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Mr. Speaker. I also want to recognize the important role that the President of Treasury Board and his staff have play I'd in this preparation of this Budget document. As the former President, I know full well the very long and difficult task the Board and staff have to face in preparing the estimates of expenditure for the corning year and I applaud them for the highly professional job they have done again this year.

It is indeed a pleasure for me to present to this Honourable House today my first Budget the tenth of the Peckford Administration: I wou1d like first of all to acknowledge the contribution of my predecessor, the Honourable Dr. John Collins, over the years 1979 to 1987 inclusive. His was not always an enviable task, particularly through the early 1980s when the economy of our Province was devastated by the national recession which struck this Province with greater force and was of longer duration than in the rest of the country.

Deficits on Current Account first, became a recurring problem during the recessionary period. It is largely through his liaise and tireless stewardship of our financial affairs that our Province has maintained the degree of fiscal integrity that we enjoy

Mr. Speaker contrary to reports which have appeared in the media in recent days, this Budget will not be revealing an increased deficit over that projected by last year's Budget or the mid-year report. Some members of the media have interpreted the Special Warrants which were tabled recently in the House as an indication of a burgeoning Current Account deficit. I am glad to report that, in fact, the reverse of the media reports is true in that the financial position for 1987-88 has improved considerably from both the Budget and the mid-year report. Mr. Speaker, during the preparation of the 1987-88 Budget one year ago this Government faced Sole difficult decisions. We needed to choose between severe cuts in the level of public services or otherwise absorbing the largest projected Current Account deficit in our history. Undaunted by these difficulties are made a clearly balanced choice. We believe the people of this Province deserve the highest level of Government. services we can afford, and if that means I have to periodically stretch our resources to the limit to provide those services, then that is what this Government is prepared to do. This Government has the resolve and courage to make the hard choices for the benefit of all Newfoundlanders and Labradorians and to show confidence in ourselves and our future. I can report to you now that our confidence has been rewarded in large measure.

In the Budget of April, 1987, Government projected a deficit on Current Account of $173 million. Mr. Speaker, I am extremely pleased to report to this House today that title are now estimating the 1987-88 Current Account deficit to be $58 million, or $115 million less than originally projected. Favorable changes to our estimates of revenues and expenditures account for $90 million of this improvement, while the remaining $25 million is due to a technical change in the accounting treatment of stinking fund revenues. Our revenue position improved dramatically because of the Province's strong economic performance. On the expenditure side, we saw the benefits of restricted measures instituted last year and, as well, our debt servicing cost there reduced substantially as a result of the strengthening of the Canadian dollar against its U.S. counterpart.

Improvements in our Current Account revenues contributed $63

million to the decrease in our deficit from the 1987 Budget projection. About 85 percent of this extra revenue was from Provincial tax sources, clearly indicating that the Newfoundland consumer and the Newfoundland business community share our confidence in the bright economic future of our Province. Retail sales tax revenues alone exceeded our Budget estimates by $26 million, with the strength in retail trade being centered on big ticket items like automobiles.

With respect to the 1987-88 Capital Account program, overall expenditures,. despite increased requirements for resource sector initiatives, are $24 million less than budgeted primarily because of the timing of cash flows on a number of announced projects. Included in this $24 million is a $6 million reduction in Capital requirements resulting from the very successful issuance of savings bonds by the Newfoundland and Labrador Development Corporation. Our total borrowing requirements for the year will be $121 million lower than original estimates because of the decreased Current and Capital Account requirements as I have indicated.

Clearly, this substantial reduction in the total financial requirement represents a major improvement over the Budget forecast and an achievement of some considerable importance to this Province.

Mr. Speaker, the past year was marked by continuing improvement in the Provincial economy following full recovery from the recession of the early 1980s. The Province's gross domestic product grew by approximately 2.6 percent in real terms during 1987. Our resource-based industries, which link the performance of the economy of Newfoundland and Labrador to the performance of other countries, benefited from continued growth in the international economy. Demand for newsprint was strong in international. markets, and the total volume of newsprint shipments increased by 8.4 percent over 1986 levels. The increase in newsprint production caused pulpwood production to rise by 4-6 percent during 1987. Higher average prices for fish products translated into higher prices paid to fishermen, as the total value of landings increased by approximately 36 percent, more than offsetting a slight decline in volume. The price of cod fillet was up by 9.7 percent on average while the price for cod block rose by 15.9 percent. The total value of mineral production was doing by approximately six percent in 1987, mainly due to a decline intro ore production in western Labrador.

Mineral exploration expenditures, however, increased by about two-thirds to approximately $26 million, the highest level ever recorded in the Province. The construction industry enjoyed an extremely good year in 1987, benefiting from an increase of 3'3 percent in the total level of gross investment in the Province last year. Employment in the construction industry rose by 2,000 on an annual average basis to its highest level since 1980.

The service sector benefited from a solid performance in the goods producing industrials, strong gains in personal income, increased levels of tourism and exceptionally high levels of consumer expenditures. The Province's inflation rate of 2.9 percent the second lowest of any Canadian province, and the lowest recorded for Newfoundland since 1971 inflation and interest rates, combined with an increase of 7.4- percent in personal income, boosted consumer confidence and spending. In 1987, the value of retail trade increased by 11.3 percent in current dollars, and 8.2 percent in real terms. This was the strongest real growth rate in retail trade experienced in the Province since 1971.

In 1987, employment increased for the second consecutive year by 5,000 on an annual average basis. Given the seasonal nature of some Provincial industries, this translates into at least 10,000" individual jobs created during the year. Employment growth exceeded growth in the labour force causing the unemployment rate to fall 1. 4 percentage points to 18,1 percent on an annual basis , it’s lowest level in five years.

Mr. Speaker, I am predicting with confidence that the Provincial economy will continue to experience strong growth in 1988. The Province's gross domestic product is forecast to grow by 2.2 percent in real terms. The Province's primary resource industries will benefit from continued international economic expansion. Economic growth in the G-7 countries is expected to average 2.3 percent in real terms. In the Province's main export market, the United States, real economic growth in the order of two percent is anticipated. Economic growth in Canada is forecasted to be about 2.8 percent in real terms. The Province is service sector will be stimulated by growth in the goods producing industries, higher levels of Employment and gains in personal income. An expected inflation rate of only 3.2 percent will service enhance consider and business confidence in 1988. This compares favourably to a projected inflation rate of 4.1 percent for Canada as a whole.

Employment growth in the order of 2.2 percent, or 4,000 person-years, can be expected for Newfoundland in 1988. Based upon the high level of employment experienced during the first two months of this year, this appears very reasonable. The actual number of new jobs created could be as high as 8,000. With slower growth in the labour force, the unemployment rate is expected to average approximately 17.4 percent, a decline of 1.1 percentage points from 1987 and 2.6 points from 1986.

Mr. Speaker, despite the current low levels of world oil prices, exploration activity offshore Newfoundland continues at a healthy pace, albeit somewhat below the peak levels of 1983 and 1984. During 1987, five new wells were started, with total expenditures of just under $200 million. So far in 1988, one new well has been spudded, while drilling continues on two of those commenced last year. We expect that exploration activity will increase substantially over the next few years.

Although the drop "in oil prices has made the Hibernia negotiation process more difficult, intense negotiations continue and Government is optimistic that a decision on Hibernia development will be reached within the next few months. Both levels of Government recognize the overall importance of the 500 million barrel plus Hibernia field in meeting the energy security needs of Canada. They also recognize the need for the stimulus to the economies of eastern Canada that Hibernia development would provide.

Recent positive results from the delineation drilling program on the Terra Nova discovery lend further cause for' optimism, with recoverable resource estimates at least doubling from 70 million barrels to in excess of 140 million barrels. The operator of the field continues to actively delineate the structure, and a decision to proceed with development is expected in 1989. Evaluation is also proceeding at the Whiterose structure. To date, two delineation wells have been drilled and a third is nearing completion. If the 300 million barrel recoverable oil estimate made by the Department of Energy prior to the drilling of the current E-09 well can be confirmed, then this field would also quickly become a candidate for development. In addition, the Canada-Newfoundland Offshore Petroleum Board has called for the submission of bids on eight promising parcels in the Newfoundland offshore area, chosen as a result of nominations by interested companies. The call for bids has been issued for more than 250,000 unexplored hectares on the Grand Banks in the vicinity of the Hibernia, Terra Nova and Whiterose discoveries. The very high level of industry interest in the sale is expected to result in the drilling of at least eight new offshore wells during the next three years, with seismic surveys and other preparatory activity likely to get underway in 1989. This should lead to further increases in proven reserves of oil and gas on the Grand Banks.

Mr. Speaker, the reactivation of the Come-by-Chance oil refinery in 1987 marked a significant event and has resulted in the full-time employment of 270 people at the facility. Five hundred workers were employed at peak periods during the restoration process. Additional investment is scheduled for 1988, which would increase the operational efficiency of the refinery. The capability to produce additional quantities of jet fuels and. distillates is expected during 1988. Government believes that the energy provisions of the Free Trade Agreement recently reached between .the Governments of Canada and the United States will result in expanded opportunities for the Come-by-Chance oil refinery, for Hibernia and other offshore developments, and for Labrador hydro mega projects. This will be accomplished without compromising the local preference provisions so hard fought for by this Government.

Mr. Speaker, Government is very pleased with the dramatic improvement in our financial position for the fiscal year about to end. As my predecessor stated in the 1987 Budget Speech, Government is committed and determined to eliminate our Current Account deficit within the next few years.

This Honourable House that the projected' Current Account requirement for 1988-89 is $41 million, which is only 1.6 percent of our total Current Account budget. The net Current Account expenditure growth rate for 1988-89 is projected to be 6.S percent while Current Account revenue will increase by 7.6 percent. While growth in Provincial tax source revenues is not expected to equal last year is performance, modest increases in incomes and spending, triggered in part by the increase in persona1 disposable income resulting from tax reform, wi11 increase our tax revenues by about four percent. Equalization transfers from the government of Canada forecast to grow substantially this year, reflecting the strength of the Canadian economy.

The net Capital Account requirement for 1988-89 is projected to be $221 mi11ion. The resulting budgetary requirement for Current and Capital Account combined of $262 million compares favourably with that of recent years, and is now projected to be just 8.9 percent of total spending.

We are making considerable progress towards our desired goal of having a Current Account surplus. As well, our debt service ratio for 1988--89 wi11 bE! 15.9 percent, its lowest level since 1983-84.

Accordingly, Government has formulated a financial strategy for the new fiscal year wh1ch forecasts a further 30 percent reduction in our Current Account requirement. The following table outlines the details of our 1988-89 financial position. I am extremely pleased to announce to

Mr. Speaker, while this Government is still facing a Current Account deficit, expenditure reduce is on options are limited. In five successive Budgets since 1983 Government has introduced no major tax increases, even though each year we faced a difficult budgetary situation. This is a Government of sound financial and fiscal management, but also one sensitive to the needs and desires of Newfoundlanders and Labradorians.

This year, Mr. Speaker, have continued to hold fast. I am, therefore, particularly pleased to announce that this Budget will see no significant increase in the Provincial tax burden . . . by our population. This will be a key element in building on the private sector strength our economy is now exhibiting, which in itself translates into higher Government revenues. Most individual taxpayers in this Province will see their Newfoundland and Federal income taxes reduced in 1988 and subsequent years due to tax reform. Not only have we foregone major tax increases for our sixth consecutive year, but this Government has preserved significant income tax savings generated by tax reform.

Mr. Speaker, in keeping with our objective of restraining the budgetary deficit, I am introducing the following modest revenue raising. The Newfoundland Liquor Corporation is requested to generate an additional $2.0 million for the Province.

Various departmental fees and licenses will be increased to generate an additional $1.3 million. These increases include fines under the Highway Traffic Act, non-resident hunting and fishing licenses, liquor establishment licenses and registrations related to a wide range of sales activities.

The retail sales tax will now be applied to extended warranties and maintenance contracts at the time the contract is entered into rather than when the warranty work is performed, making our treatment consistent with other provinces. This will generate an additional $500,000.

On the other hand, Mr. Speaker, I am pleased to announce the following positive changes as a direct result of Government's ongoing monitoring and rationalization of tax exemption policies and legislation:

A retail sales tax exemption will be introduced for dental filling materials. This measure will ensure that sales tax on these mater1als does not serve to increase the cost of dental care, so important, particularly to our young people.

The current retail sales tax exemption for propane, which is limited to quantities delivered in 89 litre capacity or larger cylinders, is inequitable particularly to rural areas of our Province delivery service is not available. Effective immediately, this exemption is extended to all consumers regardless of their place of habitat and their method of delivery.

The provision in the Retail Sales Tax Act that requires a supplier of a taxed service to pay tax when . . . of its will services will be repealed. For the past number of years, Government has assigned a significant vacancy reduction factor to departmental salaries which has resulted in the accumulation of a number of long-term vacancies in the permanent complement. Government has now decided to eliminate over 400 of those posts which have not been filled for a period in excess of 18 months. In future, departments will also be required to achieve a standard enforced savings reduction in their total non-cost-shared salary budgets of approximately four percent of their approved similarly budget. Additionally, as part of an ongoing effort to streamline operations, Government has identified several areas where minimal lay-offs will be implemented.

Mr. Speaker, over the last several years this Government has offered a number of tax incentives designed to stimulate the Provincial economy and improve the prospects of all bur residents. Examples of these supportive initiatives include: the sales tax exemption for handcrafted products, the sales tax exemption for manufacturing equipment, the reduction of the small business income tax rate and the small business income tax holiday.

I wish to take this opportunity to dispel the popular misconception that Newfoundlanders and Labradorians are the most tax people in the nation. This misconception arises for the highly visible tax rates applicable to our personal income and consumption taxes. However, any analysis of relative tax effort must encompass the entire range of revenue raising activities undertaken within the province. This analysis reveals that Newfoundland tax effort is not as heavy as many believe.

Two major factors influencing the Provincial taxation system relate to our municipal government and resource sectors. At this stage in the development of municipal government, the Province is required to fund many of the services, including education to a large extent, which are provided by municipalities 'in some other jurisdictions. Also, economic factors associated 6th many resource developments in this Province result in relatively low levels of Government revenues from these sectors.

Mr. Speaker, in assessing tax effort one would be remiss to ignore those forms of taxation not utilized in this Province. Although our personal income tax rate appears high in relation to other provinces, we have not followed their lead in resorting to other measures such as personal income flat taxes or surtaxes. Similarly, residents of this Province are not subjected to health insurance premiums or pay roll taxes which generated substantial revenues in some other provinces. These factors necessitate a concentration of our tax effort in the more visible taxation fields. Empirical evidence reveals that the overall Provincial and local government tax effort in Newfoundland during the 1986 – 87 f isca1 year was just 102 percent of the national average, which was lower than that in Quebec and Manitoba and equal to the tax effort in Ontario.

Mr. Speaker, this Province has been a participant -in the reform of the Canadian tax system which has initiated by my Federal counterpart. The general thrust of tax reform has been to lower rates and broaden the tax base. For individual taxpayers in this Province, the collective Federal and Newfoundland personal income tax bill I will be $50 million less in 1988 than it would otherwise have been. Approximately 90 percent of Newfoundland taxpayers will directly experience an increase in their disposable income as a result of these measures. In fact, 25,000 individuals on the lower end of the income scale will be removed from the income tax rolls completely. These savings will be reflected on pay cheques commencing in July, when source deductions change to the lower tax rates.

This Government has some concern with respect to the possible impact on mineral exploration of modifications to the corporate tax rises for the mining' industry and has established a group if presenting Government and industry to examine this issue. The Province, however, is generally pleased with corporate income tax reform.

Discussions are currently ongoing between the Federal and Provincial Governments toward the feasibility of a national sales tax which would replace the current sales tax regimes of both orders of Government. Because of the complexity and implications of this issue, sales tax reform will not occur before 1990. The Province has not yet developed a position on participation in a national sales tax system, and will not do . . . it all details are known. Some of our initial concerns have been alleviated in that the Federal and Provincial Finance Ministers have agreed that food would not be taxed and that the municipality, university, school and hospital sectors would not have their tax burdens increased.

Mr. Speaker, this Government will continue sectors to have improvements made to the Equalization Program, including an examination of the regional costs of providing public services, and alternative treatments of non-renewable resource revenues. Other issues under the Fiscal Arrangements include continued restraint of the Established Programs Financing transfers, through which financial support is provided for Provincial health and post-secondary education programs, and Provincial income tax flexibility through the tax collection agreements.

To other respects, the Province is generally pleased with the review of the Fiscal Arrangements for the 1987 to 1992 period which was finalized last year. Particularly welcomed were the technical adjustments made to the Equalization Program, which improved the measurement of the relative revenue generating capacity of provinces.

Mr. Speaker, this Government has a longstanding commitment to stimulating business opportunities in the Province, recently . . . by our response commendations of the Royal Commission on Employment and Unemployment, which recognized the tremendous contribution of this sector to economic growth and employment. We believe that Newfoundland and Labrador is witnessing the emergence of an entrepreneurial spirit, and this Government is doing its part by creating an environment in which businesses can prosper.

Mr. Speaker, in 1988 we will be continuing the support to the Province is business sector that we enhanced so significantly last year. Within the next couple of months this Government is planning to implement the Newfoundland Stock Savings Plan. This initiative will provide financial incentives to individuals who participate in this program, and will result in badly needed equity capital for enterprising Newfoundlanders. Discussions are currently ongoing with the Honourable Michael Wilson with a view to having part of this incentive delivered as tax credits boulder the Canada-Newfoundland Tax Collection Agreement. A grant supplement also behold be provided as an additional incentive for investing in smaller, higher risk operations.

The new and expanded programs at the Newfoundland and Labrador Development Corporation (NLDC) and the Department of Rural, Agricultural and Northern Development, which were extremely well received last year, will be continued. Funding for the financial assistance programs at NLDC has provided by the proceeds from the sale to public of Development Savings Bonds in 1987. This initiative, the first of its kind in Canada, resulted in $8.9 million in bonds being purchased by Newfoundlanders and Labradorians. Considering that these bonds were in direct competition with Canada Savings Bonds, the success of this issue proves that the people of this Province share our confidence in our future. Because of the strong response to the first issue of Development Savings Bonds, annual issues are now planned, which will provide the funding for NLDC is financial assistance programs.

Mr. Speaker, I believe that our third investment business incentive area are tailored for success because of the extent of the involvement of the private sector in their development. Over the past year, a number of task forces comprising representatives of business, Government, and the economic COHC of Newfoundland and Labrador have studied new policy concepts and made recommendations for Government consideration. This cooperative spirit will help ensure that Government delivers the programs that business needs to put our vast resources to work generating wealth and employment now and into the future.

The establishment of the Atlantic Canada Opportunities Agency CACOA was announced by the Primer Minister in June, 1986 in recognition that special measures required 'in Newfound1and and the Maritime Provinces in order to assist and stimulate economic development activities. The Prime Minister announced that the ACOA would be provided with a five-year budget of $1.05 billion and that these funds would be additional to the current levels of expenditures for regional development activities.

Since then, the Province and ACOA have initiated discussions to develop appropriate and flexible programs adapted 'specifically to meet the needs and requirements of the Province is business community and our general economic development. The $1.05 billion in new funding will be directed primarily to the private sector 1-:0 allow for new business developments and the expansion and/or modernization of existing business. Considerable emphasis will also be placed on entrepreneurial development and training and financial support will be provided to non-commercial agencies who support business and private sector development including research and development education and training promotion and marketing.

Over the next year we intend to work closely with the Atlantic Canada Opportunities Agency to develop and deliver new and meaningful programs ensuring the maximum benefit for our' province.

We intend to simplify and streamline the delivery of programs furthering the one-stop shopping concept and where possible avoiding duplication and conflict between Federal and Provincial programs. Senior Expenditure Committee Review Mr. Speaker last year my predecessor announced that a Senior Expended there Review Committee would be established to undertake a of the efficiency and effectiveness of Government’s operations and to develop a multi-year plan to eliminate the Current Account deficit. The Committee consisting of four senior Deputy Ministers and supported by a small research group has been undertaking its review during most of the past year and will continue its work during the 1988-89 fiscal year. Since its inception the Senior Expenditure Review Committee has provided periodic reports to Government on a wide variety of matters. In preparing these reports, the Committee has worked closely with line departments to identify ways to reduce the growth rate in their expenses.

A key element of the Senior Expenditure Review Committee’s activities during 1988-89 will be overseeing the operational reviews by external consu1tants of those Government departments. On the recommendation of the Committee, Government has selected the Departments of Social Services and Public Works and Services on a pilot project basis to undergo a comprehensive analysis often operations from an objective and professional perspective. Government issued a proposal call recently and will award a contract after analyzing the various proposals that are received. Based on the results of these studies, Government hopes to improve upon the efficiency and effectiveness of the operations of these two departments and others as the circumstances warrant.

Mr. Speaker the Senior Expenditure Review Committee is viewed as a vital instrument to assist Government in achieving its objective of eliminating the Current Account deficit. I am optimistic that their further work and subsequent reports will identify a clear path to a balanced budget in the years ahead.

Mr. Speaker, the Government of Newfoundland and Labrador has experienced difficult financial times in the 1980s. Indeed, no Administration of this Province throughout history has ever been in a position to give our people the level of public services which they would like and which they so clearly deserve. Our goals and objectives for improved services and a higher standard of living have always had to be tempered and cut to fit an economic and financial cloth that, quite frankly, has never been sufficient. We have had to do this in order to maintain the Province is fiscal integrity and credibility.

Despite this less than ideal economic and financial climate, the Peckford Administration has a considered the people this Province is greatest asset and has endeavor against the harsh financial realities, to provide ever-improving public services and infrastructure throughout every region of the Province. I stand here today as a proud Member of the Peckford Government, which for the past nine years has built an impressive record of accomplishments for our people while at the same time strengthening our reputation as competent fiscal managers in the financial capitals of the world.

Over the past nine years, we have demonstrated clearly a strong commitment to the enrichment of our social programs. In fact, not only have we provided generates increases beyond the average growth in Consumer's Price Trend we have both enriched and created new programs in high priority areas. In particular, I would single out the following initiatives: a new Municipal Grants Program; a new Senior Citizens I Drug Program; major initiatives to improve the secondary and post-secondary school systems; enrichment of the pupil teacher ratio; a significantly expanded Community Development Employment Program; major improvements in Provincial ferry services; a new tax Equalization Program for school boards; major increases in the number of senior citizens' beds funded; provisions for new or expanded hospitals at Channel, Grand Falls, Bonavista, Clarenville and Burin; and significant growth in allocations for new school construction.

Despite the difficult restraint period we have had to cope with, our commitment to essential social programs was not sacrificed. This Administration is proud of our achievement in this regard and to support our record I would like to cite examples of our achievement. The annual average compound growth rate over the past nine years has been:

9 percent for college and Institute support;

15 percent for Student Aid program;

9 percent for teacher salary costs;

13 percent for municipal operating grants;

28 percent for Community level open Program;

10 percent for Medical Care commission;

12 percent for senior citizens I homes; and

9.5 percent for hospital operating grants.

These growth rates and new initiatives in the social sector, when compared to the 7.4 percent annual average growth rate in the Consumer Price Index, demonstrate our commitment to bring our social programs up to national standards without compromising our financial credibility.

The Budget I am presenting today reflects the continuing determination of this Government to broaden and improve the services we provide to our people. Accordingly, Mr. Speaker, I would now like to highlight some of the major expenditures included in the budget for the new fiscal year. Where applicable, the expenditures projected are consistent with the three-year capital expenditure restraints announced in last year's Budget.

As a continued demonstration of our commitment to Government pensioners, I am pleased to announce that I soon tariff be introducing legislation which will grant an increase to all pensioners of at least three percent effective April 1, 1988. As well, recognizing the impact of the cost of living on those pensioners who have been on pension for ten years or more, Government will grant an additional one percent for each year a person was on pension prior to 1978 to a maximum total increase of ten percent. Finally, in order to assist those pensioners with small pensions and those spouses of deceased pensioners who receive limited survivor benefits, Government will increase the minimum pensions by 23 percent from $2,200 to 2,700 per annum.

The future of our Province is undeniably the children and youth of today. This Administration has always recognized this fact and has promoted education in many ways - the introduction of Grade XII in our high school program, those creation of a new Department of Career Development and Advanced Studies, the introduction of a new community college system, the significant expansion that has taken place at memorial University of Newfoundland, and the list goes on. In fact, Mr. Speaker, expenditures on education in this Province as a percentage of both gross domestic product and personal income are the highest in

At the same time, we know that it costs more in some parts of the Province to provide a basic education to students. The costs vary for a number of reasons: population density, schoo1, size, transportation, special needs of students, Newfoundland. We also know that there are great disparities among school boards in the amount of local tax assessments available to them.

Recognizing this, Government recent, announced its intention to undertake, this year, a .full review of all issues involved in funding elementary and secondary education. The goal is to ensure that our method of financing education is a fair and equitable one, which provides school boards across the Province with sufficient revenues to meet the needs of their students.

The present system of funding provides some help for school boards that have low fiscal capacity and high costs. A school tax equalization grant of $2 million was introduced in 1986 and increased to $2.5 million in 1987. I am pleased to announce that the tax equalization grant will be increased by 80 percent to $4.5 million in the fiscal year 1988-89.

Government intends to place before this Session of the House of Assembly a Bill to amend the Schools Act, which will remove the requirement that boards pay ten percent of the cost of school construction from local revenues. This will enable the denominational education councils to fund the full cost of school construction projects where boards are unable to share a portion of the cost. Also, Government will extend its commitment of $20 million a year for school construction into 1990-91. This multi-year commitment of $60 million will give the internationa1 education councils the flexibility to develop long-term plans for school construction and will facilitate the tendering process.

In order to improve access to mathematics and science courses in many rural schools in the

Province, the Department of Education will undertake a pilot project using Distance Education Technology. Beginning in September, 1988, students in 13 small schools will have access to the first of three courses in advanced mathematics. In subsequent years during the pilot project phase, students will be able to take additional courses in advanced mathematics and physics. This project, costing $233,900 in 1988-89, will better prepare students to pursue careers in the scientific and technological areas that are vital to the future development of our Province.

Government has committed itself to a five year plan to province guidance counselors, school librarians, and additional teachers for small schools. Fifty new teaching positions were assigned for that purpose this year, and I am pleased to announce that an additional 50 positions are committed for 1988-89 at a cost of approximately $1.5 million. When fully implemented, the allocation of specialist personnel to these positions will enable school boards to greatly improve guidance and library services, and would also help reduce class sizes by releasing regular teacher’s allocations now used in these positions for assignment to classroom teaching.

This fiscal year will see the continuation of the implementation of a Provincial community college system that began in September, 1987. During the fiscal year, Government will provide financial assistance through the Department of Career Development and Advanced Studies for the introduction of a grant-in-aid system for the five new community college regions, totaling $31,3 million. In addition, $2 million has been approved for the acquisition of equipment to update and replace outdated equipment for the various programs being offered by the community colleges.

Funds also be provided to continue with the major construction projects that were initiated this past year at various Campuses. This includes, capital funding in the amount of $4.2 million from the Canada-Newfoundland Offshore Development fund and $2.9 million in Provincial funding with 1988-89 cash flow requirements allocated as follows:

The conversion to a grant-in-aid funding system and the new funding be-long provided to update equipment should enable the community colleges to become wed. I established and fully operational over the next fiscal year. I am pleased to indicate that Advanced Studies funding overall will see a very significant increase of 20.1 percent to a total of $221.5 million.

Mr. Speaker, in 1987-87, $5 million was approved for a new Private Sector Employment Initiative Program where Government proposed to match funds provided by businesses in the creation of new jobs. This initiative was a tremendous success with funding preference giving to long employment especially where some training was provided. Approximately 760 private companies received funding, creating some 2,000 jobs at an average of 25 weeks duration each. Close to 1000 of the jobs involved 52 weeks of work, while 570 of the jobs created were student positions. Bearing in mind that youth includes more than students, approximately 50 percent of the positions filled were by young people in the age group of 18-25 years. Approximately 48 percent of the jobs were filled by female employees. The program designed to stimulate economic activity and create real job opportunities. Government's $5 million investment was matched dollar for dollar with private sector funding, which essentially means that $10 million worth of employment activity was generated.

I am happy to report that for the 1988--89 fiscal year', $7.5 million has been budgeted, a 50 percent increase over last year. This program will also have a you will and student component.

Based upon last years’ statistics this initiative should create approximately 3,000 new jobs generating $15 million worth of employment activity. Mr. Speaker, government views this program' as the key element our efforts to improve employment prospects for young people, and a significant contribution to the improving employment performance generally.

One of the most difficult problems facing young graduates is finding "that first job". Regardless of their level of formal education and training their lack of on-the-job experience is frequently a major obstacle.

Government invests considerable' funds in post-secondary education in the Province. Our young people invest many years and large amounts of money, frequently at a considerable sacrifice to both themselves and their families. A number of them graduate with a heavy debt to repay, and should they be unable to find employment that utilize their education and training, the financial loss both personally and to the Province is great.

To complement the recently announced Federal youth employment Program, I am pleased to announce that. $1 million has for a real Graduate Employment Program. The goal is to test a model that will facilitate the entry of highly educated youth and provide them with specific training and on-the-job orientation. This is also a wage subsidy program with up to 50 percent of the hourly rate of eligible employees reimbursed to the employer for up to 52 weeks to a maximum of $8,000 per position.

All employers from both the public and private sector are eligible to participate. The $1 million program can be expected to provide employment for approximately 125 graduates University, institute and community college graduates are eligible.

Al though there has being a change in the number of women entering some professions that were formerly male dominated, there is very little progress in technical and trades occupational areas. The situation may be more difficult in this Province, due to our unemployment rate and fewer opportunities for industrial jobs. Women continue to work primarily included sells and service jobs, which are usually at the lowest end of the salary scale. In order to improve the economic prospects of women, special efforts will have to be made to widen their range of career choices and improve their access to areas of work that have been traditionally male-dominated.

I am pleased to announce that an amount of $500,000 has been budgeted for an employment program at occupational integration for women. This wage subsidy program will provide 50 percent of the starting salary up to a inflation of $81000 per job for a maximum of 52 weeks. This funding will provide employment for approximately 60 women in occupations dominated by males.

The really created Division of Career Support Services of the Department of Career Development and Advanced Studies will phase in a number of services and programs in the coming year designed to assist the public path career planning, with a view towards increasing the participation rate in post-secondary education.

A provision of approximately $1.9 million for the Career Awards Program. The Canada-Newfoundland Offshore Development Fund will continue providing financial assistance to university undergraduates and students enrolled in two and three year diploma programs in applied arts and technology. Funds will also be available for the support of graduate fellowships. The underlying basis for awards under the Career Development Awards Program is the development of excellence among students and faculty in the post-secondary sector. The program is predicated on the "importance of investing "in our people, especially our youth.

In addition to all these programs, Mr. Speaker, Government has made provision in the Budget for the following capital projects in the field of education:

An amount of $4.6 million has been allocated to complete construction of the new $7 million Fine Aris Facility at the Sir' Wilfred Grenfell College "in Corner Brook. An amount of $15 million has been provided for the continued construction of the centre for Earth Resources Research at Memorial University in St. John's, which is estimated to cost $25 million.

Funding of $2 million has been allocated for the completion of construction of the Centre for Remote Medicine and Telemedicine at Memorial University.

An allocation of $3 million has 'been provided for the construction of a $5 million Survival Centre at the Institute of Fisheries and Marine Technology.

An amount of $3.9 million has been allocated for the construction of a $12 million Simulator. Training Centre relative to ship handling and ballast control operations, also at the Institute of Fisheries and Marine Technology.

Funding of $2.5 million has been provided for projects directly related to petroleum technology training at the Cabot institute of Applied Arts and Technology.

Mr. Speaker, Government continues to place a high priority on the development and maintenance of a comprehensive network of health care services to meet the health care needs of the people of our Province.

We recognize the implications for health care services of the aging population. While our goal is to keep people in their own homes and communities as long as possible, it is recognized that at some point they may require institutional care. Recognizing this reality, Government continues to expand the number of nursing home beds available in the Province. Presently, there are over 200 additional nursing home blinds in various stages of construction in the Province. Government expects to be in a position shortly to authorize a 110 bed expansion to the incentive

Boarding Home Program within the Province. Under this program funding is provided for the support of residents in homes constructed and managed by private operators. Funding wi1l also be provided this yield to enhance our community-based services. As well, a comprehensive continuing care plan will be developed by the Department of Health. All these measures are aimed at strengthening services to our senior citizens and other citizens these services total funding. For senior citizens' institutions and related expenditures will increase by 10.6 percent overall to $78.7 million.

Once optometry coverage was introduced in 1981, many Newfoundlanders have availed of this service to the point where the service will now be insured once every two years instead of once per year. This frequency certainly provides for reasonable coverage, given the demands that exist for a variety of health care services.

In order to provide for treatment of individuals with alcohol or drug-related problems within the Province, this year's Budget will provide an additional $300,000 in funding to the Alcohol and Drug Dependency Commtssion to initiate a comprehensive program in cooperation wtth the Western Memorial Regional Hospital in Corner Brook.

In 1988-89 Government will spend over $11 million on various capital works projects throughout the Province to ensure that the Province has a good and well maintained network of health care facilities. The new Clarenville Hospital is completed and continues to phase in operations while the new hospital at Salt Pond on the Burin Peninsula will commence the phase-in of operations this year. Funding of $5.1 mil1ion has been provided to virtually complete the major redevelopment of the Central Newfoundland Regional Health Care Centre in Grand Falls at a total cost of $20.9 million. As an amount of $500, 000 has been allocated to start construction of the Roddickton Health Centre at an estimated cost of $1.6 million and $ 1.9 million has been allocated to complete the Chronic Care/Clinic Facility at Botwood.

In addition, funding has been provided for smaller projects at various institutions around the Province. Amounts of $200,000 each have been provided for fire and life safety upgrading at the Curtis Hospital in St. Anthony, the Leonard A. Miller Centre in St. John's and the Health Sciences Centre. An amount of $200,000 has been provided for upgrading of heating/ventilation and life safety systems at the Sir Thomas Roddick Hospital in Stephenville.

The James Paton Memorial Hospital in Gander will receive $150,000 to connect to the municipal seller system. I am also pleased to announce that $65,000 has been allocated towards the cost of life upgrading of the detoxification center in Ta1bot in St.John is

Mr. Speaker, I am pleased to announce that: Provision has been made in the Budget of the Department of Social Services for' a four percent increase in all components of the Social Assistance rates effective

May 1, 1988. Provision is also made for' a four percent increase for Foster Home and Child Welfare Allowances to take effect April I, 1988.

With the introduce on of the Federal youth Offenders Act and the Provincial Young Persons' Offenses Act several years ago, the Department of Social Services has recognized the need for a new secure custody facility designed to accommodate young offenders under the age of 18 years. A detailed facility planning process has been ongoing regarding size, composition, design characteristics, programs and philosophy of the new secure custody system. This system will provide effective safety and security for residents and staff adequately opportunities for rehabilitation and self-development aimed at facilitating future law abiding behaviour and adequate social adjustment. I am extremely pleased to announce that $3.S million has been allocated for the first phase in the construction of a major secure custody facility.

Mr. Speaker, Government is very conscious of our unemployment rate especially when compared to other provinces. We have continued to place the highest of emphasis on the development of our resource potential yet we still have many unemployed Newfoundlanders.

A few years ago, Government introduced the Community Development Program which was designed to employ many Newfoundly who would otherwise be out of work. We have found his program to be extremely successful and I am pleased to announce that funding of $32 million is provided in the Budget: for suppose in next fiscal year. In addition, $3.3 million is to be provided under the Federal-Provincial Employment Enhancement Program. These programs are expected to provide 13,000 14,000 short term jobs.

In 1988 this Province is celebrating the 100th Anniversary of the establishment of municipal government in Newfoundland and Labrador. The first Local Government Act was passed on May 9th, 1888, whereby the City of St. John's became the first full fledged municipality in this Province.

Government believes this event is of such significant in the history of municipal government that a six-month period of municipal celebrations will take place starting on May 9th, 1988 and concluding with the Annual Meeting of the Federation of Municipalities in October on Thanksgiving weekend. This has resulted in funding being provided, when the municipal contribution is included, of $750 000 to cover more than ISO projects throughout the Province to celebrate this historic milestone.

The purpose of the celebrations, know as Soilnee 188, is to develop pride in service to one is communtly by encouraging people to stand for local government office, to create specific activities in these communities which would improve their visitor enhancement image, and to encourage former residents of this Provinceto corne back and visit their own home towns during the official celebrations. I am confident that Soiree 188 will be extremely beneficial to all areas of the Province and will increase tourism throughout Newfoundland in 1988.

Government will continue to assist municipalities to provide water and sever services, and to construct roads. During the coming fiscal year, a further $75 million will be made available through guaranteed loans to enable municipalities 1-.0 expand these services in highly critical. Details of light progress will be released in due course by my Colleague, the Minister of

Municipal Affairs. Additional Capital expenditures for 1988-89 were allocated for municipalities totaling $22.9 million inclusive of:

* water and sewer/road construction and paving debt principal payments ($16.3 million);
* water' and Sealer servicing Coastal Labrador Native Peoples' Agreement ($2.6 million);
* community water services ($800,000);
* waste management facilities($415,000);
* industrial water supply systems ($569,600);
* St. John’s regional water and sewer servicing ($595,000); and firefighting equipment ($775,000) .

Government aid continue to support and encourage municipalities throughout the Province to take advantage of the Government of Canada is cost shared program of Joint Emergency Preparedness and will provide $350,000 in interim funding to municipalities pending receipt of the Federal contribution of an approved project. This add permit more municipalities to purchase equipment and materials under the program which will ultimately be filly cost should by the Government of Canada and Municipal Governments.

Government continues to be encouraged by the response of municipalities to the implementation of property tax as a means of increasing local revenues. Accordingly, in order that the imposition of property taxes may be expedited, Government will again increase the number of real property assessors that will be made available to carry out municipal assessments this time from 49 to 59. This add reduce considerably the waiting period now being experienced by municipalities in commencing their property assessment programs.

The 1987 Budget Speech indicated Government's intention to develop a more effective mechanism for the collection of court-ordered maintenance payments, and committed approximately $50,000, supplemented through Federal funding, to underwrite the costs associated with the necessary research and feasibility assessment. The preliminary work is now completed and Government in this Session will be introducing family local accommodation, including provisions for the establishment of a Province aide, automatically Maintenance Enforcement Program.

The Maintenance Enforcement Program will provide for improved collection remedies and relative penalties where there is an ability to pay. Complemented by Federal funding for systems development, Government plans to commit approximately $325,000 for the establishment of this program to ensure that beneficiaries of family support orders . . . the economic support to which they are entitled.

Government has approved an expenditure of $1.6 million to construct a new Unified Family Court in St. John’s. This new facility will replace the original Unified Family Court which was destroyed by fire ""in August, 1986. Also, funding is provided for the operation of a Regional Fire Commissioner’s Office in Coroner Brook. This office, which will be staffed by a Fire Protective Supervisor and a Fit, Technician, will serve the western region of the Province.

Mr. Speaker, I have long been a believer that recreation and sport are critical to the development of a healthy and productive society in addition, sportsmanlike competition builds strength of character and pride in one self and one is community. I take great personal pride in the fact that the Town, and soon to become City, of Mount Pearl land this August host the 1988 Newfoundland and Labrador Games. I take even greater pride in the fact that for the first time in the history of this Province these Games will be fully integrated in that they will provide equal opportunities for persons with physical disabilities to compete. I invite everyone who is listening today to share in the experience of these Games which all bring young person and their families, from all over Newfoundland and Labrador all together in a spirit of friendly competition, while at the same time enjoying the high standard of hospitality for which the people of Mount Pearl are renowned.

Government's recreational programs are very comprehensive and I would like to list a few aspects that are pattern. Of the new fiscal year:

The Regional Recreation Facilities Program is a major new program designed to encourage communities of the Province to jointly build and operation major recreation facilities. After its announcement in mid-December by the Minister of Culture, recreation and Youth, the initial response was very encouraging and applications are presently under staff of the department.

Several high priority projects will shortly be announced and for others detailed feasibility studies, where required, will be carried out jointly by the municipalities involved and the Department. Funding of $1.7 million will be committed towards the construction of several new regional recreation facilities this year. The very successful Arena/Pool profit Program will continue this year and five new facilities will provided with funding to assist with the enhancement of their energy efficiency.

The Department of Culture, Recreation and Youth will initiate a Ptarmigan Habitat Enhancement Program with funding assistance from Wildlife Habitat Canada, a national foundation dedicated to encouraging the retention and enhancement: of wildlife habitats. This project, using controlled perhaps other techniques, will hopefully increase program number's.

Mr. Speaker, the Government has approved gross expenditures of $164.9 million for the Newfoundland and Labrador Housing Corporation in 1988-89. Highlights of the Corporation is program are as follows: A significant component of the activity of the Corporation in the 1988-89 fiscal year will be delivery of an estimated 390 new social housing units throughout the Province to low income families, senior citizen will special needs . In addition, the Corporation will spend approximately $15.5 million in Federal-Provincial cost-shared housing repair funds. These expenditures will be directed to upgrading some 1,900 residential units that are occupied by low income homeowners and tenants in born urban and rural areas.

In recognition of the high heating costs being experienced by low income families and seniors living in the Corporation I s social housing units, I all pleased to announce that this Heating Allowance Program has been further enriched to total budget of $4.3 million. This represents the final phase of a three-year phased program such that a maximum subsidy will be livable eligible households in 1988-89.

Also $6.5 million has been allocated for the start of development of an estimated 250 residential building lots for Mount Pearl and cost are Highs. An additional of $1.9 million will be spent on the ongoing planning and servicing relating to a number of industrial parks in various areas of the Province. Finally, an estimated $8 million has been committed for the renovation of the Corporation Is rental units across the Province as part of a continued upgrading and modernization program.

I anticipate that the residential construction sector will continue its healthy performance this year, as it has over the past two years. During 1986 and 1987 there IAJ('!re 2,700 and 2,800 housing starts, especially in consideration of low mortgage interest rates and high constituency confidence should produce the positive climate required low income home owners hip and provide a boost to the residential construction industry in the Province:

Mr. Speaker, I have outlined some of the major social programs and projects that government has provided in the Budget for the new fiscal year. As important as they are, Government must continue to place ever-increasing emphasis on the development of the resource sector of our Province. Without a strong economic and financial foundation, we will not be able to fund the many demands for existing and new public services which our people want and should have. Of equal importance, we must continue to strive for that formula in our economy which wtl1 yield more jobs, enough jobs so that all Newfoundlanders will have the opportunity to obtain employment and with it, economic security and self-fulfillment.

The solution to the vexing problem of unemployment is not easy and our Province is not alone in wrestling with this phenomenon which exists on every continent and in many countries 1-0 a much greater extent than here at home. The Peckford Administration has compiled a record of job creation over the last nine years which reflects the importance this Government attach to it. However, much more needs to be done. Much more could be done and this Budget contains a comprehensive and varied program for resource development.

Mr. Speaker, I would not like to outline some of the major funding initiatives in the area of resource development proposed for the coming year.

Fisheries

For the past several years the fishing industry has been one of the most vibrant sectors of the Province’s economy, with the landed and export value of seafood products reaching record levels.

There is little doubt that the industry is now characterized by great employment: stability and that the rural economy of our Province has benefited immeasurably from a revitalized fisheries sector. This revitalization is reflected by increased private sector investment within the harvesting and processing sectors of the industry.

Government's ongoing commitment to this critically important resource sector will be reflected in increased expenditure activity in a number of areas. Gross expenditures for the Department of Fisheries in the coming year I will be $41.3 million. In addition, program initiatives relating to the harvesting and processing technology, market development, aquaculture and onshore infrastructure the will be expanded, particularly within the context of the recently signed $60 million Inshore Fisheries Development government.

This five-year Federal-Provincial agreement will be periodically strengthening the inshore fishery and represents the largest: cost-shared commitment negotiated to date for this sector of the fishing industry.

Over the past year Government has directed special attention to the needs of inshore fishermen and has examined a number of restructuring options to further strengthen the :inshore sector. Government is now addressing a debt restructuring option for inshore fishermen and an announcement on' this special initiative wi1l be made shortly.

Government’s decision to participate in the restructuring of the deep sea fishery contributed greatly 1-.0 the revitalization of the offshore fishery and year equally confident that debt restructuring initiatives will further strengthen the inshore fishery. Capital funding of $2.7 million has been provided for fishermen’s facilities/services at various locations across the Province with funding for some of the major projects allocated as follows:

Funding of $8110,300 has been allocated for various fish some facilities $250,000 for fisheries access roads; $100,000 for extension of electrical services; and $350,000 for various community projects in order to assist in obtaining Federal funding under programs such as Canada Works.

Mr. Speaker, in total, fisheries facilities/services expenditures will be increased by a sizeable 34.8 percent to $15 million. At the same time fisheries industries support services will be allocated $6.2 million representing a 63% percent increase. In addition, fisheries loans and assistance, direct funding, will climb to $16 million, an increase of under 5 percent. This clearly shows the commitment of this Government the industry that has the greatest social manner cultural impact on our society.

In 1988-89 the fisheries Loan Board is forecasting that it will support in excess of $30 million investment in rental and rebuilt fishing boats and equipment for over 1,000 fishermen. under the $50,000-and-under direct loan program, close to $10 million will be provided to a further 1,000 applicants :in direct loan and bounty funding for small boats and equipment.

As well, the Bank Loan Guarantee Program is expected to generate an investment of over $20 million for close to new and rebuilt larger vessels. The Board will provide directly only support to this program and subsidize interest cost on the approved loans to a rate of three percent below prime. The level of activity and support for this program will influence will benefit not only the fisherman but wi1l give a major boost to our economy.

Mr. Speaker, Government continues to place high emphasis on the development of our rural economy. Government is p1eased by the economic activity which has been created by the expansion of the Rural Development Authority Incentive Loans Program to provide assistance to service sector firms in our Province. More than 150 service sector firms have been assisted creating an estimated 234 new jobs through this initiative. This is consistent with our policy of revitalized support to entrepreneurship and small business development in our Province in 1988.-.89 will be providing $6.5 million to the Rural Development Authority to continue our support to all small business sectors in the province Total allocations for rural development programs will be increased by 11.5 percent and $14.6 million earmarked for this year.

The agriculture industry plays a significant role in the economy of rural Newfoundland. In 1987, farm cash receipts for the Province are initiated at $175 million, an increase of 3.5 percent from the previous year compared to 2.3 percent for Canada. The livestock and poultry sector accounts for more than 85 percent of this total with this sector has experienced significant growth over the past decade, a major factor affecting these producers is the cost of imported feed.

To help alleviate this problem, the Province and the Government of Canada signed a Canada-Newfoundland Subsidiary Agreement on a livestock Feed Initiative little over one year ago. The objective of the agreement is to promote the growth of a viable agri-food industry by increasing in quantity and quality of livestock feed produced in our Province the agriculture extends to 1991 and earmarks $4.8 million our the four while the overall benefits of an agreement of this nature cannot be felt after only one year uncouthly the assistance provided farmers for land improvement and so forth will go a long way towards reducing this Province's dependence on imported forage in the future. While the Agreement provides funds for an important sector of the industry, a multi-sectoral Federal-Provincial agreement is essential to further the development of the agricultural industry. Government is currently negotiating with federal officials on this issue and expects an agreement to be signed in the new fiscal year.

To further demonstrate our commitment to I he agriculture industry J an amount of $3 million has been allocated to the Farm Development Loan Board for this year. I’m total 19.3 percent in increase in funding for development of the agricultural industry with $21 million being allocated for this year.

It is envisaged that as the Newfoundland Enviroponics Limited facility comes into full production, significant increases in the production of fresh loca1 vegetables will decrease imports in this area and will provide a much superior product to the 10 caI market. With a projected full staff complement of 150 persons this facility represents by far the largest agricultural complex in our Province and will increase to the contribution of the agricultural industry 1::0 our economy significantly.

The Mokami Project Group, which was originally founded to encourage informed debate relating to docile optimistic in Labrador, has four proponent groups. They are: the Labrador North Chamber of Commerce, the Town of Happy Valley Goose Ray, the Mokami Regional Development Association and the Public Service Alliance of Canada. The Group’s mandate is to promote the economic, social and physical development of the region for the optimal benefit of its residents. Proposed research projects include the identification and assessment of specific employment and business opportunities that will be created as a result of military expansion, as will as an indication of major constraints to the realization of these opportunities. Government is pleased to include an amount of $100,000 for the activities of this Group in 1988-89.

Funding has been provided for two native translators to undertake the translation of various regulations and programs into native languages, an initiative which is of prime importance in Labrador. This need the housing programs administered in Labrador by the Newfoundland and Labrador Housing Corporation. Because regulations in English only, native people were at the disadvantage. These translators will also be able to work with the Department-.during the negotiations and implementation of present and future Native Peoples I Agreements.

The Combined Councils or Labrador is the equivalent of the Federation of municipalities on the Island portion of the Province and includes approximately 30 communities. It deals with issues on a community and regional bas and meets once a year to discuss various issues and to resolve any difficulties. In order to adequately pursue the objectives and goals of its member organizations, which have a very low tax base, this group requires additional finding to help defray the burdening costs of administration and communications, and I am pleased to announce that the Budget contain an amount of $15,000 for the Combined Councils of Labrador.

Development and Tourism In 1987, the Subsidiary Agreement for Tourism infused $1.2 million of Provincial funds and $2.3 million of in support of tourism initiatives. These funds leveraged an additional $6.1 million of private sector expenditures in support of the tourism industry. More and more, accommodations, attractions and tour services are making the Province attractive to tourists and both Newfoundland and Labrador are receiving significant interest as destinations, particularly by Nova Scotia and other mainland Canada residents.

Bus tour traffic to the Province increased in 1987 over 1986 by 40 percent accounting for approximately 6,000 visitors. That number of non-residents visiting our Province 'in '1987 reached 295,000, an increase of ten percent over 1.986. The increase for other than business related reasons growth by in impressive 1.6.8 percent. Resident travel 'in the Province grew by 10.4- percent over 1986 and expenditures by residents are estimated to be in excess of $230 million.

provincial initiative in advertising represented by a budget in 1987 of $1.5 million reaching the Province's marketplaces in mainland Canada, eastern United States and to a lesser degree?, Europe, has created an awareness of Newfoundland as an destination of impressive magnitude. Enquiries in 1987 great by some 60 percents or in excess of 80,000 individual requests for information.

In addition to direct advertising, Government will continue to be involved in an extensive program of participation at travel trade expositions and other tourism promotions in the major target markets of the northeastern United States, Ontario and the Maritimes. This will involve participation at travel marketplaces, bus tour promotions, an extensive program of Familiarization tours for travel agents, travel wholesalers and travel journalism and participation at major sports hunting and fishing expositions, the promotion of cruise ship traffic, and many Other marketing initiatives designed to raise the general profile of the Province as a desirable and unique vacation destination in North America.

The tourism industry provides major opportunities for employment, and some 10,000 jobs are now associated with this segment of the economy. Government’ s efforts to promote this important industry will continue, as demonstrated by the recent establishment of the Marble Mountain Development Corporation which will work towards creating an all-season resort in the Corner Brook area. As been, establishment of bus and rail tours into eastern Labrador and other similar initiatives encompassing everything sightseeing and touring to fishing. Find hunting expeditions will continue through Government participation.

The Provincial tourism industry has benefited greatly from the introduction of capital assistance programs under the Canada-Newfoundland Tourism Development Subsidiary Agreement and this year that level of support will continue. The Provincial' component of funding under the Agreement for accommodation development wi11 total $'750,000 next year. For tourism facilities development, $100,000 has been budgeted and travel generators will have $650,000 available this year for their ongoing development. This funding -is -in place and will be made available over the course of the year to applicants from all over the Province will have sound business proposals that meet the various criteria under the science programs .

The business community has responded every favourably to this type of funding since the Tourism Agreement was concluded in 1984. The projects approved to have been very beneficial to the development of a quality tourism plan in this Province. Given the past level of interest on the part of the private sector, we expect a full complement of proposals for evaluation under these programs this year. Overall, expenditures on development of the tourism industry will be increased by 27.3 percent to an impressive total of $7 millions. Government will content to support, through the Ocean Industry Development Subsidiary Agreement, local initiatives aired at participating compared is to take full advantage of the opportunities as social will our oil and gas and fisheries resources. This support available in the form of capital incentives, market and product development incentives, and assistance for technological transfer and innovation. Similar support will also be available for our tourism sector. During the past year, in excess of $8.5 million in grants approved for small businesses in tourism. In total, funding for offshort and industries expenditures will be increased by 3,3 percent to $13.8 million, while support for small business technology will be substantially increased to $21.9 .million representing a 92.1 percent increase over 1987-88.

Government continues to be very pleased at the high level of activity at the Marystown Shipyard, which, in great, part, is due to the Yard I s involvement in the fleet replacement program being carried out by Fishery Products International. Marystown's selection as the prime contractor for this eight vessel program was made possible by the active and positive intervention of Government which undertook to provide a $10,5 million subsidy to the Yard which was matched by the government of Canada. This allowed Marystown’s bid to be competitive with the heavily subsidized foreign yards who were actively seeking the work. To addition, Government directed the construction of two middle distance vessels to Marystown Shipyard both of which were built during 1987 and which are now proving to be highly successful.

On the repair side, Marystown Shipyard was the successful bidder on two large Federal contracts on the Coast Guard Vessels Alert and Simcoe together costing approximately $13 million.

Marystown Shipyard is actively seeking a role for itself in future National Defense projects such as mine sweepers and other small vessels, and expend: this initiative to pay dividends down the road. In addition, the Shipyard with strong assistance from this government, is pursuing potential work in additional consideration as will as for production-related work on offshore oil projects. All in all, the Shipyard expects to maintain its workforce above its current level of 500 during 1988.

The international economy is now characterized by rapid technological advances. Production methods, materials and services provided are undergoing constant change, to order to compete in an international market, Newfoundland businesses will have to maintain a constant 6\bJar'eness of the latest scientific developments. As a Province, we must keep abreast of worldwide advances in science and technology and our scientific community with the resources to acquiring apply technological advances to our products and production methods utilizing the Canada-Newfoundland Offshore Development Fund, major investments have been made to upgrade our research and development capabilities at Memorial University and the Institute of Fisheries and Marine Technology.

Just recently, the Premier announced the appointment of a Newfoundland and Labrador Science and Technology Advisory Council to provide an independent source of advice in this important area. Last year. Newfoundland hosted a national meeting of Science and Technology Ministers which was succession bringing a national focus on the capabilities of this Province in Marine Sciences and Cold Ocean Technology. We are pleased with the Government of Canada is recent announcement on the development of networks of Centres of Excellence in Science Technology, and we will be working closely without scientific community to ensure that the Province plays a major role in this important initiative. To the corning year, Government will continue its strong support of research and development spending in this Province through a $5 million Research and Development Program administered by the department of Development and Tourism, as well is continuing investment in projects which have already been announced under this Canada-Newfoundland Offshore Development Fund. than ever before, Newfoundland and Labrador can truly claim to be a world class Centre of Excellence "in Marine Sciences and Cold Ocean Technology.

The recent Speech from the Throne highlighted the strong performance of the forest industry in 1987. New sprint prices were at record highs, and production levels and quality continue to increase as a result of the Government-assisted modernization programs at the Grand Falls and Corner Brook mills. What has been less obvious, but equally important, is the tremendous improvement being made in the management and revitalization of the forest itself. Indeed, overall funding for forest resource management will be increased by 6.7 percent over last year to $31.8 million. We are now in the third year of a $48 million four-year forest Resource Development Agreement. Previous agreements had provided $36 million. Much of this has been spent in growing and planting seedlings, and in such other silvicultural treatments as thinning and site reclamation. In 1988 we will treat 20,000 hectares of forest land in one form or another. Twelve million build be planted as part of this program this year.

It is evident that the mil1ions of dollars of investment in forests for the future must be other threats. We all remember a record dry with nearly 300 fire starts, to a minimum mainly because of a strategically-stationed and strengthened water bomber fleet of eight planes I comprised of six Cansos and two CL-21Ss. Government has recently received an additional two CL-21Ss, completing its $15 million investment in the acquisition of new later bombers. Last year's success has convinced us that a function strengthening of the fleet is warranted and accordingly we have made provision to operating eight aircraft this year, four Cansos and four CL-215s. Further provision has been made for a medium-sized he to be located in Grand Falls to provide a fast response service.

Government is confident that the increased level of protection will more than justify the expenditures involve provision of $ 2 million has also been made in this Budget for continuing the hemlock looper, particularly on their great North I’m Where the infestation is heaviest. As a result of successful experimental work last year, the biological insecticide BT will form an increased proportion of this year's program.

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industry are providing employment and income hundreds of Newfoundlanders and Labradorians. The plywood industry is expanding. Our lumber industry has had a good year, and export pulpwood has provided at least ISO jobs on the Island and 'in Labrador and will do so again in 1988. Mr. Speaker, capital funding of over $27 million is provided relative to the construction of and alterations to various public buildings throughout the Province. Apart from those I have already outlined, funding has also been allocated for the ongoing construction of the new Motor Vehicle Registration and Office Building in Mount. Pearl ($4.3 million); alterations of Confederation Rulling East Block ($6.7 million); the construction of deposal Anthony ($305,000) and FlotAier's COVE'! ($350,000); find construction and renovations applicable to various Labrador depot facilities under the Native Peoples' Agreement ($1 million) area of transportation, the highlights of to which as follows:

An allocation of $40 million has been provided for our highway construction program to continue upgrading remaining gravel roads throughout, the Province continue our paving program will be released shortly by my Colleague, the Minister of Transportation.

An amount of $9.5 million has been allocated Under the Canada-Newfoundland Highways Agreement for the continued construction of the Trans-Labrador Highway Between Western Labrador and Churchill Falls, and to complete the upgrading of the road between Pinware and Red Bay in southern Labrador. At the end of the 1988 construction season, Mr. Speaker, 138 kilometres of the total length of 200 kilometers western Labrador and Churchi11 Falls here be completed With the completion of the upgrading this year and, hopefully, the paving in another year of the Bay Road, the Basque Whaling Station out is attraction at Red Bay will be more readily accessible to tourists.

The provision of modern, efficient transportation facilities must always be a major priority of Government. Without such facilities, progress and development throughout the Province will no take place. The 1988-89 Budget contains significant Expenditures in the

An amount of $25.4 million has also been allocated under the Canada-Newfoundland Highways Agreement for continued improvements to the Trans Canada Highway across the Island portion of our Province. This Year will see the construction of two additional lanes on the Highway from the Foxtrap access road area to Bitterpot Provincial Park. A start will be made this year and work IA61l continue into the next two years on the total upgrading and repaving of 28 kilometres behind Clarenville and Port Blandford and the 40 kilometres between Gambo and Gander, including a grade separation at Gambo, On the I/Jest coast, work this summer will complete the upgrading and repaving of a section of 'the Trans Canada Highway near Georges Lake. This work will complete improvements on the 148 kilometres of the Trans Canada highway Corner Brook and North Branch bringing this section up to the new standards. The other project funded under this Agreement will see the continuation of the new 12 kilometres access road in Port aux Basques to provide direct and fast access to and from the Marine Atlantic ferry terminals. Mr. Speaker, any motorist using our Trans Canada Highway in recent years has to be impressed with the improvements made through the addition of passing lanes whi.ch have greatly improved the safety record of this highway and facilitated the easier passing of larger vehicles.

Funding of 7 million from the Government of Canada has been included For construction of a new airstrip Will Harbour and the restoration and maintenance of various airstrips in other coastal Labrador communities. In addition, funding of $3.8 mi11ion has been provided for the construction of airstrips in the Clarenville, Grand Falls and Codroy Valley areas under a new agreement with the Government of Canada.

Consistent with our continuing efforts to improve service and efficiency in our ferry service operations, Government. has decided to intergrate the Fogo and Change Islands ferry services. This change will provide better service to the residences in that area.

Mr. Speaker, in total the of transformation be involved in a construction program at $88 million as compared to $82 million last year, for an increase of 7.3 percent. This alone will be a tremendous boost he construction 'industry and wi1] provide some 1,500 jobs to that sector of the economy.

Government continues to make good sense of the $300 million Canada-Newfoundland Offshore Development. Fund which is cost-shared 75 percent Federal and 25 percent provincial. The Province’s broad strategy for use of the Fund is to assign priority to projects which are designed to give major long-term economic benefits to the Province. Projects valled over $10 million were recently approved. In total, over 20 important projects valued at $123.5 million have been approved of approved in principle.

Recently approved projects –include

$3.5 million for a Wave Generator at the Institute for Marine Dynamics;

$4.2 million for a Super Flight Simulation Centre;

$500,000 for the Technology Advisory Council

$500, 000 to the Canada-Newfoundland Offshore Development. Fund Committee for Administrative Support;

$870,000 for Concrete Floating Production System Studies; and

$219,000 for the development of a Two-Phase Flow Meter Prototype.

Government continues to initiate many projects to encourage more efficient use of energy, and conversion to economies alternative energy sources. Our objective is to identify viable energy projects, access the costs and expected sayings, and assist in bringing economic projects to. It has been demonstrated that with adequate assessment and planning, significant energy cost savings can be retrofitting and/or converting to wood fuel.

Wood chips are an economic alternative fuel where wood supplies are available. The Newfoundland Hardwoods Plant in Clarenville and James Paton Memorial Hospital in Gander converted to wood chips a few years ago and are Very successful operations. Two other hospitals, Western Memorial Regional Hospital and the Central Newfoundland

Regional health Care Centre, are converting to food chips this Year with support from the Department of Energy and Health. It is interesting to note that in another alternative energy project, a small hydro plant built by a commercial at Mary's Harbour, commenced operating in 1987. In addition, school boards are taking advantage of assistance offered by the Department of Energy in an effort to r'educC::1 energy costs and free up funds for educational activities.

Mr. Speaker, 1988 will SE'E renewed efforts and renewed determination towards resolving the inequitable Churchill Falls contract. No longer can Newfoundlanders and Labradorians be denied fair economic rent from this great resource and from the tremendous potential of the lower Churchill and other of Labrador which flow untapped to we have determined that the inequities of the past can and must be converted to the opportunities of the future.

Mr. Speaker, 1987 was a Year of further' growing success for Newfoundland and Labrador Hydro and its affiliated companies and 1988 is shaping up as an excellent year' as that earlier it was announced that there would not need to be an increase in electricity rates in 1988 as previously envisaged. I am extremely pleased to announce t () day t. hat the r e will be are bat e of approximately $1.3 million to retail customers in 1988, resulting in a slight decrease in rates.

In addition to sound Financial performances, Newfoundland and Labrador Hydro is also undertaking a significant capital program in 1988, totaling over $120 million. Thesis more than double the level of capital spending in 1987 and will result in about 800 construction jobs during this summer and fall. This wi.11 be a significant boost to the overall economy.

The capital spending by Newfoundland and Labrador Hydro will be spread over virtually the entire Province. The major projects being undertaken include: a five megawatt wood chip generating plant in Roddickton costing $25.5 million; the Paradise hydro project costing $23 million; the interconnection of Fogo/Change Islands costing $13 million; the upgrading Hollywood costing $20 million; and a new energy control centre/head office facility in 8t. John IS costing $40 million. Work on many of these projects will extend beyond 1988.

Mr .Speaker', Government has once again faced the chaI1enges of putting forth a fair and responsible financial plan, a plan which will guide our efforts in delivering a bright future to the whole Province, the task has not been as easy one, but I believe tale have succeeded admirably. The demands are many, there is much life want. To do, but our financial resources are limited. This does not mean we will not accomplish our goals, just that it may take a little longer to realize than we goals are clear, our course is set. Thesis not d government this will waiver to satisfy the ebb and flow of short term expediency. This is a Government wich a vision of the future for this Province and we have consistency moved to make that vision a reality. We brought this Province soundly through the trying years of recession in the early 1980s. Our economic policies have helped this Province to enjoy one of its most prosperous years in 1987. The confidence shown by Newfoundlanders in personal spending, increased employment and business investment is ample evidence that we are building a future that will be a proud legacy for our' children. All our indications today are that the fiscal Year' see our Economy remain buoyant. Mr speaker continued progressing job creation, improving public services and enhancing economic development, while at the same t--.ilnl':1 r' including our' deficit and actually decreasing the overall tax effort through tax reform.

This is the record of the Peckford Government a record of tireless determination. Tireless determination to see the development of our offshore resources, tireless determination to enhance employment opportunities and business incentives in all regions of the Province, tireless determination to provide sound and responsible fiscal. Management to Government and the economy, a duty entrusted to thinking people of this province tireless determination to improve the quality and enjoyment of life of poverty Newfoundland Mr and Labradorian, no matter there his or her'rl':1S,"idl':1nCp. No matter that his or her skills and abilities no matter what dreams and aspirations.

Challenges still lie ahead of us. But we will be working over the coming year which the Federal Government, our sister provinces, and individuals, organizations and businesses all over this Province to meet these challenges all Newfoundlanders and Labradorians to join with us in meeting these challenges.

This is a province of immense opportunity. For so long we have been on the very gap of seizing our destiny and realizing our potential is my hope with the Budget we have put forward today we have moved one step fulfilling our vision and that the year will provide the evidence that we can search a life in this Province, for future generations, of which we can all be justly proud.