

Government Renewal Initiative

What We Are Hearing

March 2016



Message from the Minister

This *What We Are Hearing* document is an update on the input received from Newfoundlanders and Labradorians through the Government Renewal Initiative public engagement process. Launched on January 12, 2016 the Government Renewal Initiative is focused on identifying measures to eliminate the province's deficit and establish a sustainable budgetary framework. Regular engagement with the people of our province is a key commitment of this government. The Government Renewal Initiative includes an engagement process that provides a variety of ways for residents to share their views and ideas on how to address our financial situation.

We are in uncharted financial waters, and we need all hands on deck to develop solutions. To address our unprecedented financial situation, Newfoundlanders and Labradorians have responded in an unprecedented way. More than 1,000 people have participated in 26 in-person engagement sessions. There have been almost 30,000 users on the Dialogue App, which has generated over 1,800 ideas and 4,400 comments, along with more than 700 submissions by email, phone, mail, and fax.

These ideas and suggestions will inform government. Some input will be reflected in actions taken in Budget 2016, and as appropriate, further actions to be taken at the mid-year fiscal update and in Budget 2017.

I offer my sincere thanks to all those who have taken the time to participate. Your opinion, ideas and direction on generating revenue, reducing expenditures, eliminating waste, and assessing the role of government are essential to mapping our financial future.

Thank you.

Siobhan Coady
Minister Responsible for the Office of Public Engagement

Introduction

This *What We Are Hearing* document is a themed summary of what participants in the Government Renewal Initiative engagement process have said to date. All the information gathered through the engagement process will be considered to help inform government's decision making. This document is a summary document, not a decision document. Government's decisions and actions will be implemented through Budget 2016, the mid-year fiscal update and future budgets.

This is a challenging time for Newfoundlanders and Labradorians. Our province is facing a difficult and unprecedented financial reality that includes mounting debt, increasing interest and borrowing costs, and a restricted ability to deliver public services to the people of the province.

We have always been resilient in the face of adversity. The current challenges we face require the same strength and courage that we as a province have demonstrated time and time again.

In order to address these challenges, the Government of Newfoundland and Labrador launched the Government Renewal Initiative in January 2016 to identify a combination of short, medium and long-term measures to assist in eliminating the province's deficit and carve a path toward a sustainable budgetary framework.

Our approach is to engage residents using numerous methods and tools, in order to obtain ideas from Newfoundlanders and Labradorians on how our government can achieve prosperity and financial stability. Public engagement activities so far have centered on three key questions:



Increasing Innovation

How can government be more innovative or efficient to provide quality services at lower costs?



Increasing Revenue

Given the financial challenges facing our province, what three things do you think government could do to raise money?



Saving Money

Thinking of all the things government spends your money on to provide the residents of the province with services, what are the three things that could be stopped in order to save money?

These questions have challenged residents to consider a balance between wants and needs as the Provincial Government prepares to address our financial reality in the coming months and years starting with decisive action in Budget 2016-17. We invited all Newfoundlanders and Labradorians to participate in this process to help inform what actions can and should be taken to get our province back on track and ensure the future prosperity of Newfoundland and Labrador.

The Engagement Process

The Government of Newfoundland and Labrador has committed to engaging with citizens, stakeholder groups, community organizations, and government employees to develop a path forward that includes short, medium and long-term actions.

To uphold this commitment, an extensive engagement process has been carefully planned and is being carried out to ensure the ideas of residents are heard and considered. A variety of opportunities and methods have been provided to the residents of Newfoundland and Labrador to give voice to their ideas.

These include:

- Conducting in-person engagement sessions throughout the province;
- Using an online dialogue platform <https://dialogueapp.gov.nl.ca/>, which offers an online forum for residents to submit ideas, comment on the ideas of others, and express support for ideas;
- Accepting submissions and ideas via email, mail, telephone and fax; and
- Stakeholder-led and MHA-led engagement sessions

Snap shot of the engagement process to date:

26

In-person
Sessions

1,000+

Session
Participants

28,000

Dialogue
App Users

700

Email, Mail, Fax &
Phone Submissions

To date, regional public engagement sessions have been held in the following communities:

Carbonear

Channel-Port Aux Basques

Clarenville

Corner Brook

Gander

Grand Falls - Windsor

Happy Valley-Goose Bay

Labrador City

Manuels

Marystown

Placentia

Rocky Harbour

St. Anthony

St. John's



What We Are Hearing

The Office of Public Engagement is using a variety of tools to seek ideas on how to address the province's financial challenges. This document includes information that has been received to date from the Dialogue App, in-person engagement sessions, emails, mail, telephone and social media.

A team of analysts carefully organized and examined the comments, ideas and topics received to identify trends in the data and sorted them into theme categories.

Generally speaking, a theme category was created when many participants, across multiple engagement opportunities – usually both in-person and online – said the same or similar things about an idea or proposed action.

It is important to note that simply because a theme has been identified does not mean that support for the ideas within that theme was universal or that dissenting opinions or ideas were not expressed. It is also important to note that this document represents a snapshot in time of what we are hearing. As the engagement process continues, current identified themes may intensify or decline in importance. Additionally, new themes and ideas may emerge over time. To read all comments in their entirety please visit: www.gov.nl.ca/OurFiscalFuture.

As was outlined at the beginning of each in-person session, efforts were made throughout the engagement process to protect the identities of those submitting ideas. All input from in-person sessions was recorded without the use of names. As an additional safeguard, input received was reviewed by privacy professionals to ensure that the identities of individuals submitting the input would not inadvertently be revealed.

Emerging Themes

The Office of Public Engagement's analysis of the information received so far has revealed some emerging themes and sub-themes. New approaches and ideas have been proposed to help the Provincial Government's decision making process. The themes and sub-themes, as well as a brief summary of the types of things people have said, are presented below.

Each sub-theme has been tagged with one or more icons to indicate whether it relates to efficiency and innovation, increasing revenue, or saving money.



Efficiency and
Innovation



Increasing
Revenue



Saving
Money

Regionalization

We are hearing ideas about how regionalization and the sharing of services could help improve the delivery of public services and save money. Below are some of the sub-themes that are emerging from the input we have received.



County System/Regional Governance Structures

There were comments relating to the establishment of a county or other type of regional governance structure to reduce the administrative burden on small communities. Participants suggested considering the use of a county/regional system, such as Nova Scotia's county model.



Shared Services (Fire/Garbage Collection/Snow Clearing)

Participants suggested that communities within certain geographic areas should either consider sharing, or be compelled to share, services such as fire services, garbage collection, water and sewage treatment and snow clearing. It was often suggested that better sharing could improve services while reducing expenditures.



Amalgamate Communities

Participants suggested that communities in close proximity to one another should either consider amalgamation, or be compelled to amalgamate, in order to reduce the number of city/town councils and improve efficiency.



Tax/Eliminate Local Service Districts

A number of participants suggested that residents of Local Service Districts should be taxed directly. Other participants noted that residents of Local Service Districts often look after their own services and contribute via taxation already.

Rural Considerations

While a number of the themes and sub-themes that are emerging have impacts on rural parts of the province, there are two sub-themes specific to rural Newfoundland and Labrador emerging so far.



Resettlement

Concerns regarding the resettlement of small communities have been expressed by participants.

Comments have included government re-thinking its Community Relocation Policy to help rural and remote communities relocate. Participants suggested this will improve service to residents while reducing costs.



Rural Services

Participants expressed the view that services provided to small communities should be proportionate to the size and population of the respective communities. This comment was typically tied to medical and education services. Others suggested alternative service delivery mechanisms, for example, relying more on nurse practitioners in regions where the number of doctors is limited.

Use of Technology

Participants expressed that government could save money and increase efficiency, particularly in delivering services, by making better use of technology. Others identified ways in which government could improve its internal processes by adopting new approaches to the use of technology within the public service.



Use Information and Communications Technology to Reduce Travel Needs

Participants suggested the Provincial Government should expand its use of communications technology to reduce the need for travel and face-to-face meetings. It was suggested that this would result in cost savings by reducing the number of government vehicles needed and limiting travel expenses.



Open Source Technologies

Participants identified opportunities for government to adopt more open source technologies. A common suggestion was to replace proprietary software with free options (for example, using OpenOffice instead of Microsoft Word).



Use of Digital Forms and Signatures Internally

It was suggested that government should increase the use of digital signatures on routine forms to reduce the amount of paper used and to expedite internal approval processes.



Online Services

Participants suggested that increasing and/or transitioning to the online delivery of services would reduce the need for physical offices and streamline service delivery.

Public Sector

A variety of comments and opinions were expressed relating to the public service. Some focused on the number of public service employees and the positions they hold, while others addressed more structural elements of the public sector. Still others explored innovative ways to reduce negative impacts on public service employees while saving money and maintaining services.



Workforce

Some participants suggested the public service is too large as a whole. Others suggested there is excessive management in the public service and that government should consider reducing the number of management and executive positions.

A significant portion of those who advocated for downsizing the public service still expressed concerns about the possible service delivery impacts of reducing the number of frontline employees.

Other participants warned of the impacts of reducing the size of the public service, as well as targeting particular groups such as middle management. It was commonly noted that service delivery, talent recruitment and retention, and succession planning would be negatively impacted. Concerns that job cuts and the 'bumping' process would disproportionately impact younger public service employees and negatively impact the public service in the long-term were also expressed.



Departmental/Board Mergers

Suggestions regarding the merging of departments and other government organizations were made. Participants suggested that in order to increase efficiency, similar departments should be combined.



Wages

Some participants stated that public sector wages should be reduced, while others felt that wage reductions would damage the economy. A number of participants advocated for wage reductions, stating that it was an alternative that could reduce the need for job cuts.



Alternative Work Arrangements

Participants felt the current fiscal situation provides an opportunity for government to implement alternative work arrangements to limit negative impacts on the public service, such as job losses. Ideas such as mandatory unpaid leave, job sharing and reduced work weeks were suggested as ways to not only reduce expenditures, but also to recruit and retain talent.



Retirement Incentives

Participants suggested that offering retirement incentives to employees who are eligible or close to retirement would be an effective means to reduce the size of the public service. It was also noted that this could reduce the number of higher salary positions while protecting junior public service employees, who were seen as important both in terms of ensuring the future of the public service, as well as long-term contributors to the economy.



Pension Reform

It was also suggested that pension reform would reduce expenditures. Particular focus was paid to MHA pensions, with participants suggesting they be more aligned to the features of core public service pensions.



'March Madness'/End of Fiscal Year Spending Controls Needed

Participants indicated that government departments spend more money near the end of the fiscal year in order to ensure their budgets are not reduced in subsequent years. Participants suggested government implement controls or incentives to reduce end-of-year spending.

Privatization/Asset Sale

Privatization and the sale of government assets were both discussed as a way to cut costs and raise revenues. Privatization suggestions to date have largely focused on two areas: health care and the Newfoundland and Labrador Liquor Corporation. Asset sales were largely focused on the sale of land and buildings.



Crown Land/Government Buildings

Suggestions were submitted proposing that government sell more Crown Land in order to raise revenue. Participants also suggested that government sell off buildings that are determined to be underutilized.



Newfoundland Labrador Liquor Corporation

There were comments made regarding the privatization of the Newfoundland Labrador Liquor Corporation. Some participants suggested that government should only be involved in the regulation and licensing of liquor sales rather than retail operations. It was suggested that maintaining revenue through taxation while reducing salary and other overhead expenditures would save money.



Health Care

Some participants suggested that two-tier health care, or more private medical services, would improve access, save money and facilitate the creation of a private health care industry.

Energy

Participants expressed wide-ranging ideas and input regarding energy issues in the province. Likely due to the multi-faceted nature of the topic, no clear consensus on energy issues is emerging.



Muskrat Falls

Some participants felt the Muskrat Falls project should be stopped altogether. Others felt that work towards the completion of the project should be slowed down in order to extend the window of employment. Still others felt that the project is too far along for it to be stopped at this point.



Oil

While many aspects and impacts of oil prices were discussed, the most prevalent ideas revolved around tying a variety of economic drivers, such as taxes and salaries, to the price of oil, and the level of investment the province should make in the industry. Some participants felt government should increase its stake in the sector, whether through training, funding or investments. Others said government should move to diversify the economy outside of the oil and gas sector.



Wind Power

Participants suggested increasing the province's focus on wind power either directly or by offering incentives to private industry.

Economic Diversification

Participants in the engagement process identified several areas where the provincial economy could be diversified. Broad sectors, such as clean energy and agriculture, were commonly mentioned.



Agriculture/Food Security

Participants suggested that encouraging investment in the agricultural sector would create entrepreneurial opportunities while simultaneously improving food security in the province. It was suggested that providing incentives for food production, both large and small scale, could contribute to increased food security. In addition, some suggested that the province should ease restrictions on the sale of wild game.



Marijuana Regulation/Production

Participants identified marijuana regulation, licensing and production as an opportunity for revenue generation, as well as a way to save money currently spent on enforcement.



Reduce Barriers for Startups/Small Business

Some participants noted that government needs to foster a business environment that encourages entrepreneurship, particularly by reducing 'red tape' that is sometimes seen as a barrier. Other participants noted that while regulations provide protection to consumers, they may inadvertently reduce the likelihood of the business succeeding.



Build a Casino

Some participants voiced their support for the establishment of a casino in the province as a means to raise revenue and act as a tourist attraction. It was also stated that it would be easier to regulate and control the activity in a centralized building. Others expressed concerns, particularly regarding social impacts, but felt that the money being spent on this activity should be contained in the province, rather than having that money go to other jurisdictions. Still others disagreed with the idea of building or allowing a casino at all, saying it would contribute to inequality within the province and increase addictive behaviour.

Fees

The introduction of new fees, as well as increasing existing fees, were suggestions for increasing revenue. In some cases, the fees suggested are intended to act as deterrents in order to improve efficiency.



Tolls

The establishment of toll booths on roads around the island was seen by some participants as a possible revenue generator.



Ferry Rates

Participants stated that fees for ferry services should be increased to better align with the cost of operating those services. Some suggested the possibility of constructing fixed links, with usage fees offsetting the cost of construction and/or contributing revenue to the province.



Tuition

Some participants stated that the tuition freeze at Memorial University should be lifted. Others wanted the tuition freeze to continue in order to encourage young people to pursue post-secondary education. Still others suggested increasing tuition rates for students from outside Newfoundland and Labrador.



Fees to Visit Medical Professionals/Missed Appointments

Establishing fees to visit medical professionals and for missed appointments was seen by participants as a means to increase revenue while also improving efficiency. Participants indicated that a small fee for making and/or missing appointments would reduce frivolous visits and discourage 'no-shows', particularly for specialists, which would ease the burden on the health care system.



Other Fees

There was a significant amount of discussion around various fees. In general, increasing a variety of fees was seen as a way to increase revenue in a more voluntary manner than taxation. Increasing remote cottage/cabin fees, harvesting fees, and vehicle registration fees were among the suggestions.

Taxes

In addition to fees, the introduction of new taxes and increasing existing taxes were also popular suggestions to increase revenue. In general, ideas targeted the consumers of particular products.



HST

Participants suggested increasing the Harmonized Sales Tax (HST). Those who commented on the size of the potential increase typically stated that it should be one to two per cent.



Tobacco/Alcohol Tax

Participants identified an increase in 'sin taxes', such as those on alcohol and tobacco, as an opportunity to increase revenues.



Tax of High Income Earners/Corporations

Participants suggested income tax rates should be increased for those in higher tax brackets. Others noted while there was a lot of discussion on personal consumption and income taxes, corporate taxes could be increased to offset the need to increase taxes on individuals.



'Junk Food' Tax

Participants felt that increasing taxes on unhealthy food choices would increase revenues while encouraging healthier lifestyles that would save money by reducing the burden on the health care system.



Elastic Gas Tax

Participants proposed the implementation of an elastic gasoline tax. The aim of such a tax would be to create a consistent price for gasoline, whereby taxes would be collected when prices are low, and ease the burden on consumers when prices are high.

Health Care Reform

Discussions concerning health care reform generally revolved around increasing efficiency and accessing health services.



Pharmacists' Ability to Renew Prescriptions

Participants stated that pharmacists should be permitted to renew recurring prescriptions for chronic conditions. It was suggested this would help alleviate some of the strain on family physicians by reducing the number of patient visits required.



Role of Nurse Practitioners

Participants suggested that the role of nurse practitioners should be expanded. Some suggested that providing specialized training to nurse practitioners where needed, would ease the burden on primary care physicians and improve health care access.



Incentivize Citizens to Take Care of Elderly Family

Some of the discussion around health care reform focused on care for elderly family members. Some participants recommended government provide incentives for people to care for family requiring support at home. It was suggested that this may save money by reducing the need to place individuals in care facilities.

Income Support

Discussions and suggestions concerning income support programs generally fell into two categories. The first included ideas regarding how to increase efficiency in the system to provide better quality services, while the second was related to the integrity and use of income support programs and services.



Income Support Reform

Participants suggested income support services be reviewed and reformed by government. In some instances it was recommended that the current system is too complicated to navigate, and that a centralized or integrated service model should be considered.



Review of Files for Abuse

Participants expressed concerns about income support abuse. A common suggestion was to review cases for fraud and abuse.

At a glance:

In addition to the three key questions, at the end of each in-person engagement session we asked the question:

“What is the one thing your table wants government to remember when making decisions related to our financial challenges?”

Commonly heard statements included things such as:

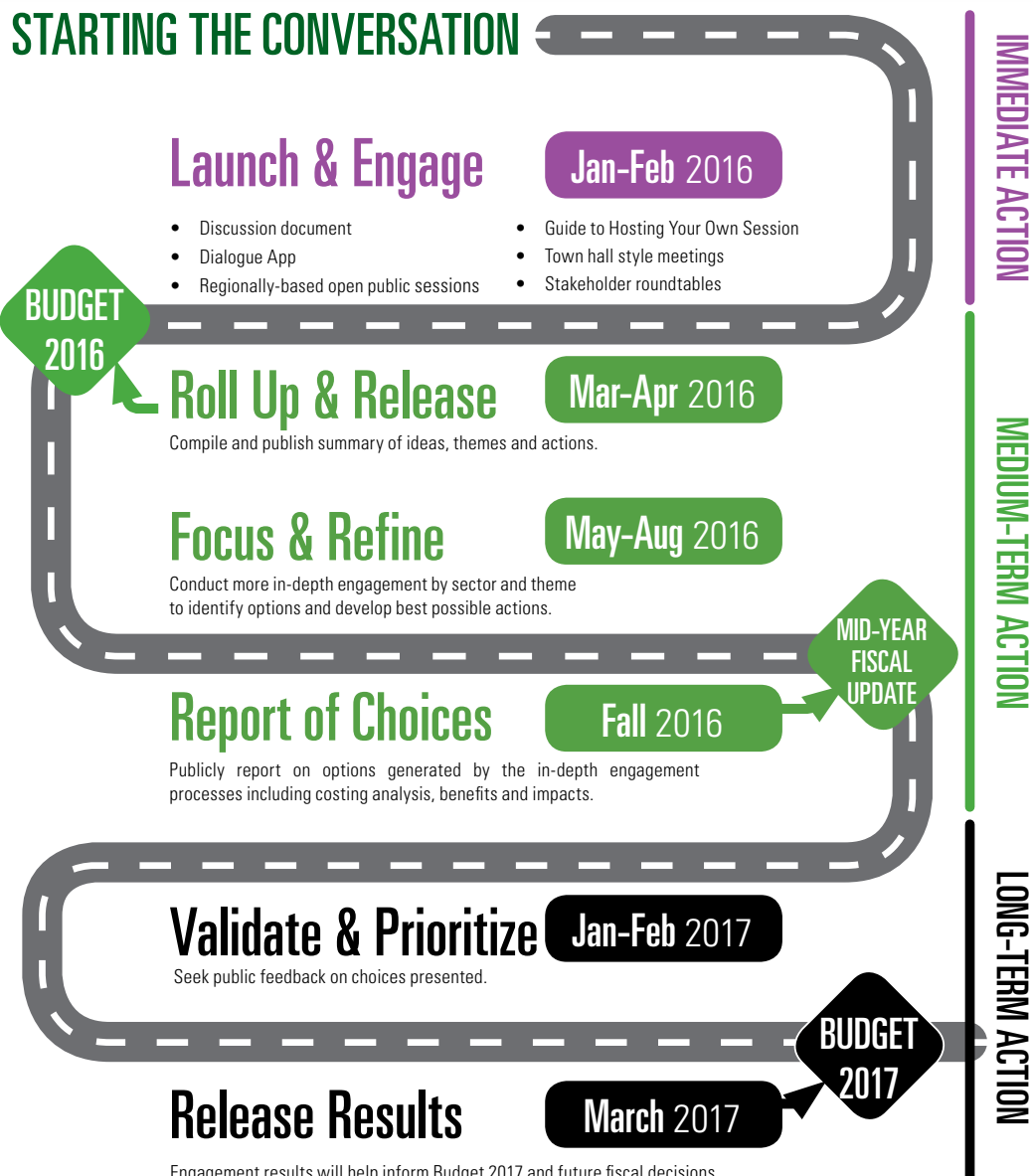
- Act now, don't delay.
- Have the guts to make tough decisions. Vision with guts!
- Don't be restricted by promises made during the election.
- Leave politics out of decision making.
- Stop waste, treat money as if it were your own.
- Don't do blanket cuts – consider the impacts on regions, young people and long-term effects.
- Diversify, be innovative, look for efficiencies.
- Partner to deliver programming – non-profit and private sector.
- Look to other jurisdictions for best practices.
- Offer alternate work arrangements.

Where to From Here?

The Government Renewal Initiative is an ongoing process that will continue to focus, refine and expand upon the ideas and suggestions we have heard to date in order to identify the best change options for our province.

We have started a conversation with the residents of Newfoundland and Labrador. In the coming months we will maintain our commitment to listen to your ideas, suggestions and concerns as we work together to secure the prosperity of this province for now, and for future generations.

Our Fiscal Future



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