

IMPACT & INFLUENCE 2014-15



NEWFOUNDLAND & LABRADOR
employers'
COUNCIL

A Year of Accomplishments



MISSION

The Newfoundland and Labrador Employers' Council advocates to enhance the ability of employers to contribute to the economic growth and prosperity of Newfoundland and Labrador.

OBJECTIVE

Affect public policy changes that will make Newfoundland & Labrador one of the most competitive jurisdictions in which to do business, by the year 2020.

**“The greatest ability
in business is to get
along with others
and to influence
their actions.”**

— John Hancock

MESSAGE FROM THE CHAIR AND EXECUTIVE DIRECTOR



Influence is about spreading passion -- impact is about getting results!

One year is a very short time. Something as complex as influencing government policy can rarely, or some would argue should rarely, happen in a year. Spreading passion among policy makers does take a while, but once it takes hold, the impact can be momentous. 2015 was both the culmination of several years of influence and the beginning of influence that will impact in years to come.



To understand our impact in 2015 requires going back all the way to 2011. In that year, your association's board of directors put aside the resources necessary to influence policy makers and the public in an attempt to reduce our excessive workers' compensation employer insurance premiums. Influence became impact when, in 2014, government announced a 30 cent reduction to employer rates and then this past year, announced a further 25 cent reduction. These two reductions amount to more than **\$40 million annually** in savings for employers of the province. It is likely the most influential and impactful lobby in the NLEC's thirty-three years of existence.

Building on the success and the lessons learned from this lobby, in 2014 the board commissioned a study by the Conference Board of Canada that benchmarked our province's competitiveness and made recommendations for improvements. Released in April 2015, these recommendations have already found their way into the policies of our government. These include the establishment of a sovereign wealth fund, reductions in the size of the public service, increased immigration targets, increased infrastructure investment, and public private partnerships.

But that's not it. In January of 2016, the NLEC will launch the results of another study, this one conducted by Tom Cliff and Tom Cooper of Memorial University, which prioritizes the opportunities for private sector involvement in the delivery of government programs and services. It will be one of the most important initiatives ever undertaken by the NLEC and, if implemented, has the real potential to impact three important areas in our province. First, it would help return our provincial government to a financially stronger position, second, it would improve program and service outcomes for citizens and third it would create much needed opportunity for the private sector to grow our economy. Stay tuned.

We think it is safe to say that, in 2015, your association reached a high water mark. Thank you the members, stakeholders and employees of the NLEC for your support of the board's past and future efforts. Rest assured that your board of directors will continue to work to spread passion and impact policy on your behalf.

Thank you,

A handwritten signature in black ink that reads "Cynthia Crosbie".

Cynthia Crosbie
Chair of the Board

A handwritten signature in black ink that reads "Richard Alexander".

Richard Alexander
Executive Director

NLEC BOARD OF DIRECTORS



Cynthia Crosbie
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Director, Crosbie Group Ltd.
and Member Companies



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Richard Alexander
Executive Director (Ex-Officio)
NL Employers' Council



Ann Marie Vaughan
Director, Provincial
Government Agencies
President and CEO
College of the North Atlantic

HIGHLIGHTS AND ACCOMPLISHMENTS

NLEC lobby results in another workers' compensation premium reduction



the average **REDUCTION IN WC PREMIUM**
per \$100 of payroll in 2016

\$21 MILLION

the **ANNUAL SAVINGS TO EMPLOYERS**
as a result of this surcharge elimination



23 YEARS

the time it took **TO REMOVE THE 25 CENT SURCHARGE** from employer premiums



\$40 MILLION

the estimated **ANNUAL SAVINGS**
from both rate reductions

8th
PLACE

employers in **NL STILL PAY MORE THAN 7 OTHER PROVINCES** for workers' compensation, up from last place in 2014

For many years the high costs of our workers' compensation system has been a key advocacy issue for the Newfoundland and Labrador Employers' Council (NLEC).

In 2011, the Employers' Council Board of Directors put aside significant resources to fight this issue publicly and privately. The Employers' Council's advocacy campaign to reduce worker's compensation employer premiums was launched to coincide with the Workers' Compensation Statutory Review and was strategic, aggressive and sustained. It resulted in a 30 cent rate reduction announced in 2014 and even won two awards from the International Association of Business Communicators (IABC) that year, for government relations and advocacy communications.

This campaign continued to pay dividends in 2015. On, October, 14, 2015, the Board of the NLEC gave a collective cheer when government and the commission announced they were dropping the long standing 25 cent surcharge on employer premiums. The surcharge has been paid by employers since 1992 to cover past unfunded liabilities.

The removal of the surcharge effectively returns \$21 million annually back to employers in the province. Together with the 30 cent reduction achieved in 2014, employers in the province are now saving an estimated **\$40 million annually**.

This lobbying success by the NLEC represents one of the most significant and tangible achievements of the Employers' Council since it was created to represent employer interests in 1982.



NLEC commissioned research benchmarks the competitiveness of NL

The Employers' Council released key findings of a Conference Board of Canada study in a press conference in St. John's on April 16th, 2015.

The study, *Achieving Sustainable Prosperity: Benchmarking the Competitiveness of Newfoundland and Labrador*, was commissioned by the NLEC to generate recommendations to improve the competitiveness of NLs business environment in order to grow the economy and sustain prosperity.

Recommendations for policy change generated from the report will form the basis of NLEC advocacy for the next several years.

There was also a strong positive reaction from the media and general public. The impact and influence of this report can be seen throughout the NLEC's advocacy success in 2015. Language and recommendations from the report have already made their way into government and opposition documents and messaging.



ABOUT THE REPORT

The Conference Board graded NLs competitive performance against nine national and international competitor jurisdictions in the areas of innovation, investment, education and skill level, labour market and the business and policy environment. The report provides a “reality check” for the province and indicates that some economic restructuring is needed to maintain productivity growth and sustain economic prosperity for future generations. The report shows that while our province has come a long way, we are lagging behind our direct competitors, scoring in the bottom half on 21 out of 32 indicators.

HIGHLIGHTS:

- The province has the oldest population in Canada and is not attracting enough immigrants.
- Newfoundland and Labrador performs poorly on all innovation indicators.
- The province ranks low on the education and skills indicators and—despite strong recent job creation—its labour market underperforms overall relative to its competitors.
- Investment indicators showed generally mixed performance with NL being successful at attracting foreign direct investment, but investing relatively little in public infrastructure.
- The provincial government is too reliant on revenues from the oil sector.
- NL has the highest expenditures on programs and services in the country, and the largest public administration.
- The cost of doing business in NL is high, with higher transportation, utilities and statutory labour costs than most competitors.

The full report is available on the Employers' Council's website.



The Employers' Council released the Conference Board of Canada Benchmarking Report, Achieving Sustainable Prosperity, at a press conference at the Sheraton Hotel in St. John's on April 16th. The release of the report was strategically timed to be in the weeks leading up to Budget 2015.

NLEC position influences 2015 Provincial Budget

Leading into the 2015 provincial budget the Employers' Council launched a significant advocacy campaign emphasizing the need to reform provincial government spending and return to surplus as quickly as possible.

The organization's provincial budget submission *A Plan for Sustainable Prosperity* combined research from the Conference Board of Canada report, the Employers' Council's commissioned public opinion polling, and multiple other sources to develop eight recommendations:

1. Target a return to surplus budgets and debt reduction by 2018.
2. Reform spending to invest more in strategic infrastructure and spend less on program and service delivery.
3. Reorganize program and service delivery and reduce the size of the public service to sustainable levels in line with the Canadian average.
4. Increase private sector involvement in the delivery of relevant government programs and services, as has been successful in other jurisdictions.
5. Restructure program and service delivery to focus on improving outcomes to citizens, particularly in education and health.
6. Narrow the scope of the labour market initiatives currently offered by government by redirecting resources away from low priority labour market initiatives and towards immigration.
7. Target the creation of, and contribution to, a sovereign wealth fund by 2018.
8. Hold the line on tax levels and instead ensure that taxpayers dollars are being spent in the most efficient and prudent manner possible.

In addition to typical pre-budget briefings and media interviews, the NLEC released the



Conference Board of Canada report and held separate briefings with government and the opposition, conducted multiple speaking engagements across the province, and responded strongly in the media to the province's mid-year fiscal update.

The impact and influence of this lobby was clear come budget day. The budget speech contained many items that the NLEC had been lobbying for, and reflected language very close to that used by the Employers' Council. Announcements made in the days preceding the official budget speech also supported the Employers' Council's lobby efforts. Nearly all of the budget's "eight long term principals" were issues raised in the NLECs pre-budget submission or Conference Board of Canada report, including a multi-year infrastructure plan, plans to overhaul trades education to be industry-driven, commitment to public-private partnerships, establishment of a generations fund, a deficit reduction plan, and restructuring of the public service.

WHAT PEOPLE WERE SAYING:

On Infrastructure

Davis says budget will lay out infrastructure plan. Infrastructure something the employers council has pushed for #nlpoli

— Peter Cowan (@PeterCBC) April 22, 2015

On the Generations Fund

Well looks like the NLEC finally advocated and achieved something positive for the future of NL

— “Snide”, VOCM Message Board, April 23rd, 2015

On the Long Term Care P3

Richard Alexander with the Newfoundland & Labrador Employers’ Council was sitting in the front row at Davis’s announcement, but he was happy with what he heard. Alexander even got a shout-out from the premier during the announcement; the employers’ council has been vociferously calling for privatization by government.

— James McLeod, The Telegram, April 29, 2015

On the Employers’ Council’s success during Budget 2015

It’s like Employers’ Council Christmas!

— David Cochrane, CBC, April 28th, 2015, at a government press conference



Richard Alexander discusses the province’s finances with David Cochrane on CBC TV’s On Point on April 25th. In the months leading up to the budget, the NLEC briefed both the provincial finance minister and the opposition on the organization’s position, presented publicly at pre-budget consultations and conducted multiple media interviews.

Premier announces public-private partnership on long term care – acknowledges NLEC’s work on the issue

On April 28th, 2015, then Premier Paul Davis announced at a press conference that government would add 360 new long term care beds through engagement with private and not-for-profit providers.

In his speech, the Premier acknowledged the Employers’ Council’s call for improved outcomes in government program and service delivery, referencing both the organization’s pre-budget submission and recent Conference Board of Canada report. Increased involvement of the public and not-for-profit sector in the delivery of public services has been a major part of the Employers’ Council’s

position on how to improve the province’s fiscal situation. In addition to media interviews, the Employers’ Council also raised the need for private sector involvement in the delivery of government services in speaking engagements across the province and in multiple government meetings and consultations. Expect to see more from the Employers’ Council on this issue in 2016.



In 2014-15 the Employers’ Council did multiple media interviews on the need for private sector involvement in the delivery of government services, including two debates with Federation of Labour Leader Mary Shortall on CBC Radio Crosstalk and CBC-TV’s On Point with Peter Cowan (shown here).

Commitment to make the size of the public service sustainable



On April 27th, 2015, then Finance Minister Ross Wiseman announced an initiative to reduce the public service by 1420 jobs over five years through attrition.

This has been a key advocacy issue of the Employers' Council for several years and has been raised as a concern by multiple think tanks and our province's auditor general. In addition to the attrition plan, in Budget 2015 government committed to engage in a process to overhaul existing program and service delivery models in order to contain expenditure growth.

Currently Newfoundland and Labrador has 29% of its workforce employed in the public service. This is the largest public sector employment as percentage of the workforce in North America. The Employers' Council has long argued that such high levels of public sector employment represent a significant strain on the economy and, given the weak fiscal situation of the province, is clearly and unequivocally unsustainable. Wiseman said in the budget speech that government would work with employees to cultivate a "culture of

cost management" in a sustainable, progressive and continuous manner that will "constantly strive to provide better services for less money." He also expressed the need to "strategically right-size our public service", acknowledging the large public service per capita and the need to achieve efficiencies through a "streamlined public service."

Government's public admission that both their program and services spending, and size of the public sector, are unsustainable was, in and of itself, a success in Budget 2015. The NLEC will continue to lobby the new government on this issue.



NLEC launches new website

In July 2015 the Employers' Council launched a new website to better reflect the organization's current direction. The new website showcases the NLEC's key advocacy achievements and current advocacy initiatives, with a dedicated page for each issue that links the organization's position papers and news articles all in one place.

If you have not yet visited the new site, you should check it out at www.nlec.nf.ca.

Former Premier commits to Sovereign Wealth Fund after NLEC lobby

Commitment to the creation of a sovereign wealth fund was one of the NLECs key asks in pre-budget consultations, and one of the recommendations from our Conference Board of Canada Report *Achieving Sustainable Prosperity*, released in April 2015.

At a PC Fundraiser on April 22nd Premier Paul Davis announced a commitment to establishing such a fund, which he called a "Generations Fund". Budget 2015 confirmed plans for the fund, designed to be protected for use "down the road" by future generations as opposed to a contingency fund to offset annual deficits. While in opposition, Liberal Leader Dwight Ball also said he would support a similar fund.

NLEC speaks out in support of Free Trade

In January 2015 the Employers' Council spoke out on the benefits of free trade following the provincial government's threat to pull their participation in trade agreements under negotiation by Canada at the time.

The Employers' Council was fundamentally opposed to this decision, made due to the province's disagreement with the federal government on the terms of a cost-shared fisheries investment fund. The Employers' Council called on both levels of government to resolve their differences on the fisheries fund without jeopardizing Newfoundland & Labrador's participation in international trade deals.

The removal of tariffs and non-tariff barriers provided under the Comprehensive Economic and Trade Agreement (CETA), and deals like it, will provide long term benefit to the entire province and extend well beyond the fishery. Reducing trade barriers and improving access to one of the largest and most lucrative markets in the world will increase innovation and productivity in the province and allow businesses in all industries of the province to expand, create jobs and wealth for the people of Newfoundland & Labrador. The Employers' Council received significant provincial and national media coverage on this issue and continues to publicly support next generation trade agreements like CETA and the Trans-Pacific Partnership (TPP).

The screenshot shows a CBC News article from January 20, 2015. The headline is "Employers groups urge N.L. to talk with feds over CETA spat". The article features a photo of a man in a suit and glasses speaking at a podium. The text discusses the Employers' Council's opposition to the provincial government's decision to suspend trade negotiations with Canada over a fisheries investment fund. It mentions that the council is concerned about the loss of jobs and economic opportunities. The article also includes a quote from the council: "It would be disastrous if a short-term disagreement prevented Newfoundland & Labrador from taking advantage of that opportunity." The page also shows social media sharing options, a list of related headlines, and a video player.

FUTURE PRIORITIES:

NLEC contracts Memorial University professors to study Alternative Service Delivery

Given the worsening fiscal situation in Newfoundland & Labrador, there is a strong need for permanent reforms to program and service delivery to reduce government spending.

One of the best ways to accomplish this is to further involve the private sector in the delivery of government services. Partnerships with the private sector through Public Private Partnerships (P3s) and Alternative Service Delivery (ASD) will help reduce government spending while having the added benefit of expanding the private sector and growing our economy.

There has been some movement on this issue in 2015. The Progressive Conservative government announced plans to utilize P3s for the development of long-term care facilities in NL. The current Liberal government, while in opposition, denounced the PCs plan but expressed interest in a public-private partnership for the construction and maintenance of a replacement for the Waterford Hospital. Not surprisingly, there has been a strong negative reaction to the idea of private sector involvement in the delivery of government services from the province's labour unions, who launched an advertising and advocacy campaign to fight what they call "privatization".

In 2015 the NL Employers' Council Board of Directors made the decision to focus on the need for P3s and ASD as the organization's key advocacy objective in the coming year. To research the benefits of P3s and ASD and to identify opportunities for successful implementation in NL, the Employers' Council commissioned Tom Cooper and Tom Clift of Memorial University. The organization also commissioned Corporate Research Associates to conduct public opinion polling on the general public's perceptions of ASD and P3s. The research is completed and the Employers' Council will release the findings publicly in early 2016 as part of a larger advocacy campaign on this issue.

In 2015 the NL Employers' Council Board of Directors made the decision to focus on the need for P3s and ASD as the organization's key advocacy objective in the coming year.

What are ASD and P3s?

“The “privatization” aspect is actually a bit of a red herring, because basically everything the government does involves some sort of private-sector involvement.”

— James McLeod, The Telegram, August 21st, 2015

“We can’t let the over politicized language of ‘private health care’ hijack the important discussion we must have about expanding access to publicly funded services and addressing the fiscal and infrastructure challenges that our health care system is facing.”

— Stewart Kennedy, MD, President, Ontario Medical Association, 2011

There has been much political hay made in recent months around the terminology used to describe increased private sector involvement in the delivery of government services. In reality, despite what terminology is used, the discussion is simply about expanding on a long history of private sector involvement in government service delivery and changing the type of contracts entered into.

Alternative Service Delivery (ASD) transfers responsibility for the delivery of public services to non-government entities, often through partnerships with the private and not-for-profit sectors, while government maintains regulatory control. ASD fosters innovation, improves outcomes and service delivery, and can reduce costs to taxpayers.

Public Private Partnerships (PPPs or P3s) is a term usually used for infrastructure projects. PPPs are beneficial when a better quality of infrastructure upfront can significantly reduce cost at the operational stage (including maintenance cost). In Canada, there are more than 200 successful P3s including roads, bridges, airports, seaports and harbours, energy, hospital facilities, wastewater facilities, social housing and schools.

Newfoundland and Labrador is familiar with simple outsourcing arrangements between government and the private sector. Many (not all) are focused on simply lowering input costs versus achieving desired outcomes. Focusing on the lowest cost provider, in the short term, usually results in a bias towards status quo solutions, inside the box thinking and, in the long run, higher costs to the taxpayer. In Alternative Service Delivery (ASD) and Public Private Partnerships (PPPs), government is typically focused less on driving down input costs and more on modernizing service delivery and improving outcomes and service levels for citizens in the long term. The private sector provides the technology, know-how, and expertise best suited to deliver the desired outcomes. The role of government is to regulate, steer policy development, to monitor outcomes against stated objectives, and hold the private partner accountable for those outcomes.

Public Sector Challenges: Private Sector Solutions

The CEO Roundtable is a confidential, closed door, invitation only event for the province's business leaders to network and debate public policies that would improve the competitiveness of Newfoundland and Labrador's business environment.

The 2015 Roundtable provided an opportunity for business leaders to provide feedback on both the Employer's Council's ASD/PPP Study and public opinion polling on private sector involvement in the delivery of government

services. Participants were given the opportunity to provide input on preliminary findings and the proposed recommendations to government as presented by Tom Cooper and Tom Clift from Memorial University and Don Mills from Corporate Research Associates. They also gave the Employers' Council their opinion on government areas that pose the greatest opportunity for successful private sector involvement. The CEO feedback will be used by the researchers and the Employers' Council's Board of Directors to help direct lobby efforts on this issue.

CEO ROUNDTABLE ON BUSINESS PRIORITIES



This year's CEO Roundtable took place on September 24th, 2014 and was attended by 21 senior business leaders from the province's largest employers.

NLEC commissions public opinion research

Once again this year the NLEC commissioned public opinion polling on various NLEC issues, in particular the NLEC's next key advocacy issue of ASD/PPPs. This research will be used to assist in our lobby, to refine public messaging and measure the effectiveness of our public relations efforts. *(See highlights on following page).*

In a survey of Newfoundlanders & Labradorians in August 2015:

84% **OPPOSE**
increasing the
HST

80% \$ \$ \$ \$ \$ \$ \$ \$
\$ \$ \$ \$ \$ \$ \$ \$

STRONGLY agree that before increasing the taxes of NLers government must ensure that **TAX DOLLARS** are spent in the most **EFFICIENT** manner possible

80%
believe it is import to
REDUCE GOVERNMENT DEBT



84% think it is **IMPORTANT**
that government find
COST SAVINGS in program
and service delivery to
invest **MORE** in public
INFRASTRUCTURE

ONLY
14%

completely oppose **THE PRIVATE**
SECTOR becoming more involved in
delivery of government services



71%

believe that the **PUBLIC**
SECTOR could be
reorganized and
REDUCED to
provide better
value for tax
payers dollars



10%
MORE

Newfoundlanders and
Labrdorians strongly agree
that the **PRIVATE SECTOR**
grows our
economy
than they
did in 2014



62%

agree that spending more
money on government
services doesn't **ALWAYS**
PROVIDE BETTER
OUTCOMES
for citizens



employer OF DISTINCTION

AWARDS

*Congratulations to **Technip** & **Worley Parsons** for being named 2014 Employers of Distinction.*

The 2014 Employer of Distinction Awards Ceremony was held on April 27th at the Sheraton Hotel in St. John's and featured a keynote address by Premier Dwight Ball, then Leader of the Official Opposition.

The Employer of Distinction Awards recognizes successful employers in Newfoundland & Labrador who demonstrate leadership in the community, productivity and innovation, and a fundamental belief in the value of a healthy, safe and motivated workplace.

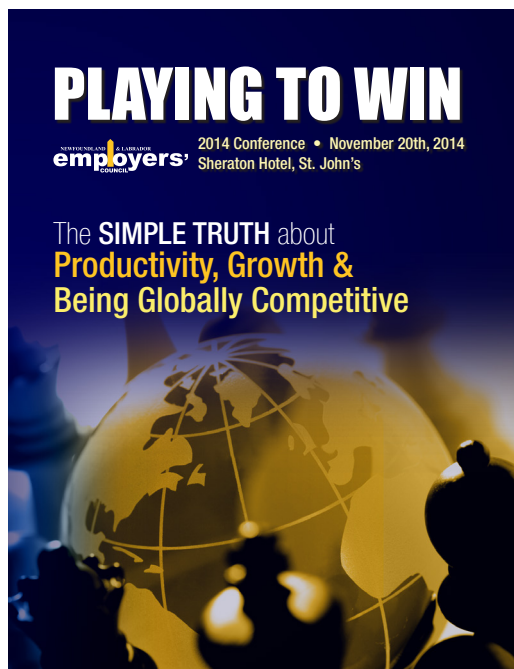




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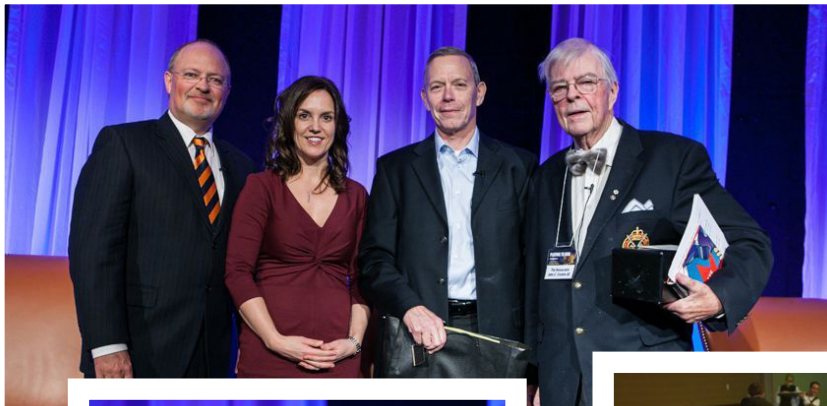
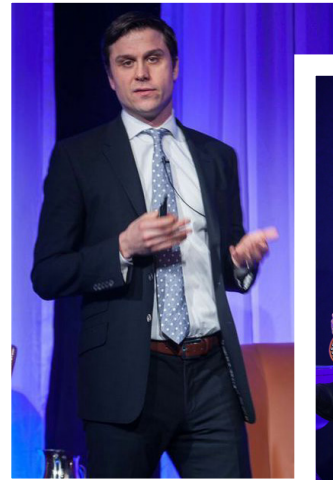


PLAYING TO WIN: The Simple Truth about Productivity, Growth and Being Globally Competitive

took place on November 20th, 2014 at the Sheraton Hotel in St. John's.

The conference featured a new one-day format and included a session by the Honourable John Crosbie and Bill Barry, and a keynote address by Maclean's Political Editor, Paul Wells.







NLEC COMMITTEES AND FOCUS GROUPS

NLEC Board Finance

Greg Viscount (Chair), Ocean Choice International
Darren Dalton, Gander International Airport
Richard Alexander, NL Employers' Council

NLEC Board Governance / Nomination Committee

Cynthia Crosbie (Chair), Crosbie Group & Member Companies
Jonathan Hickman, Hickman Automotive Group
Ann Marie Vaughan, College of the North Atlantic
Roseanne Leonard, NL Association of CBDCs
Richard Alexander, NL Employers' Council

NLEC Conference Focus Group

Margaret Allan, Husky Energy
Cynthia Crosbie, Crosbie Group Ltd. and Member Companies
Gina Pecore, Genoa Design
Kay Riggs, Dynamic Air Shelters
Twila Reid, Stewart McKelvey
Ann Marie Vaughan, College of the North Atlantic
Roxanne Morrissey, WaterWerks Communications
Jaclyn Sullivan, NL Employers' Council
Richard Alexander, NL Employers' Council

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