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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Terre- Neuve et Labrador | 45e | 1ère | Discours du budget | 30 mars 2004 | Loyola Sullivan | Ministre des finances | PC |

**Newfoundland: Budget Speech, March 30, 2004**

Mr. Speaker, it is my privilege today to present the first budget of this government under the leadership of Premier Danny Williams.

Prior to and during the election, we outlined a number of commitments to the people of Newfoundland and Labrador. I would like to focus today on three major commitments:

\* First, to balance the budget on a cash basis in four years and restore sound fiscal management;

\* Second, to expand the economy and create jobs;

\* And third, to ensure that our health and education systems meet the needs of Newfoundlanders and Labradorians and are sustainable into the future.

We will deliver on those commitments. It will not all happen in this budget year or the next. But we will get there.

When we came into office less than five months ago, our government fully expected to find a serious fiscal situation for 2004-05. But the more fundamental, and unexpected, problem was the magnitude of the deficits projected for the coming years, which would cause the debt to grow to a level that would compromise the fiscal integrity of the province.

It became clear very quickly that the deficit could not be eliminated by revenue growth alone as stated in the 2003 budget speech and that a period of restraint would have to be endured to turn the deficit momentum around. Mr. Speaker, no responsible government can ignore the stark arithmetic.

It was equally clear that we would have to refocus government to deliver enduring public services at lower costs. To be sustainable, government will have to become affordable.

The people of Newfoundland and Labrador understand that we have reached this critical point in our history as a province of Canada and that government must act now to put its fiscal house in order.

They also know that government cannot do this on its own. It will take a cooperative effort by government, the entire public service, communities, business and citizens generally to deal effectively with our financial challenges, to preserve the fiscal room to deliver high-quality community and social services, and to maintain a competitive environment for economic growth and job creation.

Mr. Speaker, this budget I am presenting today lays out our plan to get the job done. The plan is reasonable, responsible, and realistic and demonstrates this government’s commitment to serve the needs of the people by providing good government.

Mr. Speaker, Newfoundlanders and Labradorians want government to spend their money in ways that make sense to them and mirror their values. To do that, government’s deficit reduction plan must be guided by their priorities.

\* First, they want us to focus on reducing costs by doing things better, not by raising income taxes or by cutting services that they need and that reflect their core values.

\* Second, they want to make sure we continue to have strong economic growth and job creation.

\* Third, they want people treated fairly and equitably.

\* Fourth, they want decisions made openly and performance results reported accountably in accordance with measurable standards.

\* And fifth, they want to make sure the legacy we leave our children is fiscal stability and sustainability, not an unmanageable burden of debt.

With these priorities of Newfoundlanders and Labradorians as our guide, we have produced a budget strategy that will pull the province’s finances back from the brink and protect the future of Newfoundland and Labrador.

Mr. Speaker, in recent years, government has created a serious problem with money management. It has not been a good steward of the taxes Newfoundlanders and Labradorians pay every year for the services they need and value. We can and will do better, much better. That is what our plan is all about.

The good news is that our economic fundamentals are strong. We have a good base upon which we can build as we endeavour to secure a better future for ourselves and our children. The economy is expanding, becoming more diversified and competitive, and creating more jobs every year. Newfoundlanders and Labradorians want to keep it that way, and so does the government.

We see tremendous new opportunities emerging in the years ahead in our resource sectors, such as agrifoods, aquaculture, mining, energy, oil and gas.

We see tremendous new opportunities in information technology, research and development, the environment, tourism and culture.

We see tremendous new opportunities for growth and job creation in the small business sector, a vital generator of economic activity in our communities.

Clearly, the development opportunities before us are substantial.

Mr. Speaker, the people of the province have always known that our rich natural and human resources can be a magnet for economic opportunity, but they have also felt something was not right. They knew, intuitively, that government’s financial course was unsustainable and that this was a huge hindrance to economic growth. Yet, the previous government was reassuring them that all was well.

Today we know differently.

In November, the new government commissioned an independent assessment of the province’s finances by the chartered accounting firm of PricewaterhouseCoopers. Their report, which was released to the people of the province in January, revealed that the fiscal outlook for the next four years - 2004-05 to 2007-08 - was much worse than anyone outside government expected or imagined.

The report showed that we faced an average cash deficit over the next four years of more than $660 million a year and an average accrual deficit of almost $1.1 billion a year. By 2007‑08, the cash deficit would exceed $700 million a year with no relief in sight.

Let me put this in historical context. The cash deficit exceeded $300 million only twice in our history, and has never exceeded $350 million. For each of the next four years, we were looking at cash deficits twice the size of the biggest deficit in our history.

Left unchecked, the net debt of the province would reach $15.8 billion by 2007-08. When compared to our $6 billion debt in 1992-93, this would represent an increase in net debt of 163 per cent. By 2007-08, the higher debt load would cost the province an additional $150 million in interest payments every year.

Mr. Speaker, the government finds itself in this position largely for four reasons:

One, a long-term pattern of consistently spending more than the government could afford;

Two, a reliance on one-time money to fund ongoing programs;

Three, spiraling health costs that are growing at more than double the rate of growth in government revenues; and

Four, unilateral changes in federal transfers, which reduced the federal government’s share of the cost of health, education, social services and equalization.

PricewaterhouseCoopers, using the same figures the previous government had in their possession before they left office, estimated a cash deficit of $602 million and an accrual deficit of $989 million for the coming year.

Mr. Speaker, that is what we have inherited.

It represents an enormous challenge, but we are absolutely committed to getting our financial house in order.

The year ahead, 2004-05, is the first year of our four-year plan. The actions we take in this budget will reduce the deficit projected in the PricewaterhouseCoopers report by 40 per cent, from $602 million to $362 million. The accrual deficit will fall from $989 million to $840 million.

Despite our best efforts, the cash deficit for 2004-05 will still be the largest in the history of the province.

In the following years, the full impact of the government’s restructuring strategy and program renewal will kick in, and we will move, progressively, to a zero cash deficit by 2007-08.

Mr. Speaker, we must bring the deficit progressively and strategically lower each year in order to protect the province’s credit rating. While our economic prospects remain strong, this alone will not insulate government from having to maintain a responsible fiscal position. The consequences of a rating decline would be higher interest rates, reduced access to capital markets and increased exposure to foreign exchange fluctuations. For example, if our credit rating fell below investment grade this year, and our borrowing rate increased in the range of 2 to 3 per cent, it would cost us from $200 to 300 million in additional interest payments cumulatively to 2007-08, money that we could not raise except by cutting public services. The sense of urgency has been communicated to us by our fiscal agents. It is far better that we address the situation now on our own terms than let others dictate severe measures later.

We face an historic challenge, and the actions we take must be equal to that challenge. We entered the 2003 election campaign with a commitment to eliminate the cash deficit by 2007‑08 and to put the accrual deficit on a steady downward trend. Mr. Speaker, we will honour those commitments. Their achievement will be the responsibility of this government. In March 2007, this government will present the people of this province with a budget that is balanced on a cash basis and that will be sustainable into the future.

To eliminate the cash deficit and rein in the accrual deficit, the province needs two things: spending control and stronger economic growth. Our plan will accomplish both.

Mr. Speaker, our plan begins the process of restoring fiscal integrity in 2004‑05. It initiates measures now that will contribute to a deficit reduction strategy over the next four years. It puts in place a program renewal initiative to be completed before the next budget that will go beyond seeking more efficiencies and should be a catalyst for change by re‑focusing government programs and services to also be more relevant, effective and citizen‑centred.

By delivering on our commitment to present multi‑year fiscal plans, the government has given the people of the province a clearer picture of the province’s true fiscal outlook and the flexibility we have to act on people’s priorities.

Our efforts to reduce the cash deficit have not been easy. We have had to make some very difficult decisions. And we have more difficult decisions to make.

Mr. Speaker, in developing our fiscal plan, we applied four general principles.

First, given our already-high rates of taxation and the need to preserve competitiveness in the economy, we avoided increases in personal income tax, sales tax, and business and payroll taxes.

Second, given the importance of economic growth, we emphasized strategic spending in areas that will boost economic development.

Third, given the importance of protecting the vulnerable in society, we avoided expenditure reductions in areas of critical social services and added new strategic expenditures.

Fourth, we emphasized the importance of seizing efficiencies by reducing administrative and overhead costs while protecting front‑line services.

Mr. Speaker, the path we are taking is a tough course, but it is the right course.

Spending restraint and some very limited revenue measures will eliminate the cash deficit by 2007-08.

We are on target for a zero cash deficit in 2007-08 because of the tough deficit control decisions we are taking, starting this year.

We have started at the top. Government has reduced the number of ministries and the number of executive positions.

We will delay opening The Rooms for one year for a savings of $2 million.

We will cancel work on the West Coast Exhibition Centre in Corner Brook for an estimated savings of $4.8 million.

We are canceling several health projects, namely the extension to the Grand Falls-Windsor hospital, the James Paton Hospital redevelopment in Gander, and the health centre at Grand Bank.

We are canceling the new elementary school for L’Anse au Loup and postponing work at Herdman Collegiate in Corner Brook, Leary’s Brook Junior High in St. John’s, and Mobile Central High in Mobile.

We have asked Memorial University and the College of the North Atlantic to each identify $2 million in expenditure reductions this year.

We have asked the Newfoundland and Labrador Liquor Corporation to identify $5 million in savings over the next four years. We have also asked the Corporation to produce another $6 million in revenue to government this year.

We will decommission and close the Salmonier Correctional Institution, which would require major repairs to remain open, and close a unit at the Newfoundland and Labrador Youth Centre at Whitbourne that is not needed because of a decline in the number of residents at the facility.

Mr. Speaker, with the major changes in the delivery of income support over the past few years, much of the existing service delivery network, originally designed in the 1960s, has become outdated. Transportation systems have improved since then, and advances in communications and computer technology have opened up new ways of doing business. Instead of clients having to visit an office to have their needs met, they may use mail-in applications. Soon, use of telephone technology will allow clients to access the Income Support Program from their own homes. Payments to clients will be made more efficiently from a new client automated payment system. These advances will enable government to consolidate and close 20 Human Resources, Labour and Employment offices across the province over the next six months. With these changes, it will be possible to place a greater emphasis on enhancing the delivery of employment and career services.

We will reduce Municipal Operating Grants by $5 million over three years beginning with a $2.1 million reduction on the first of January 2005. In year one, only 14 municipalities will be affected. Municipalities with smaller revenue bases will not be affected.

We will eliminate winter and summer cabin road maintenance for a savings of $800,000.

We will cancel the “We’re Doing It Right Here” campaign for a savings of $500,000.

We will implement a range of fee increases with a view to cost-recovery.

Among the fee increases announced today, I would like to draw attention to motor vehicle registrations. It is widely acknowledged that we face a significant challenge in this province to invest adequately in public infrastructure. The PricewaterhouseCoopers report pointed out that 35 per cent of our paved roads are more than 20 years old and it costs ten times more to reconstruct a road than to carry out regular maintenance. It has been past practice to delay regular maintenance, like re‑paving, to save money in the short term. However, all this neglect does is create much bigger expenditures later. No money could be found within the existing budget to invest in preventative maintenance. Yet it makes much more sense to spend one dollar now if we know it will save us ten dollars later. The logical place to look for money for roads was to vehicle owners and drivers or fuel taxes. We chose to raise the necessary funds through vehicle registrations. This allows us to allocate an additional $7 million in this budget to the provincial roads program, increasing the total funding allocation by 30 percent from $23 million to $30 million. This incremental investment is particularly important at this time since the money the province has received under the Roads for Rail Agreement since 1988 is exhausted.

There are no increases in the rates of personal income tax or corporate income tax in this budget.

The only contribution to deficit reduction from the tax system will come from the taxation of tobacco, a discretionary spending item. The burden smokers place on the health care system is well known, as is the impact high rates of taxation have on encouraging people to quit smoking and discouraging young people from starting. The way tobacco is marketed has necessitated a realignment of how we tax tobacco. The tax rate on fine-cut tobacco is much lower than on manufactured cigarettes given the actual quantity of tobacco now utilized in a home-rolled versus a manufactured cigarette. This creates what amounts to a tax loophole that we are starting to close today. Effective midnight tonight, the tax rate per gram on fine-cut tobacco will increase from 15 cents to 20 cents. The tax rate for each manufactured cigarette will increase from 15 cents to 16 cents. These rate increases will raise an additional $11.3 million a year.

These are just some of the measures we are taking this year in order to protect the province from the consequences of the spiraling deficit.

Mr. Speaker, an inevitable result of any significant fiscal restraint exercise is some impact on jobs. Almost two thirds of government’s discretionary expenditures are salaries. There will be fewer positions in the public sector as a consequence of the measures in this budget. We have taken extraordinary measures and incurred significant costs to protect jobs. Our fiscal advisors have warned us that significant measures would be needed this year to protect our fiscal position from grave damage. Because the deficit is so great and because wages constitute such a large portion of annual spending, this year’s budgetary measures will necessitate a workforce adjustment.

Out of the entire public service of 32,000 employees, the number of bargaining unit positions impacted is about 400, or slightly more than one per cent. Every effort will be made to offset the impact on employees through attrition. It is estimated that 1,500 positions will become vacant this year through retirement and natural turnover. We will work diligently with departments, boards and agencies to reduce the number of actual layoffs and to help displaced employees find alternate employment

Over the next four years to achieve our deficit targets and to keep our commitment to no massive layoffs we estimate there will be 4,000 fewer positions throughout the public service. With over 6,000 positions estimated to become vacant over the next four years through retirement and normal attrition, we will make every attempt we can to have an orderly reduction in the size of the public service. It remains our intention to minimize the number of layoffs in any downsizing. Obviously, some people who retire will have to be replaced as their positions involve contributing to a public service that must be maintained. Retirements and attrition do provide the opportunity, however, to replace employees who are leaving of their own choice with employees who are displaced elsewhere. Programs are being put in place to manage this matching exercise so displaced employees will have the opportunity for re‑employment elsewhere in the public service. We are committed to working with our unions to ensure a successful outcome.

Mr. Speaker, as significant as these deficit reduction measures are, they are only a part of what we must do to achieve fiscal health. Our fiscal problem is structural, and our remedies must be structural as well. That is why we must make permanent changes in how government works. Our objective is to provide efficient, modern services to the people of Newfoundland and Labrador at costs they can afford. That is the key to enduring fiscal health and sustainable public services.

We will establish a process of program renewal in order to re-focus programs and better prioritize where additional investment and enhanced services may be needed. Program renewal is not about doing less, although cost efficiencies must be achieved. It is about deciding what needs to done and doing it better. Program renewal gives us the opportunity to focus government expenditures to strengthen the services that people value the most. It also provides the opportunity to free up funds to invest in economic development initiatives that will increase opportunities and revenues. Each department of government will undertake an examination of its mandate and operations, including all the boards, agencies, commissions and crown corporations that report to it. The program renewal process will promote cooperation throughout government, greater innovation, linkages between social and economic programs, and meaningful consultation with stakeholders. It will ensure that programs and services are more relevant, effective and citizen-centred. A special committee of Ministers will consider program renewal proposals throughout the fall and report to Cabinet in time for next year’s budget. While program renewal will be an open-ended and constructive process, we will remain on target to reduce the cash deficit in 2005-06 and 2006-07 and eliminate it by 2007-08.

One of the issues that will be examined in the program renewal exercise is the way we administer the regional delivery of services. Health, education, income support, human resources and many other programs reach out to every region of the province in order to ensure access to government services. We need to ask whether there are cross-sectoral opportunities for better or more efficient service delivery. Can we provide better access to government services through the application of technology? Can we improve access by using existing facilities as places to obtain multiple government services rather than as single-purpose facilities, which are too often the norm? Innovative thinking in government service delivery will become a regular feature of this government’s approach.

To enable the people of the province to better assess the government’s performance in achieving its fiscal targets and program objectives on a go-forward basis, we will bring to the Legislature a transparency and accountability bill and enact legislation to increase public access to information. This shift towards greater transparency and accountability will enable the government to identify and address problems before they worsen.

In the face of fiscal challenges, our government is particularly cognizant of the need to protect valuable social programs. Strong social programs not only meet the needs of the most vulnerable people in our society, but they also provide jobs, promote investment and strengthen our economy. We remain committed to respecting the five principles of the Canada Health Act, revitalizing our education system, and reducing the rate of child poverty to the lowest in the country. These commitments are significant cost drivers. We will not achieve them unless we can better manage the growth in costs and expectations.

Health

Mr. Speaker, the first priority for the people of the province, and indeed the entire country, is to have access to quality health care. People want to know that health care services will be available when they need them. As a provincial government, we have an obligation to make sure health care is well managed and efficient so that the best possible services are provided for the funds available. Right across the country, there is a recognition that our health care system requires reform in order to remain sustainable.

To strike the right balance between quality health care and an efficient, sustainable system, the provincial government is adopting a health strategy consisting of four major parts.

First, an integrated, efficient and smaller governance structure will be adopted. Research shows that integrated governance which joins community health services with acute health care services can produce the best overall approach to health care delivery. Therefore, during the course of 2004-05, the Department of Health and Community Services will oversee a process of board integration. The time is appropriate and we are now positioned to have fewer governing authorities to provide totally integrated services in defined regions of the province.

Second, a fair and equitable approach to locating health services will be established. Rural communities need assured access to well-resourced primary health care centres within a reasonable driving distance from their homes. People will benefit from the clustering of physicians and other care providers in strategic locations because it will improve recruitment and retention which means stability and continuity of service. Provincial criteria for locating specialty services will also be devised.

Third, the province will develop a skill mix framework to ensure that the right mixture of health care professionals is available in health facilities to deliver high-quality and effective services. It will also ensure that each health care professional is working in a job that utilizes the highest level of skill for which she or he has been trained. This framework will take into account the skill mix standards and experiences in other jurisdictions.

Fourth, a “best practices” culture will be developed throughout the health and community services system to continuously evaluate all areas of clinical and support services to improve effectiveness and efficiency. Building upon and learning from our experiences and what works best in other jurisdictions must become part of a culture of improvement.

Together, these measures will ensure the health system of the future maintains both quality and access. They will also ensure that the health system is managed within the funds available from government without placing the financial stability of the province at risk.

Mr. Speaker, several specific health initiatives in this year’s budget will enhance the quality of care available to many.

We will provide $4.3 million this year to implement seven primary health care projects and allow expansion for the development of additional primary health care networks.

We will implement year five of the Personal Care Home Strategy in order to increase personal care home rates for those who provide care to our seniors.

We will provide $200,000 to establish the new Ministerial Advisory Council and Division of Aging and Seniors within the Department of Health and Community Services to ensure the needs and concerns of seniors are properly understood and addressed.

We will provide an $8.6 million increase in the provincial drug programs, including an allocation of $800,000 to cover a new chemotherapy drug, Gleevec, to help fight cancer.

We will establish a new Chief Nurse position within the Department of Health and Community Services.

We will provide another $500,000 a year to place additional social workers in Labrador.

And, having heard the recommendations of the Reid-Power inquiry, we will make an initial allocation of $1 million in support of community mental health services. We are pleased to be able to start to address this widely acknowledged area of need in our health system.

Education

Mr. Speaker, public education is another of the government’s most important responsibilities.

We began by consolidating two departments, bringing responsibility for the K-to-12 system and post-secondary education back together. The K-to-12 system has seen a steady decline in enrolments, a trend that is expected to continue in the foreseeable future. Since 1996, educational reform has seen the number of schools in the province reduced by 29 percent. Student enrolment has declined in the same period by 23 percent and is forecast to continue to decline into the foreseeable future. Yet the number of teachers has reduced by only 17 percent.

After extensive stakeholder consultations, the Sparkes-Williams report recommended a teacher allocation formula that takes into account many factors, including the challenges faced by small rural schools. The full implementation of the Sparkes-Williams report has already been deferred for several years. We will continue to defer full implementation until the commencement of the September 2005 school year to allow school boards time to incorporate the adjustments into their staffing plans.

Under the Sparkes-Williams formula, 365 teaching positions would be eliminated this year. However, we have opted to spread the impact over two years. Instead of the number of teaching units declining this year by 365, 256 units will be removed, leaving 109 additional teachers in the classroom for another year. To ensure students in all areas of the province have the best possible access to specialized teachers and subjects, funding will be increased for distance education teachers and the number of courses offered online. Even after the adjustments for declining enrolment we will continue to have the best teacher-pupil ratio in the country this year.

From an employment perspective, we anticipate that more than enough teachers will retire this year and next so that no teacher layoffs should be required to meet the Sparkes-Williams targets.

Though pupil enrolment numbers have been declining, the number of school board districts and administration staff has remained constant. We will reduce the number of school boards by September of this year from eleven to five, for an anticipated savings of about $6 million annually.

Our government will make strategic investments this year in education infrastructure. Some $22 million will be available for major capital construction projects to improve existing schools and construct new facilities.

Our commitment to education extends from early childhood to post-secondary schooling. We will provide funding this year for the creation of a Ministerial Council on Early Childhood Learning to foster comprehensive programs across all government departments and agencies that focus on the learning needs of children and their families.

At the university and college level, the government has already announced a White Paper on Post-secondary Education to examine such pressing issues as accessibility and affordability. We are providing $250,000 this year to allow the White Paper to proceed.

The government has also continued the freeze on tuition fees at Memorial University and the College of the North Atlantic.

Help for Those Who Need it Most

Mr. Speaker, our social policy initiatives will assist the most vulnerable people in our society.

As of January 2005 we will implement a low-income personal income tax reduction program. The program will provide up to $460 a year to those who are eligible. That is nearly $40 a month. We estimate that up to 30,000 of the province’s taxpayers could receive a full or partial reduction under this new measure and realize $5.3 million in tax savings. For the most part, this will put more money back in the hands of low-income working people, students and seniors, some of the most financially disadvantaged people in our society.

We will also begin automatically indexing both the Newfoundland and Labrador Child Benefit and the Seniors’ Benefit to the Consumer Price Index commencing in 2004, for a combined increase in both benefits of $400,000. This will further increase our financial support for low-income families with children and for seniors.

The government will provide a benefit enhancement for people eligible for the Mother Baby Nutrition Supplement. Eligible mothers of newborn babies will be given $90 at the time of the birth of their child to address the additional costs at this critical period.

The Departments of Health and Community Services and Education will partner on a $250,000 “Healthy Children - Healthy Schools” program to ensure the school environment is conducive to healthy learning.

We will provide $500,000 for the Kids Eat Smart Foundation.

Government will provide an extra $1.6 million in 2004-05 to further enhance the Child Care Services Subsidy Program.

To assist persons with disabilities to enter the workforce, we will provide an additional $400,000 for supported employment.

We are providing an additional $100,000 to address gambling addiction, with particular focus on video lottery terminals, or VLTs.

We are committing $212 million for core income support programs to assist 28,500 cases throughout the province.

In recognition of the special challenges women face in our society, we will increase funding for the Women’s Advisory Council and for seven Women’s Centres located throughout the province.

Policing and Justice

Mr. Speaker, to better protect people, as outlined in our Throne Speech, we are providing more officers for the Royal Newfoundland Constabulary and the Royal Canadian Mounted Police.

We will enter into a three-year commitment to train 75 new RNC officers at Memorial University.

We will provide $2.25 million by 2007-08 to hire 45 new RNC officers.

We are also providing funding for an additional four RCMP officers in Labrador.

On top of this, both the RNC and RCMP will receive additional funding for new equipment and training totaling approximately $1.5 million. Some of this equipment and training was recommended by the Reid-Power inquiry.

We are providing an additional $300,000 to the RNC for the purchase of new vehicles. The total allocation for 2004-05 will be in excess of $600,000.

And in Labrador, we will provide $2 million for the Supreme Court in Happy Valley-Goose Bay.

These are just some of the positive social policy initiatives with which we will be proceeding in the year ahead.

In challenging fiscal times, restoring fiscal health is a necessary and urgent means of protecting core social services. We recognize the fundamental link between economic and social policy. On the one hand, social programs produce jobs, generate economic activity and attract investors. On the other hand, sound economic policies get businesses growing, get people working and generate revenues we need to place our social programs on a more secure footing. It is critical that we get our social and economic strategies working hand in hand.

Mr. Speaker, that is why we are committed to building a sustainable, diversified economy in which people and communities throughout the province can prosper and social programs can thrive. To get there, the government’s approach to economic growth and recovery will be aggressive on many fronts and tied together by an innovation strategy.

We will strengthen the fundamentals, such as access to capital, access to well-qualified workers, and access to the technology that businesses need to stay competitive.

We will invest in sectoral strategies that promote growth in tourism, culture, our renewable resource sector and our extractive resource sector, where local firms can build on local employment and industrial benefits to become more competitive globally.

We will support these sectoral strategies with policies that improve our business environment and brand Newfoundland and Labrador as a place of thriving entrepreneurship and economic potential. We will ensure a competitive tax environment, a competitive regulatory system, and an efficient government sector that supports business opportunity.

And we will relentlessly pursue business investment from outside the province, targeting opportunities in a strategic fashion, and selling Newfoundland and Labrador as a good place to do business.

Leadership on business growth will come from the top. We are dedicating $1 million to establish a new Department of Business, led by the Premier, to play a leading role in attracting new business and investment to the province.

We will establish a Newfoundland and Labrador Office of Federal-Provincial Relations in Ottawa to give the province a stronger presence there and focus attention on our concerns about equalization, transfers, resource benefits, and the numerous other issues that affect our people and economy.

The new approach is about seizing control of our own destiny. To that end, we will proceed with strategic investments in various sectors of the economy to stimulate growth and job creation.

In fisheries, we are moving quickly to implement the recommendations of the Dunne report to strengthen our fish-processing sector by allocating $1.25 million to these initiatives in this budget. The cost will be fully offset by the industry. We will also provide $1 million to preserve the province’s contribution to fisheries and aquaculture development.

In the agrifoods sector, we will provide our share of funding for year two of the Agricultural Policy Framework agreement. We will also provide $500,000 for land development in order to allow farmers to lease land not currently being used for agricultural purposes. And, in order to develop Labrador’s agrifoods potential, the government will soon finalize its Northern Agrifoods Development Strategy.

In the energy sector, we will allocate $80,000 to begin preparing a much-needed comprehensive energy plan for the province.

In the forestry sector, we will invest $7.3 million in a silviculture program to help promote sustainable development of our forest resources. We will also maintain funding for the resource roads program, which provides access to timber stands to provide fibre for our paper mills and logs for the sawmilling industry.

To protect our environment, we will undertake to clean up the old military site at St. Anthony.

To promote year-round tourism, we will add $1 million to the annual tourism marketing budget and increase that sum each year until our marketing effort matches that of the Maritime provinces.

To promote our cultural industries, we will provide $825,000 to complement Ottawa’s $1.5 million to grow this sector. We are also providing $150,000 this year for the French Heritage Celebrations and a $250,000 grant for the Heritage Foundation of Newfoundland and Labrador to continue its valuable work. And we will provide $200,000 this year for the Music Industry Association of Newfoundland and Labrador.

In recognition of the key role innovation must play in building a stronger economy, we are allocating $200,000 for the development of a comprehensive innovation strategy. We will also invest in broadband internet infrastructure in rural areas to better serve our communities and make them more attractive to investors.

In view of the importance of transportation infrastructure, we will provide an additional $7 million to bring the Provincial Roads Program to $30 million. We will provide $24 million to complete Phase II and commence Phase III of the Trans-Labrador Highway. We will provide $15.1 million for the Strategic Highway Investment Program, targeting the Trans-Canada Highway. These investments will promote economic growth opportunities that can create new jobs and new revenues.

We will also invest $1.5 million in capital improvements to Island ferry terminals and $750,000 for maintenance and upgrades of ferry terminals in Labrador. Regarding the vessels themselves, we will provide $2.4 million for the ferry vessel refit program.

To improve the safety of our highways, we are providing $430,000 for year one of a three-year Road Weather Information System to assist winter maintenance crews by more precisely predicting when and where to apply sand and salt.

Mr. Speaker, many of these initiatives will target rural areas, where the need for new opportunities is greatest.

Let me focus in particular on an important initiative that we are undertaking this year to draw our social and economic agendas together. We are allocating $1.7 million in this budget for the establishment of a Rural Secretariat, a focal point for bringing government and community leaders together to enhance rural social and economic development. The Secretariat’s overriding goal is to strengthen our rural communities and develop strong regions. The $1.7 million will be focused on promoting longer-term, sustainable development activities.

Our government’s efforts to stimulate the economy are sound, though relatively modest at this stage. However, we will build on these initiatives as we create the fiscal room to better support the priorities of Newfoundlanders and Labradorians.

Mr. Speaker, our government entered office in November with a vision and a plan to put government on a sound financial footing, protect our social programs, strengthen our economy and create new jobs.

What we discovered was a financial crisis much worse than we had been led to expect.

But the financial crisis has not thrown us off course. Quite to the contrary, it has strengthened our resolve to clean up the mess and put Newfoundland and Labrador on a secure path towards real growth and self-reliance.

More than anything, this financial crisis demonstrates why the new approach is long overdue. If we had continued down that path, we would have jeopardized our financial integrity, undermined the social programs on which our people rely, and bequeathed to our children an unmanageable burden of debt. How could any responsible government allow that to happen?

Rather, we have taken decisive action to solve this crisis, not overnight, but progressively over time. We have brought forward a balanced, responsible, realistic and sustainable plan to get us there. The new approach protects social programs without compromising our fiscal integrity. The new approach invests in golden opportunities to grow our economy, attract new investment, create new jobs and generate new revenues that will pay for stronger social programs in years to come.

Our focus is on protecting the future of Newfoundland and Labrador, and nothing we do this year will compromise that. In fact, we will be able to look our children and grandchildren in the eye and tell them we made the best choices in difficult times, we did it to protect all Newfoundlanders and Labradorians, and their province is stronger because we did.

Ours is a two-pronged approach: protecting people and social programs while advancing opportunities for new growth. As the Premier stated in his State of the Province address in January, we as a government are prepared to take initiatives to create new investment, new opportunities and new jobs in Newfoundland and Labrador. We are investing in economic development and job creation, despite our fiscal circumstances, because job growth means revenue growth, and that in turn means more money for health care and education.

We promised a new approach, and we are delivering on that promise.

We promised to protect the most vulnerable people in our society - our seniors, children, students, the disabled, the unemployed and the working poor - and we are delivering on that promise.

We promised to put our social programs on a secure, sustainable footing so they will be there when people need them, and we are delivering on that promise.

We promised to invest in infrastructure and new opportunities for diversification, and we are delivering on that promise.

We promised good government, transparency and accountability, and we are delivering on that promise.

We promised to get the province’s fiscal house in order to protect our people and their social programs from serious threats, and we are delivering on that promise.

We are taming the fiscal tiger while at the same time we are preparing to unleash an economic tiger that will bring prosperity and opportunity to communities and people throughout Newfoundland and Labrador.

This year’s budget is a foundation for optimism. It is the foundation for hope.

We have set our sights high and will settle for nothing less than the best that can be achieved through hard work and an unshakable belief in ourselves. That is the new attitude - the new approach - and that is what is going to turn opportunity into prosperity for Newfoundland and Labrador.