| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
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| Nouveau-Brunswick | 45e | 2e | Discours du budget | 3 mars 1964 | M. Lestock G. DesBrisay | Ministre des finances | PL |

Budget Speech

Hon. Mr. DesBRISAY. moving the house into supply, delivered the budget address as follows; Mr. Speaker:

For the fifth time I rise to make the motion of supply. In doing so, I wish to take this opportunity to add my sympathies to those al-ready expressed in this house over the loss of our colleague, Mr. Hugh A. Dysart, M.L.A. His presence will be greatly missed.

I extend sympathy also to the bereaved families of the late Mr. Robert McAllister, Mr. W. J. Gallant, Mr. Harry C. Greenlaw and Mr. R. Fraser Keay, who had all given service of a high calibre in this Legislature.

My compliments are extended to you, Mr. Speaker, for the able and excellent fashion in which you are carrying out the duties of your high office. In addition, the under-standing and knowledge of the problems confronting New Brunswick, as displayed by the mover and seconder to the speech from the throne and all hon. members of this house during the period since the opening of this session, have been admirable.

In the Leader of the Opposition and the members of his group opposite, we have worthy opponents. They are men well equipped to bring to the attention of the people and the government the many elements which must be considered when deciding on a problem.

MESSAGE IN FRENCH

Monsieur l'Orateur, vous me permettrez certainement d'attirer l'attention de cette honorable assemblée sur le fait que mon collègue, monsieur Gilbert Robichaud, et moi-même représentons ici une circonscription bilingue. Nous en sommes particulièrement fiers aura au moment ou on se penche partout sur le profoleme du bilinguisme et du biculturalisme, nous croyons que Moncton est une ville qui peut donner l'exemple d'une harmonie heureuse entre les deux races, tant du côté de la langue que de la culture.

Nous sommes également heureux de faire part a cette honorable assemblé que le projet d'une digue sur la Petitcodiac est en train de se matérialiser. Mon collègue et moi sommes naturellement heureux d'avoir participer a l'élaboration et au développement de ce projet tant attendu et si nécessaire.

ENGLISH TRANSLATION

Mr. Speaker, permit me to drawthe attention of this house to the fact that my colleague, Mr. Gilbert Robichaud, and myself represent a bilingual constituency. We are particularly proud of this because, at a time when we are all pre-occupied with bilingualism and bi-culturalism, we believe that the city of Moncton can give an ex-ample of harmonious relationship between the two races, both as to language and culture.

We are equally proud to inform this hon. assembly that the Petit-codiac Crossing is in the process of materialization. My colleague and myself, naturally, are happy to have participated in the planning and development of this project so long awaited and so necessary.

Mr. Speaker, tonight I am presenting to this assembly my fourth budget. On each occasion I have defined the objectives of government policy in clear terms. Rather than undertake an exhaustive re-capitulation of the many points dealt with previously, 1 will endeavor to review our progress as a province, indicate the basis upon which the 1964-65 budget has been developed, and comment upon our needs for industrial and economic expansion.

As this house knows, the major factors controlling the economic development of this province lie beyond our borders. We can only attempt to predict the effects these uncontrollable forces will have on our economy and take such steps as are available to us to benefit from them or counteract those which are unfavorable. It is therefore necessary to sketch our view of the world economic situation, relate New Brunswick's economic prospects to this, and indicate the basis from which the budget for 1964-65 has been made.

It has been anticipated that 1963 would be a year of moderate growth for Canada and the United States with the continuing expansion in Western Europe. From this, it was expected that New Brunswick's economy would benefit with assured continuation and expansion.

Such growth has indeed been achieved and the Canadian economy, spurred on by a number of factors, particularly expanded exports, achieved a rate of growth of 6% during 1963. Virtually all the indicators of economic activity in New Brunswick have shown a marked improvement. If anything can be said of 1963 it is that we were really too conservative in our estimates.

World conditions are generally buoyant for 1964. Rising raw material prices during 1963 contributed greatly to the economies of the less developed nations. Western Europe continues to expand, although inflation is now becoming a real problem in several European Common Market countries. Trade is at a high level, due in part to the rising volume of exports to the Communist block during 1963.

A General Agreement on Tariffs and Trade Conference in the spring of this year should have major implications for future world trading levels and patterns. The reduction of tariff barriers and the liberalizing of world trade is essential for future growth and development. It will offer both greater challenge to our business and industrial community and in-creased opportunities for markets.

Canada is a world trader of major significance and we must be prepared to meet these challenges and grasp these opportunities.

Activity in the United States has a tremendous effect on the Canadian economy. The 1963 gross national product of the United States reached a level of $584 billion for a 5% increase. Consumer spending, especially for automo¬biles and houses made 1963 a record year. The long awaited United States tax cut has been approved and goes into effect this month. Both consumer and business spending are expected to increase as a result.

Gross national product should exceed $620 billion during 1964, achieving a growth rate of between five and six per cent. United States government spending, due to the federal economy drive, will probably show a relatively small year-to-year increase. Little improvement can be expected in the United States balance of payments.

In summary, a high level of consumer spending was the main impetus to the expansion shown by the United States economy in 1963. In 1964, increases in both business and consumer spending, due in large part to the tax cut, are expected to 'keep the economy advancing at a better than average pace.

In Canada, the latest indicators show the economy moving ahead strongly on a broad front, with no excesses and little sign of any slowdown even though this trend has 'been underway for 36 months without a significant downturn. In 1963 Canada's gross national product rose by an estimated 6% to approximately 42.8 billion dollars and we feel confident that the same rate of growth will prevail in 1964, raising gross national product to above the 45-billion dollar mark.

Capital spending by nonfarm business should continue its strong upward movement in 1964 to a level 7 to 10% higher than last year. Excess capacity is fast disappearing in Canadian industry; several huge construction projects are being planned and many observers feel we are approaching a major upsurge in capital investment, most likely in 1965.

Housing

Starts are substantially higher in the first quarter of 1964 than a year ago and should develop to a level at least equal to 1963. Other types of capital investment should show slight increases over the 1963 levels.

Inventories at both the manufacturing and retail levels are low in relation to sales and some upturn can be expected during this period. Retail sales rose 4.9% in 1963 to a record high. Consumer spending shows little sign of lagging and expenditures on durables, nondurables and services are all likely to rise. Automobile sales are anticipated to continue at the very high levels of recent years and housing completions will support additional high sales in house furniture and appliances.

Exports continue to look promising, particularly for wheat and manufactured goods. The balance of payments deficit on current account, which fell to less than $500 million in 1963 from $848 million in 1962, is expected to decline further to between $200 million and $300 million in 1964. The United States tax cut should stimulate the demand for Canadian ex-ports to the United States during the coming year and contribute to the easing of this problem.

Canadian employment is expected to continue its strong showing of 1963 and rise to a record high. Unemployment is still too high, but it is declining and further decreases are likely in 1964. Unemployment is a serious regional problem and continues to call for more attention by the nation in the development of lagging areas.

Finally, personal and labour income should retain their upward trend; little change is anticipated in the high level of corporate profits; and the index of industrial production, which rose sharply in the past year, largely because of sharply higher production of automobiles and steel, is expected to show a further substantial increase in the year ahead.

Mr. Speaker, 1964 is then a year of high prospects and prosperity for the Western world in general. Canada will participate to a great degree in this growth and New Brunswickers have every reason to be optimistic in the coming months.

I have spoken often in the past of our objectives for the development of New Brunswick. I see no need to repeat this now other than to say we must continue to maintain our services; invest in our own future; prepare for the highly competitive world economic growth before us, and take every step possible to link New Brunswick's growth with the highest growth economies of the world.

We are achieving a measure of success in this endeavor. In 1963 the New Brunswick employment index rose and our unemployment rate fell significantly. Labour- income went up more than 5% and improvements were registered in wages and salaries, farm cash income, farm prices, value of mineral production, coal production, sea-fish landings, manufacturing shipments, pulp and paper production, electric power consumption, construction contracts, building permits, retail trade, and the number of tourists visiting our province. All these showed significant increases.

Capital investment is perhaps the key indicator of our prospects of continued economic growth. Total capital investment for 1963 tell slightly below our estimate because of a small delay in the start of several programs. These projects will now carry forward into 1964 and we are confident that this year will see a new record of capital investment in New Brunswick.

In the primary and construction industries, base metal mining developments were largely finished in 1963, but higher spending on the tin mining development in Charlotte County seems likely this year, as does more spending on machinery and equipment in the forestry sector. Total expenditure will be at a reasonably high level although lower than 1963.

Total manufacturing expenditure should be up substantially over 1963, -with continuing work on the Rothesay Paper Company newsprint mill, the extension to the Fraser Companies Newcastle mill, the first major expenditure of the lead-zinc smelter of East Coast Smelting and Chemical Company Limited at Belledune Point, and the construction of new fertilizer manufacturing facilities in the province.

Expenditures by utilities should be approximately the same as m 1963. The New Brunswick Telephone Company is continuing its expansion program as outlined in its 1963 annual report. The New Brunswick Electric Power Com-mission has under construction two thermal units at Courtenay Bay and the Sisson hydro power development. Preliminary expenditures on the Maotaquac hydro dam project are anticipated before the end of 1964.

Trade, financial and commercial service expenditures are almost certain to exceed the 1963 level.

Investment in housing during the first quarter of 1964 should be substantially higher than the corresponding period for this past year. January starts, for example, are up by 281.8%. Much of this increase has resulted from the federal winter housing bonus and it is anticipated that 1964 spending will exceed that of 1963.

Capital investment by institutions and government should continue at the same level as 1963 and will include major projects in the education field, with the completion of Teachers' College, the new facilities of St. Thomas College, an additional trade school, and general expansion in university construction.

Overall capital investment in New Brunswick during 1964 should exceed $230 million, which is significantly higher than 1963 and will set a new record for the province. I might add that this will be a level of investment over 20% above that for 1963 and constitutes an increase of 33% since 1962.

Such a high level of capital investment, coupled with buoyant conditions in virtually every sector of our economy, ensures a year of significant growth for New Brunswick. Such conditions affect provincial finances — both expenditures and revenues — in a number of ways.

Programs related to economic and industrial growth must be continued to provide every possible assistance to the continuance of this expansion, However, sound fiscal policy calls for a reduction in the rate of growth of provincial expenditures, particularly in the

welfare field. Finally, increased activity can be expected to result in increased revenues.

The estimates for the fiscal year 1964-65, which are being placed before this house today, have been developed with several bask considerations in mind. Pull consideration has been given to the effects of the gathering of provincial revenues and the priorities which the allocation of provincial expenditures will have upon the growth and development of our economy.

At all times, efficiency in the management of public funds should be a guiding criterion in the drafting of a government's budget. Those who are in any way affected or concerned by that budget should be conscious of achieving maximum efficiency at all times. This has been the case in the drafting of the estimates for this year.

I can assure you\* Mr. Speaker, that the government and the officials who carry the administrative toad for implementing public policies and programs are deeply conscious of the need to receive full value for the money spent.

Two special factors have been considered during the development of these estimates.

The report of the Royal Commission on Finance and Municipal Taxation was received a short month ago. The problems of our municipalities are such that the members of this house and the public at large must be deeply concerned to find a fair and intelligent solution for them. This commission, the first to be appointed of the many now sitting in Canada, was also the first of these commissions to report.

I wish to take this opportunity, Mr. Speaker, publicly to applaud the members of this commission, Mr. Byrne, chairman, Mr. Andrews, Dr. Boudreau, Mr. Nadeau and Mr. Wilson, as well as Mr. O'Sullivan, the commission secretary, and the members of the commission staff for the exhaustive study of our municipal structure and the problems which they undertook and completed on a difficult and tiring timetable.

The terms of reference were very broad; the study has been extensive and in detail; the report is long, but the recommendations are many and all encompassing. This report must be studied and given solemn and serious consideration. It is not a subject to be dealt with lightly.

In developing the 1964-65 estimates we have endeavored to heed the advice of the commission and avoid changing, expanding or adjusting any policies or programs upon which the Royal Commission has made recommendations or suggestions. We have followed this advice so as not to prejudice in any way the current detailed consideration of the Royal Commission's recommendations.

However, we are pleased that it has been possible to include in these estimates a sizeable increase in the funds available as municipal grants as a result of recent changes in the federal-provincial tax agreement, as announced at the conclusion of the Federal-Provincial Conference in November 1963.

The other major element taken into consideration during the preparation of these estimates has been that of the present status of federal-provincial relations. I have said much on this subject on previous occasions, Mr. Speaker, particularly with regard to the need for a reconsideration of basis of equalization grants, national participation in industrial development and economic growth pro-grams, in the financial and other problems related to shared-cost programs.

As you are aware, Mr. Speaker, the Prime Minister invited the Premiers of the ten provinces to meet with him in Ottawa to discuss federal-provincial problems during the week of Nov. 25, 1963. It was most gratifying to all, I am sure, when, at the conclusion of this conference, the Prime Minister announced that the government of Canada was prepared to return to the former basis of computing equalization grants; that is, equalization to the highest two provinces in Canada rather than the national average of per capital taxation; the vacating of an additional 25% of the estate taxation field to the provinces, and significant adjustments to the relationship of natural resources revenues and the computation of tax payments.

These changes are in effect for the fiscal year 1964-65 only, with further discussions on federal-provincial fiscal relations to take place in the meantime. Nevertheless, the revenues to the province of New Brunswick from the tax-sharing agreement currently in effect with the government of Canada will increase an estimated $5,558,000 as a direct result of these changes.

I suggest, Mr. Speaker, that no further proof is required to justify the position taken by this government in opposing the inequitable and discriminatory system installed in 1962. We have protested that arrangement since its inception because of its denial of the level of recognition of fiscal equity provided by the former agreement, and because the revenues to New Brunswick were no longer related to the growth areas of this country.

The November 1963 Federal-Provincial Conference discussed a wide variety of mutual problems. Discussions among members and officials have continued since that conference. The provinces and the federal government are working strenuously towards a greater understanding of each other's difficulties and towards a greater degree of cooperation.

The second of what I believe will be many such federal-provincial conferences is scheduled for March 31 in Quebec City. Fiscal problems are a continuing subject, but it is anticipated that at this meeting the ramifications and relationships of shared-cost programs will be thoroughly discussed.

In the light of these conferences and the variety of subjects which are under review, particularly the above mentioned fiscal relations and shared-cost programs, it has been felt that any major changes or adjustments in the related programs for the 1964-65 budget would be premature.

The 1964-65 estimates are the financial statement of the government's policies and programs for the coming year. They have been arrived at in light of the above mentioned considerations. Although I recognize that a full debate and full examination of these estimates is forthcoming, I wish to mention a few points regarding departmental expenditures at this time.

Funds are being provided the Department of Agriculture to undertake the opening of a seed potato development farm, as recommended to the government by the Royal Commission on the New Brunswick Potato Industry, chaired by Professor Hugh Whalen of the University of New Brunswick.

It is also anticipated that the department will play a major role in the resurgence of agriculture expected to follow when the products of the recently announced fertilizer industry begin reaching the New Brunswick farmer. Establishment of these fertilizer manufacturing facilities is the first step in a new agricultural policy and program currently under development.

The Department of the Provincial Attorney General has undergone major expansion and change in the past three years. The absorption by the department of the county registry offices has been largely completed and a program for clearing the backlog of recording and indexing is well underway. Provision has also been made for the establishment of a Provincial Parole Board, as announced recently.

The facilities of the Civil Service Commission have been expanded as a reflection of the interest in good human and personal relations with all public employees. Since the position classification and pay plan installation two years ago, department staffing and personnel relations have showed a marked improvement.

The interrelationship of all positions on a rational basis, both for the purposes of organization and for salary and remuneration, has made it possible to start an annual pay review procedure to ensure that public employees are adequately compensated relative to employment in other sectors of our economy. Estimated salaries are shown in detail in the estimates and the financial provision for implementing the annual pay review is included under a vote in the General Government section.

The recommendations of the Royal Commission on Finance and Municipal Taxation have a prime bearing on the programs of the Department of Education.

As a result, no changes in programs are being undertaken, with the exception of those required to maintain service or requiring expansion irrespective of the recommendations of the report. Among these items are the recently announced school book rental plan, the continued expansion of Teachers' College with the two-year course and the construction of new facilities on the campus of the University of New Brunswick, and the expansion of the technical and trade school program.

The new Department of Fisheries, resulting from a reorganization announced this past July, is being provided with funds to complete a staffing program. This will permit the department to provide a high level of assistance to the fishing industry and fishing community of the province on both the eastern and the southern shores. The boat and ship construction program of the Fishermen's Loan Board is continuing and, in conjunction with the training facilities being made available for fishermen and ship crews, the province is rapidly developing a modern and efficient fleet.

Government aid to the universities of the province is continuing and additional funds are being provided in the forthcoming year in conformity with the recommendations of the Royal Commission on Higher Education.

Under the provisions of the Byrne Report, the Department of Health would undergo a number of basic organizational changes. These changes would produce only marginal or indirect financial effects on the department, but serious effects upon our hospitals.

Nevertheless, further expansion of hospital facilities in the province has been halted, as recommended by the Royal Commission, until such time as full consideration of its recommendations can be given. Provision has been made for the completion of projects currently underway, including completion of the Children's Hospital School in Lancaster expected to open late in the summer.

The services of the Department of Labour are being expanded, as axe those of the Department of Lands and Mines, as a direct reflection of industrial and manufacturing growth in the province. With respect to the latter department, a mine rescue unit is being established to service the growing base metal mining developments in the north of our province and a further major budworm spraying program is planned to resist the destruction of our forests and protect this most valuable of natural resources.

The program of the Department of Municipal Affairs has, quite naturally, been restricted, awaiting consideration of the Byrne Report. However, municipal grants are being expanded as a result of in-creased revenues through the recent changes in the tax-sharing arrangement.

The new Department of the Provincial Secretary is rapidly consolidating its responsibilities and is establishing a more efficient administrative unit.

The Department of Public Works has also been undertaking a program of reorganization for greater management efficiency. This program should be completed during the coining year and will result, 'among other things, in a revitalized planning and design branch concerned with the long-term development of our highway system.

Needless to say, the department's program for highway and bridge maintenance will continue, with increased expenditures on construction, particularly the Trans-Canada highway which has been renegotiated to provide for 90% sharing of cost by the government of Canada. It should also be noted here that additional funds are being provided for winter works carried out by the province.

The Department of Youth and Welfare has already announced a recent addition of $10 to old age assistance, and blind and disabled persons allowances. General ad-ministrative improvements are planned in the department, coupled with several program expansions. Mr. Speaker, the foregoing resume concerns only the ordinary account expenditures of the 1964-65 budget and I have deferred making any mention of the Department of Finance and Industry until later in my remarks. Before proceeding to it, I wish to make several observations concerning the capital account budget.

The precise definition of capital account items is the preserve of the chartered accountants, but, generally speaking, it is composed of those expenditures which result in assets of a continuing value. They are capitalized so that their cost may be spread over the life of the asset. Such investments of the public sector are investments jn the future of the people and the province.

The capital account includes amounts for education construction grants and health and hospital construction grants. Again, these are reduced in the light of the recommendations of the Royal Commission on Finance and Municipal Taxation.

However, $1,800,000 is being made available for university construction grants to assist our universities in the expansion of their facilities for the education and training of the young people of this province.

A considerably larger section of the Trans-Canada highway is scheduled for completion on the 90%-10% basis in conjunction with continuing programs under roads to resources and general construction of highways and bridges in the province. Our highway and transportation facilities are directly related to industrial growth, and continued development m our transportation facilities are essential if we are to improve the economic status of the province.

A significantly larger building construction program is contemplated this year. It includes the completion of the new Teachers' College on the campus of the University of New Brunswick, which will provide expanded, modern facilities for the training of the thousands of new teachers we will require in New Brunswick in the coming decade.

The Children's Hospital School in Lancaster will be completed, and an additional trade school constructed in Edmundston to augment the schools currently operating in Moncton, Saint John, Bathurst and St. Andrews. It is only through such schools as this that we can guarantee the competent, well-trained labour force the industry of today and tomorrow demands.

The major item in the capital building budget is the new Provincial Building for Fredericton. This modern office building is being built with the assistance of a federal Confederation memorial grant. There has been some controversy of late as to the advisability of the use of such a grant for the construction of an office building rather than the provision of cultural or other facilities throughout the province.

My colleagues and I join with a great majority of New Brunswickers in the appreciation and enjoyment of the various cultural facilities which we have available today in the province. We appreciate their value and are deeply conscious of the desire for the need and the value of further such facilities throughout our province. However, the government must apply a number of priorities towards the expenditures of sums placed in their hands by the people. There is a need for a provincial building in Fredericton.

Provincial services have expanded tremendously since the war, the ranks of the public service have grown, and many new programs and policies have been instituted in the past ten years. To carry on the business of government efficiently requires not only a competent Civil Service, which we have, but they must also have suitable working conditions. The continued efficient management of the public business demands that these facilities be provided now.

Mr. Speaker, I invite the people of New Brunswick to visit the many government offices distributed across the city of Fredericton and see for themselves the squalid, rundown and wasteful conditions under which the public service is required to function efficiently.

Visit the temporary huts at Point Ste. Anne (St. Anne's Point Barracks), built 25 years ago to last only five years. Today — 25 years later — they house several government departments. Visit the old Queen Hotel building which has been condemned on several occasions; and yet citizens of New Brunswick and employees of the people of New Brunswickare required to work there. This is not an isolated case, Mr. Speaker, there are other buildings in the same category within the city.

The breaking up of government departments into small administrative units housed in separate colonies throughout the city of Fredericton is wasteful in time and service. The cost of continued maintenance of these many quarters would be prohibitive. The construction of this office building is essential to maintain continued good public administration for the province of New Brunswick. The priority is high, and this building must be built.

Mr. Speaker, I now wish to speak of the operations of my own department, the Department of Finance and Industry, as well as several related agencies, both federal and provincial. The reorganization of the department towards a more efficient management unit has continued in light of the announced intentions of several years ago.

In July 1963 those branches of the department concerned primarily with revenue, taxation, motor vehicle administration, travel promotion and general license administration were transferred to the new Department of Provincial Secretary. The functions of the former Department of Industry have been combined with those remaining in the Department of Finance to create the new Department of Finance and Industry.

A new Financial Administration Act was prepared for presentation to this house one year ago. Be-cause of the early prorogation of the Legislature it has been deferred to this present session. The bill will shortly be presented for the consideration of all hon. members. Under this Act, an office of the Auditor General, reporting directly to the Legislature, would be established, among other organizational and functional changes designed to equip the financial administrative services of the province to meet the conditions of the 1960's.

I am pleased to report that the installation of modern mechanized procedures is progressing satisfactorily. Such a modernization program is a major undertaking and 1 wish publicly to thank the offi-cials of my own department, and those of all departments who have been affected by this, for their continued cooperation and hard work.

There have been problems and I might add, Mr. Speaker, that this is much to be expected when making such sweeping changes. The program is progressing well and the coming year should show a marked improvement in the re-porting and control of public expenditures as well as the provision of management information.

I also draw attention of this house to the work being performed by the Treasury Board branch of my department. With a small staff, this branch strives constantly to achieve increased and improved management efficiency throughout all departments of government; works to assure the maximum allocation of available resources, and spearheads many of the administrative changes presently being effected. The work of this branch is extremely difficult and is necessary, though often thankless. It is, in fact, essential to continued sound financial and management administration.

For the past three years it has been my honor to serve as chair-man of the Joint Council. This council is composed of representatives of the government, the Civil Service Commission and the Civil Service Association. Since its inception, this council 'has served greatly to facilitate a deeper under-standing by all parties of the problems and difficulties of good human and personnel relations.

The first meeting of the Joint Council was held in November I960. During the three years since, some 30 monthly meetings have been convened. The most note-worthy accomplishments have been the extension of fringe benefits to married women, the satisfactory conclusion of the classification and salary reviews, and the establishment of a formal grievance procedure.

Provision, is made in the estimates for 1964-65 under the General Government section for a government contribution for group life insurance under a plan operated by the Civil Service Association. This contribution represents 50% of the premiums paid.

I would like at this point to congratulate the Civil Service Association for the high degree of responsibility both they and their representatives on the council have shown during the past three years. Cooperation has been excellent and there is a proven willingness by all members of the Joint Council to work for the betterment of the Civil Service and a deeper under-standing of improved employer-employee relations.

Considering the growth of the Civil Service in the past 10 years, the unique relationship of employees of the New Brunswick Electric Power Commission and other agencies and organizations to the public superannuation fund, and considering the needs of the teachers and the desire of employees of the many hospitals in New Brunswick for adequate pension coverage, it has been decided to undertake a thorough study of all pension plans and pension systems. This will take into account portable pension plans and the pro-posed Canada Pension Plan.

It is intended that this commit-tee should start its work immediately and report to the Minister of Finance and Industry before the year is out. It is anticipated this will ensure that the most capable of advice will be procured and all persons potentially affected will have a fair opportunity- to discuss the question with the committee.

Mr, Speaker, as I have said on so many occasions before, industrial development is vital for the continued growth and well-being of our people. Without such growth we will stagnate and our economy will be left behind by the burgeoning developments elsewhere in Canada, in the United States and throughout the world.

The role which government can and must play in industrial development varies and is dependent to a great degree on the severity of the problem and local needs. There is a spreading of agencies concerned with this subject and it is often difficult to distinguish be-tween them and those specific goals they seek to attain.

A further confusion results from the existence of agencies at all levels of government and, it seems, these agencies are in most governments. The result is a largely apparent but often real competition and confusion among agencies within a province and between provinces for industrial and economic growth.

There are various agencies endeavoring to raise the level of industrial activity in New Brunswick. They are the creatures both of the province and the government of Canada. They may even be cooperatives of councils serving several governments. In an effort to clarify this structure as to how it affects our province, I feel that a statement of industrial development policy is of value to us all at this time.

In keeping with the high degree of industrial activity in many parts of the New Brunswick economy, and the policy of increasing secondary manufacturing opportunities in the province, the Department of Finance and Industry has reappraised the situation over the past year and the decision to re-activate the New Brunswick Development Corporation as a stimulus to provincial development was taken in August 1963.

The role of the New Brunswick Development Corporation has been defined as complimentary to other activities of my department.

The overall program of the department in industrial development can be summarized under the five following topics: advertising, promotion, financing, service and investigation.

These functions draw heavily on advice and counsel from other departments and agencies so that maximum efficiency can be achieved in implementing government policy.

Careful evaluation of the many factors contributing to the slow growth of our economy has led to several conclusions fundamental to the program of the department.

1. Provincial industrial development is closely related to regional industrial development. A significant undertakings, then, must and should be weighed in terms of their regional impact; and the Atlantic Provinces must cooperate towards regional development.

2. Many significant cornerstone industries are missing in the region. Emphasis should be placed on establishing these as a means of creating a self-sustaining diversification of manufacture.

3. In order to ensure continued growth, improved technology, competent management and consumer protection, competition should be encouraged in industrial activities.

4. Great emphasis must be placed on technology and management, as well as on sound financial practices. Aggressive merchandising in the natural markets of the province is basic to growth.

5. Provincial OT municipal tax and other concessions are not considered to be the prerequisite consideration by government for promotion of industrial development. The taxation structure of the municipality or province is a valuable tool in this field, but, as with all good tools, should be used carefully and intelligently.

Moulded, then, by these conclusions the department is implementing its aforementioned functions as follows:

Advertising — An orderly advertising program has been developed for maximum coverage at minimum cost. This is intended to coordinate the attraction of industry to our province and at the same time to provide information to the provincial residents. An informed public is a necessary element in the development of a progressive community spirit.

Promotion — This activity must be a ceaseless one to be effective. Efforts of the department are directed generally toward two broad areas:

Firstly, the development of local promotional groups. This is being implemented by the appointment of a network of regional correspondents of the department, It will be the function of these correspondents to facilitate development of ideas and projects ait the local level. Such an arrangement, it is hoped, will make it easier for the average enterpriser to place his projects before the proper authorities.

Then there is the promotion of new cornerstone industries. This area is being covered by the operations of the New Brunswick development Corporation.

The initial phase of "Operation Prosper" is specifically aimed at attracting technology and management skills now lacking in the province. In most industrial activities, success in today's world relies heavily on scientific technology and experienced professional managers of this technology. We must have this modern technology to build industries which will be here tomorrow and to avoid the burden of subsidized operations.

An effort is being made to develop manufacturing operations in the fields of industrial chemicals and petrochemicals, as well as in our natural resources, so that a better balanced industrial activity can be achieved. Increased "processing in transit" is seen as one major step in maintaining the importance of our ports and, in particular, Saint John.

The normal services of the Department of Finance and Industry for rehabilitation and expansion of existing industry, as well as assistance in starting up new industries, are always available. Close cooperation with municipal planning groups is foreseen. In all cases the assistance is intended to aid in verifying the feasibility of a given project.

Financing — The New Brunswick Industrial Development Board is providing a measure of financial support for provincial industries by providing guarantees to commercial banks for operations which involve "more than normal commercial risk" but which are significant in view of non-commercial considerations.

Normally, the Industrial Development Board operates as a "court of last resort" and in most instances requires at least matching dollar participation by the applicant. Since it is not the intention to supplant traditional sources of finance, the Industrial Development Board will serve to direct applicants to those sources which can handle the requirements of a given project.

Where traditional sources are unable to offer financial assistance to a project, because of incomplete analysis or incompetence of management, the Industrial Development Board has no power to give assistance.

Service — For all serious-minded applicants seeking supplementary aid by way of market analysis, feasibility studies, freight analysis, etc., the department has available, through its own staff and existing agencies, means for helping in these fields. In all cases, preliminary evaluation of the undertaking is required. Very often available information from provincial or federal departments will be of value to fledgling enterprises.

Investigation — In keeping with the modern trend to highly developed technology, the department will rely heavily upon the long and short term programs of the New Brunswick Research and Productivity Council. Findings and recommendations from the council will help shape the technical aspect of the development of industry in the province. The government is hopeful that industries in the province will Recognize the valuable aid they can receive from the work of the council. The government believes support should be given in all possible measure.

This, then, is the program of the Department of Finance and Industry and its related agency, the New Brunswick Development Corporation. Since the inception of "Operation Prosper" by the Development Corporation, industrial interest in the province and its economic future has taken a significant upswing. The corporation is negotiating with a variety of clients on subjects ranging over the entire spectrum of "Operation Prosper".

I should like at this time, Mr. Speaker, to make two points with regard to the New Brunswick Development Corporation perfectly clear to this house and to the people of New Brunswick.

The Development Corporation is a body incorporated by special Act of this Legislature and subject to all the normal laws of a company incorporated in this province. It is charged with taking such actions and steps possible as to develop and expand the industrial, manufacturing and other productive facilities of this province.

Having all the powers of a normal corporation, it is able to undertake the construction, management and operation of productive facilities themselves, For many reasons, there are likely to be cases where such action is "desirable, but let me say most emphatically to this house that it is not the intention or desire of the Development Corporation or of this government to own or control productive facilities unless absolutely necessary.

In addition, such facilities or asserts as the corporation may own will be available for option or sale at any time and to anyone, providing only that a fair price is offered.

My second point -with regard to-the Development Corporation is this: The negotiations of the corporations are in the commercial field and, as such, must be considered in the light of normal commercial confidence. The corporation has no reason to hide anything, but it must be permitted to protect the commercial confidence placed in it by those businessmen working with it.

Without such an understanding, Mr. Speaker, no competent or reputable businessman in the world would even talk with the corporation, much less negotiate with it. And so, Mr. Speaker, I suggest that you will hear little of the activities of the New Brunswick Development Corporation, but I can assure you that you will see much in the way of results from its activity with a steadily expanding industrial community.

Industrial development is not solely the matter of attracting new industrial concerns, built also involves the expansion, improvement and general development of those industries and natural resources which we have today in the province. It has been this, as well as the need for improved technology for our future, that has prompted the government to appoint the New Brunswick Research and Productivity Council.

This council is composed of deeply interested and concerned New Brunswickers who contribute of their time and abilities towards our future growth and development. The council staff is beginning to grow under competent direction and this coming year will see the Research Council expand its activity and firmly establish itself.

The program of the council provides services and assistance towards improved productivity as well as a source for technological assistance and problem-solving for industry, for business, and for government, if necessary.

In addition to these agencies, provincial in character, so tar, we stand ready to cooperate with agencies of the federal government, in particular the new Department of Industry. The Atlantic Development Board has had the full support of the government of the province of New Brunswick.

The recently announced assistance by the Atlantic Development Board towards the cost of the Mactaquac hydro project has shown the speed with which this board can work, as well as proof of the need for and the value of strong federal assistance in the field of economic development throughout this region. We are sure the coming years will give added proof of this statement.

And finally, Mr. Speaker, I wish to draw attention to the creation of the National Economic Council under the chairmanship of Dr. John Deutsch. We have deferred the establishment of a similar provincial council until such time as the revitalized industrial development program is working smoothly. However, I can assure this house that our department has already assured the Economic Council of Canada its full cooperation.

I began this section of my remarks with a reference to the great variety of agencies and organizations concerned with economic development — from the Economic Council, charged with developing a long-range plan for Canada, to our own Research and Productivity Council, charged with raising the level of productivity and the provision of technical research and services for New Brunswick business and industry. It would appear that our industrial future is assured.

Our program is sound, Mr. Speaker, and the citizens on the various boards and councils and the staffs of all these agencies are both competent and capable. But

this alone does not guarantee industrial growth and development. Industrial growth is something which all citizens must want and all citizens must work towards if we are to achieve our goal. Agencies can achieve much, but they are virtually valueless without the long term, continuing, enthusiastic support of the people. Our future in this province is, to a great measure, in our own hands and we must be prepared to accept this challenge and the work that accompanies it.

We all have a part to play whether it be simply to greet a visitor to our province pleasantly, improve our efficiency at our work, or helping to present our communities as happier, pleasanter, cleaner places to live and work.

Industrial development involves us all; and we must all involve ourselves. I hope that all 615,000 New Brunswickers will join in the adventure that is before us. I hope that they will support the programs that are available to them and I earnestly hope that, as our province expands, we can all be proud and carry a feeling of participation, no matter where each new factory or office is located.

I do not wish to take up too much of the valuable time of the house, Mr. Speaker, so I shall conclude my remarks very shortly.

During the past year, as opportunities occurred, we have taken advantage of the short term money rates and have sold short term treasury notes, which has enabled the province to make a considerable saving in interest payments. As well, during the year the province was successful in completing four bond issues totalling $18% million at an average rate of approximately 5.65%. This is in comparison with the other provinces of Canada.

I suggest it is evident from our financing program that we have been deeply conscious of the sweeping, major changes which have been recommended by the Royal Commission on Finance and Municipal Taxation while preparing the estimates for the fiscal year 1964-65. Aware of the implications for government expenditures .and revenues which these recommendations have, we are presenting a budget designed to continue all the services currently provided and so urgently needed by our people.

Further, we have taken all measures possible to ensure that those departments directly affected by the report of the commission and the provincial government in general are maintained in such a state that this house may deliberate on the commission's proposals free of any administrative pressures for hasty action.

We are, therefore, providing in the fiscal year 1964-65 for revenues on ordinary account of $129,606,561 and for expenditures of $129,256,-730, indicating a surplus on ordinary or current account of $349,-831.

Capital account expenditures are estimated at $33% million, with offsetting recoveries and revenues totalling $21 million and yielding a deficit on capital account of $12% million.

Mr. Speaker, in an effort to bring this budget before this house as quickly as possible, the schedules and tables which usually accompany this address, as well as the comparative tables of expenditure and revenue for the current and corning fiscal years, which normally accompany the printed budget, have been deferred so that the full attention of the staff could be directed to the production of this document.

These items, Mr. Speaker, will be tabled within 'the next few days.

The printed form of the budget, as presented for your consideration, has been revised over the past three years and the 1964-65 estimates reflect the completion of this program to present a more meaningful document. I draw attention, Mr. Speaker, to the "Explanatory Note" on page 2 which will assist you in understanding the remaining changes.

Finally, Mr. Speaker, a Schedule E has been added as a final section of the budget and indicates the estimated change in net debt. Due consideration has been given to the current needs of the province and an increase in net debt of $12.1 million is anticipated.