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| **Province** | **Législature/Legislature** | **Session** | **Type de discours/Type of speech** | **Date du discours/ Date** | **Locuteur/Speaker** | **Fonction du locuteur/ Function**  | **Parti politique/ Political party** |
| Terre-Neuve Labrador/ Newfoundland Labrador | 47 | 4 | Discours du Budget/ Budget Speech  | 30-04-2015 | Ross Wiseman | Minister of Finance & President of Treasury Board | PC |

**BALANCING CHOICES**
**FOR A PROMISING FUTURE**

Newfoundland and Labrador is proudly demonstrating the degree to which a province can transform itself in little more than a decade. Through wealth generated primarily by our offshore oil sector along with successful negotiations relating to the Atlantic Accords, Newfoundland and Labrador became a "have" province for the first time since Confederation. Applying these newfound revenues strategically to sustained investments in health care, education, infrastructure, debt reduction and new opportunities, we have built a rock-solid foundation sturdy enough to sustain growth for generations to come. In fact, Newfoundland and Labrador has never been stronger than it has become during this decade of transformation. On a wide range of performance measures, Newfoundland and Labrador has been among the **leaders of growth** in Canada.

But we have not yet completed the transformation. Now that the foundation has been laid, the time has come to build upward. The time has come to raise the pillars of an economy durable enough to weather any storm. Already, we are weathering a storm that would be crushing us had we not made the choices that transformed this province over the past 10 years. Still, we know we are capable of becoming even stronger. In this year's Budget, we are ready to lay out the plan that will make that happen. This Budget is about **the future**. This Budget is about what we are going to do next. With a new Premier, with a renewed vision, we are ready to be bold and innovative in tackling the challenges that remain.

In this year's pre-Budget process, we have been particularly thorough in evaluating our circumstances and weighing the **choices** we could make. We have listened with keen interest to the suggestions offered in pre-Budget consultations. We have consulted with experts, and we have deliberated at length. The time has come to choose. So today, I will outline some of the new ways we will address the challenges before us.

In this first Budget of our new Premier's tenure, we also happen to be facing a particular challenge that, a year ago, no one saw coming. The precipitous, protracted and unpredictable decline in the global market price of oil and the parallel drop in the global market prices of mined **commodities** such as iron ore have shaken economies from Canada to Australia. No economy is unaffected by the impact. Different governments have made different choices. Today, I will announce ours.

The choices our government is making are grounded on one overriding principle, and that principle is simply this: ***what is in the best interests of Newfoundlanders and Labradorians***. We certainly look forward to hearing the choices of those who will inevitably criticize ours. But it is not enough to simply criticize our budget choices or criticize the financial position of the province. Our detractors must outline their alternatives. We are confident that we have struck a responsible balance that protects people's frontline services, safeguards economic activity and jobs, and serves the best interests of Newfoundlanders and Labradorians, both now and tomorrow. That is why we have entitled this Budget "Balancing Choices for a Promising Future". Our government is acutely aware of our duty, not only to protect the tremendous progress our province has achieved over the last decade, but also to prepare our province to take advantage of the prospects we have on the horizon.

Let me begin by speaking, not about the immediate, short-term fiscal challenges we are facing, but about the new approaches we are taking to build a stronger province for the long term. The short-term challenges are just that - short-term; temporary; transitory; finite in duration. We will get through them, just as we have gotten through the challenges of the past. Recall the global economic downturn of 2009. We endured it, we survived it and we are stronger because of how we managed it. **Long-term principles** are guiding stars that lead us through challenging times and ever upward to higher goals. Today, I will outline eight new principles that will guide us in the next phase of our journey of transformation and growth.

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**EIGHT LONG-TERM PRINCIPLES**

**1. We Will Cultivate a Culture of Cost Management**
Our first new approach is this: we will launch a process to overhaul our existing program and service delivery model in order to contain expenditure growth. This renewed approach to fiscal management will be applied to all government departments and agencies. Our Premier has asked me, as President of Treasury Board, to lead this process.

Soon, we will appoint an external consultant with the expertise to examine the structure of the provincial government and its agencies for efficiency improvements. This consultant will help us answer questions such as: Why does it cost 45 per cent more in this province than in certain other jurisdictions to deliver the services people need? To what extent is it related to our dispersed and aging population? And, how can we innovate to deliver those services more effectively?

We are going to work with our employees throughout the system to cultivate a "culture of cost management". We have no interest in unleashing a series of cost-reduction exercises that cannot be maintained. We opt instead to cultivate an approach that is sustainable, progressive and continuous. In everything we do as a government, we must ensure that the people of the province are seeing top value for the tax dollars we are spending to serve them.

**2. We Will Refocus to Strengthen Health Services**
Our second new approach regards health care. Health care spending right across this country is growing at an unsustainable rate. We know there are better, more efficient ways to deliver health care service. There are choices we can make that will shift greater focus and attention toward frontline health care services that people need. We are going to consolidate key administrative support services in the provincial health care system to find efficiencies, economies of scale and better value for our money. This will allow regional health authorities to focus on their core business which is the provision of high quality health services to the people of our province.

The province currently has four regional health authorities employing approximately 20,000 people. Their primary function is to deliver health and community services to Newfoundlanders and Labradorians. We do not intend to reduce the number of authorities. The regional health authorities each have separate administrative services, such as purchasing, supply chain management, human resources, information management and information technology. By consolidating administrative functions among regional health authorities, we will find greater efficiencies and promote better value for our money. Further, the Newfoundland and Labrador Centre for Health Information, which was initially established to provide a comprehensive province-wide health information system, also carries out similar administrative functions as the regional health authorities. By bringing together the functions of the Centre with the administrative functions of the regional health authorities, we will create a new stand-alone shared service organization. Through this move, we will be positioned to have a single organization with a focus on supporting those who deliver health services through the provision of essential administrative functions, information and analytics. Consistency and better alignment of these functions will support us in transforming the health care system and support regional health authorities in strengthening their focus on patient care.

**3. We Will Ensure Trades Education is Industry-Driven**
Our third new approach is this: we will overhaul our approach to trades education by working with College of the North Atlantic to develop a new strategic vision and direction that is opportunity-driven and industry-driven.

No one would disagree that it would be reckless to train people for jobs that do not exist or to fail to train people for jobs that are about to open up. Recognizing this, our government in 2007 moved forward with the recommendations of our Skills Task Force to match people and programs to labour force needs. Thousands of people have been able to take advantage of emerging opportunities thanks to the education, the workforce skills training and the certifications they received on our watch.

We will work with the College to ensure it serves students and employers more effectively while delivering programs more efficiently. We will focus on creating centres of excellence in specific disciplines, and we will follow up on these decisions with investments to ensure our College is even better at what it does. Students will benefit. Employers will benefit. Our economy will benefit, and Newfoundland and Labrador will be even better positioned to capture new opportunities about to emerge.

**4. We Will Develop an Attrition Plan**
Our fourth new approach is to develop an attrition plan that will enable us to strategically right-size our public service and ensure the Government of Newfoundland and Labrador continues to be an employer of choice for talented young people seeking an active role in facilitating the growth of our province.

Every year, hundreds of people leave the public service, either to retire or to seek employment elsewhere. Some of the jobs they leave must be staffed because the positions are key to effective service delivery, particularly in sectors such as health care, education and public safety. Currently, our province has a relatively large public service per capita in the national context. The total number of employees in the entire public service, including core government departments as well as agencies, boards and commissions, is over 46,000. This represents 19.3 per cent of total employment of the province. As we find ways to more effectively deliver programs and services, we will achieve efficiencies through a streamlined public service. On an annual basis, only a fraction of newly vacated positions need to remain unstaffed in order to successfully transition to a smaller public service. The provincial government will use attrition as a tool to minimize layoffs and manage the size of the public service, while at the same time reducing negative consequences for our economy. Our attrition plan, which I announced on April 27, will enable us to reduce the size of our public service in a gradual and measured way with minimal disruption to our employees and without compromising the services our government provides to the people of Newfoundland and Labrador.

As the attrition plan unfolds and public service employees retire and resign, we will continue to focus on building capacity and stability in our public sector workforce by focusing on attracting young, talented, well-educated individuals to join our public service.

Our approach will minimize the negative impacts on consumer confidence and the uncertainty that would arise from extensive layoffs. It also prevents the loss of young professionals having the least seniority but tremendous potential. This approach will encourage and support such employees to foster a career in the public service. A vibrant and rejuvenated public service supports an important consumer base in our economy and ensures that people with the right skills and experience are in place to provide public services in the future.

**5. We Will Adopt Longer-Range Infrastructure Planning**
Our fifth new approach is this: we are ready to take an even longer-range approach to infrastructure planning.

When we first came to government just over a decade ago, the magnitude of the infrastructure deficit we inherited was truly staggering. As we proceeded with an infrastructure strategy, we were cognizant of the fact that some of the facilities we had were well past their best-before date and in real danger of crumbling, so we knew we might need to adjust our priority list according to emerging needs. But here we are a decade later, with an incredible amount of infrastructure work completed and a solid portfolio of new and improved highways, health care facilities, schools, recreation centres and other facilities to show for it. There is always more to be done, but we are in a much stronger position now than we were in 2003. We are better able now than before to set our sights farther out and plan across multiple years for facilities that will serve our needs far into the future.

Having invested nearly $6 billion in infrastructure projects over the past 11 years, we can afford to pull back a little until oil revenues have rebounded. Therefore, we have chosen to reduce capital spending temporarily and slow the pace of some infrastructure work over a period of time. Some infrastructure projects will be paused, while others will proceed as planned. If there is a better approach to a project that will help us accomplish more in the long run, it makes sense to adjust course now. That is what we will do. We are bringing forward a long-range investment schedule that will enable us to plan expenditures well into the future and ensure we meet our needs.

Even though we are slowing the pace, we will still be investing heavily this year in priority projects by allocating more than $660.8 million for infrastructure that will strengthen communities, support economic activity and create long-term prosperity for the province.

**6. We Will Focus on Regional Clusters**
Our sixth new approach is this: to a greater degree than ever before, our approach moving forward will be to promote regional clustering for the purposes of economic development and the delivery of services.

The best source of economic stability for a region is a group of anchor industries that build on the particular strengths of the region. Some regions are thriving in agrifoods, others in fisheries and still others in tourism. We can help to strengthen those industries while attracting others to the region to diversify the economic base. The services and facilities we provide can contribute to the economic viability of the region, helping us to attract and grow investment. Communities in a region can contribute to the region's strength by sharing services and partnering to achieve gains that they may not be able to achieve by working alone. We will build on our investments in roads, schools, recreation, health facilities, potable water, broadband and emergency services in ways that will strengthen and diversify our regions, grooming them for new growth.

One of the most significant initiatives we are unveiling this year is the new Community Sustainability Partnership. This partnership, announced on April 29, provides new sources of funding for municipalities, Inuit community governments and local service districts. Building on the strong support and significant investments our government has made in communities over the last decade, Budget 2015 investments will further ensure a strong and sustainable future for our communities and the regions they anchor. These investments will grow in the next two years, and we will reap the returns long after that.

We will share gas tax revenue with our municipalities and Inuit Community Governments beginning in Budget 2015. We will also provide a partial rebate of the provincial portion of the HST to municipalities, Inuit community governments and local service districts beginning in January 2016. Effective January 1, 2016, they will receive a rebate of 25 per cent of the provincial portion of the HST, and the rebate will increase to 57.14 per cent effective January 1, 2017.

Through the new municipal operating grant formula, announced in 2013, and the increased annual investment provided for in 2014, over 80 per cent of our municipalities received an increase in operating grants and none saw a decrease. Responding to the need for predictability in this funding so that communities can plan ahead, Budget 2015 provides a three-year commitment to municipal operating grants, at the $22 million annual investment level.

We are also enhancing accountability structures so that we can ensure these new funds do not displace current levels of investment by our municipalities, but instead are used to respond to areas the public identified during consultations as needing improvement, such as drinking water.

The review also recognized that funding alone will not address all the needs of our communities. Smaller municipalities, in particular, need operating assistance with their drinking water systems and help understanding what they need to do regarding the new federal wastewater regulation. Three regional service boards will implement regional water and wastewater operator services from October 1, 2015 to March 31, 2019 targeting a pilot group of communities that meet certain criteria. Through this investment of approximately $1 million over the 3.5-year pilot, these operators will provide assistance and advice to help build capacity in these communities. To further assist our communities in the area of clean and safe drinking water, a consultant will be engaged to focus exclusively on solutions to reduce the number of boil water advisories in our province.

In addition, we will create an advisory committee with representatives from social and economic sectors to explore the potential for a new regional governance structure. In late 2015, informed by the work of this advisory committee, we will begin consultations on a potential new model for governance in our municipal sector that could further assist in achieving sustainable communities and improve the services our local governments provide to the people of our province. Any potential new model considered must be one that celebrates the unique identity of our communities and our neighbourhoods and supports our existing local governments so they remain viable. This exploration is about regional collaboration to achieve efficiencies in service delivery that will reduce duplication and benefit all citizens.

We have been making progress in addressing infrastructure needs through our municipal capital works program, with key priority areas including improving drinking water and wastewater systems as well as recreational infrastructure projects. We are maintaining current cost-sharing ratios in Budget 2015, and also providing for a provincial investment of approximately $119 million in municipal infrastructure to complete new and ongoing projects under existing municipal infrastructure programs. In addition, in recognition of the need for continued investment in municipal infrastructure, and building on the three-year $200 million municipal infrastructure programs announced in 2014, our government is committed to a $175 million investment in new projects for the period 2017-18 to 2019-20. This is in addition to provincial funding that will be provided over the coming years to leverage federal funding under the new Building Canada Fund. These significant investments and levels of funding are enabling our communities to secure, develop and improve infrastructure and support long-term growth and sustainability.

**7. We Will Implement a Strategic Deficit Reduction Plan**
Our seventh new approach is this: when we encounter sharp revenue declines, as we are experiencing this year, with such a depth and severity that the government cannot compensate in a single year without inflicting grave damage on the economy, we will abide by a multi-year plan to ratchet that deficit down to zero, progressively, step by step.

We will set clear fiscal targets to measure our performance. Through multi-year planning of expenditures, we will be able to project the year that we will return to balance. If borrowing is required to cover programming expenditures, as it will be this year, then we will present a plan to repay that borrowed funding in a reasonable period of time once the province returns to surplus. These planning measures will give confidence to our lenders and bond rating agencies, as well as to our own citizens and businesses.

Because of the fiscal situation in which we find ourselves with oil revenues down, we will be able to put this new approach to the test beginning this year. With Budget 2015, we are laying out a five-year plan to return this province to surplus, while at the same time continuing to make prudent investments in key areas. This plan builds on the work our government has undertaken previously to make program and service delivery more efficient. To get back to surplus in a reasonable and predictable period of time, we will make the necessary expenditure reductions so our programs and services remain affordable while at the same time taking steps to ensure they are relevant and effective in meeting the needs of those we serve. In a new culture of cost management, we will constantly strive to provide better services for less money.

**8. We Will Establish a Generations Fund**
Our eighth new approach is this: as the Premier announced in a speech last Wednesday, we will establish a Generations Fund in which a percentage of the revenues we accrue from oil projects will be invested for future generations.

In this, we are following the lead of Norway, which established a legacy fund about two decades after its oil revenues began flowing. Having invested our initial years' worth of oil revenues in debt reduction and infrastructure deficit reduction, we will begin investing in the Generations Fund as soon as we return to surplus. We are developing and will bring forward legislation to establish this trust fund and define the parameters according to which revenues will be invested and managed. The Generations Fund will not be a contingency fund to offset annual deficits, but will be protected for use down the road by generations who do not have oil as a source of revenue.

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**THE REALITIES WE FACE**

Mr. Speaker, those eight principles are at the heart of the approach we will take this year to deal with the immediate challenges we face because of the global decline in commodity prices and the consequent impact on our revenues. We need to adjust our course accordingly to meet this new reality head-on, but we must be careful not to adjust the course so much that we create unintended negative impacts on our economy. We will safeguard the significant gains we have made over the past 10 years. We will do this best through gradual change to avoid harming the province's economic system. Prudent fiscal management demands such an approach.

We know the situation we find ourselves in is a temporary one. Oil prices are low now, but all the advice from experts tells us they will rebound.

Let us look in detail at the economic and fiscal circumstances we face, and our budget plan to deal with them.

**Economic Performance 2014**
As global commodity market conditions deteriorated through 2014, economic activity softened in Newfoundland and Labrador. Real GDP is estimated to have contracted by 1.9 per cent, driven by falling oil and mineral prices that weighed on exports; and employment contracted by 1.7 per cent as mining activity fell and development activity at Vale's Long Harbour nickel processing facility declined with the project progressing towards completion.

Provincial exports are estimated to have declined by about 6.6 per cent in 2014, due primarily to lower oil and iron ore production and prices.

Despite the fall in commodity prices and weakening economic conditions through 2014, other indicators continued to exhibit strength in the provincial economy, specifically, investment, consumer spending and labour compensation.

While the weakening of oil and mineral prices has delayed investment plans globally and provincially, capital investment in the province remained at very high levels in 2014. Investment is estimated to have totalled $12.2 billion last year, slightly lower than the record level of investment recorded in 2013. Total residential spending (including renovations) is estimated at $1.5 billion in 2014, a decline from the $1.7 billion recorded in 2013, but still high in a historical context.

Retail sales and spending on services also reflected the sustained strength in our economy that has evolved over the past decade. The value of retail sales increased by 3.4 per cent in 2014 compared to 2013. Growth in retail sales was broad-based with gains across most categories and continued demand for new motor vehicles. The number of new vehicles sold in the province was 35,440, on par with the record level sold in 2013. In addition to retail sales, expenditures on services also posted growth this year. Receipts of food services and drinking places increased by 2.9 per cent in 2014 compared to 2013.

While Newfoundland and Labrador was one of five provinces to record negative employment growth in 2014 and the provincial unemployment rate rose to 11.9 per cent, wages continued to rise. Average weekly earnings rose by 4.1 per cent in 2014 and, at $991, were the second highest among provinces, after Alberta. The increase in wages led to a 4.7 per cent gain in employee compensation for 2014.

**Economic Outlook 2015**
While capital investment expenditures are expected to remain high through 2015, with the winding down of development of several major projects, and the fallout from lower oil prices, Newfoundland and Labrador's economy is expected to enter a period of contraction in the coming years.

Even though iron ore and fish exports are anticipated to increase over 2014 and investment is expected to grow 1.8 per cent, real GDP is nonetheless anticipated to decline 0.3 per cent in 2015. Employment in Newfoundland and Labrador is forecast to decline 1.5 per cent in 2015 and the unemployment rate is expected to rise to 12.4 per cent due to lower employment levels.

Lower employment will curtail income growth. Household income is forecast to increase by just 0.2 per cent in 2015. Lower income is expected to lead to lower consumer expenditures and a 0.3 per cent decrease in retail sales.

**Economic Outlook 2016-2020**
From 2016 to 2018, economic growth is expected to be curtailed by declines in capital investment as a result of major projects progressing past peak development. Beyond 2018, though, strong economic growth is expected to resume. Real GDP in the province is forecast to grow by 4.1 per cent in 2019 and 5.1 per cent in 2020.

Despite an overall decline of 1.5 per cent in employment between 2015 and 2020, the unemployment rate is anticipated to fall from 12.4 per cent in 2015 to 12.1 per cent in 2020.

Development of major projects has been a significant source of economic growth over the past several years. As development winds down and projects move toward the production phase, there is often a lull in economic activity, particularly in a relatively small economy such as Newfoundland and Labrador. However, once the production phase commences it usually marks the beginning of an upturn in economic growth. Such is the expected evolution associated with the Hebron offshore platform, the Muskrat Falls hydroelectric project and the Long Harbour nickel processing facility over the coming years. Capital investment is anticipated to decline every year from 2016 to 2018 in keeping with this scenario, reaching a low point of $8.5 billion in 2018. However, the production benefits from all these projects are expected to be fully felt by 2019. Capital investment expenditures in Newfoundland and Labrador are anticipated to reach $8.8 billion in 2019 and $9.6 billion in 2020.

**Fiscal Review 2014-15**
A year ago, Budget 2014 forecast a deficit of $537.9 million for the 2014-15 fiscal year. Since that time, lower projected gross expenses of $385.2 million were not able to offset lower total revenues of $771.4 million, the result of the precipitous decline in the price of Brent crude oil, resulting in the forecast deficit increasing by $386.2 million to **$924.1 million**. Net debt for the year is projected to increase by $1.175 billion.

The Brent oil price averaged $83.47US per barrel, down $21.53US from $105.00US forecast at Budget 2014, partly offset by a lower than expected Canadian dollar. Production was also lower than expected by 8.27 million barrels. This combination of lower price, exchange rate and production resulted in offshore royalties being lower by $830.2 million, 35 per cent lower than initially forecast.

Also, compared to Budget, there is a downward revision to mining taxes and royalties of $5.8 million, primarily because of the global downturn in the iron ore industry. These lower resource revenues were partially offset by improvements in other revenues such as Personal Income Tax and the Offshore Revenue Fund. Overall, revenues were 10 per cent lower than budget.

**Fiscal Forecast 2015-16**
Budget 2014 set out, in the three-year fiscal outlook based on oil prices expected at that time, a forecast for a return to surplus in 2015-16 and 2016-17. This plan was based on a price for Brent crude of $105US per barrel for 2015-16 at an exchange rate of $0.9125. After trading as high as $115.19US per barrel in June 2014, the Brent price began a precipitous and unpredictable decline to reach a low of $45.13US in January 2015, before recovering to over $60US today.

All forecasters agree that an oil price recovery is coming. However, there are differing views on the speed and extent of this recovery.

That is why, when deciding on our oil price forecast, the provincial government relied on 11 forecasters. In fact, one of the 11 forecasters provided a composite average of another 26 individual forecasters. This provided us with a broad sweep of views. These forecasters covered a cross-section of banks, public forecasters and private subscription forecasters.

Understanding the risk associated with oil price forecasting, the provincial government set its budget oil price assumption approximately one dollar less than the average of all oil price forecasts. We are budgeting, in US funds, $62 a barrel in 2015-16, $71 in 2016-17, $80 in 2017-18, $84 in 2018-19, $87 in 2019-20 and $90 in 2020-21.

Oil production is expected to be 2.42 million barrels higher than last year at 80.32 million barrels. The combination of a lower price but also a lower exchange rate and higher production will result in offshore royalties being $355.8 million lower than last year.

Total revenue forecast for 2015-16 is $6.976 billion, which is a reduction of $1.558 billion from the $8.534 billion estimate made last year. Partly offsetting this decline is $435.7 million in lower gross expenses, reduced from $8.506 billion last year now to $8.070 billion, for a net change of $1.122 billion. Instead of a $28.5 million surplus in 2015-16, based on previous oil price expectations, the new reality of lower oil prices this year results in a deficit forecast of**$1.093 billion**.

Compared to 2014-15, total revenues for 2015-16 will be $11.5 million higher, which will partly offset higher gross expenses for public services of $180.8 million. Year-over-year growth in gross expenses is held to 2.3 per cent; however, when you consider only program growth, excluding debt servicing, growth is 1.4 per cent. In addition, gross expenses for 2015-16 are 5.1 per cent less than forecast in Budget 2014.

Growth in program expenses comes in large part from expenditure pressures that reflect normal operations, including inflationary adjustments, annualization of prior year initiatives and expenses associated with demand-driven programs. Collective agreements with public sector workers also contribute. Decisions by the government to control expenses, enhance public services, respond to public consultations and undertake policy initiatives in the public interest also factor into program expenses, and these are outlined in more detail throughout the Budget.

New revenue measures contained in this Budget augment revenue by $122 million in 2015-16, $254 million annualized. Significant revenue improvements this year include $225.2 million in Corporate Income Tax because of less negative prior period adjustments, and $49.1 million in additional mining revenue flowing from Voisey's Bay.

Net debt is projected to increase by $1.268 billion this year. The borrowing requirement this year is expected to be $2 billion, and we expect to borrow $4.85 billion over the next four year period. This will allow us to continue to make strategic investments in Nalcor, focus on infrastructure spending and eliminate the liability we face with our public sector pensions. We are also responding to the expressed interest of Newfoundlanders and Labradorians to maintain strong public services.

It is important to note that investments in **Nalcor** will be paid back to the Government of Newfoundland and Labrador by 2025, and the province will continue to receive annual cash dividends.

Investments in **infrastructure** will result in continued improvements in education, health, municipal infrastructure and transportation for generations to come.

Investments in **pension reform** will reduce the province's liabilities and will improve net debt.

Upon our return to surplus, we will put a plan in place to deal with this debt.

Nalcor will repay their debt and our investments in infrastructure today will stand the test of time for future generations. As for the borrowing as a result of pension reform, when we return to surplus, we will set out an immediate plan to repay that debt over 10 years. This administration's borrowing is on par with historic levels. As well, interest rates are at an all-time low.

When we look back at the history of our province over time, the cumulative borrowing totalled $6.78 billion from 1988 to 2004, that's an average of $399 million per year. If that level of borrowing had continued, borrowing would have totalled $4.4 billion over the 2005 to 2015 period. However, in reality, borrowing over that time frame was much lower - less than half at $2.1 billion.

Debt expense to revenue, debt expense to gross expense and debt expense to GDP have been consistently lower than pre-2003 levels.

Our borrowing plan is short-term and is an investment in our future.

One of our key commitments is to maintain a competitive tax regime that supports economic growth. However, faced with lower offshore revenues from the decline in the oil price, and the need to balance our response between the components of our fiscal plan, revenue enhancement has to be part of the solution to our current fiscal challenge. Other jurisdictions, including Alberta, have opted to address the sudden oil revenue shortfall by increasing revenue from other sources. We need to take a balanced approach to avoid the negative impacts that deep spending cuts would have on our economy.

***Harmonized Sales Tax***
The fairest means of raising additional revenue to compensate for low oil prices is through the Harmonized Sales Tax system. It is broadly based, so the burden is distributed over the entire population base. Sales tax increases are less disruptive to savings and investment decisions than income tax increases, and therefore have the smallest impact on future consumption and economic output. Furthermore, our HST system already has measures to ease the impact on low-income families.

Effective January 1, 2016, the provincial portion of the HST rate will increase by two percentage points from eight per cent to 10 per cent, raising the joint federal-provincial HST rate from 13 per cent to 15 per cent.

To mitigate the impact of these changes on low-income families, the provincial HST credit will be increased, commencing with the October 2016 payment. To ensure the rate increase minimizes impact on low income individuals and families, the HST credit is being enhanced to offset the additional amount of HST paid. The government is increasing the value of the credit to $300 annually per adult and $60 for a qualified relation. There will also be an increase in the income threshold from $15,000 to $30,000, meaning that the number of eligible families will increase from approximately 58,000 to 126,000.

We are also renewing our commitment to maintaining the Low Income Tax Reduction, introduced in 2005. These measures will mean significant relief for low income individuals and families living in Newfoundland and Labrador.

***Residential Energy Rebate***
The Residential Energy Rebate program, introduced in 2011 to help residents offset the rising price of fuel used to heat their homes, will be ending effective July 1, 2015.

***Personal Income Tax***
Effective July 1, 2015, to make the province's Personal Income Tax system more progressive, we are adding a fourth bracket for taxable income over $125,000 at a tax rate of 14.3 per cent and a fifth bracket for taxable income over $175,000 at a tax rate of 15.3 per cent.

These changes will maintain our competitive position of having the lowest tax rates in Atlantic Canada and will give us the third lowest top marginal rate in the country.

***Financial Corporations Capital Tax***
Effective April 1, 2015, the Financial Corporations Capital Tax rate, which applies to bank, trust and loan companies, is increased from four per cent to five per cent.

***Fees***
A number of fee changes will either increase some existing fees or implement a limited number of new ones.

***Cumulative Impact of Tax Changes Since 2006***
It is estimated that 2015-16 revenue will be $625 million lower than it would be based on the tax and fee structure that existed in 2006.

**Five-Year Fiscal Recovery Plan**
Budgets are a combination of a multitude of factors over which we have varying degrees of control. Some factors, like the price of oil, we cannot even influence, let alone control. Others, like our expenses - albeit many have essentially fixed-cost components to make possible the reliable delivery of public services - we can exert more direct control over. Budget preparation and fiscal planning requires a balancing of all the components by making the choices that will achieve a promising future for the province and the public we serve.

Our objective in the current oil price environment is to set out a balanced, responsible course that will return the province to surplus position while continuing to deliver public services and promote economic growth.

To achieve this, we have set out a Five-Year Fiscal Recovery Plan to return to surplus, commencing this year. We have taken a prudent approach to forecasting revenues and managing expenses. Our plan will see necessary borrowing over the next four years for investment, infrastructure, pension commitments and service delivery. At the same time our deficits will be reduced each year until we achieve a balanced budget in 2019-20 and a return to surplus in 2020-21.

The actions we are taking in this budget - attrition management, expenditure reductions and revenue generation - are necessary steps to put us on this path back to surplus. As well, at that time we will implement a savings program to invest a portion of the wealth from our natural resource developments in a generations fund to ensure our prosperity is shared and enjoyed by future generations.

**The Decision to Avoid Precipitous Cuts**
Some have suggested that the government should address its deficit dilemma by reducing expenditures as quickly as possible to match expenditures with current revenues. As I just noted, real GDP and employment are expected to decline by 0.3 per cent and 1.5 per cent respectively in 2015. With investment declining on major projects, both indicators are expected to decline until 2018. Were we to proceed with major spending reductions in the manner suggested by some, our economy would be much worse off. If the government were to close the expenditure and revenue gap using only expenditure cuts implemented proportionally over the next three years, real GDP and employment would be 1.3 and 2.2 percentage points lower respectively in 2015 alone. The cumulative impacts would be significant. By the end of 2018, when all cuts would be complete, real GDP and employment would be 4.2 and 6.8 percentage points lower respectively. This would create very unstable economic conditions locally.

To put the size of the potential economic downturn in perspective, during the economic upheaval of the 1990s, employment declined by 18,000 person years or 8.7 per cent between its peak in 1990 and the bottom of the economic crisis in 1996. In a cuts-only scenario, the size of the potential decline in employment from the historical peak of 242,700 in 2013 to the predicted low in 2018 could be as high as 35,000 person years or 14.4 per cent. A decline of 35,000 person years of employment is a scenario we are wise to avoid, and that is the reason we have chosen the more responsible path.

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**OUR EMERGING ENERGY ECONOMY**

Mr. Speaker, our government has **tremendous confidence** in the future prospects of Newfoundland and Labrador. We understand the potential that exists here, and we recognize the tremendous opportunities we must seize. We are leveraging our significant natural resources as well as supporting the strengths of an innovative business community that is competing in global markets.

For over a decade, our government has led the province in the responsible development of our energy resources, as outlined in our 2007 long-term Energy Plan. Through sound policy decisions, Newfoundland and Labrador is well on its way to becoming an energy powerhouse, generating wealth to pay down debt and finance health care, education and other vital services. We have shaped a culture that understands how to embrace an opportunity, negotiate globally and achieve prosperity. We are preparing a renewal of our**Energy Plan** that will build on the foundation of our province's first Energy Plan.

**Nalcor** is managing energy projects on our behalf, and positioning the province as an internationally competitive player in the resource sector. Our energy company is commercially focused to meet its shareholders' expectations. Those shareholders are the people of Newfoundland and Labrador. To be clear, we are building Nalcor to bring long-term revenue to the province. The equity interests that we currently have in our oil and gas projects, and the stakes that we will have in future projects, will significantly increase our returns, over and above what we would receive by taking royalties only. Our approach here is neither novel nor radical. Today, over 80 per cent of the world's oil and gas reserves are controlled by state energy companies. We need only look to Norway and see the success it has achieved through its state-owned energy company, Statoil.

The long-term potential for the **petroleum industry** in Newfoundland and Labrador remains strong. The world needs new supplies of oil, and the province is well positioned to meet that demand. We have world-class producing projects and highly prospective frontier basins. We are ideally located between major energy markets, and have a stable, low-risk environment for investment along with a competitive fiscal regime.

The foundation for developing our future based on our energy warehouse is in place, and the benefits will be maximized for the people of the province. We are doing just that by supporting a series of strategic developments that will contribute to the **future growth** of the oil and gas sector and the provincial economy. In 2014, we saw successful Calls for Bids which resulted in a $559 million commitment to exploration in the Flemish Pass Basin. We celebrated an increase in reserves for the Hibernia field to an estimated 1,644 million barrels of oil.

We just recently welcomed a **new land tenure regime** that is propelling the province's offshore industry forward. That regime reflects the best practices of leading exploration jurisdictions and the input of stakeholders. The new regime means transparency and predictability for companies interested in doing business in our offshore industry.

We are continuing to expand and find new resources offshore. We are raising awareness of our oil and gas potential through **seismic work**, which is providing us with a better understanding of what lies beneath our offshore subsurface. This work is attracting the attention of the global oil and gas industry. We have acquired new modern broadband seismic data for 80,000 square kilometres of land that is available for licensing, while we are also host to more than one million square kilometres of offshore acreage - comparable in size to the Gulf of Mexico.

But oil and gas is only one part of our energy future. The Muskrat Falls Project, now in its third year of construction, will provide us with clean, renewable energy, a link to North America's grid, and the ability to export power to markets outside the province. We are developing one of the best **hydroelectric projects** in North America at Muskrat Falls, and have our sights set on its larger neighbour, Gull Island. With these projects, we will assume our new role as a major electricity provider in the North American marketplace. Billions of dollars in new revenue will be generated and, unlike oil and gas, this resource will flow forever. Anytime it rains or snow melts in west-central Labrador, Newfoundlanders and Labradorians will make money.

We must also not forget about the crown jewel of our energy warehouse - **the Upper Churchill**. The year 2041 is not that far away and, while we are not reaping the full benefits of this project today, Nalcor is ensuring that, through strategic capital investments, this asset will still be a world-class generating station in 26 years' time.

To be clear, Nalcor will bring **long-term revenue** to the province. In 2015-16 the government will put an equity investment of $760 million into Nalcor.

Government's last equity injection in Nalcor will be in 2017-18. Over a total investment period of 10 years, the provincial government will have invested $3.1 billion in Nalcor. Every penny of **that money will be returned to the province** by 2025-26. From that time on, the dividends continue to increase for Newfoundlanders and Labradorians.

The benefits to Newfoundland and Labrador of our energy industry are not just monetary. We are also building expertise and an international reputation for excellence. Our offshore oil and gas industry is advancing with Newfoundland and Labrador-based - and often homegrown - **harsh environment research expertise and technology** that are second to none. Newfoundland and Labrador has become synonymous with offshore oil and gas exploration and production in challenging environments.

We are making the most of our strategic location on international shipping lanes and northern sea routes, our accessible ports, our strength in cold ocean research and development, and world-renowned expertise in Arctic-like conditions. Under the **Arctic Opportunities Initiative**, demonstrating the province as "The Path to the Arctic", building capacity and fostering economic growth and business opportunities will remain important strategic directions. We are ready to facilitate partnerships and promote collaboration, environmental responsibility, sustainability and respect. Our goal is to continue working with industry, industry associations, academic and R&D institutions, Aboriginal organizations and all levels of government to create an environment in which all stakeholders can benefit from emerging opportunities in the Arctic and further attract global industry leaders.

**THE YEAR AHEAD**

Mr. Speaker, in the balance of this Budget address, I will announce specific investment decisions for the coming year, sector by sector. I will group these sectors generally into four categories: health, safety, education and opportunity.

**Health**
Let us begin with **health**. Through the Department of Health and Community Services, we are allocating nearly $3 billion for innovative and strategic investments to support the health and well-being of residents across the province. This Budget continues our focus on creating a health care system that supports better health outcomes, provides better care and produces better value for our money.

**Long-term care and community support services** are essential components of our health care system. We recognize the importance of ensuring there is sufficient long-term care capacity to meet a growing need. As the Premier and Health Minister announced on Tuesday, we are going to engage with private and non-profit providers to build long-term care facilities in the western and central regions and on the Northeast Avalon. In addition, we are investing $700 million this year in long-term care and community support services, including personal care homes.

Throughout our province, awareness of the **mental health and addictions** challenges people face is growing. As a government, we are committed to ensuring effective programs and services are in place when people need them. This year's Budget includes a number of important strategic investments to increase access to programs and services that make a very real difference in the lives of many Newfoundlanders and Labradorians. For 2015, we have allocated $422,000 to provide youth outreach programs and services to vulnerable and high-risk youth. This includes funding of $202,000 for three youth outreach workers in the Labrador communities of Nain, Hopedale and Sheshatshiu, and $220,000 to Choices for Youth for youth outreach. To continue the Strongest Families Program, $300,000 is provided for families through a distance-coaching approach over the phone and online in the comfort and privacy of clients' homes, providing family-centred care to meet each family's unique needs. Annual funding of $114,900 is also provided for the creation of a provincial system navigator position, as identified in the Premier's Summit on Health Care, to assist patients and families in accessing mental health and addictions treatment across all areas of the province.

These investments will build on the other investments we have made in facilities and services in recent years to address mental health and addictions challenges. The Premier has been front-and-centre in recognizing that we need to work more strategically and collaboratively to ensure mental health and addictions challenges receive the attention they deserve. The Premier participated in the **mental wellness** event launched at Holy Heart High School some months ago. More recently, the government joined forces with the Opposition parties in the Legislature to strike an All-Party Committee on Mental Health. We all recognize that we need to bring this area of health care out of the shadows and find new approaches that will work more effectively.

Newfoundland and Labrador has among the highest per capita cost for health care delivery in Canada. We know that spending on the health and community services system accounts for approximately 40 per cent of the provincial budget. Costs associated with new equipment, new treatments, new medications and growing demands for services pose a significant challenge and, without a change in approach, health care will continue to consume an increasingly greater proportion of the provincial budget. For this reason, along with taking the measures I announced at the outset, we will continue to seek new and innovative high-quality approaches to delivering health and community services to the people of the province. A **renewed focus on primary health care**can help find ways to improve quality and access to services while reducing the cost of service delivery. We will also examine why our costs for health care are higher than other jurisdictions in Canada, and we will work to bring our costs in line with the rest of the country.

We will continue to advance the **Strategy to Reduce Emergency Department Wait Times** in Newfoundland and Labrador, with further investment of just under $1 million in Budget 2015. We remain committed to providing timely access to care, and our emergency departments represent one area where our continued focus is of the utmost importance.

Other health initiatives we will advance this year include continued investment in the **Provincial Home Support Program**, which enables thousands of eligible individuals who require assistance with daily living activities to remain in their own homes. Last year, more than $170 million was invested to provide home support to approximately 9,000 seniors. Budget 2015 will see this total investment increase to almost $180 million.

The Budget also includes $2.6 million to implement **new drug therapies** under the Newfoundland and Labrador Prescription Drug Program. We are also investing $172,800 to add the Rotavirus vaccine to the Provincial Vaccine Program. This vaccine protects infants from gastrointestinal illness, which can lead to severe illness and hospitalization.

Since 2004, we have invested approximately $1.5 billion in **health care infrastructure** for new facilities, repairs and renovations to existing facilities and new equipment. In a province of more than 500,000 people, there are 15 hospitals, 23 community health centres, 119 community clinics and 23 long-term care facilities. Through the Department of Health and Community Services, we are investing a total of $133.7 million this year in strategic initiatives to ensure access to new and modern health care facilities and equipment for Newfoundlanders and Labradorians. This includes funding for the new long-term care facility in Carbonear; redevelopments at the Health Sciences Centre in St. John's; continued work on the replacement of the Western Memorial Regional Hospital in Corner Brook; continued construction of an extension to the long-term care facility in Happy Valley-Goose Bay; redevelopment of the Central Newfoundland Regional Health Centre in Grand Falls-Windsor; and development of a new health centre in Springdale.

We are also continuing to work on the protective care residence at Burin and the installation of a PET scanner at the Health Sciences Centre.

The Premier established the **Department of Seniors, Wellness and Social Development** in September 2014 in an effort to realign divisions within the government to focus more clearly on emerging issues such as our aging population and the need for overall wellness, and to help ensure all citizens are able to contribute to, and benefit from, our economy.

The **focus on seniors** acknowledges a changing reality in Newfoundland and Labrador - an aging populace - and the opportunities and challenges that brings. Our government is committed to helping older adults to remain healthy, active and engaged citizens, living in their own homes for as long as possible.

Mobility is one of those challenges. This year, we are investing $400,000 for age-friendly transportation services. Another challenge is housing. This year, we are also investing $104,000 to support the continuation of a Rent Supplement Pilot Project, through Newfoundland and Labrador Housing, which provides rental subsidies to eligible applicants (primarily seniors and persons with disabilities) who wish to remain in private sector rental accommodations.

Our government is continuing its efforts to promote and improve the overall **wellness** of the province's population, from birth to senior years, through initiatives that provide support and reduce barriers to healthy, active living. We are linking people focused on healthy living with others who are working to increase physical activity, recreational opportunities and sport development. We see the work they are doing as a continuum, and we are eager to create a forum in which we can work together to plan initiatives that will enable our people to become healthier, more active citizens - role models for generations to come.

We know our population has serious challenges when it comes to **healthy, active living** - not unlike many other jurisdictions. We all have a part to play in changing that.

This year, we will invest $5.9 million in community-based organizations and agencies, which are advocates for health and wellness and deliver key programs and services in our communities. We will also invest $2.2 million for initiatives, programs and projects focused on **healthy living, recreation and wellness**at the community level. We will invest $500,000 and seek to leverage additional funding from the private sector and the federal government to develop and implement a physical activity program for school-aged children. We will also invest $500,000 to promote healthy living initiatives that support breastfeeding, healthy eating, school health and smoking cessation.

**Safety**
A second priority, alongside health care, is **public safety**, which is among our highest priorities.

A key component of the child protection model for the Labrador region includes dedicated zone managers for the Innu and Inuit zones, and a collaborative approach with Aboriginal leaders and communities to improve planning and enhance service coordination and delivery. Budget 2015-16 reaffirms our commitment to ensure a more consistent presence of frontline social workers and greater interaction with families in the Community of Natuashish through the continuation of the **Community of Natuashish Service Enhancement Program**.The program consists of additional social work teams who fly in on a two-week rotational basis to support the permanent staff that live and work in the community.In addition, $475,000 has been allocated for six new frontline positions in Labrador in 2015-16. On a provincial level, government has now met the organizational commitment of a 1:20 ratio for social workers to caseload since the multi-year plan was announced in Budget 2012.

Our government is also allocating $278,600 to continue the **mentoring program** established in Sheshatshiu. Introduced in 2014, the program involves experienced child protection social workers from other areas of the province serving as mentors to new social workers to enhance decision-making and provide clinical practice guidance.

We will continue our**Foster a Future campaign** in 2015-16 through an investment of $150,000. Furthermore, in an effort to enhance support to foster families in our Aboriginal communities, we are adapting foster families training so that it is more reflective of Aboriginal communities and cultureâ€Ž.

Public safety is a priority in all areas of our province. In January 2015, our government demonstrated commitment to enhancing public safety through the creation of the **Premier's Advisory Council on Crime and Community Safety**. This Council will examine all aspects of crime in Newfoundland and Labrador and recommend new strategies to prevent and reduce criminal activity and enhance safety in the province.

We recognize that the face of crime in Newfoundland and Labrador is changing and, during the last five years, the province has seen an increase in the level of violent crime. Proper resourcing of our **provincial police forces** remains one of our government's top priorities. Over the past decade, we have invested more than $1 billion in support of policing operations and to ensure our officers are suitably trained and equipped to respond to daily demands. The Combined Forces Special Enforcement Unit - Newfoundland Labrador is doing tremendous work in curbing crime in our communities, and that work will continue. For 2015-16, we are providing approximately $3.5 million to the Royal Canadian Mounted Police to enable them to renovate and construct detachments in rural areas. Work will proceed on new detachments for Clarenville, Twillingate and Whitbourne.

Through ongoing and increased investments in policing this year's graduating class of Royal Newfoundland Constabulary recruits will be 31, the largest class since the inception of the MUN Police Studies Program. This will bring the total number of graduates to 254 since the first class was sworn-in in September 2005. And we will invest in an additional 10 new recruits this year.

Intimate partner and domestic violence is a very real and complex societal challenge impacting everyone throughout Newfoundland and Labrador. Our government is investing approximately $1.65 million this year and $4.7 million over the next three years for the establishment of a new **Domestic Violence Court** with extended reach. This amount includes $100,000 to enable us to work with stakeholders in Labrador, including Aboriginal communities, to develop a culturally and regionally tailored Domestic Violence Court model for Labrador.

In his 2013 report entitled, "Access to Justice - A Roadmap for Change", Supreme Court of Canada Justice Thomas Cromwell noted a strong need to improve**access to civil and family justice** in Canada, particularly for the most vulnerable in our society. Our government will invest almost $1.5 million in 2015-16 to improve access to justice for all participants in the court process in this province.

In 2015-16, a new judge will be appointed to the Provincial Court in Clarenville, new court officers will be hired in St. John's and Harbour Grace, and 10 video conferencing units will be replaced or installed within the **court system**.

Our government will continue to support the Legal Aid Commission in implementing outstanding recommendations of the Roil Review completed in 2014. Specifically, we will put funding in place to increase the tariff rate, which is the rate paid to private practice lawyers for the provision of **legal aid services**. The current rate will increase from $60 per hour to a maximum of $135. This will mark the first increase since the 1970s, and will ensure people entitled to representation by private practice lawyers receive enhanced access to legal advice. Funding will also be allocated to implement Phase II recommendations of the Roil Review.

Promoting public safety on our highways is another priority of our government. We also recognize that, in our province, especially on the Island portion, the moose population is a particularly valuable natural resource. We acknowledge that in our **Five-Year Moose Management Plan**, announced in April and supported by a $1.8 million investment over the next five years through Budget 2015. The plan is a coordinated, regional, scientifically based and balanced approach to managing the moose population while mitigating moose-vehicle collisions.

**Education**
A third specific area of investment, beside health and safety, is **education**.

This year, we are investing $926 million in a wide range of initiatives, such as the continued implementation of our **10-year child care strategy, Caring For Our Future**, as well as significant investments in our K-12 infrastructure. Caring For Our Future is now in its fourth year of implementation and has been tremendously successful in enhancing the quality, affordability and sufficiency of child care in our province. Since 2003, we have increased the number of regulated child care spaces by 70 per cent and we will continue to build on that momentum by investing an additional $3.2 million to continue the implementation of this strategy, bringing this year's budget to $45.7 million. This includes an additional investment of $1 million in the new voluntary Operating Grant Program, which was launched this past December and has had a very encouraging uptake from child care operators.

Our government also remains committed to the implementation of the **full-day kindergarten** program. Budget 2015 will invest over $10.5 million to ensure it is provincially implemented beginning in September 2016.

As we announced in this year's Throne Speech, we are proceeding with **K-12 curriculum renewal** in many areas, including English Language Arts, Science, Health, Social Studies and French programs. We will develop a 21st-century curriculum, employing methods that integrate innovative and research-driven teaching strategies, modern learning technologies and relevant resources and contexts, and focusing on learning skills that address the needs of a new generation of students. We will also convene a group of educational leaders to review Math performance.

Our government continues to support students with exceptionalities. Through the Newfoundland and Labrador Teachers' Association Collective Agreement, an **Inclusive Education Joint Committee** has been established to examine the opportunities and challenges with Inclusive Education and chart the best way forward. Budget 2015 will invest $500,000 which will provide approximately 100 extra student assistant hours per day to students in the provinces' schools. Through our work with our Atlantic Canadian partners, educators and support personnel throughout Newfoundland and Labrador will have access to a new online Autism Spectrum Disorder training program. Our government is committed to working with our community partners and supporting these initiatives to ensure we meet the educational needs of our students.

Beginning this year, we are implementing a **multi-year K-12 school infrastructure plan** to address both the shorter-term and longer-term needs throughout the province. Under the plan, we are allocating over $95 million for school infrastructure projects this year, including funding to begin planning for seven new major school infrastructure projects to address student population growth. We are committing to build new intermediate schools for Paradise and the Witless Bay/Mobile area. We will also begin the planning for a new high school in Paradise and three school extension projects in Conception Bay South, Clarenville and Mount Pearl. We are also allocating funding to begin planning for the anticipated significant population growth in Conception Bay South. Budget 2015 also allocates funding for:

* Seven modular classrooms;
* Ongoing school construction projects in Paradise, Conception Bay South, Mount Pearl, Virginia Park, Torbay, Portugal Cove-St. Philip's, Coley's Point and Gander; and
* The completion of the Waterford Valley High School in St. John's.

In addition to the infrastructure funding committed in Budget 2015, over $600 million has been spent on **K-12 school infrastructure since 2004**. This includes:

* 14 new schools that have opened;
* Eight more in various stages of planning or construction;
* 27 major extensions and renovation projects that have been completed, with 10 more underway; and
* More than 1,900 repairs and maintenance projects that have also been undertaken.

Overall, our investment in K-12 education will increase this year over last year, reflecting the high priority we place on the education of our children. But our investments in education do not end at K-12. More and more, our K-12 graduates need a post-secondary education to compete for careers. Our government's priority is to ensure that Newfoundland and Labrador students have access to high-quality post-secondary education at an affordable cost. We are proud of our record of investments in post-secondary education and we will continue to support students during these challenging fiscal times. Budget 2015 provides $12.6 million to follow through on our commitment to eliminate provincial student loans and replace these loans with upfront, **non-repayable grants**. This will enable Newfoundland and Labrador students to accumulate far less provincial debt during the course of their studies and have the lowest student debt in the country.

Approximately $20 million in Budget 2015 will go toward skilled trade development and a variety of initiatives to revitalize the apprenticeship system. Funding is being provided to **College of the North Atlantic** to continue with development of the laboratories in Grand Falls-Windsor that are important for the operation of the medical laboratory sciences program. Funding has also been provided to continue the tuition freeze for students at College of the North Atlantic.

The power to set tuition fees at **Memorial University** rests ultimately with Memorial's Board of Regents. For years, we have provided funding increases to Memorial with a desired outcome that the Board would hold the line on tuition fee increases. Those funding increases have totalled some $238 million. Memorial's tuition fees are now the lowest in the country, in many cases by an enormous margin. As our government moves to find efficiencies and savings throughout the public sector, we are asking Memorial to do the same and reducing its overall operating grant from the previous fiscal year by approximately $20 million. Through Budget 2015 the Provincial Government will continue to support a tuition freeze for Canadian undergraduate students at Memorial University and is providing funding to maintain that tuition freeze. As a result of this funding, tuition will remain the lowest in Canada.

**Opportunity**
Finally, a fourth area of public investment is the **promotion of opportunities** - opportunities for regional growth, for business growth and for personal growth through employment.

Budget 2015 includes over $185 million for **Poverty Reduction Strategy** initiatives designed to prevent, reduce and alleviate poverty, bringing the total investment in poverty reduction since 2006 to over $1.2 billion. Budget 2015 investments include over $25 million for early learning and child care initiatives designed to ensure all children have the opportunity to develop to their full potential; and also $12.2 million for the Low Income Tax Reduction Program, which represents a $1.1 million increase over last year.

Newfoundland and Labrador **Housing** will continue this year with the Home Modification Program, the Residential Energy Efficiency Program and a five-year extension of the cost-shared Affordable Housing Agreement.

Essential to promoting opportunity is inclusiveness. Our government is committed to building a more inclusive society, without barriers and where appropriate supports are in place so that all of our residents can avail of programs, services and opportunities to live meaningful, healthy, active lives. Close to 75,000 Newfoundlanders and Labradors have a disability. Almost 60,000 are over 15 years of age, and 60 per cent of this group is of working age between 15 and 64 years old. In 2015, we will release our three-year action plan to further guide implementation of initiatives under "Access. Inclusion. Equality. A**Strategy for the Inclusion of Persons with Disabilities**". Since its inception in 2012, this strategy has focused on enacting changes in policies, services, programs and attitudes so people with disabilities and their families have the same opportunities as everyone else.

This year, we will invest $400,000 for the **Accessible Vehicle Program**, which helps individuals with mobility disabilities to acquire or adapt personal vehicles for accessibility. This funding also includes $50,000 to help our province's taxi industry provide accessible taxis.

We will also invest $200,000 for **inclusion grants**, which help communities and organizations make their facilities and events more accessible. The grants will cover such projects as the installation of accessible washrooms, automatic doors and visual smoke alarms; the provision of accessible playground equipment; and the use of sign language services and captioning at events.

For communities, a fundamental ingredient needed to avail of opportunities for growth is infrastructure. I have already outlined many infrastructure investments in health, education and public safety, but there are others. Through Budget 2015, we are allocating approximately $204 million for investments in provincial **roads, bridges and other transportation infrastructure** in Newfoundland and Labrador. As part of this investment, we are allocating approximately $70 million for the Provincial Roads Program, which includes a number of multi-year projects, along with the continuation of brush clearing and calcium chloride dust suppression programs. Another part includes about $21 million for summer maintenance. A third part includes almost $55 million for winter maintenance, including annual snow-clearing, salt and sand, and seasonal equipment.

Through an allocation of approximately $13 million, we will advance work to upgrade **bridges** throughout the province. In addition to this, Budget 2015 provides just over $5 million to begin construction of the new Sir Robert Bond Bridge and approximately $21 million to continue the Placentia Lift Bridge replacement.

We are allocating over $86 million to provide **marine services** to 23 isolated communities. Our province's marine operation and ferry fleet are among the largest in the country, with 18 vessels that operate out of 42 ports. We are investing $13 million for renovations to wharf infrastructure associated with the two new ferries for Fogo Island-Change Islands and Bell Island. This year's budget also allocates just over $41 million as part of a total investment of over $126.7 million for the purchase of the new vessels.

In Labrador, we are also allocating $351,000 to continue the **Labrador Transportation Grooming Subsidy**, which maintains a quality winter snowmobile trail system connecting otherwise isolated coastal Labrador communities during the winter months.

The paving of the **Trans-Labrador Highway** represents one of the largest infrastructure projects ever undertaken in the province. The first phase, which spans almost 530 kilometres from Labrador City and Wabush to Happy Valley-Goose Bay, will be finished this summer through a Budget 2015 allocation of $5 million. Widening for Phase II and Phase III will continue to progress through a $50 million investment this year. These investments are in addition to the $510.7 million which has previously been invested in the project.

It is vital that we continue to promote and position Newfoundland and Labrador as a competitive economy, with recognized international strengths and advantages. We remain firmly committed to strengthening the business environment and developing innovative industries. Through Budget 2015, we are investing approximately $102 million in continuing tax credits and incentives for businesses, including the most recently announced Venture Capital Tax Credit.

Budget 2015 includes a commitment to continue **venture capital** funding to advance growth sectors like ocean technology, information technology, knowledge-based industries and business services with emphasis on export markets. The program builds on the existing business flexible loans and non-repayable investments that support diversification, increased productivity, skills development and export market access.

We remain committed to improving the global competitiveness of local companies, strengthening employment opportunities and driving economic diversification in Newfoundland and Labrador. Our role is to champion success and to help create a climate that allows business operators to prosper. With more than $44 million available through Budget 2015 to support start-up businesses, emerging growth sectors and regional development activities, we are securing sustained economic success for generations to come.

We recognize that innovation goes beyond the development of new and novel products and services. To meet these growing needs, Budget 2015 will introduce a new **Interactive Digital Media Tax Credit** to assist with employment retention and investment in this growing and dynamic sector. This credit will be applied to positions that are directly related to the development of interactive digital media products, such as game designers, programmers, artists and composers.

A total investment of approximately $4 million in equity investment and tax credit by our government will support the **new television series**, *Frontier*. It is estimated that every $1 in investment by the provincial government will result in $4 of production activity and $2.95 in direct spending. Approximately 165 full-time employment equivalencies are expected to be created in the province.

Tourism, culture and heritage are fundamental components of our government's continued focus on promoting economic growth and diversification. Between 2009 and 2014, non-resident visitation has increased by 22 per cent, while non-resident tourism spending has increased 36 per cent, reaching $491 million in 2014, the highest level of non-resident spending ever in the province. Our investments have led to an award-winning tourism marketing campaign that has been seen and recognized worldwide. To build on this momentum, Budget 2015 provides for a $2 million increase in the **tourism marketing budget**, bringing the total budget for tourism marketing to $13 million.

We are providing $500,000 to sponsor the **2016 Labrador Winter Games**, a unique event that occurs once every three years.

Budget 2015 also includes an investment of $420,000, as part of a $1.2 million multi-year plan, to preserve the province's **heritage assets**, which will include enhancements to the Point Amour Lighthouse Provincial Historic Site and improvements at sites in Trinity, the Bonavista Lighthouse, the Heart's Content Cable Station and Commissariat House. We are also working on visitor interpretation for the restored Colonial Building.

The **Mistaken Point Ecological Reserve** is home to fossils of the oldest creatures - in fact, the oldest complex life forms - found anywhere on Earth. Through Budget 2015, two additional seasonal interpreters will be on site at Mistaken Point to help make the experience of exploring and learning about these incredible life forms even more meaningful for visitors.

Through Budget 2015, we will provide nearly $12 million through such programs as Growing Forward 2, the **Agriculture and Agrifoods** Development Fund, the Provincial Agrifoods Assistance Program, the Land Consolidation Program, the Agriculture Research and Development Program and the Agricultural Limestone Program. We will continue to support the province's cranberry industry with an investment of $1 million.

Through Budget 2015, our government will provide over $30 million for silviculture projects, construction of resource roads for timber harvesting, forest insect and disease control, forest fire control measures, research and development and regional operations. Capital funding is also continuing for the multi-year water bombers project, which is providing support for the **forest industry** on which so many Newfoundlanders and Labradorians rely for employment.

Newfoundland and Labrador remains the only province in Canada to solely fund its own fisheries science research to help ensure future sustainability and success in the fishing industry. Since 2010, our government has contributed more than $15 million towards world-class **fisheries science initiatives**through the Marine Institute's Centre for Fisheries Ecosystems Research. This includes $2.6 million in Budget 2015 to continue the centre's work, including the charter of the Irish Marine Institute's research vessel, the *RV Celtic Explorer*, for a fifth consecutive year to conduct further research on our rebounding groundfish stocks, in particular northern cod. The vessel is due to arrive in St. John's next week in preparation for this year's research surveys.

Budget 2015 also provides $1 million for the **Canadian Centre for Fisheries Innovation** to conduct fisheries and aquaculture development activities, and includes developing technology that drives innovation and greater economic returns for our industry.

Since the **Fisheries Technology and New Opportunities Program** was first introduced, more than 280 projects have been supported for research and development into enhanced harvesting, processing and marketing techniques. Budget 2015 provides $1 million to continue this program, bringing total commitments under the program to approximately $14 million since 2007.

The province's fishing industry will benefit from the virtual removal of European Union tariffs aimed at our seafood exports. Once the **Comprehensive Economic and Trade Agreement**, or CETA, is in place, local producers will be able to take advantage of new markets to sustain local operations for a long time to come. We are counting on Ottawa to provide its $280 million share of a $400 million fisheries renewal fund so local operators can prepare to take full advantage of the opportunities ahead.

Budget 2015 allocates a further $2.8 million under the **Aquaculture Capital Equity Investment Program** to expand this growing and promising sector. An investment of nearly $1 million will also see the completion of a biosecure aquaculture wharf in Milltown. In addition, more than $1 million over the next two years will fund oceanographic research to support further expansion of the aquaculture industry, by expanding bay management through the identification of other locations throughout the province where growth in the aquaculture sector could mean new and sustainable opportunities for local residents.

Retailers in Labrador West have expressed concern that the difference in tobacco tax rates in this province and QuÃ©bec is hurting their sales across the board as consumers drive over the border to shop. We have no interest in promoting the sale of tobacco, but we have heard retailers' concerns about the impact this situation is having on their sales generally. Therefore, effective 12:01 a.m. May 1, 2015, tobacco retailers in Labrador West will be eligible for a rebate of a portion of tobacco tax.

Mr. Speaker, throughout **Labrador**, we are continuing to invest in our communities to improve infrastructure, health, education, wellness and other services while supporting economic growth and a sustainable future. By the end of this fiscal year, our government will have allocated a total of $5.5 billion in Labrador since 2004.

We will continue to provide funding to the Labrador and **Aboriginal Affairs** Office to help it advance its important work that includes our government's commitment to partnering with Aboriginal people, both in Labrador and on the Island.

This year, we are investing $43,000 to enable youth delegates from Labrador to attend the annual **Youth Council Convention**.

We are allocating $50,000 to continue the **Air Foodlift Subsidy** which helps offset air freight costs on fresh milk and perishable food items shipped to isolated Labrador communities.

We are also providing $100,000 in operational funding for the **Combined Councils of Labrador**.

We are committed to developing a **new strategic plan for Labrador** that will build upon our government's work since 2003 and reflect the changing realities in Labrador. We will engage with Labradorians once more to have them voice their opinions and ideas, and we will develop a new plan that meets the current realities, challenges and opportunities in Labrador head-on. We believe it is vital to consult with Labradorians at every step along the way, to help set future priorities for Labrador and to ultimately inform the development of a new strategic plan for Labrador.

And finally, we recognize that driving the growth of opportunities goes hand-in-hand with driving the growth of our population. One advances the other. Budget 2015 will support the implementation of the **Population Growth Strategy** to cultivate conditions favourable to increasing our province's population.

Our province's business community recognizes - as do we - that **fostering immigration** is essential for growing opportunity. Through our efforts in partnership with the Government of Canada, we have just announced a 250 per cent increase in our province's overall ability to nominate individuals to come to our province, bringing the total to 1,050. As we embark on the next phase of our transformation to a thriving renewable energy economy, we will be welcoming more and more people to join us in driving opportunity in our communities and making Newfoundland and Labrador their home.

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**CONCLUSION**

Mr. Speaker, from the northernmost reaches of Labrador to the southernmost coasts of the Island, we are proud of how far we have come since 2003. We are even more enthusiastic looking forward because the future of our province is brighter now than it has ever been, thanks to the choices we have made in the decade we have been in government. Some question the choices that have led us here, but the transformation is undeniable. What is also undeniable is that the major renewable energy resource projects at our doorstep will ratchet up Newfoundland and Labrador's benefits to a whole new level, **completing the transformation** and sustaining our newfound prosperity for generations to come. None of this happened by coincidence. We have raised our fortunes through deliberate choices and deliberate actions. This growth would not be happening were it not for the leadership we have demonstrated. Our choices are responsible for the fact that Newfoundlanders and Labradorians are better off today than ever before in our history.

If we stay the course we are on, even greater gains await within the next five years. If we abandon the course we are on, all bets are off. That is why the issue of choice is so important to our prospects for growth. They are inextricably linked. This year's Budget is all about choices - the choices we are taking now to lead us through the next phase of even greater growth. I have laid out the eight principles that we believe can best guide us forward to stronger, leaner, more responsible governance and better, more affordable services for our people. I have laid out a five-year plan to bridge the commodity revenue dip and get us back to surplus, step by responsible step. There will be no jolts to send our economy over the embankment. It will be a steady, responsible, measured plan that supports our economy and fuels the gains that will lead us forward. This Budget is about balance. It is about the future. It is about making the connection between the two, because it is only through **balanced choices** that a sustainable future is in our path. Shift too far in either direction, and the fine balance is lost. Newfoundland and Labrador will slide back down into the pit from which we have spent the past decade clawing up. It is imperative that we understand what is at stake when we weigh the choices before us. It is more important now than ever to choose wisely, for it is only the balanced choices that will unleash the promising future that we in our government see clearly before us. Our vision is 20/20, and the future we see so vividly before us is exceptionally bright. Let us not deny future generations the legacy to which they are entitled, but let us make the right choice for the children of Newfoundland and Labrador.