



# Reasonable Solutions to Newfoundland and Labrador's Fiscal Reality

Tuesday, February 11, 2020

Emera Innovation Exchange room 2007,  
Signal Hill Campus, 100 Signal Hill Road, St.  
John's, NL

Link to live broadcast: <https://signalhillcampus.com/NLFiscalReality>



# INTRODUCTION

## *Land Acknowledgement*

A land acknowledgement is offered to recognize Aboriginal peoples' enduring connection to their traditional territories, to recognize the history of the land that is currently shared by many peoples, and to recognize stewardship as a shared commitment of all those who reside in a territory. The practice of territory acknowledgement is itself a replication of an Aboriginal practice which predates European contact.

**We respectfully acknowledge the territory in which we gather as the ancestral homelands of the Beothuk, and the island of Newfoundland as the ancestral homelands of the Mi'kmaq and Beothuk. We would also like to recognize the Inuit of Nunatsiavut and NunatuKavut and the Innu of Nitassinan, and their ancestors, as the original people of Labrador. We strive for respectful relationships with all the peoples of this province as we search for collective healing and true reconciliation and honour this beautiful land together.**

## *Rationale for the Conference*

Many people are willing to acknowledge even the province or, at least, the government has a fiscal problem (or a fiscal crisis, for that matter) which needs to be addressed. However, very few of us appear to be prepared to accept that, in fact, I personally have a problem and I need to be part of the solution. Instead, conversations typically proceed along the lines: the Government of Newfoundland and Labrador has an expenditure problem, and as a solution, they need to cut expenditures. Typically, these expenditure cuts are either unspecified or general in nature, and often do not extend to those government services that we know are very important and benefits each of us individually. That is, the statement appears to be: "don't cut my public services."

Until, and unless, we, as a society and as individuals, are able to have a credible and constructive discussion about how we and the government can address specifically the expenditure problem or how we are going to pay for these services, no sustainable solution will be possible!

It is important to understand the economic and political dimensions of the real problem and to appreciate the dynamic incentives that impact on the solution. For instance, a Minister of Finance is answerable to his/her constituents, the Premier of the province, the cabinet, the caucus and the general public. He/she may receive conflicting information from many different stakeholders and he/she may be faced with public apathy or a sense of entitlement. As well, fiscal decisions will be made in many different contexts and involve different timeframes and different trade-offs. For instance, factors that are important in a one-year budget cycle may be at odds with those that pertain to a four-year election cycle. Both,

in turn, may be in conflict with appropriate decisions that would have to be made in a 10 to 20 year fiscal planning cycle that may be required to effectively and appropriately address the size and complexity of the fiscal problem that Newfoundland and Labrador currently faces.

There are some problems in life that one can ignore, or “kick down the road” and they will dissipate with time. Yet, there are other problems that, if ignored will become unmanageable or harder to solve. Having run fiscal deficits for 85% of the budgets since joining confederation, Newfoundland and Labrador’s fiscal problem has grown to a point that it needs to be dealt with now.

It is in the long-term public interest to efficiently and equitably address the province’s fiscal problem in a rational, constructive and sustainable way. We don’t need hyperbole – it is not the worst thing in the world, we are not going bankrupt nor are we headed off a fiscal cliff. However, our ability to deal with this serious fiscal problem is going to get worse.

There is no easy solution. The situation in which we find ourselves is complex. Dealing with the problem will involve trade-offs and some groups will bear a bigger share of the burden than others and that raises issues of fairness. Most solutions seem to involve some sort of reduction in the public sector workers or a reduction in their well-being through lower or constrained wages because wages, salaries and employee benefits comprise a significant portion of government expenditure. Is this fair or even appropriate?

We want to create a dialogue between the current minister, the past minister, labour, business, politicians and the general public about how we should or could proceed. We want to learn from people in other jurisdictions. Above all, we want to facilitate an ongoing conversation as to the urgency of the problem and potential solutions. We want to understand the trade-offs and the implications for individuals, families and communities in dealing with Newfoundland Labrador’s fiscal problems. Finally, consistent with CARE’s approach, we want to educate people on an important issue for the province in hopes of contributing to better decision-making. It is our hope that this symposium leads to a productive and constructive discussion about how we should deal with the fiscal problem currently facing Newfoundland and Labrador for every individual Newfoundland and Labradorian, including those yet to be born.

Funding provided by the Vice-President Academic’s “Support for Scholarship in the Arts at Memorial Program”, the Collaborative Applied Research in Economics (CARE) initiative and the Department of Economics.

*No Holds Barred: My life in Politics*  
*by: John Crosbie (with Geoffrey Stevens)*

“...When pestered by reporters in Ottawa about what programs we would cut to reduce the deficit if we were elected, I said I had no intention of telling them. “If we told you what we were going to do, you would never elect us,” I said. That statement added to my notoriety. It may not have been politically helpful, but it was entirely truthful. No political party ever says in detail what they will do about government overspending, because the truth will cost them the support of voters.

The public, I’m convinced, don’t want their politicians to tell them what they’re really going to do. They’ve heard all the talk about deficits and spending cutbacks. They know that, when the election is over, there are going to be cuts. They know that whoever is elected will have no choice. But they don’t want politicians telling them there will be cuts, making them face the issues, and forcing them to participate and to take responsibility for what will happen. They want the politicians to take all the responsibility. They want us to deceive them. Then, when we get elected and have to make cutbacks a few months later, the public can feel free to be outraged, to denounce deceitful politicians, and to claim we lied to them and cheated them.

The public doesn’t want, won’t accept, and will not support honest, forthright, and truthful politicians...” [Pages 304-5](#)

Publisher: McClelland & Stewart (1997)

Author: John Crosbie with Geoffrey Stevens

# AGENDA

Tuesday, February 11, 2020	
8:00 - 8:20	Networking/Coffee/Muffins/Pick-up Conference Package
8:20 - 8:30	Conference Start/Logistical Considerations/Land Acknowledgement
8:30 - 8:35	<b>University Welcome</b> - Dr. Gary Kachanoski, president and vice-chancellor, Memorial University
8:35 - 8:45	<b>A tribute to John Crosbie in setting the context for government transparency in Fiscal Matter by reading from "No Holds Barred"</b> - Doc (Dennis) O'Keefe
8:45 - 9:15	<b>Newfoundland and Labrador's Fiscal Circumstances: Just the Facts</b> - Julia Mullaley
9:15 - 9:30	<i>Questions from audience</i>
9:30 - 10:00	<b>The Fiscal Situation as the Government of Newfoundland and Labrador sees it, what we hope to do about it and how envision this happening</b> - The Honourable Tom Osborne
10:00 - 10:15	<i>Questions from audience</i>
10:15 - 10:35	<b>How issues, trade-offs and context at the time affect decisions of a minister and how we could or should move forward in the current environment</b> - The Honourable Ross Wiseman
10:35 - 10:45	<i>Questions from audience</i>
10:45 - 11:05	<b>Political Dimensions of Dealing with Newfoundland and Labrador's Fiscal Reality environment</b> - Dr. Russell Williams
11:05 - 11:15	<i>Questions from audience</i>
11:15 - 11:35	<b>Lessons for Newfoundland and Labrador from New Brunswick's Experience</b> - Dr. Herb Emery
11:35 - 11:45	<i>Questions from audience</i>
11:45 - 12:05	<b>Lessons for Newfoundland and Labrador from Nova Scotia's Experience</b> - Fred Bergman

# AGENDA

12:05 - 12:15	<i>Questions from audience</i>
12:15 - 12:45	<b>Lunch</b>
12:45 - 1:30	<b>“Lessons for Newfoundland and Labrador from Alberta’s Experience” and “Reforming the Fiscal Stabilization Program”- Dr. Bev Dahlby</b>
1:30 - 1:45	<i>Questions from audience</i>
1:45 -2:05	<b>Issues from the Perspective of Labour - Jerry Earle</b>
2:05 - 2:15	<i>Questions from audience</i>
2:15 - 2:35	<b>Issues from the Perspective of Business - Richard Alexander</b>
2:35 - 2:45	<i>Questions from audience</i>
2:45 - 3:05	<b>What is the role of the federal government - Bob Hallett</b>
3:05 - 3:15	<i>Questions from audience</i>
3:15 - 3:30	<b>Refreshment Break</b>
3:30 - 4:15	<b>It is a political question - what we want and how should we pay for it</b>
3:30 – 3:45	<b>Political dimensions from the perspective of a MHA</b> Helen Conway Ottenheimer, PC
3:45 – 4:00	<b>Political dimensions from the perspective of a MHA</b> Sarah Stoodley, Lib
4:00 – 4:15	<b>Political dimensions from the perspective of a MHA</b> Alison Coffin, NDP
4:15 – 4:30	<i>Questions from audience</i>
4:30 – 5:00	<b>Closing comments - From Vision to Research to Implementation to Equilibrium – Dr. Wade Locke and Dr. Doug May</b>

## MODERATOR



### **DR. LYNN GAMBIN**

*Associate Professor in the Department of Economics at Memorial University*

Lynn Gambin is an Associate Professor in the Department of Economics at Memorial University of Newfoundland. Particular areas of interest include the economics of education and training, health and health care, and government policy. She has spent more than a decade in the UK carrying out research on vocational education and training, skills mismatches, and various labour market programs across Europe. At Memorial, she teaches microeconomics and health economics and is the editor of CARE's Labour Market Observer which regularly summarizes conditions in the Newfoundland and Labrador labour market.

## SPEAKERS



### **DR. GARY KACHANOSKI**

*President and Vice-Chancellor, Memorial University*

Dr. Gary Kachanoski became the 12th president and vice-chancellor of Memorial University of Newfoundland on July 1, 2010, coming from the University of Alberta where he served as vice-president (research), professor and Bentley Research Chair (Soil, Water & Environment).

At Memorial, Dr. Kachanoski has focused on the development of new institutional vision, mission and values, and frameworks in teaching and learning, research and public engagement. He is also committed to the growth and development of the Marine Institute, Grenfell Campus in Corner Brook and the Labrador Institute, among many other initiatives. Infrastructure renewal has also been a top priority. Memorial currently has almost \$336 million worth of projects underway, and approval has been obtained to proceed with a \$360 million renewal of core science infrastructure on the St. John's campus.

Under Dr. Kachanoski's leadership, Memorial has continued its upward trajectory. Research has increased to \$128 million and graduate student enrolment continues to climb having increased by almost 21 per cent over the past three years.



### **DENNIS "DOC" O'KEEFE**

***Former mayor, City of St. John's***

Mr. O'Keefe was born and raised in St. John's, and completed his early education at St. Bonaventure's College. He went on to study at Memorial University of Newfoundland (MUN) where he earned a Bachelor of Arts degree, majoring in history, and a Bachelor of Education in 1967. In 1978, following post-graduate studies at MUN he received a master's degree (history).

He went on to work as an educator for 30 years and taught at Brother Rice High School, St. Patrick's Hall and Beaconsfield High School, all in St. John's. He is a consumer activist having established the Consumer Group for Fair Gas Prices and Consumer Power. He is also the former mayor of the City of St. John's



### **JULIA MULLALEY**

***Auditor General, Government of Newfoundland and Labrador***

Julia Mullaley was appointed Auditor General in December 2017 and is a member of the Canadian Council of Legislative Auditors. Ms. Mullaley has spent over 25 years in the Public Service and in 2009, received the Public Service Award of Excellence.

Ms. Mullaley served as Clerk of the Executive Council and Secretary to Cabinet, Deputy Minister of the former departments of Advanced Education and Skills, and Municipal Affairs, Deputy Clerk of the Executive Council and Associate Secretary to Cabinet and Chair and Chief Executive Office of the Newfoundland and Labrador Housing Corporation.

She also served as Assistant Deputy Minister (Business Investment) with the former Department of Business; Assistant Deputy Minister (Royalties and Benefits) with the Department of Natural Resources; Executive Director of Planning and Co-ordination with Executive Council; Director of Budgeting with Treasury Board Secretariat; and Audit Principal with the Office of the Auditor General.

Ms. Mullaley graduated with a Bachelor of Commerce (Co-operative) from Memorial University, followed by a Chartered Accountant professional designation (CPA,CA). Over the years, she has actively participated in many professional and volunteer not-for-profit organizations. She resides in Mount Pearl with her husband and their four children.



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**THE HONOURABLE TOM OSBORNE**

***Minister of Finance and President of the Treasury Board, Government of Newfoundland and Labrador***

A native of St. John's, Tom Osborne studied at Cabot College and Memorial University of Newfoundland. He has been involved with the business community for several years. Prior to entering politics, he worked for Statistics Canada, Small Business Enterprise, and with the Penney Group of Companies.

He has represented his district of Waterford Valley (formerly St. John's South) since 1996. In addition to his current role as Minister of Finance and President of Treasury Board, Mr. Osborne held several cabinet positions, including Minister of Environment, Minister of Labour, Minister of Health, Minister of Justice and has served as Deputy Speaker and Speaker.

Mr. Osborne was re-elected to the House of Assembly May 16, 2019.



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**THE HONOURABLE ROSS WISEMAN**

***Former Minister of Finance, Government of Newfoundland and Labrador***

Ross Wiseman represented the district of Trinity North in the Newfoundland and Labrador House of Assembly from 2000 to 2015, as a member of the Progressive Conservative Party. Mr. Wiseman served in the provincial cabinet as Minister of Finance, President of the Treasury Board, Minister of Environment and Conservation, Minister of Business and Minister of Health and Community Services. He also served as Speaker of the House of Assembly from 2011 to 2014. Prior to entering cabinet he was the Parliamentary Secretary to the Minister of Health and Community Services.



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### **DR. RUSSELL WILLIAMS**

*Head, Political Science, MUN*

Dr. William teaches international political economy and public policy. His research interests cover the impact of globalization and international political economy on public policy in Canada. He has studied trade and labour market policy, and financial services regulation.



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### **DR. HERB EMERY**

*Professor of Economics and Vaughan Chair,  
University of New Brunswick*

Dr. Herb Emery focuses his research on the development of the Canadian economy and the persistence of long-standing regional disparities. Aside from understanding the economic fundamentals of growth in a small open economy, Dr. Emery's work incorporates political, historical, cultural and other institutional factors that have shaped Canadian development processes.

Dr. Emery holds the Vaughan Chair in Regional Economics at UNB. His impact, since coming to UNB in July 2016, has been substantial. He has become an acknowledged and widely consulted opinion leader in industry, media and government circles. He holds an MA and PhD in Economics from the University of British Columbia. His academic career began at the University of Calgary where, from 1993 to 2016, he established a track record of excellence in research, teaching and leadership.



### **FRED BERGMAN**

#### ***Senior Policy Analyst, Atlantic Provinces Economic Council***

Mr. Bergman is a Senior Policy Analyst at the Atlantic Provinces Economic Council (APEC). He was previously the Director of the Economics & Statistics Division, Nova Scotia Department of Finance where his work duties included assessing the economic and fiscal benefits of the offshore accord and revenue forecasting. Mr. Bergman is APEC's lead on economic impact analysis. He co-authored numerous APEC reports, including the Atlantic Report on The Important Role of Equalization and Federal Transfers: An Atlantic Perspective. APEC is developing a long-term demographic, economic and fiscal model to assess the impact of ageing demographics and labour shortages on the Atlantic region. Mr. Bergman is a Chartered Professional Accountant, has a Master of Business Administration degree from Dalhousie University, a Master of Economics degree from the University of Guelph and a Bachelor of Business Administration from St. Francis Xavier University.



### **DR. BEV DAHLBY**

#### ***Professor of Economics and Distinguished Fellow at the School of Public Policy, University of Calgary***

Bev Dahlby, Professor of Economics and Distinguished Fellow at The School of Public Policy, University of Calgary, attended St. Peter's College, the University of Saskatchewan, Queen's University and the London School of Economics. Dr. Dahlby has published extensively on tax policy and fiscal federalism.

He has served as a policy advisor to the federal and provincial governments. His international experience includes advisory work on tax reform for the IMF in Malawi, for the Thailand Development Research Institute, and for the World Bank in Brazil and Mexico. Bev served on Statistics Canada's advisory council from 2005 to 2012. In 2010-11, he was a member of the Expert Panel on Federal Support to Research and Development (Jenkins Panel) and the Ecofiscal Commission from 2014 to 2019. In July 2016, he was appointed Chair of the British Columbia Commission on Tax Competitiveness by the BC Minister of Finance. The Commission's report, *Improving British Columbia's Business Tax Competitiveness*, was released on November 23, 2016. In May 2019, Bev was appointed by the Government of Alberta to the Blue Ribbon Panel to review the province's finances. The Panel's report was released on September 3, 2019.



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### **JERRY EARLE**

***President of Newfoundland and Labrador Association of Public and Private Employees (NAPE)***

Jerry is currently the President of the Newfoundland and Labrador Associations of public and Private Employees (NAPE). NAPE is the largest

union in the province, uniting nearly 30,000 workers in the public and private sector.

Jerry was first elected to this position in 2015 and is currently serving his second three-year term in the role.

Jerry graduated from College Trades and Technology in 1980. He then began work with the former General Hospital in 1980 as a Certified Nursing assistant and advanced through a number of health-related positions after that, including as a Licensed Practical Nurse and a Paramedic.

Form 1998 - 2015, Jerry worked for NAPE as an Employee Relations Officer, but was a volunteer in the organization for 17 years.

Jerry is an Executive Member of the NL Federation of Labour (NLFL) as well as the National Union of General and Public Employees (NUPGE).



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### **RICHARD ALEXANDER**

***Executive Director, Newfoundland and Labrador Employers' Council (NLEC)***

Executive Director at Newfoundland and Labrador Employers' Council. He advocates for fiscally responsible government. His organization want a bright future for Newfoundland and Labrador. A province with

attractive tax rates and responsible fiscal management will attract investment, encourage people to live and work here, and grow our economy.



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**BOB HALLETT*****Advisory Board to Schroeder Policy Group***

A native and resident of St. John's, Newfoundland, Canada, in 1993 he and some friends started Great Big Sea, a legendary band which went on to sell over a million and half records around the world over a twenty-year career. Among other accomplishments, the band had twelve gold and multi-platinum albums, and several number one albums in Canada. A master musician steeped in Newfoundland traditional styles, Bob can play a dozen instruments, and wrote and sang many songs with the band, including the classic 'Old Black Rum', which has been recorded by dozens of acts around the world. He has played thousands of concerts with Great Big Sea and other artists, and made countless appearances on television and radio. Bob's music has been heard on many soundtracks, both in TV and movies. His company Kilbride Music has managed bands, produced records, created radio specials, and promoted many live concerts. Bob works with the producers of the Tony & Olivier award winning Broadway musical *Come From Away* as a Music Consultant, has worked at the famous Stratford Festival as a Composer & Music Director, and is the Producer of a new musical, *No Change in the Weather*. As an author he has written dozens of magazine articles, essays and several books, including the best-selling memoir *Writing Out The Notes*. In his spare time he runs Erin's Pub, the city's oldest music pub, in downtown St. John's, and continues to write and record new music.



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**HELEN CONWAY-OTTENHEIMER*****MHA, Harbour Main - Progressive Conservative***

Helen Conway Ottenheimer (JD) was born and raised in Marysvale. She was elected to the House of Assembly as the Member for Harbour Main on May 16, 2019. Prior to becoming a MHA, Helen graduated from Memorial University with a Political Science degree and Detroit College of Law with a Law degree. She practised Criminal Law and Human Rights Law for 17 years and teaches law at Canadian universities including Memorial University. She currently resides with her husband, John Ottenheimer in Marysvale.



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**SARAH STOODLEY**

***MHA, Mount Scio - Liberal***

Sarah was elected in May '19 as the MHA for Mount Scio. Prior to diving into politics, Sarah was responsible for developing and managing all online customer tools for Royal Sun Alliance Insurance in Canada, including Johnson Insurance and Scotialife Financial.

Sarah is a proud Memorial University alumnus. Sarah has a Bachelor of Commerce, a Master of Arts (Political Science) from Memorial, and was elected as an alumni representative on Memorial's Board of Regents in 2018. Sarah was also a Director on the NATI Board (Newfoundland Association of Technology Industries) and the C.A. Pippy Park Commission.

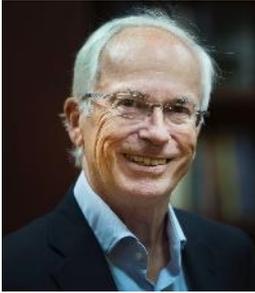


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**ALISON COFFIN**

***Third Party House Leader and MHA, St. John's East – Quidi Vidi - New Democrat***

Alison Coffin was elected as MHA for St. John's East - Quidi Vidi in May 2019. An economist dedicated to advancing responsible public policy and excellence in governance, Alison earned bachelor's and master's degrees in economics from Memorial University and York University, respectively. Alison has developed policy and strategic plans for the provincial government, taught at Memorial, and consulted on public policy, pension plans, and the provincial budget. A lifelong resident of the province, Alison splits her time between St. Johns, Brigus, and Spaniard's Bay with her partner.



### **DR. DOUG MAY**

#### ***Professor of Economics at Memorial University***

Dr. May is one of three principal Investigators of CARE and a very longstanding member of the Department of Economics at Memorial University. He currently teaches labour economics but has taught business economics, public economics, resource economics and applied welfare (well-being) economics. Dr. May's research interests

relate to applied economics and Canadian and provincial policies. These interests cover such diverse topics as business investment taxes, productivity and cost analysis in manufacturing and resource industries, unemployment insurance, poverty measurement and measuring well-being. He has been an advisor to the Government of Newfoundland and Labrador working on a labour market strategy as well as developing the framework for the Community Accounts. He remains an advisor to Statistics Canada on their Macroeconomic Accounts.



### **DR. WADE LOCKE**

#### ***Professor of Economics at Memorial University***

Dr. Leonard Wade Locke is a Full Professor of Economics at Memorial University of Newfoundland. He specializes in the Newfoundland and Labrador economy, resource economics, public finance, public policy, innovation indicators, productivity, economic impact assessment and cost-benefit analysis. He has published extensively in a variety of public policy fields.

In addition, Dr. Locke has provided his professional services to all three levels of government, to foreign governments and to national, local, regional and international businesses. He has served as an expert commentator and analyst to the local, national and international media. He is also a past president of the Atlantic Canada Economics Association and is a senior policy advisor to the Atlantic Provinces Economic Council. His research has had a major impact on public policy, particularly on the public finance of the Province of Newfoundland and Labrador and the development of its oil and gas resources.

Dr. Locke's formal training consists of a Ph.D. (Econ) and M.A. (Econ) from McMaster University and a B.A. (Econ) and B.Sc. (Biology) from Memorial University. He also has a certificate in Applied Petroleum Economics from Van Meurs Associates through the Centre for Management Development (MUN). He was a gold medal winner in economics at MUN and won a SSHRC Doctoral Fellowship and several university scholarships at McMaster University. He returned to the Newfoundland and Labrador in 1984 and accepted an appointment in Economics at Memorial.

## ABOUT CARE



The Collaborative Applied Research in Economics (CARE) initiative brings together applied research economists who are located in Newfoundland and Labrador, the Maritimes and throughout Canada. Its objective is to promote applied economic research within the region with a view to facilitating an enhanced understanding of our economies and any associated wider social impacts. As part of satisfying its research agenda, CARE endeavors to involve students in exciting real-world research projects in order to improve their skills. Hopefully, through integrating students within the supported applied research projects, CARE researchers will stimulate students' interests in carrying out further research in these areas and, in so doing, will both increase the knowledge capital of the region and provide skills to these students that will make them more productive employees when they enter the job market.

In addition to releasing the Labour Market Observer and CARFOR (our month forecast of key economic indicators), CARE provides information videos to make complex economic concepts accessible to the general public, presentations on interesting and relevant economics issues of the day, panel discussions on various aspects of public policy, commentaries on important economic debates/discussion and generates and disseminates knowledge through the support and publication of research topics that run the gamut from income inequality, poverty, social progress, productivity and innovation, discrimination and health, mental health and insurance, economic well-being, performance of young cancer survivors, gender wages gaps, economic impacts of cruise tourism, universities and the community sector, culture and heritage, resource studies involving the fishery, electricity, oil and gas, the environment, taxation, and royalty analysis.

## GET IN TOUCH



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