulations. This provision will mandate an allowance of ten per cent for local suppliers for all procurements, to the maximum permitted under the Canadian Free Trade Agreement.</p> <p>In addition to this preference provision, the thresholds at which open calls for bids are required have been increased to allow for more opportunities to direct business to local suppliers through a limited call process.</p> <p>Additionally, government also implemented a short-term increase to thresholds for engineering services for municipalities and local service districts from the current \$100,000 to \$264,200. This allows this year's municipal construction projects to begin more quickly, to maximize support for construction and employment opportunities throughout the province.</p>
<p>Temporary Timeline Changes under the Corporations Act</p>	<p>Service NL has varied the following timelines under the Corporations Act:</p> <ul style="list-style-type: none"> • If the time to call an annual meeting occurs between May 8, 2020 and October 31, 2020 a corporation, including a non-profit corporation, is permitted to delay holding its annual meeting for a six-month period. • If a corporation holds an anniversary month of incorporation, or extra-provincial registration, of May to October it is permitted to defer filing the 2020 corporate annual return under the Corporations Act for up to six months. <p>These variations will help alleviate public health challenges related to COVID-19, as well as social distancing recommendations. It also allows a means to help the Provincial Government continue to support business operations in the province.</p>
<p>Extension of Deadline for Cellular Service Call for Proposals</p>	<p>The deadline for the second call for proposals to expand cellular service in Newfoundland and Labrador was extended to July 31, 2020.</p>

	<p>In February, the Provincial Government issued a call for proposals for a cost-shared cellular service pilot initiative, contributing up to a maximum of 25 per cent of project costs towards cellular coverage infrastructure upgrades. The remaining 75 per cent is to be provided by the service provider, in partnership with, municipalities, private ventures, co-operatives, social enterprises and/or regional government partnerships.</p> <p>The Department of Tourism, Culture, Industry and Innovation received numerous requests to extend the call for proposals deadline including several municipalities \ due to delays such as those experienced from the pandemic.</p>
<p>Deferral of Loan Payments</p>	<p>TCII implemented six-month deferral of loan payments, under the Innovation and Business Investment Corporation’s Business Investment Fund, which started with April payments.</p> <p>The aim of loan payment deferral by the Provincial Government is to disrupt the current and future impacts of the COVID-19 pandemic for business clients who are experiencing cash flow challenges, in many cases due to complete closure or reduced operation.</p>
<p>Temporary Policy Changes to Business Development and R&D Programs</p>	<p>To support businesses dealing with the impacts of COVID-19, TCII implemented temporary policy changes to business development and R&D programs to support eligible businesses with increased financial support for marketing, innovation and R&D including:</p> <ul style="list-style-type: none"> • The hiring eligibility for commercial Research and Development (R&D) projects will be temporarily increased. Specifically, salary support for up to six positions may be considered for eligible commercial R&D projects. The positions may include existing employees, new or a combination of both. This temporary policy pertains to applications approved between April 1 and September 30, 2020. • Contribution levels have been temporarily increased for eligible project applications under R&D commercial and Business Development Support. Eligible costs will now be covered up

	<p>to 75 per cent, up from 50 per cent, for applications approved between April 1 and September 30, 2020.</p>
<p>New Tourism and Hospitality Support Program</p>	<p>TCII announced a new \$25 million support program to assist eligible tourism and hospitality based operators impacted by the COVID-19 pandemic.</p> <p>Eligible tourism operators may apply for a one-time, non-repayable contribution of either \$5,000 or \$10,000, dependent on gross sales. In the event of applicants with less than \$10,000 in annual sales in 2019, the contribution rate will be calculated at 50 per cent of total sales or 50 per cent of expenditures for new start-ups.</p> <p>The program is designed to provide some financial relief by way of a non-repayable contribution for tourism operators, as well as hospitality industry including restaurants and bars for which normally there is minimal funding programs available. This is part of the mix of supports available including emergency Federal loan programs.</p>
<p>Stay Home Year 2020 Marketing Campaign</p>	<p>The province launched a new tourism campaign at the end of June 2020 including advertising to be featured on television, radio, digital and social media platforms, to encourage residents to spend their vacation at home in 2020. Newfoundland and Labrador Tourism, in conjunction with the Agency of Record, Target Marketing and Communications, developed this dynamic campaign to run over a 10-week period</p> <p>With restrictions eased, this campaign encourages Newfoundland and Labrador residents to vacation in their own province, supporting local businesses.</p>
<p>Industry Association Support</p>	<p>TCII expects proposals from targeted Industry Associations (IAs) about additional demands from industry due to COVID-19 impacts and requests for additional supports. Many of these will be project related and also submitted to ACOA. TCII anticipates consideration for up to \$50,000 for those IAs supported by TCII's current Partnership Funding projects as well as three others who are playing a critical role in supporting critical Newfoundland and Labrador industries.</p>

<p>Partnership to Launch a New Technology Solutions Program (not announced yet)</p>	<p>Details and approvals are being finalized to support an initiative with NATI regarding supporting technology solutions. In response to the impacts to businesses from the unprecedented situation regarding COVID 19 and the need to assist business with their continuity plans, a call for proposals concept is being finalized in partnership with NATI and ACOA to assist commercial operations to access up to \$10,000 non-repayable contribution to:</p> <ul style="list-style-type: none">• Acquire technology solutions and processes;• Pivot their business/delivery models; and• Generate online sales.
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CONCLUSION

The forgoing sections of this report document the COVID-19 impacts on the Newfoundland and Labrador economy and the programs and activities that were initiated by the Provincial Government to mitigate these impacts and stabilize economic activity. As outlined above, these impacts were determined from data analysis and detailed consultations across sectors. When combined with the federal initiatives, these programs will provide a basis for all sectors to transition back to economic growth and expansion. It is important to note however that COVID-19 has provoked all jurisdictions to take significant measures to ensure their ongoing prosperity. Newfoundland and Labrador will need to benchmark its efforts with those of other provinces and other regions to ensure its ongoing competitiveness. This final section will highlight a number of significant public policy issues that became apparent during the consultation process and which point to a number of areas that will require the Government of Newfoundland and Labrador to intervene in the future to ensure sustained economic growth. Ideally, many of these measures would be pursued in the near term.

1. **The Digital Economy.** This area represents the greatest challenge post-COVID-19 but also the greatest opportunity for improvements in service delivery and cost reduction inside government, and overall competitiveness and productivity gains across the economy. There is a sense that citizens and consumers have become more comfortable in accessing government services online through their COVID-19 experiences and they have become equally comfortable with purchasing goods and services in the same manner. Most of the population have moved up the learning curve in terms of their facility and comfort with digital technology throughout the last few months and this is evident across all dimensions of society and the economy from education, health care, core government services, business to business and business to consumer relationships.

The trend is also evident even with groups such as seniors who previously may have avoided activities such as online banking. Certain groups such as the economically

disadvantaged may still have challenges accessing services online but one solution is to optimize online offerings for cell phones which most of this group has access to. This increased preference for “digital by default” has been observed globally by major consulting firms such as The Boston Consulting Group and McKinsey and Company, which are predicting that these shifts in behaviour are likely to be permanent. Citizens now better understand the advantages of digital platforms in all forms and will push for greater investment by governments and the private sector in improving their online capabilities. From a Newfoundland and Labrador perspective, the following specific areas warrant continued investment by government as fiscal circumstances permit:

- a) **Broadband and cellular access.** The adequacy of Newfoundland and Labrador’s broadband and cellular network was the most often cited issue for firms, organizations and individuals in coping with the changes necessitated by COVID-19. This was an issue across all sectors and most acutely in rural and remote areas. There is a new federal broadband program about to be launched and the Government of Newfoundland and Labrador will need to strategically utilize it to the greatest extent possible. Broadband access to remote areas will remain a particular challenge when at the same time this access is critically important for resource development in sectors such as aquaculture and mining. Broadband and cellular access will be a critical for the digitization of the overall Newfoundland and Labrador economy and to realize cost reductions and productivity improvements in sectors such as oil and gas.
- b) **Technology training for business.** While projects will be launched such as one noted above to get as many firms as possible online with adequate e-commerce platforms, there is still a capability gap in terms of the skills required. This is an issue quite distinct from the lack of skilled computer science grads and programmers documented by NATI and others. The demand here is for technology training (social media, e-commerce) across all sectors from tourism to retail and personal services
- c) **E-government, e-learning and virtual health care.** The present process has resulted in the implementation of a number of initiatives in these areas, all of which

are tied to the government's capacity to respond to the present COVID-19 crisis and the possible rebound in cases in the fall. Given the heightened interest on the part of citizens and the capacity of online service delivery to improve services while reducing costs, much more could be done in this area. Projects of this nature would also provide a stimulus for both the broader economy and the technology sector.

d) Technology in all industries. This was a theme in the McKinsey report commissioned by the Provincial Government and efforts are ongoing across sectors and across provincial departments to implement this policy. COVID-19 has heightened the requirement to expedite the process. For example, it will be instrumental in reducing costs in the Newfoundland and Labrador offshore and reducing carbon emissions. This needs to be a priority focus that is coordinated across the provincial government and linked to federal government and private sector efforts, both of which could be a source of complementary investment.

2. Competitive regulatory regime. A review of this issue was not part of the mandate for the present exercise. It was however, raised in almost every interview. It is not expressed as a cost issue primarily, but instead as a complexity/uncertainty and bureaucratic overburden made worse by the COVID-19 crisis. The long timelines for approvals for resource sector projects have been noted elsewhere but this problem may take on a new urgency in a post-COVID-19 world where all jurisdictions compete for foreign direct investment to rebuild their economies.

3. Global trade, supply chain logistics, transportation and international protectionism. These areas of concern were included in the terms of reference for this initiative as they have been raised as constraining variables in the return to stable economies elsewhere. However, they did not emerge as significant problems in the Newfoundland and Labrador context, even in export intensive industries such as fisheries, aquaculture and mining. Given that the COVID-19 crisis is still unfolding, ongoing analysis of these issues should be conducted.

4. Air access. Air access is considered to be a long-standing issue that constrains economic development across sectors. COVID-19 has depressed demand and airlines such as Air Canada and other carriers have dropped many routes. This will be a particular challenge for rural Newfoundland and Labrador.