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Mr. Speaker: In keeping with the time-honored traditions of our parliamentary system, the hour has come for me to rise to present to this house the annual budget — the first under this government headed by Premier Louis J. Robichaud.

At the outset, Mr. Speaker, may I offer you my sincere congratulations on your election to the high post which you occupy. The office of Speaker in our system of government is one heavy with tradition, and one requiring fairness, firm-ness and a discreet sense of responsibility, both to all hon. members in the house and to what the house represents.

These qualities, Sir, you have already demonstrated in this chamber, and I am certain as the session proceeds hon. members on both sides of this house will view with ever-increasing pride your guidance of its affairs.

Mr. Speaker, I should also like to compliment His Honour the Lieutenant-Governor on his excellent presentation of the government's program to this house and to the people of New Brunswick. This province is indeed fortunate to possess such a person of broad experience, with dignity and stature, as the representative of Her Majesty the Queen.

I think it also fitting, Sir, to congratulate all those who participated in the debate on the speech from the throne and, in particular, to convey my compliments to the mover and seconder of the address in reply to the throne speech. Each of these hon. gentlemen displayed a thorough knowledge and understanding of provincial problems, and in their analysis and presentation of the facts placed them-selves within that category of persons on whom rests the responsibility for the success of our system of government.

I would also, at this time, like to pay tribute to the Leader of the Opposition, the former Minister of Agriculture, who has already demonstrated in this house those qualities of thought and judgment which so well qualify him as Opposition Leader. Sir, I take this opportunity to express my good wishes to him in the new role which he plays in the deliberations of this assembly.

Furthermore, Mr. Speaker, before going on I must say that it is with some feeling of trepidation that I appear in this house this evening to deliver the budget address. As I look across to the benches opposite I can easily discern, even at this distance, the critical eye of the Financial Critic and former Provincial Secretary-Treasurer of the Province of New Brunswick. A man who guided the financial affairs of the province for eight years with a surplus every year, and with eight budget speeches behind him, is a rather formidable spectator on the scene of one's first session in the Legislature and first budget address.

Finally, Sir, I would like to take this opportunity to express my sicere thanks to all my departmental staff for the high degree of cooperation and assistance which they have so freely given to me since I have assumed responsibility for this division of government.

A word also, Mr. Speaker, concerning the honor and responsibility which have been placed upon me as a member of the cabinet in a young and vigorous government, led by an equally young and vigorous leader. Last June 27, the people of this province spoke with a loud and clear voice. Looking back, it is now clear that they, like voters elsewhere on this continent, spoke for youth vigor, leadership and Liberal principles.

It is indeed a personal honor for me, Sir, to be a member of this Liberal government and to be associated with it in the plans and programs for this and succeeding years. These policies, and others which will be formulated to meet new conditions, will benefit greatly our province and all its citizens.

MESSAGE IN FRENCH

Monsieur L'Orateur : Je suis heureux en cette occasion d’adresser quelques mots en français. Je représente ici, avec mon collègue, Gilbert Robichaud, la ville de Moncton, ou les groupes de culture différente ont appris à se connaitre et vivre en harmonie.

J'ose espérer que toujours de plus en plus, et à travers toute la province, il y aura une entente mutuelle entre les groupes pour faire de notre province une meilleure province.

Monsieur l'Orateur, nous sommes dans cette assemblée les représentants du peuple, Conscient de ce fait, notre gouvernement s'efforcera en tout temps de donner une administration positive et proportionnée à ces responsabilités.

ENGLISH TRANSLATION

Mr. Speaker: I am happy to say a few words in French on this occasion.

I represent here, with my colleague, Gilbert Robichaud, the city of Moncton, where groups of a different culture have learned to understand one another and to live in harmony.

I dare hope that more and more, through the whole province, there will be a mutual understanding between these groups, in order that our province may become a better province.

Mr. Speaker, we in this assembly are the representatives of the people. Conscious of this fact, our government will strive at all times to give positive action in keeping with its responsibilities.

This budget is being presented against a backdrop of stern events, both national and international, which will shape the future of this province for many years to come. These events and the new problems which they create call not only for wisdom on the part of governments, but also for boldness, courage and imagination in the formulation of policy. I am certain, Mr. Speaker, that you will find ample evidence of these characteristics in the budget which I present tonight.

In Africa and Asia a rising tide of nationalism has swept away former colonial and protectorate status and these peoples now speak as independent nations in the councils of the world. In the United States the political and economic results of the recent election, the missile race and other events have resulted in the shaping of new forces with which we must contend. At home, there are disturbing features in the Canadian economy which are causing much concern and which necessitate capable leadership at both national and provincial levels.

At this time there is also extreme interest in the field of financial affairs, resulting largely from two factors. First because of the disturbing and contradictory trends, both economic and financial, which have been prevalent in Canada during the past year. And secondly, because of the wide publicity given to the series of conferences between the Dominion and Provincial Governments held during the past eight months to determine the financial arrangements to prevail after March 31, 1962.

Although final negotiations have not been completed, the latest federal proposals provide the province with only a few hundred thousand dollars more than we would receive under the existing agreements.

For obvious reasons, we are not happy with federal policy in this field, since it poses a number of problems for all provincial governments over the next few years. Although 1 will be commenting in more detail later, Mr. Speaker, I would like to point out at this time that these federal proposals have a direct impact on the budget of the government for the fiscal year ending March 31, 1962.

A number of the hon, members will recall that the substantial increases in this revenue source have been the main reason why the expenditures of the government have been able to increase as they have over the past few years. This was particularly so at the beginning of the present and previous agreements when federal payments rose by over $3,000,000 and $7,000,000 respectively.

These revenue increases, the largest from any single source, were used to expand many government programs, but mainly the public works program. Without them no such expansion would have been possible. It now appears, if present proposals are final, that no such increases in revenue from this source can be expected over the next six years. Even assuming a five per cent increase in tax yields in this province, the most we can expect is some $600,000 in additional revenues.

On the other hand, federal policy is being more intensively directed into the development of new and expanded shared-cost programs, the cost of which expands in almost geometric proportions from year to year.

Therefore, in view of the new problems created by both national and international forces, by the disturbed economic conditions, and by the anticipated departure by the federal government from existing policy, this administration views the present and immediate future as periods of policy reassessment and readjustment. Immediately, all spheres of existing policy have been carefully examined and, in many cases, adjusted to reflect the proper sense of proportion which has been lacking for so many years in government spending in this province. Now, Mr. Speaker, 1 would like to review the economic trends which have been in evidence over the past year, and the outlook for the year under consideration.

From the appendix attached to my talk this evening it is fairly obvious that the year 1960 for New Brunswick reflected a continuation of the economic recovery from the recession of 1957-58. This recovery was achieved mainly in 1959, with 1960 showing expansion, but at a much slower rate.

On the other hand, the national economy remained pretty much stagnant during the year, as did that of the United States. In the United States, President Eisenhower in his economic report to the Congress in January last provided this partial description of the year 1960: "total industrial production in December, 1960 was 7% below the January high, output of iron and steel was 45% lower, and the decline in industries other than steel was less than 5%. After midyear, employment also declined, as did wage and salary disbursements. These tendencies became more pronounced in December, and unemployment rose sharply. Total income payments to individuals, which had been relatively well maintained, declined in December."

Although the gross national product rose over 1959, it declined during 1960 from the beginning of the second quarter, as did residential construction, corporation profits, employment, retail sales and industrial production generally. Most responsible analysts in the United States have clearly identified this "slide" in the economy as the fourth postwar recession, and have projected it on into the current year. The report of Professor Paul A. Samuelson of the Massachusetts Institute of Technology to President Kennedy, entitled "Prospects and Policies for the 1961 American Economy", points out, and I quote Professor Samuelson:

"The goal for 1961 must be to bring the recession to an end, to reinstate a condition of expansion and recovery, and to adopt measures likely to make that expansion one that after a year or two will not peter out at levels of activity far below our true potential." This type of thinking and analysis does not appear to have as yet been imported into Canada. There has been no official acceptance of recession status in the Canadian economy, although a number of competent economists have come to this final conclusion. Most of the optimists who described 1960 as the first year of a new era are still optimistic that 1961 will be the" second such year. Even in the face of such disappointing trends as are currently discernable there are a number of so-called "six month" groups who point to major economic expansion by midyear of 1961

Although all of the statistics for 1960 are not available, sufficient data can be developed at the moment to enable an assessment of the economic forces at work during the past year. Given the large number of mixed trends in the economy, the year 1960 might best be described as "sloppy", with one thing certain, very little real growth occurred during the year.

The gross national product was running at levels about the same as the fourth quarter of 1959, and even the slight improvement in the summer was largely the result of increased government spending. Spending in the private sector de-cUned substantially; a larger bulk of personal income went into savings, with the end result that final domestic demand was stagnant for the bulk of the year. Export demand, while high at the beginning of the year, declined considerably over the remainder of the year.

In looking back over the past two years, the index of industrial production, seasonally adjusted, reached a high of 173.5 in January 1960 and then declined by over four per cent by the end of the year, with production of durable manufactured goods falling by more than 10 per cent. As a result, the number of persons employed began to fall in August, while the rate of unemployed rose to over eight per cent of the labor force by the year end. Generally over the year industrial employment fell by some five per cent. Other indicators pointed generally in the same direction, with corporation profits registering the final result, over seven per cent less than 1959.

In the New Brunswick economy, trends were more decisive — most areas of production were substantially higher than 1959, and in many cases the peaks of 1956 were actually exceeded. This lead to increases in employment and income as several factors were at work to produce a generally high level of demand. Government spending at all levels, investment spending and consumer spending, together with a high level of export demand for key products, combined to produce an excellent environment for economic expansion.

However, the influence of national and international trends towards slower rates of growth and general recessionary conditions began to be felt alter midyear. This, combined with a softening in the export market, reduced the annual rate of expansion and reinforced the trend towards higher levels of unemployment. An additional softening influence arose from two major weak spots in the economy, largely local in character, and this persisted for most of the year. Residential housing construction was maintained at a level somewhat less than 1959; and the construction industry suffered a contraction in activity in the private sector.

The statistical results of these forces tend to provide the rather misleading impression that 1960 was a year of economic growth on a broad front in all sectors of the economy. Such an impression, Mr. Speaker, could not be more erroneous. A detailed examination of the type of advances made during the year produces some rather interesting, but not entirely unexpected, results.

For example, generally most parts of the primary sector of the economy, including agriculture, were able to expand operations over the preceeding year, and a substantial portion of the manufacturing industries were also able to produce and ship more than in any other year in most cases.

In the case of the primary industries, however, a great bulk of the production was not shipped or marketed, but went into inventory- For example, the production of pulp-wood increased during the year by some 20 per cent, an increase involving over 200,000 cords of wood, However, in the same period between May and December of 1960 inventories of the pulpwod rose by over 400,000 cords and at year end were nearly 10 per cent higher than at the same stage in 1959.

In the manufacturing industry almost the reverse was happening for a major portion of the year. The province's traditional dependence upon export markets, combined with the normal time lag before the full force of national trends is felt in New Brunswick, resulted in New Brunswick manufacturers not being forced to add to inventory until nearly four months after it had become a fairly well established trend at the national level in Canada.

On the other hand, those areas of our economy more sensitive to this type of economic fluctuation responded with a vigor substantially in excess of that displayed nationally. Activity in the construction industry declined by nearly 20 per cent, and the level of capital spending generally fell considerably short of the volume earlier predicted for the year 1960.

These trends are not particularly startling, but they do serve as an important factor in any attempt to assess the magnitude and character of local economic reactions to the various national and international forces which are developing. Under normal conditions, our highly labor-intensive industries, depending primarily upon the level of investment, tend to react much more quickly and much more vigorously to any new set of market conditions than do our resource-oriented manufacturing industries. This is why we are faced with the rather paradoxical situation of high levels of labor income and industrial production, but with even higher levels of unemployment.

Mr. Speaker, I should point out at this stage that this summary of economic developments has been provided merely as a background to the much more difficult task of assessing the probable economic and financial environment for the fiscal year 1961-62.

To properly make such an assessment requires careful analysis of both past and present economic trends, as well as detailed examination of the observations and analysis of competent observers in many parts of this North American continent. We have very assiduously conducted this analytical work, but first a word relative to the outlook for 1961 as others see it.

In general, it seems to be fairly well accepted that the North American economy generally, and the United States economy in particular, is not going through any type of rolling readjustment, but is rather experiencing a very gentle but broad decline. The degree of contraction to date, while steep and prolonged in such sectors as steel and durable goods production, has not been so severe in others, so that the decline as a whole has been more or less contained to moderate proportions.

This provides the conclusion for many businessmen and economists also that the current downturn is likely to continue somewhat longer, but that it will be relatively mild and that recovery should begin sometime during the middle of the current year. I must say, Mr. Speaker, that the degree of unanimity along these lines is impressive, but not altogether convincing.

In view of this, we felt it appropriate to conduct a very intensive analysis of our own and, as a. result, have come to several conclusions concerning the probable course of economic activity during the next 12 to 18 months.

As you are well aware, the level of economic activity in New Brunswick cannot be assessed in a vacuum, since the course of developments here is largely subject to the interaction of a number of variables which are well beyond the control of any form of provincial action. The rate of economic expansion, or lack of it, in both the United

States and the Canadian economy is an important determinant of our economic experience in this province. In addition, developments in export markets in western Europe are a significant factor affecting the rate of industrial production locally.

Looking first at the United States, it would not appear that any significant recovery can be expected prior to the middle of the year, and even this is being very optimistic. However, should this occur, there would undoubtedly be a time lag of about six months, as there always has been, before any recovery in the United States could generate a sufficiently high level of consumer and business income to act as a stimulating factor to our local resource and export oriented industries.

In attempting to place some economic base under provincial government spending policy during the next year or so, it is very important to draw a very precise distinction between what has been happening in the United States and what has been happening in Canada. This distinction is to us especially important because of the difference in the implications for government revenues involved.

In the United States, the recessionary trend has been largely confined to reductions in the level of residential construction and a rapid runoff of inventories during the first three quarters of the year. This latter was not unexpected because of the rapid buildup of inventories in that country immediately after the steel strike in late 1959. In Canada, however, the major impetus towards lower levels of economic activity came from a reduction in capital outlays from the entire private sector of the economy.

The inventory liquidation was relatively minor in this country, and in this respect we are approximately in the same position at the present time that we were in the last weeks of 1957. That is, indicating a considerable volume of inventory liquidation yet to come, with a corresponding additional lag of some three months before any tendency towards the accumulation ofinventories is able to provide a stimulant to our economy generally.

Projecting these trends over the next few months would point to further inventory liquidation in Canada, but without a corresponding further decline in the level of investment nationally, since the bulk of this particular contraction seems to have pretty well passed. In the United States, however, corporate profits were considerably more affected by recent dips in production than was the case in Canada. Therefore, it would be very reasonable to assume a further, and significant, contraction of level of investment in the United States.

This will undoubtedly have re-percussions in the Canadian economy but not to any great extent during the next 12 months. If consumers in this country follow these trends with a fairly adequate level of personal spending, then final domestic demand for at least half the year could well be maintained.

We, therefore, are anticipating a moderate degree of growth in the Canadian economy during the fiscal year 1961-62. It is not likely that that growth will be any greater than that which we experienced during the past year. But in contrast to last year, it is very likely that whatever expansion that does occur will occur in the last half of the fiscal year, '61-62 rather than at the beginning.

Although we feel that much of the major impetus from the export market is rapidly disappearing, it is very likely that for New Brunswick particularly the export market for certain products will provide some element of buoyancy in the economy. This, at the national level, combined with slightly increased capital spending and a high level of government spending, will likely produce, not a year of economic expansion, but a year in which very little additional recession is likely to occur.

For New Brunswick, this is likely to produce an economic environment quite similar to that of 1960, a fairly high level of industrial output, but with a fairly substantial number of persons unemployed due to declining activity as regards capital outlays for new plant and equipment in the private sector of the economy.

This may well be offset by some increase to the extent of some eight or ten per cent in residential construction. In addition, we anticipate that the consumer in New Brunswick will perform in the same admirable fashion as in previous years, with the result that the volume of retail trade should expand to a minor degree by possibly three or four per cent.

To be quite frank, Mr. Speaker, what I am suggesting is that not only for New Brunswick, but for the nation as a whole, 1961 will undoubtedly be a year in which little real expansion occurs. This may well be quite satisfactory in some respects for the short term, but for the longer run considerations involved it is certainly not adequate.

Even here, however, I am in my projections making certain assumptions on a somewhat uneasy basis. For example, I am assuming that there will be intelligent fiscal action both on the part of the government of Canada and the Bank of Canada during the next few months, action taken in the direction of providing a suitable stimulant for economic recovery. This, Mr. Speaker, I must say is an assumption that must not be taken lightly.

What I have just finished describing, Mr. Speaker, is not a new or unique situation, it is merely a repetition of descriptions of our local economy which can be applied to almost any single year chosen from the last eight or nine decades. The entire history of our province is littered with short term bursts of economic growth only to be followed by a more than compensating period of economic contraction. The results of this experience have become more and more apparent over the past few years as we have compared our financial well-being to that of Canadians living in other parts of this vast country.

Certainly, almost anyone will agree that such a comparison does not provide much scope for optimism. However, there should and must be optimism regarding the outlook for the future as far as this province is concerned. Certainly, the problems which we have been experiencing are not problems resulting from any type of "original sin" committed by the people of New Brunswick for which we must pay throughout infinity. The bulk of our problems in the economic sense are man-made, and, as such, can and must be corrected.

However, very little has actively happened during the past few years which could be construed as direct corrective action of the appropriate magnitude. I have already mentioned, Mr. Speaker, that during the coming year we will be con-fronted with problems of unemployment. These problems are not unique to any particular year, they are chronic problems; they have been with us for many years and will continue to be the major problem facing any government of the province until certain trends in the economy have been reversed.

If you examine in detail the economic growth which has taken place in this province since the war, it becomes clear why we have an unemployment problem and what must be done to solve it.

Over the past 20 years all of our major producing industries have become more and more capital intensive and thus require less and less labor per unit of output. This trend has been continuing and is now being reinforced by a highly sensitive construction industry which annually puts thousands of people into the ranks of the unemployed every time there is a minor economic disturbance.

The logical solution to a problem of this nature is to develop alternative opportunities for employment in the economy in different types of industry, in types of industries which are not susceptible to the typical seasonal fluctuation which we experience here in New Brunswick and industries which absorb a high volume of labor per unit of output produced. Here I am referring primarily to secondary manufacturing industries which have not expanded by any significant degree over the past 20 years.

The question I ask today, Mr. Speaker, is why are these industries not expanding, and why has nothing been done to assist them to expand?

In many cases, the answer to this question must be found in a careful examination of the things we have been doing locally. It is all too easy for both people and governments when faced with a problem of this magnitude to sit back, relax, suggest and request that someone solve the problem for us.

In many respects, Mr. Speaker, this has been the traditional means of solving problems in this part of Canada. The time has now come to reverse this policy, for the people of New Brunswick cannot afford to wait for someone else to solve this problem for them. The problem must be solved now, because its effects are not only felt in the economic structure of the province, but are felt throughout the entire moral fibre of the people which inhabit it.

Under any situation involving a chronic labor surplus it is well recognized that characteristics develop in the people involved which tend to generate obstacles to further development of the economy. Ambition is curbed, the response to economic incentives is blunted with mobility being reduced and the hopes of a higher standard of living stifled. And thus, in this situation many opportunities may exist but may be by-passed and neglected because of failure of the community to be sufficiently interested or enterprising to develop them.

Now, Mr. Speaker, what can we do? Well, before answering this, let us examine in a general sense what has already been done.

Over the past few years there have been great opportunities for any government in this province to spend substantial sums for economic development. But these substantial sums have been spent for an expanded system of highways, for expanded welfare programs, and for expanded levels of services by many other government departments.

Doubtless many of these expenditures were well justified, but the significant thing is that hardly a cent was spent in such a way as to directly increase the ability of the provincial economy to produce this wealth in the first place.

I am not necessarily being critical of the previous administration, although I do believe that it had a rather distorted sense of economic values, but rather, I'm being critical of all previous governments, both federal and provincial, and the people themselves for not acting at all in many cases, and for not acting decisively when they did act. A prime example of what I mean can be seen in the initial utilization of the Atlantic Provinces adjustment grant.

Here was a golden opportunity, a sudden windfall of nearly 10 per cent of the annual budget, but what happened to it? How much of it was directed back into the economy in the form of development required to produce higher standards of living for future citizens of the province?

The answer is — absolutely none! Nearly a million and a half dollars were paid out to the municipalities, nearly a million went into higher standards of welfare services and over five millions was absorbed by the Department of Public Works.

This particular experience appears to us a display of bad judgment, and an improper allocation of public funds. A small portion, even 10 per cent, of this increased revenue spent in the right manner could have had a significant impact on the industrial growth of this province. Through the use of the appropriate policy of tax or other incentives, even this amount would have created the productive capacity to employ several hundred workers in secondary manufacturing industries.

At this stage, Mr. Speaker, I can assure you that this government is adopting a policy of decisive action. We may not solve the problem^ we may make some mistakes, but we will not stand idly by while the economic potential of this province remains unexploited. This part of Canada has the resources; it has the people and the manpower if incentive is given them; and the problem can be solved. Professor A. K, Cairncross, now Economic Adviser to the British Government, has given these problems careful examination and suggests — and I quote:

"that within the next ten or twenty years it might be possible, by suitable policies to double or treble the present volume of employment in secondary industry. For the sake of argument, let us take as a target a trebling of employment by 1980. This would mean a net addition to the present total in this group of industrie sof 70-75,000 workers. These figures are not cited in order to show that this would be easy, but only to demonstrate that it would not be impossible."

This is the key point to consider, Mr. Speaker, it will not be easy, but it can be done. To this should be added, that only through the implementation of precise policies on a rather massive scale can the required degree of success be achieved.

Fiscal Year 1959-60

I turn now, Mr. Speaker, to the province's finances. The public accounts for the fiscal year 1959-60 have been tabled and they reflect the financial results of the operation of government during a period of rapid economic expansion at the national level.

Fiscal Year 1960-61

The situation with respect to the current fiscal year has not been nearly so pleasant from either the economic or financial points of view. Early estimates of probable revenues for the year failed to live up to expectations after the first quarter.

Most of the financial effects of the downturn in the economy were felt in the levels of personal and corporate income, particularly in central Canada. As a result, the level of payments to the province under the tax rental agreement have been drastically scaled down in the past few months mainly as the result of the accumulated impact of a declining level of corporation profits.

Other revenues derived through provincial taxes have not been affected as seriously because of our own more buoyant economy, and all have shown modest gains during the year in our own tax rates.

It should be pointed out, however, that the revenue increase indicated by a comparison of the revised estimates for the current year with those originally incorporated in the budget would not be particularly realistic.

This does not result from poor estimating, but rather from what was apparently deliberate underestimating since many of the revenue figures incorporated in the budget originally were in fact not even a good indication of the level of revenues achieved in the previous year, let alone an estimate for the coming year.

This had the effect of understating the level of government spending in any year, and particularly presented a very distorted picture with respect to the distribution of this spending between the various functions of government.

On balance, however, there was during the year an element of growth on the revenue side of the budget, but unfortunately this growth was greatly exceeded by the rate at which expenditures rose, particularly in the fields of hospital insurance and public works. Thus, hon. members will note that the revised estimates of revenue and expenditure on current account indicate a deficit in the current year of some 6-1/2 million dollars. This situation is not particularly disturbing to us, for it is most difficult to be disturbed over a situation over which one has no control.

Hon, members will recall that immediately upon assuming office in July the government undertook to have an interim audit of the financial operations and standing of the province, in order to assess its position at that time and to indicate the likely pattern of spending which would develop over the remainder of the year.

In the report resulting from this audit, which I tabled last fall, it was explicitly indicated that a number of overexpenditures had already occurred and that additional commitments had been made in the form of either deferred or contingent liabilities. One item alone involving a liability of nearly $6,000,-000 had been created with respect to the operations of the Hospital

Services Commission, and this had to be met from the current revenues of the province during the latter part of the year.

In addition, both capital and maintenance expenditures in the Department of Public Works had been grossly inflated during the first three months of the year, leaving, in many cases, insufficient funds to carry out normal maintenance work for the remainder of the fiscal year.

During the past few months, Mr. Speaker, we have been examining very carefully the pattern of expenditures which has developed in this province over the past few years. Such an examination has brought to light a number of interesting anomalies with respect to the types of services provided and the distribution of the fiscal burdens involved in paying for them.

For example, in the current and in past years the expenditures of the Department of Public Works have consumed nearly 40 per cent of total provincial revenues while expenditures on education have in most years been less than 15 per cent. In the former case our level of spending on Public Works has been approximately 50 per cent higher than the average level of spending by other provincial governments in Canada. On the other hand, our expenditures in the field of education have been substantially lower than other provinces whether measured by expenditures per capita or as a percentage of total budget.

Before concluding my remarks pertaining to the current year, Mr. Speaker, there are two additional items of importance on which I feel I should report at this time. First, in connection with provincial borrowings during the past few months — two issues have been sold, one in New York and one in the Canadian market.

The U.S. financing was undertaken directly by the New Brunswick Electric Power Commission to obtain its own capital requirements, but with a provincial guarantee. This was part of the overall government policy to separate the

Commission from the government insofar as the financial aspects of its operations are concerned.

This move was initiated by the desire to permit the Commission to more easily plan its long-term capital program, and had the additional advantage of allowing the province a bit more flexibility in obtaining its own capital requirements in the market. In any event, the arrangement to date has been remarkably successful, with the Com-mission obtaining $15,000,000 in the New York market, at 5-1/4 per cent coupon selling at par.

Since the turn of the year, the province has entered the market on one occasion only, and was successful in obtaining $10,000,000 at highly competitive rates. This took the form $2,000,000 worth of five-year bonds at 5-1/4 per cent and $8,000,000 of 5-3/4 per cent 25-year debentures.

Incidentally, Mr. Speaker, I would like to point out that the New York issue was the last provincially guaranteed loan in that market before the 15 per cent withholding tax was imposed by the federal govern-ment. This decision regarding the withholding tax is quite likely to severely restrict provincial borrowing in foreign markets, and since the Canadian market is not large enough — or doesn't appear large enough — to accommodate all borrowers, it may well have only the net effect of increasing the cost of borrowing to both provinces and municipalities.

The second matter, Mr. Speaker, is the Federal-Provincial Fiscal Conference, which was recently debated in this house. Since the matter has already been discussed at some length, 1 do not intend to comment extensively at this time. However, 1 feel that 1 must point to a number of implications which the federal proposals have for this province. Certainly it involves a considerable step backwards in the entire field of fiscal relations between the governments.

On March 4 of this year the Financial Post made the following comment on the subject, and I quote: "After two decades of tax centralization, there has been a return to the uncharted wilderness of provincial autonomy. This time the provinces got only a sop from the federal finance minister — and the cruel freedom to raise extra money, and incur unpopularity, by raising their own taxes," The adjective "cruel" is, to my mind, particularly appropriate in this case, not because of the small amount of additional revenue which we receive, but because as the years pass, the rich provinces will get richer and the less fortunate areas will get swept further behind. The reduction in equalization payments, due both to altering the present basis for determining the tax yield differentials, and also to the unaccountable inclusion of natural resource revenues in the formula has dealt a severe blow to this province, more than any other.

It is certainly a blow which would be difficult to forget, and we can only hope that these proposals will be modified considerably during the next few months. Fiscal Year 1961-62

And now, Mr. Speaker, I turn to the major purpose of this address — the government's budget for the coming fiscal year.

First, I would like to point out that there has been a great deal of speculation as to the type and magnitude of the budget which I would be presenting to this house during the current session. This speculation has not only been a very good thing in that it has stimulated a-great deal of public thought on matters relating to provincial policy and finance, but in addition this speculation has been, I would think, particularly warranted and justified under present circumstances.

This government was elected to office last June with a given policy, the major portion of which has been implemented during the past few months. These policies, among other things, included the incorporation of the hospital care program into the general budgetary framework of the government, with the provision for financing this service' to be made from the current revenues of the province.

In addition, since that time, economic trends in the country have generally pointed to lower levels of income, not only for individuals and corporations but for governments as well. In the face of this, federal policy as regards payments to the provinces has now reached the rather exalted level whereby the provinces are to be permitted tremendous responsibilities without any significant interference from the federal authorities. That this primarily includes the responsibility of collecting the major portion of its revenues without any outside assistance whatsoever is of no minor consequence.

Given the circumstances, I have not been surprised at the existence of a great deal of speculation. Therefore, in order to rest the anxious minds of those people who reflect the fiscal conscience of the province, I would like to indicate at this stage that the budget which

I will now present to you is a balanced one. That is to say, Mr. Speaker, it is balanced in the sense that the level of expenditures programmed for the fiscal year in question will be nominally less than the level of revenues which the government anticipates it will receive.

However, I would like to point out as well that the budget is balanced in more than in the rather narrow fiscal sense. In the first place, I have attempted to present here this evening a financial balance between a number of forces, sometimes conflicting forces, which are being continuously exerted upon the government.

Generally there seems to be prevalent, not only in this province but in the entire country in these days, a force largely generated because of our close association and relationship to our neighbors to the1 south, which tends to provide for ever increasing demands for higher standards of living. On the other hand, there exists at all times a general and more subtle type of pressure for governments everywhere to assume a larger and larger share of the responsibility for the welfare of the individual.

In this province, Mr. Speaker, it is a most difficult task to meet both of these forces simultaneously. We do not have at the present the type of economic growth which will provide ever increasing expansion of living standards, and neither do we have the type of mature and rich economy which can be used to implement larger and more comprehensive welfare programs to provide a more equitable distribution of the wealth which we possess.

' I have therefore attempted to strike a balance between the desires of this government to provide for every reasonable demand for government services and for additional economic development, and the need for maintaining some sense of fiscal responsibility.

In the second place, Mr, Speaker, we have also attempted to reach a more balanced position with regard to the distribution of government spending, between the use of funds for the development of the economy and its resources on the one hand, for health and welfare programs on the other, and as be-tween education programs and the development of various public works projects and measures. Generally, I feel we have been somewhat successful in this respect.

Hon. members will note in a careful examination of the budget that we have provided for expanded programs relevant to the development of our own resources. We have also provided for the same or better levels of welfare services, including the provision to cope with the rapidly increasing costs of such services.

In addition, we have also reassessed the element of public interest being served, in both the short and long term, through the over-expanded public works program of previous years, and have made accordingly some very significent readjustments in this expenditure program. The effects of such a readjustment cannot always be evident in such a short time, and it is the expressed desire of the government to continue such reassessments until ultimately the overall expenditure program will be a more exact reflection of what the public need and want.

Many of the hon. members in this house will recall that almost exactly a year ago my predecessor, in delivering his last budget to this house, commented on the fact that "budgets are bound to go up" and that ''we should be looking for the day when the New Brunswick budget passes the hundred million dollar mark and goes on to higher objectives".

Mr. Speaker, may I assure the hon. member that he no longer needs to look forward to that day, for that day has in fact now arrived. The budget for the fiscal year ending March 31, 1962 exceeds $100,000,000 on revenue account, and I am certain that the hon. member in question will at least be in full agreement with this aspect of our provisions for the conduct of the government over the next year.

We have now passed the hundred million dollar mark and are obviously going on towards higher objectives, and I now express the wish that it will not be too many years before the economy of this province will be sufficiently wealthy and sufficiently expanded to generate a level of revenues without undue taxation, which will enable the government of New Brunswick to exceed the two hundred million' dollar mark and then go on to still higher objectives.

For the year 1961-62 revenues are estimated at $102,478,450 and budgetary expenditures at $102,463,176, leaving a nominal surplus of $15,-274. Obviously, estimates of revenues are based on the government's assessment of the type of economic environment in which the expenditures are to be incurred. In this respect I have already spent some time in sketching the economic and financial background to the budget and may I suggest that it be judged within this framework.

Revenue estimates are obviously based not only on an assessment of the likely economic developments in this province, but also on an appraisal of the outlook for Canada generally. In general, I have estimated that those revenues derived from the taxation of local sources will provide for modest increases, somewhat less than the average annual rate of increase which has been experienced over the past few years at similar rates of tax.

The sales tax, for example, I believe will provide additional revenue but will also be somewhat sensitive to the rather sluggish rates of increase in consumer spending.

To estimate our major source of revenue — that received under the Federal-Provincial Tax-Sharing Arrangements Act — one must make a judgment of the likely level of both personal income and corporation profits, not only in this province but also in the provinces of British Columbia and Ontario which form the basis for our equalization payments.

In this respect, there has been some conflict between our appraisal of the situation and that provided from other competent sources, so that on balance we have made provision for a level of revenues from this source which is about equal to the estimates of the federal government as to the amount which they are likely to be paying to this province during the fiscal year ahead.

At this stage, Mr. Speaker, I should like to point out that almost any budget, but this budget in particular, is not merely to be considered as a financial document; it is indeed this, but in addition it is a number of other things as Well. It is representative of the government's program for the coming year. The budget itself is riot the program but is merely the vehicle for the implementation of those policies and measures which the government feels must be provided, both in order to serve the people and to develop the economy of this province.

In other words, Mr. Speaker, it is my view and the view of the government that a budget should be something more than merely the means of extracting a given number of dollars from the public purse to be spent haphazardly as the year proceeds and as circumstances alter. A budget should be more than this, and in this case I can assure the hon. members that it is.

The budget for 1961-62 represents the end result of government plan-nine and thus becomes the means of implementation of those policies involved. Therefore, I feel it incumbent upon me at this time to outline to the hon. members of this house what a few of these goals are.

The first goal I have already mentioned — the budget seeks to maximize the rate of economic growth in the province and to create employment both where and when employment is needed.

In this respect, we do not subscribe to the proposition that the government can and must employ everyone directly. We feel that by the judicious use of public funds that expenditures can be planned and programs implemented in such a manner as to strike balance between those which create employment directly in the present, as between those types of policies which are designed to have a more long-range and indirect but possibly more beneficial effect on the overall economy.

Second, the budget seeks to maximize the benefits to the people of the various types of services which the government provides, but seeks as well to minimize the administrative costs involved in the provision of such services. We feel that efficiency in government is of prime importance in order to prevent programs from being weighed down with excessively burdensome administrative costs which tend to reduce the net beneficial effect to the people of the province.

In this respect, Mr. Speaker, we have already done a great deal more than merely pay lip service to this principle of government efficiency. We have already taken steps to streamline the government administration so as to enable the greatest possible benefits in services to be achieved with minimum administrative costs.

In the present year we plan to insure that many of the internal management problems of the government are carefully assessed in order that programs may be implemented in the most economic and efficient manner. We are in the process of expanding the function of the Treasury Board to provide for examination and coordination of the various complex programs of government which cut across both departmental and governmental lines.

This and other measures which we will be taking in the course of the forthcoming fiscal year are also a reflection of the governments wish to exert careful controls over the expenditure of public funds, to insure that they are disbursed in a manner consistent) with the desires and intent of this house. Also we are providing additional personnel to the Civil Service Commission to undertake a careful assessment and examination of all of those problems which relate to the employment of personnel in the public service.

To assist the government in formulating the proper policy in this latter respect, the government has already taken one major step in the establishment of the Joint Council, a body referred to by the Premier yesterday, composed of representatives of the employees of the government and representatives of the cabinet, who meet at least once a month to discuss both employee-employer relations1 and also problems of management in the government service.

Arising out of these discussions has been a government policy to provide during the next few months for a complete investigation into the entire organizational and classification structure of the Civil Service. This examination will, we hope, provide us with a more thorough understanding of both the types of employees that are required and the types of work that must be performed. This is being done to insure the most efficient administration of government.

In addition we have already obtained the services of a firm of management consultants and have received their report as regards, policies which could be implemented in my own department to enable a more intelligent disbursement of public funds.

Over the next few months we will be undoubtedly making many changes in both the structure of government and in the operational procedures involved in many government functions. Some of these will be designed to obtain greater internal economies through the

provision of certain services to various departments on a centralized basis within the government. Others will be designed to enable the government to achieve a greater measure of knowledge and control over the entire spending process; and still others will be designed to insure that there is a flow of information resulting from competent research so as to provide the government with sufficient knowledge to make decisions.

The third objective, Mr. Speaker, consists of the fact that the budget provides for a continuation of the present high levels of health and welfare services and for a substantial increase in the level of educational services.

Indeed, there are many things which the government wishes to do in both these fields, but is unable to pursue to the fullest possible extent at the present time. The long-term objectives of the government in this field are to provide the highest possible level of services consistent with the ability of the provincial economy to generate the wealth required to produce them.

In this respect, it should be emphasized that in the provision of such services the government must always be conscious of its responsibilities to the people of the province in other fields of human endeavor. It also cannot understate its responsibilities to future generations of New Brunswickers.

The cost of some of these programs, notably in the health field, are increasing in almost geometrical proportions and these costs must be kept within reasonable limits if everyone is going to receive maxi-mum benifits from the service provided.

In connection with the provision of public services, Mr. Speaker, there is one area of such expenditures on which I would like to speak and speak with a very frank voice. I refer here, Sir, to the field of public works. As I have already pointed out, the expenditures absorbed by this particular function have been rising over the past few years, until at the present time they constitute nearly 40 per cent of the total government spending.

This is a trend which is unique to our province of New Brunswick. In other provinces of Canada over the past few years the general trend has been for public works to absorb each year a smaller and smaller percentage of total provincial revenues, reaching the point where today the national average figure for all provincial governments is in the vicinity of 25 per cent.

This situation, whereby the greatest bulk of provincial government resources must go into the public works program, is not consistent with the public interest. The people of this province expect and rightly so, that any government will apportion its funds so as to achieve the maximum benefits possible for all the people of the province. This in the past has been interpreted to mean apparently that the people are primarily concerned with having available to them great broad expanses of asphalt and concrete which in many cases would do justice to the types of structures provided in many of the richest parts of the world. I do not interpret the public interest in this manner.

The people of the province neither want nor need great four-lane highways on which there is little traffic. The people of the province neither want nor require great towering structures of concrete and steel, the prime purpose of which was to serve as a memorial to either the person for whom they were named or to testify to the professional confidence of engineering design and construction.

It is my view that the people of this province are more practical and more utilitarian, I believe they want and need urgently a type of service which will meet their needs as they know them and which will be provided to them at a cost which will be consistent with their ability to pay. It is therefore one of the prime purposes of this budget, and of all the budgets that follow this over the next few years, to meet these essential needs, and without any attempt to conform to some type of artificial standard which has no relevance whatsoever to the requirements of this province.

Now, Mr. Speaker, I would like to outline in greater detail and under a few broad headings some of the specific proposals which the government has incorporated into its budget for the coming year:

Natural Resources

Generally, Mr. Speaker, all of those departments which act as resource supporting agencies in the province will be embarking upon expanded programs in the coming year. Although more detailed comments as to the specific nature of these programs will be outlined by the various ministers in due course, I might well touch on a few of the highlights.

The government has consistently maintained that our great fishery resource required greater assistance and attention from the provincial government and accordingly we have established under a separate deputy minister an expanded fisheries division. During the coming year, with the additional resources at its disposal, this division will undertake to provide a greater volume and variety of technical advice and assistance to those engaged in the fishing industry.

In addition, funds have been provided for increased development work in connection with the provision of the most suitable and economic types of vessels, so that fish can be landed at New Brunswick processing plants in greater volume and at a sufficiently low cost to enable our producers to compete effectively in world markets.

Furthermore, in the entire field of industrial development, provision is being made to intensify our efforts to both develop our own resources and to induce businessmen to enter the province to assist us in this regard. I should specify that we are not making this provision in the form of increased allowances for advertising and such, but rather we are providing for a greater accumulation of skilled personnel who will be able to identify

and assess industrial opportunities and potential in various parts of the province.

Hon. members will also see in the details of our estimates provision made to enable the Department of Lands and Mines to better assist in the utilization, on an economic basis, of our great forest re-sources. Funds are being provided to permit the opening up of forest areas through the development of a system of forest access roads and also to permit the necessary surveys and other good forest management policies of the department to be conducted on a greatly expanded basis.

Generally, Mr. Speaker, we have made provision for expanded services in these resource supporting departments to an extent of over one-third of a million dollars above and beyond that provided for in the budget for the current year.

Health and Welfare

Including the department of education under this broad heading of Health and Welfare reveals an estimated increase of approximately $20,000,000 over the provisions made for the fiscal year ending1 March 31, 1961. You will, Sir, of course recognize the fact that this includes provision for the operation of the hospital care plan, and therefore there are substantial items-on the revenue side of the budget as a partial offset against an in-crease of this magnitude.

Aside from the total expenditure consideration, there are two aspects of government policy under this heading on which I must speak. First, you will see an item in the estimates amounting to $132,000 to provide for the operation of the Youth Division of the Department of Youth and Welfare. In addition, we are making provision to enable the department to embark on an extensive program to provide loans to students to enable them to obtain higher levels of education, commencing in the new fiscal year.

The second aspect of policy here is related to the field of education itself. The members of this government have felt that there1 was a greater and more significant role to be played by the provincial government in this field. To this end, we are commencing in 1961-62 an expanded program of technical training under both the Department of Labour and Education. From here, this policy will be applied to other areas of education as fast as the resources of the province permit.

This is an extremely important policy objective of the government, having as it does broad implications from both the social and economic point of view. Undoubtedly, the provision of education on a basis making it readily available to all who are qualified is the best means of insuring equality of opportunity for every individual.

Furthermore, the economic basis for such programs is firmly entrenched, since expenditures for this purpose are one of the best means of increasing labor productivity and thereby provincial wealth. As a result, this government is committed, as revenues grow, to the acceptance of an increasing share of the cost of providing adequate standards of education at all levels to the citizens of this province.

Public Works

The amounts provided in the estimates for public works for the coming year are some $1,300,000 less than the budgeted provision for the current year. However, the 1960-61 budget included on revenue account approximately $1.5 millions for roads to resources, for which we have made provision to the extent of $1.7 millions in our capital budget.

Furthermore, we have reduced our provisions for Trans-Canada highway construction in order to be able to devote a greater portion of provincial road construction funds to the development of roads more local in character. This will be more in keeping with the basic requirements of insuring mobility to and from markets in various parts of the province. I am certain that this policy will be more than welcomed by the people of New Brunswick.

In addition, we are providing: less for the construction of public buildings for the coming year, which is merely a reflection of the more urgent necessity of diverting capital into other sectors of the economy. We are, for example, planning for a total capital pro-gram to provide beds for both active treatment care and the care of the mentally ill, which is some 50 per cent greater than that either planned or realized in the cur-rent year.

I can well imagine, Mr. Speaker, that we will be criticized for the changes we have made, and will be accused of curtailing public works spending and creating un-employment. Such an accusation would be entirely unwarranted. In terms of the total outlay of provincial funds, comparing our budget intentions with those of the previous administration, we are providing for a total shrinkage of less than three per cent. Even this minor reduction is not particular significant when it is considered within the framework of our entire spending program.

However, we are reducing spending in this field — every single expenditure which we have been able to locate has been cut back if it was considered extravagant, unwarranted or inconsistent with the public interest. This we will continue to do as long as we are the government selected by the people to represent their interests.

I should like here, Mr. Speaker, to emphasize a point which is often forgotten, and apparently has been over the past few years. The funds which we are requesting this house to appropriate do not belong to us; in effect we have made little contribution to their existence. Instead, we are merely those selected to see that the public's money is spent in a manner consistent with their needs and wishes.

In the recent past, the full weight of public opinion very bluntly stated how public funds were to be spent, along with the demand that it be spent efficiently. We are all familiar with these demands, and they now have been transformed into our government policy.

And finally, Mr. Speaker, I feel it necessary to speak briefly on the operations of that particular departmental operation for which I am responsible.

We have recently implemented a new driver examining program in the province, and during 1961-62 it is anticipated that this program will prove effective as a means of reducing both accident and fatality rates.

In this respect, our experience over the past few years has been appalling — the number of accidents per 100 registered vehicles has been increasing; our accident rate per million vehicle miles driven has been rising, and our rate of deaths per 100,000,000 vehicle miles was nearly 10 per cent above the national average in 1959 and over 60 per cent higher than in 1958. For these, and other reasons, we felt compelled to take action on a broad front in an attempt to reduce the loss of both life and property. As the New Brunswick Travel Bureau falls within my area of jurisdiction, Mr. Speaker, I believe a few comments on developments in the tourist industry would be in order.

I am sure all members of the house are gratified by the steady postwar growth of our tourist industry. In 1960, according to checks made at various entry points, a total of over 428,000 non-New Brunswick cars entered the province during the months of June, July, August and September. If we add another 10 per cent for tourists coming to New Brunswick by other means of transportation — train, plane and bus — this means a total of 50 per cent.

The Dominion Bureau of Statistics places the tourist spending in the Atlantic Provinces at approximately $90 per car. This gives us a figure of approximately $42 million as the 1960 value of New Brunswick's tourist industry.

Comparative figures for the year 1950 are not available, except in the case of United States cars entering New Brunswick through Customs ports. In 1960 there were over 140,000. For 1950 the figure was over 87,000 cars — almost double.

Complementing this increase in U.S. visitors is a tremendous increase in the numbers from other parts of Canada, particularly Quebec and Ontario; in fact, about half our tourist traffic.

When we consider that we have some 55,000,000 people living within 1,000 miles of our provincial border, and less than 2,000,000 of them visiting us each year, we can see what a field there is for development.

If our tourist industry is to realize its full potential, there must be continuing development of our (existing tourist attractions and resources, and consistent development of new ones. This must be done on a provincial, regional and local level.

What we do lack at the moment is more "things to do" for the tourist.

With this in mind, the government is prepared to consider assistance to provincial, regional and local groups in the planning and promotion of special events, such as Old Home Weeks, Festivals, etc.

By extending the scope of activity of these events we hope to provide a "show window" through which visitors can gain a deeper and fuller understanding of our way of life.

Now, Mr. Speaker and hon. members, I have outlined to you the policy considerations and objectives which are reflected in the level of expenditures provided for in the budget. This is the program of the government for the coming year, and you will be receiving further details during the next few weeks from the ministers.

Looking at these programs in the aggregate, it would have been quite possible for us to spend either less or more, but with due regard to all other considerations involved, this is the program which the government feels it must implement.

Having regard for the fact that expenditures in the current year are well over $90 million, the government has been faced with the difficult choice of selecting between balancing the budget, either by large tax increases or by large expenditure reductions, or, as an alternative, budgeting for a substantial deficit and the increased borrowing associated with it.

In the end, we chose to balance the budget, which I believe is the right choice. In order to balance and to avoid dependence on large adjustments on only one side of the budget, we made a careful assessment of the priorities involved in different spending programs. We looked at their various economic and social implications and to the overall sense of proportion which we felt should be achieved by any sensible spending program. We have, therefore, made a number of adjustments of both the revenue and expenditure sides of the budget, in keeping with our decision to achieve a balance.

As I have already presented the broad outlines of our expenditure adjustments, I would now like to turn to the revenue side of the budget.

Those hon. members who have been following recent developments in provincial fiscal policy elsewhere in Canada will recognize the very real problems which have confronted this government. All provincial governments, regardless of political beliefs, have been forced into the same position — either drastically curtail services, raise taxes or finance through borrowing. In New Brunswick, with relatively limited credit facilities, the latter method cannot be used to finance expenditure increases which have become a permanent part of our budgetary structure.

Throughout the country, all provinces have adopted the only conceivable solution, and that involves levying increased level of taxes.

Some provinces, Prince Edward Island and Newfoundland, have already been forced to raise both gasoline and sales taxes in the recent past.

Others, like Manitoba, have increased hospital insurance premiums by 50 per cent. Still other provinces are currently announcing further increases in taxation — British Columbia,

Alberta and Saskatchewan have each raised gasoline taxes by 30 per cent, 20 per cent and 16.6 per cent respectively, while at the same time they have increased taxes on diesel fuel by 25 per cent, 16.6 per cent and 41.6 per cent respectively.

In addition, the province of Saskatchewan added over a million dollars to its revenue by increasing prices of alcholic beverages. Also, in both ' Manitoba and Ontario there is every probability that sales taxes will be adopted along with other tax increases.

Closer to home, Mr. Speaker, the province of Nova Scotia only recently announced an increase in gasoline tax to 19¢ per gallon and at the same time has increased, the sales tax by two-thirds — from three to five per cent.

The problems in New Brunswick are no different from those elsewhere in Canada. All of the provinces have become involved in a wide variety of welfare, health and education programs, the costs of which are rising at a considerably faster rate than are the provincial incomes available to meet them.

With these trends in mind, let me now turn to the sources of additional revenue proposed in this budget. For the1 fiscal year commencing April 1, 1961, I propose the following changes in tax policy:

1. During the past few years, the increasing costs of providing a highway system of reasonable standards have begun to outstrip the revenues from gasoline and motor vehicle taxes which should be used to finance them. These revenues have often covered less than three-quarters of the costs entailed in making the road system available to users.

Because of the indirect benefits accruing to non-users of the highways, it is not intended that such revenues should finance the complete cost, but there should be some appropriate relationship. For this reason, the government has felt it appropriate to eliminate, effective April 1, 1961, the winter roads gasoline tax of three cents per gallon and, at the same time, to levy a total tax of 18<J per gallon on all sales of gasoline for on highway use within the province.

In this respect, Mr. Speaker, legislation will be introduced to this effect in the near future and will also incorporate in it a provision to increase the tax on diesel fuels to 23¢ per gallon.

This latter measure is considered appropriate, having regard for the fact that diesel-powered trucks are extremely heavy users of the highway system and that such fuel users receive more than proportional benefits due to the greater efficiency of the fuel.

Such a differential in tax rates applying to the two fuels is a common policy in many other provinces and in some cases, notably in Ontario, the effective rate differential is wider than that proposed for this province.

In "this same legislation, Mr. Speaker, we shall propose measures to aid in the enforcement of the provisions of the Gasoline Sales Act. This will deal particularly with the use of tax exempt gasoline on our highways.

It is estimated that these proposals will provide an additional 2-1/2 million dollars in revenue, which will more closely equate the cost to road users with that incurred to provide and maintain the facilities. There will still, however, remain a sizeable gap after the inclusion of this revenue — a gap of nearly one-half million dollars on current account alone if applied to the past two fiscal years and estimated at even more in the current year.

2. In view of the necessity of carrying on essential services in many sectors of the economy, it is considered a desirable form of public policy to place a portion of the burden on non-essential consumer goods. In this connection, the New Brunswick Liquor Control Board is being requested to adjust its price structure for various types of alcoholic beverages in order to produce a higher level of revenues to the government from this source.

3. Finally, Mr. Speaker, for the past few months the government

has been giving careful consideration to a wide variety of public services for which the government has traditionally charged a fee. In many cases, these fees were fixed many years ago and were designed to cover a portion, or all, of the costs of providing the service at that time. As all hon. members are aware, over the past two decades the costs of providing all types of services have risen very greatly, while the fees have remained fixed. For instance, birth certificates in the hon. doctor's department, and advertising in the Royal Gazette are typical examples.

Consequently, it is proposed to introduce legislation, where required, to adjust some of these fees to bring them more in line with the prevailing structure of costs and into line with similar changes being made by other provinces as-well.

You will recognize, of course, the necessity for a great deal of study and consideration prior to making decisions with respect to particular fees involved. The government proposes, therefore, to take the appropriate action, legislative or otherwise, in this direction, both in the current and coming year, at such times as the results of these studies1 become available.

In conclusion, Mr. Speaker, I would like to reiterate the fact that the budget which I have just presented should be considered, not only as that for the next fiscal year, but also as the first stage in the government's program aimed at achieving those policy objectives which I have mentioned.

Clearly, we do not expect to reach, these objectives in the first year; some of them will only be achieved in four or five years. However, ultimately we shall succeed. For us to do so, amidst the whirlpool of economic forces acting in restraint, will require courageous and imaginative leadership and intelligent and unselfish cooperation.

In our Premier of today we have these qualities of leadership, and we have a cabinet possessing both the wisdom to detect and understand the major problems and yet retaining the vigor necessary to accept them, not as barriers to our development, but as challenges to our ability.

Mr. Speaker, I present the 1961-62 Re-Assessment and Re-Adjustment Budget to hon. members and, in keeping with the traditional motion of supply, I now move that you do leave the chair.