

## Summary Report - 2022 Pre-Budget engageNL Consultations

In advance of Budget 2022, residents were invited to share ideas through engageNL, as described in Appendix A. The intention was to build upon Budget 2021 measures to transform and modernize government - resulting in better service delivery and improved financial outcomes. Questions were specifically aimed at assessing the priorities of stakeholders in Newfoundland and Labrador for managing the deficit and modernizing government.

The consultation to gather input into Budget 2022 was posted on engageNL on February 1, 2022 and participants had until February 18, 2022 to complete the questionnaire. In total, 247 submissions were received through engageNL (223 completed questionnaires, 15 uploaded submissions).

The following information is a summary of common themes identified.

### Key Observations - Pre-Budget 2022 Online Submissions

Respondents were asked to identify the most important things government can do in Budget 2022 to improve their quality of life (respondents were asked to identify their top three of 18 choices). The top three responses were: improved health care services and outcomes (21.97%), a focus on job creation (10.79%) and support for innovation and technology industry growth (8.67%). The responses are listed below.

Response	Number of Responses	Percentage
A focus on job creation	56	10.79%
Support for innovation, technology industry growth	45	8.67%
Regional economic development initiatives	28	5.39%
Improved health care services and outcomes	114	21.97%
Access to mental health services	43	8.29%
K-12 education	40	7.71%
More opportunities in skills training, post-secondary	22	4.24%
Support for resource-based industries (i.e. mining/oil&gas)	26	5.01%
Support for newer industries (i.e. film and TV production)	19	3.66%
Support transition to cleaner economy/reduce GHG emissions	28	5.39%
Affordable housing	33	6.36%
Access to child care	24	4.62%
Protecting children	8	1.54%
Increase programs for Indigenous people, women, LGBTQ+, and people facing systemic barriers	12	2.31%
Indigenous resources and reconciliation actions	2	0.39%
Policing and courts	7	1.35%
Poverty reduction	2	0.39%
Improved roads, highways and ferries	10	1.93%
<b>Total</b>	<b>519</b>	<b>100.00%</b>

Respondents also had the opportunity to provide an optional priority response not listed above. Responses included:

- Lower taxes (income, sales, gas taxes)
- Improve cost of living
- Reduce spending

Given government is focused on balancing its budget and not increasing total expenses, respondents were asked if they think government has the right balance between health, education and other priorities. Respondents could identify their preferences (reduce, maintain, or increase spending) from a list of 15 options provided, and could select all that would apply.

Note: the selections for health care sector had the lowest discrepancy between each of the options available. Approximately one third of respondents selected each option (reduce spending 29.52%, maintain 37.00% and increase 33.48%). Similarly, there was an equal distribution of responses to Other Resource Sector-Environment and Climate Change with 32.93% selecting reduce, 36.59% maintain and 30.49% increase. It is also worth noting that with Other General Government Sector, only 6.79% of respondents felt funding should be increased and the responses for reducing funding (47.51%) and maintaining funding (45.70%) were close.

Percentages for all responses are outlined in the table below.

<b>Response</b>	<b>Reduce</b>	<b>Maintain</b>	<b>Increase</b>
Health Care Sector (40.7%)	29.52%	37.00%	33.48%
Kindergarten to Grade 12 Education (10.9%)	14.22%	56.89%	28.89%
Transportation and Infrastructure (6.3%)	19.64%	45.09%	35.27%
Post-Secondary Education (4.8%)	29.33%	48.89%	21.78%
Income Assistance (2.8%)	23.53%	48.42%	28.05%
Municipal and Provincial Support (0.9%)	17.27%	64.55%	18.18%
Other General Government Sector (13.1%) Includes Consolidated Fund Services; Digital Government and Service NL; Executive Council; Finance; Public Procurement Agency; Public Service Commission; and Transportation and Infrastructure	47.51%	45.70%	6.79%
Other Social Sector (6.4% total) Children, Seniors and Social Development (less income support)	14.29%	56.25%	29.46%
Other Social Sector - Justice and Public Safety	22.62%	60.63%	16.74%
Other Social Sector - NL Housing Corporation	26.01%	57.85%	16.14%
Other Resource Sector (6.2% total) - Environment and Climate Change	32.93%	36.59%	30.49%
Other Resource Sector - Immigration, Population Growth and Skills	27.49%	47.39%	25.12%
Other Resource Sector - Innovation, Energy and Technology	19.82%	46.40%	33.78%
Other Resource Sector - Fisheries, Forestry and Agriculture	30.32%	56.56%	13.12%
Other Resource Sector - Tourism, Culture, Arts and Recreation	25.56%	55.16%	19.28%

The Government of Newfoundland and Labrador has various tools it can use to reduce the deficit and provincial debt over time. Respondents were asked to identify their preferences from a list of eight options provided and could select all that apply. The top three responses were: reduce spending by modernizing provincial programs and services (23.05%), increase corporate income tax (18.41%) and reduce government's assets (18.41%). All responses are below.

Response	Number of Responses	Percentage
Increase personal income tax	19	2.52%
Increase corporate income tax	139	18.41%
Increase consumption taxes, including HST	20	2.65%
Reduce spending by modernizing provincial programs and services	174	23.05%
Reduce total expenditures on health	76	10.07%
Reduce total expenditures on education	51	6.75%
Reduce infrastructure spending	55	7.28%
Reduce government's assets	139	18.41%
Other ideas	82	10.86%
<b>Total</b>	<b>755</b>	<b>100.00%</b>

Note: participants also had an opportunity to provide an optional response not listed above. Other responses generated an array of diverse responses, or generally were an expansion to the tools identified in the questionnaire.

Respondents had the opportunity to provide additional comments. Key themes arising from those comments are listed below:

- There were repeated references for the need to address the rising cost of living in NL (reduce gas tax, rising cost of food, cost of home heating).
- Support to continue with the practice of having employees working remotely.
  - Employees have demonstrated they have the ability to work from home.
  - Will result in savings due to reduction in leased office space/maintenance and a reduction in gas emissions due to employees travelling less.
- Sell off government buildings (savings in maintenance, snow clearing, etc.).
- While there were many responses suggesting government privatize assets (in particular the Newfoundland and Labrador Liquor Corporation and provincial ferries), there was opposition as well and suggestions if privatization is to occur that government should proceed with caution.
- Reduce size of public service (particularly management, not front line service employees).
- Strong opposition to individual tax increases.
- Consolidate Regional Health Authorities/one RHA for the province.
- Changes needed/revamp Income Support program.
- Criticism of the cost of the new Premier's Office in central Newfoundland.
- Resettle remote communities, with specific references to ferry costs.
- Focus on regionalization/all property owners should pay taxes.

- References to the need to implement recommendations in the Greene Report.
- Stop paying consultants, utilize public sector employees.
- Health care system needs to be fixed – privatizing some services suggested.

### **Summary Analysis**

In general, respondents to the Budget 2022 consultations expressed concern about government spending and the need to find savings. Privatizing services such as the NLC and provincial ferries was a common theme as well as the need to improve our health care system; however, there were not many specific suggestions to how the system can be improved. With regards to tax increases, there was little support for increasing personal income tax or consumption taxes, however, there was larger support for the suggestion to increase corporate income tax.

## **Appendix A**

### **Engage NL – Invitation to share ideas in advance of Budget 2022**

#### **OVERVIEW**

We are inviting you to share your ideas in advance of Budget 2022.

Budget 2021: Change Starts Here sets a path to bring provincial spending under control and a plan to ensure our financial and economic future is secured. It presented a multi-year forecast to place the province in a balanced position by 2026-27.

Change Starts Here is a forward thinking plan that introduced a number of measures to transform and modernize government - bold, decisive actions that will result in better service delivery and improved financial outcomes.

#### **WHY IS THIS NEEDED?**

Solutions are needed to address long-standing financial challenges in Newfoundland and Labrador. These include our structural challenges of a large geography, an aging and declining population and a dependence on volatile commodities. Annually, we are spending more than we are receiving in revenue and we have limited capacity to absorb further borrowing given our current debt load.

#### **WHAT IF WE DO NOTHING?**

If we do nothing, our deficit will grow and, as a result, our debt servicing costs will increase. We spend almost one billion dollars a year to service our debt. Imagine if we had that money to invest in our communities and our economy.

#### **WE ARE ON THE RIGHT PATH**

The 2021-22 fiscal and economic update in November 2021 highlighted that the province is moving in the right direction.

Since Budget 2021, revenues are higher than originally forecast by \$186 million, while expenses are lower by \$45 million, resulting in a decreased projected deficit of \$231 million. Contributing factors to higher revenues include increases in the corporate income tax, mining and minerals rights tax, sales tax and oil royalties.

The province is projecting the net debt to be \$16.7 billion, a reduction of \$500 million from the original Budget 2021 estimate of \$17.2 billion.

#### **OPPORTUNITY FOR THE FUTURE**

There are many opportunities and potential in our province. We are currently undertaking a number of measures to address the deficit and debt, and to transform and

modernize government. Through this work, we look to improve and enhance the quality of service delivery to citizens while at the same time doing it in a cost effective manner, removing duplication, and striving for clear and measurable outcomes.

## **LEARN MORE**

[Budget 2021 Takes Control of Provincial Finances; Signals Start of Government Transformations](#)

[Premier Furey and Minister Parsons Announce Nalcor Operations Moving Under Newfoundland and Labrador Hydro](#)

[Minister Osborne Provides Update on Newfoundland and Labrador English School District Transition](#)

[Regionalization Discussed at 2021 Premier's Forum on Local Government](#)

[Provincial Government Announces Interim Board and Transition Team Appointments for Newfoundland and Labrador English School District](#)

[Provincial Government Engages Outside Firm to Undertake Review of Provincial Assets](#)

## **WHERE WE GO FROM HERE?**

The measures we are undertaking today are important to our broader transformation as we look at areas where we have the highest expenditures, such as within government entities, education and health. We are taking the necessary steps to reinvent government and the economy.

## **A COLLABORATIVE APPROACH**

Transformation is powerful and so is the outcome. We can and must take those steps toward a sustainable fiscal future. We have an incredible opportunity to discover new ways of delivering services, become more efficient and be the best version of ourselves. By working together, meaningful change can be taken toward a stronger, more viable future for Newfoundland and Labrador.

## **HOW CAN YOU GET INVOLVED?**

As a province, let's continue this work and move forward by taking the action necessary to meet our target of a surplus position by 2026-27, to transform government and the province.

Our partners in this transformation include you, the people of this province, our labour force, business and labour leaders, community groups and municipalities, and the federal government. It works best if we are all engaged and involved.

We welcome you to share your views.

**CLICK HERE TO COMPLETE THE ONLINE QUESTIONNAIRE.**

If you have a written submission for consideration, please click below to upload your document.

[CLICK HERE TO SUBMIT YOUR WRITTEN SUBMISSION.](#)

Or send them via mail to:

Budget 2022  
Department of Finance  
Main Floor, East Block, Confederation Building  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Deadline for submissions is February 18, 2022

### **HOW WILL YOUR INPUT BE USED?**

The information we receive will be reviewed by Department of Finance, along with other relevant government departments. Feedback will be considered as the Provincial Government develops Budget 2022.

### **PRIVACY STATEMENT**

The collection of information is done under the authority of section 61(c) of the **Access to Information and Protection of Privacy Act, 2015** for the purpose of collecting public feedback on the how to modernize government in advance of Budget 2022.

Any personal information that may be received will be governed in accordance with the **Access to Information and Protection of Privacy Act, 2015** and will only be used for the purpose of providing a response to submissions received and informing public engagement results at the end of the process.

If you have any questions about how this information will be collected, used and disclosed, please contact the ATIPP Coordinator.

### **CONTACT US**

If you have any questions or additional comments, please contact the Director of Communications.

### Question One:

As a citizen of the province, the most important things government can do in Budget 2022 to improve the quality of my life is (select your top three priorities):

- A focus on job creation
- Support for innovation and technology industry growth
- Regional economic development initiatives
- Improved health care services and outcomes
- Access to mental health services
- K-12 education
- More opportunities in skills training and post-secondary education
- Support for resource-based industries such as mining and oil and gas
- Support for newer industries such as tourism and culture, including film and television production
- Support the transition to a cleaner economy and reduce GHG emissions
- Affordable housing
- Access to child care
- Protecting children
- Increase programs for Indigenous people, women, LGBTQ+, and people facing systemic barriers
- Anti-racism measures
- Indigenous resources and reconciliation actions
- Adult protection
- Policing and courts
- Poverty reduction
- Improved roads, highways and ferries

If you have a priority not listed above, please include it here:

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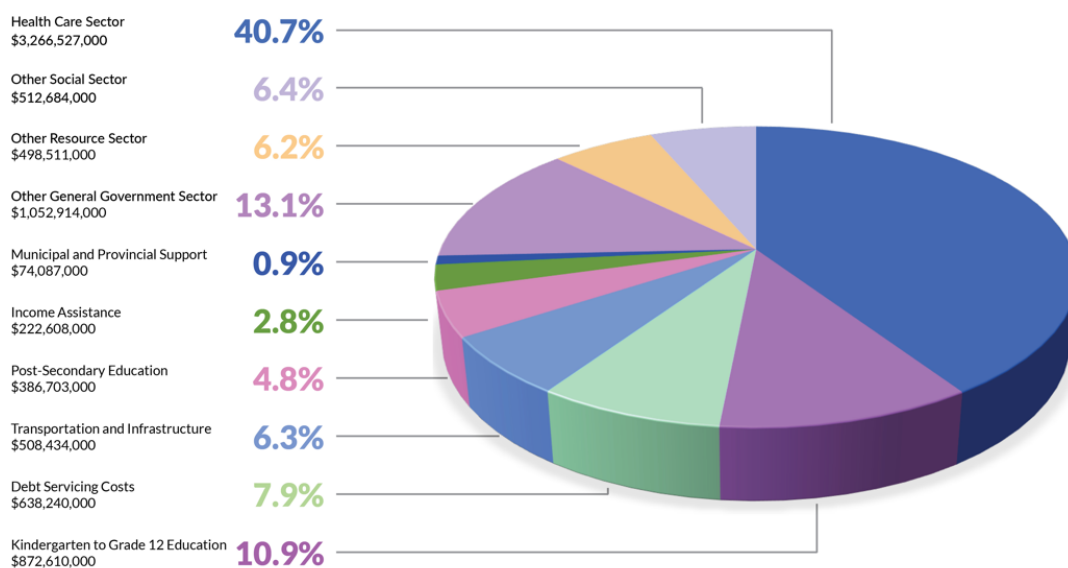
### Question Two:

Budget 2021 set a path to bring provincial spending under control and a plan to ensure our financial and economic future is secured. It presented a multi-year forecast to place the province in a balanced position by 2026-27.

As of Budget 2021, the province's projected deficit for 2021-22 was \$826 million, with projected revenue of \$8.5 billion and expenses of \$9.3 billion - \$449 million of which was one-time federal government funding and \$120 million of which was COVID-19 contingency funding.



### Where the Money Goes Gross Expenditures 2021-22



Note: Federal government funding is not included in gross expenditures as shown here.

Given we are focused on balancing our budget and not increasing total expenses, do you think we have the right balance between health, education and other priorities?

#### Question Three:

The Government of Newfoundland and Labrador has various tools it can use to reduce the deficit and provincial debt over time. Which of the following options do you support (please select all that would apply).

- Increase personal income tax
- Increase corporate income tax
- Increase consumption taxes, including HST
- Reduce spending by modernizing provincial programs and services
- Reduce total expenditures on health
- Reduce total expenditures on education
- Reduce infrastructure spending
- Reduce government's assets
- Other ideas

#### Question Four:

If you have comments, ideas or suggestions for consideration regarding Budget 2022, please provide them here.