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Mr. Speaker; Once again it is my privilege as Minister of Finance to present to the Legislature and the people of New Brunswick the government's financial plans for the corning fiscal year.

In rising today to present the annual motion of supply, I think it appropriate if all members reflect on the great value of this parliamentary procedure. Although the budget is presented by the Minister of Finance on behalf of the government, it is the Legislature itself which is given the ultimate responsibility for authorizing the granting of supply. This procedure is designed to induce a full and vigorous debate; one which I knew all members look forward to each year with much anticipation. For my part, I welcome the opportunity to participate once again in this very fundamental parliamentary practice, which lam sure will be carried out in a responsible and zealous manner, to the credit of this assembly.

Economic Situation:

As a prelude to the budget presentation I wish to review the current economic situation and the outlook for the new year, so that my later remarks can be viewed in proper perspective.

The past two years, 1968 and. 1969, have been unusual ones from an economic point of view. Growth rates have been encouraging and there has been a general increase in prosperity and the material well-being of people. At the same time, however, the economies of the industrialized nations have had to cope with a growing amount of inflation. The unique quality of this inflationary factor became apparent when it failed to respond to the usual moderate government measures designed to reduce inflation. Because of the failure of traditional anti-inflationary policies, the rate of inflation reached the point where it began to slew down the real rate of economic growth in the North American economy, The persistent application of anti-inflationary measures has recently begun to show some signs of success in moderating demand, but inflationary pressures have nevertheless continued to rise. II: is apparent that we are no longer dealing with the simple and classical form of "demand-pull" inflation. Instead, a situation exists where inflation continues to persist in a moderating economy, which makes the problem a more difficult one to solve.

The cumulative effects of federal monetary and fiscal restraint over the past two years have net only begun to moderate excessive national demand they are also beginning to affect the economy of New Brunswick.

In 1967 the rate of growth in the provincial economy was 9.5 per cent of which 6.1 per cent was real growth, after making allowance for built-in price increases. In 1968 the growth rate was 8.5 per cent of which four per cent was real or price-discounted growth. In 1969 there was a slight drop with the overall growth rate expected to be eight per cent of which four per cent represents real growth. We can see from these figures that ever the past two years there has been a slight moderation in both the overall and real growth rates. At the same time the inflationary element in the overall growth rate has increased.

During 1969 economic advances were concentrated mainly in the first half of the year. Since then the economic growth patterns not only of New Brunswick, but of Canada and the United States as well, have changed considerably. The net effect will be that the leveling off in the second half of 1969 will erode some of the gains made earlier in the year. As a result, the economic outlook for 1970 will, in large part, be governed by the slowdown in growth in the second half of 1969. The year-end decline in the leading economic Indicators, such as the number of new housing starts and the value of new building permits issued, indicate not what the situation was last year, but what it may be like in the current year.

Looking back at 1969 our growth in total wages and salaries in New Brunswick was about 13 per cent. Personal income per capita increased by nine per cent to $2,065 from slightly under $1,900 in 1968. The total value of goods and services produced in the province increased, by eight per cent. In review, then, 1969 was on the whole a good but not startling year for economic improvement in New Brunswick.

The outlook for 1970, predicted on leading economic indicators, is one where the leveling off which began in the latter part of 1969 could well continue or become a slight decline.

The short-run outlook, conditioned by : two years of national anti-inflationary policies gives cause, for less optimism than in my previous forecasts. It is apparent now that federal restraints in fiscal and monetary .policy in both the United States and Canada are starting to take effect, but only slowly, so that restraint continues to remain a-federal policy and an economic force with which we must still contend. Fortunately for New Brunswick, however, it is no longer a nation-wide policy of restraint, but rather a regionally differentiated policy. I shall have-more to say on this matter in a few moments.

The actual forecast for 1970 is for a year of slower economic growth which should, in overall terms, amount to seven per cent, of which about three per cent will be real growth. This forecast is based on the assumption that the inflationary pressures in the country will have been reduced enough by mid-1970 to justify the easing of current restrictive policies, A similar growth rate is also predicted for the Canadian and United States economies although there is one school of thought which. predicts no growth at all in the United States economy during 1970. If, however, inflation is not checked later this year, it is more realistic to say that real economic growth in North America could be confined to only two per cent and total growth to about six per cent. Federal-Provincial Relations:

Mr. Speaker, these economic indicators and the outlook for at least the first half of 1970 could give cause for great concern in New Brunswick. I stress the word "could", for over the past several months there have been developments between New Brunswick and the federal government designed to stimulate this province's economy rather than to subject it to blanket national policies, as has been the practice in the past.

This government has expressed to the federal authorities our real concern over the possible effects on New Brunswick of restrictive economic policies laid down in Ottawa and applicable to the country at large, In our discussions with the federal government we have been forceful, consistent, and constructive in our suggestions,

At the meeting of Ministers of Finance in Quebec City last month, I expressed the concern of the New Brunswick government at the effects of national policies of restraint on our region of the country. It was my contention that the broad application of restrictive federal fiscal and monetary policies in all parts of Canada was neither necessary nor fair, especially to those who live and work in Canada's underdeveloped areas. It is those areas, of which the Atlantic Provinces are one, which contribute little to the nation's inflationary pressures, but which receive more than their share of the adverse effects which flow from a national policy of economic restraint.

In order to shield New Brunswick and similar areas from such adverse effects, this government suggested several steps which Ottawa could take to deal with our present economic conditions:

1. Cancel cutbacks in federal employment, and capital construction deferrals in areas of high unemployment;

2. Reduce the rate of interest on loans by federal lending agencies in the Atlantic Provinces and in other areas where it is warranted;

3. Reinstate the subsidy on wooden fishing boat construction, and

4. Instruct the federal Treasury Board that its directives to departments concerning cutbacks should specifically exempt areas of high unemployment.

At the recent meeting of Prime Ministers and Premiers in Ottawa, Premier Robichaud reiterated these points and the reasons why we in New Brunswick believe such selective policies are appropriate.

Interestingly, the communique issued at the conclusion of the first ministers' meeting said, in part, and I quote:

"... the Conference recognized that inflationary pressures were distributed unevenly across the country, and that some parts of canada were suffering from unemployment or lack of development as well as from inflation. In view. of this, it was recognized that anti-inflationary policies should be applied as far as possible in a way which would not add to the difficulties of regions which were experiencing high unemployment or economic problems."

This, Mr. Speaker, is a significant statement which bodes well for the economic future of New Brunswick.

This new attitude has also penetrated that so-called haven of independent and lofty thought, the Bank of Canada, which for years has refused to recognize the practicability or need for regional monetary policy.

In a speech delivered in Montreal early in February, the Governor of the

Bank of Canada, Mr. Rasminsky, said-and again I quote:

"In view of the length of the effort that has been and may continue to be required to fight inflation), I believe that this means that in addition to overall measures of restraint, we shall have to lay increasing emphasis on trying to develop selective policies=policies which are designed on the one hand to blunt the sharp edge of restraint on particularly exposed sections of the community and particular areas, and which are designed on the other hand to pinpoint the sources of inflationary pressure and try to deal specifically with them."

It now appears that the concept of regionally differentiated fiscal and monetary policies has been accepted as reasonable and equitable, and is being put into practice. That, Mr. Speaker, is something which our friends on your left were never able to do, despite all their castor oil speeches.

The implementation of short-term differentiated fiscal policies taken by Ottawa has been limited so far. Mr. Benson instituted the concept .of regionally-oriented fiscal policies in his budget a year ago, and I look foward with confidence to a greater application of that policy in the federal budget to be presented later this week.

As for monetary policy, the federal authorities have expressed their feelings to the banking system that credit restrictions in Eastern Canada should be eased.

Our discussions with Ottawa have also been successful in developing programs to assist in the long-term development of New Brunswick. As a result of the increased awareness en the part of the federal government of the unique economic conditions in areas such as the Atlantic Provinces, the Department of Regional Economic Expansion has been established and liberally endowed with financial resources and with capable officials to implement regional development programs.

Since the inception of the Department of Regional Economic Expansion, this government has had excellent relations with, and cooperation from Mr. Marchand and his officials, Both governments have over the past two years jointly assessed the problems New Brunswick faces and discussed the various approaches to them. Ottawa has implemented an effective industrial incentives program and New Brunswick was the first province to take advantage of it.

Within the next few weeks the governments of Canada and New Brunswick will officially embark upon a series of programs designed to bring in large amounts of federal funds to develop the province's social capital and economic resources. This will be the culmination of many months of planning and consultation between our 'two governments. It will be a positive demonstration of federal interest and concern for regional development on a long-term basis. It will also demonstrate the federal government's determination that the social and economic development of New Brunswick wiU not suffer because of national policies to fight inflation.

The injection of federal funds into the province will yield short-term benefits by providing employment in capital construction, and they will yield long-term benefits by developing a base of social and economic capital which will be attractive to new industrial enterprises.

Mr. Speaker, the assistance and support of the Department of Regional Economic Expansion will add greatly to the favorable outlook for the industrial and economic development of New Brunswick in the decade of the seventies.

Before I leave the subject of federal-provincial relations, I wish to comment briefly on another federal initiative which this government fully supports. I refer to the Prices and Incomes Commission which was established early last year.

The commission was formed "to discover the facts, analyze the causes, processes and consequences of inflation, and to inform both the public and the government of how price stability may be achieved." Since its formation it has had considerable success in securing voluntary cooperation to implement a concerted plan for an across-the-board scaling down of price and income increases.

The commission has always insisted that for such a plan to be effective it must have widespread acceptance among governments, businesses, trade unions and other economic interests.

Acceptance of voluntary guidelines has come from business and government, and I am hopeful, and confident, the labour unions will soon join this cooperative exercise.

For its part, New Brunswick, along with other governments, agreed to exercise as much restraint in spending, taxing and borrowing as was practicable without damaging essential services or retarding economic development. The budget I am presenting today takes that agreement into account.

Capital Financing:

Once again in the past year the capital markets, particularly in North America, were influenced primarily by the continued pressure of inflation. Although fiscal and monetary policies continued to be exercised to restrain demand, the search for capital went en at a high level. Capital funds were available t.o borrowers, but only at the highest interest rate levels experienced in the last century.

Statistics compiled by the investment community estimate that total provincial borrowing in the calendar year 1969 increased over both 1968 and the average for the last three years. Fortunately, New Brunswick was able to run counter to this trend so that our public borrowing in 1969 was restricted to one bond issue of S 10 million, compared to our average for the last three calendar years of just over $32 million. Our 1969 issue was denominated in United States dollars and placed in the European market, where interest rates tended to be lower than those prevailing in North America. It was well received and opened up what we expect will be an important new market for New Brunswick debentures.

Early in February of the current calendar year, we completed one issue of $8 million in the Canadian market.

In the current fiscal year we have sold $24.2 million of provincial bonds to the Canada Pension Plan Investment Fund. The average rate of interest on ow total borrowings to date in the fiscal year is 8.25 per cent. Of the authorized borrowing of $45 million for the current year we have to date issued just over

$42 million.

In May of last year the province and the New Brunswick Electric Power Commission sponsored a reception in New York attended by approximately 200 senior executives of investment institutions in the New York, Boston, Hartford, Washington, and Philadelphia areas. This was the first such reception held by the province in the United States and we feel that this attempt to make ourselves and our province better known to this segment of the investment community was very successful.

Looking ahead, it is difficult to predict what the long-term interest rate will do in the new year. There has been some easing of rates over the past few weeks as anti-inflationary policies begin to make themselves felt. As federal policies designed to quell demand remain in effect and the inflationary areas of the economy are cooled down, then there should be a decline in the inflationary expectations of investors. This factor has played a large role in the recent upward trend of interest rates. Once this inflationary psychology is dampened, interest rates should ease somewhat and make long-term government debentures more attractive to investment capital.

Collective Bargaining:

On December 1, 1969 the Public Service Labour Relations Act, which grants collective bargaining rights to persons employed in the public service of the province, came into force.

Applications for certification by various employee organizations are now being processed by the Public Service Labour Relations Board and collective bargaining for those groups of employees who wish to exercise their rights under the Act will commence shortly. It is estimated that over 20,000 employees in the public service will be bargaining with Treasury Board during the forthcoming fiscal year.

This new approach to employer-employee relations in the public service of "the province 'has attracted national and. international attention from both governments and labour unions. :The initial certification period and the first round of negotiations this year will be the first real test-of our legislation. The employer will be represented in negotiations and proceedings before the Public Service Labour Relations Board by the Personnel Policy Division of Treasury Board and management representatives of departments and agencies. During the past year the Personnel Policy Division has also been responsible for coordinating the development of a new system of personnel administration in the Civil Service. The new system which makes use of our data processing capacity, is designed to streamline administrative procedures and to transfer the initiative in personnel management to departments and agencies. This is part of a conscious move on the part of the government to delegate mere authority to its departments and agencies and, in return, to require a higher standard of management of our overall staff and financial resources.

Financial Results for 1969-70.

And now, Mr. 'Speaker, I wish to review the probable financial results for the current fiscal year as they appear at this time.

When I brought down the budget for the current year 12 months ago, I said that it provided for a program of priority spending within a framework of restraint, Our budget for the current year was presented at a time of deep national concern for the total amount of spending of all levels of government. As a result of careful planning, we were able to present programs which met our immediate needs and at the same time contributed to the restraint in the growth of 'government spending 'which was needed in the nation's fight against inflation.

Our budget for the current.year provided for planned expenditures of just over $376 million and anticipated revenues of just under $366 million. On this basis, we projected a deficit for the total of Ordinary and capital Accounts of just over $10 million, with a resulting increase in the province's net debt of $6.9 million.

During the past year we have not been subjected to' any unforeseen and uncontrollable developments which would conflict with our financial planning, as had been the case in the previous two years. Government departments have, . generally speaking, operated, within their planned allotments, or exceeded them

only where they could be offset by additional recoveries or when expenditures could be reduced elsewhere.

As a result, our preliminary revised figures for the current year indicate total expenditures, including both Ordinary and Capital Accounts, of just over $383 million. The total for ordinary revenues and capital recoveries is estimated at just over $375 million.

Within our total revised revenue figure of $375 million, just over S162 million or 43.3 per cent was received from various federal sources;

$89 million, 23,7 per cent, was in the form of transfer payments such as 'equalization and estate tax;

$73.2 million, 19.6 per cent, represents the federal portion of various shared-cost programs;

$212.7 million, 56.7 per cent-that is, of our total budget-represents provincial revenues from such sources as income tax, consumer taxes, and income from various fees and licenses.

The net result of our current year figures is an anticipated deficit for Ordinary and Capital Accounts of just over $8 million, and an increase in the province's net debt of just under $5 million, as compared to my estimate of almost $7 million made a year ago.

Mr., Speaker, these preliminary figures indicate that the government has, by sound financial management, lived well within the deficit and debt figures it set for itself and presented to this House a year ago.

I think this indicates in a very positive way that the opposition has been entirely misdirected and unsuccessful in its efforts to pin the label of financial mismanagement en this government.

Plans for 1970-71

Budget Policy:

I think, Mr. Speaker, that any Minister of Finance would agree with me that each year the job of preparing the budget becomes more complex and the decisions more difficult to make. This year's exercise has been no exception. The current economic situation, together with the outlook for 1970, made the development of an effective budget policy a really challenging task.

National anti-inflationary policies, rising prices and high interest rates all suggest on the, one hand that the new fiscal year should be one of restraint and

general belt-tightening.

On the other hand, rising unemployment and the need for mere industrial growth require measures to stimulate our provincial economy so that it will not lose the momentum gained over the past decade .

At the same time, we must ensure that adequate, services in the fields of education, health, welfare and public housing are available to our people, yet these are areas where some of the sharpest increases in costs have been occurring.

Faced with rising prices and high interest rates on one side and the need to provide social services and economic stimulation en the other, the problem of budget-making resolved itself once again into determining hew much to spend and how to allocate our funds.

I believe we must spend mere this fiscal year, but we must spend it wisely so that it brings the best return in terms of more industrial activity, more jobs, better public services, and an attractive province for both industrial and recreational development.

It was en this basis that we reviewed our existing programs in order to use financial resources in the most efficient manner. In some cases this has meant a reorganization of functions, and in ethers a slewing-down of functions where this seemed warranted.

The result, Mr. Speaker, is our budget policy for 1970·71 :

Increased efficiency and effectiveness in the operation of services.

The prevision of more adequate social services to all citizens.

The injection of capital funds into the' economy to provide jobs and accelerate the pace of industrial growth.

This government intends to achieve these policy objectives in the new fiscal year. Our expenditure program reflects a determination to make the most judicious use of available resources by allocating funds to these services which can be expected to produce the most beneficial results.

Expenditures for 1970-71 are estimated at $449,411,428, an increase of $66.2 million over the revised figures for the current year.

Of this increase in total expenditures, about $22.9 million is allotted for increased spending for additional capital construction projects. This will not only help add to the capital stock of the province, it will provide jobs for our work force in a year of moderating economic activity.

A further $28.5 million of this increase is directed to education, health and welfare programs. This additional expenditure is required if we are to continue to provide services to our citizens which will enable them to take full advantage of the advancing employment, cultural and recreational opportunities in our province.

Of the remainder, about $4.4 million is for increased payments to municipalities to help our towns, cities and villages provide improved local services.

This, in broad outline, Mr. Speaker, is the expenditure program for this first year of a new decade in N:w Brunswick-a development decade which will bring even greater advancement than we witnessed in the dynamic sixties.

Economic Development:

The budget I am presenting today, Mr. Speaker, lays the groundwork for development in the decade of the 1970's, a period which could see the most exciting and rapid economic and social advances in the history of New Brunswick.

Development of Saint John and Moncton as provincial growth centres is a fundamental part of this expected growth. With the welcome and able assistance of the federal Department .of Regional Economic Expansion, the province will assist in preparing comprehensive urban and industrial growth plans for Saint John and Moncton. Over $600,000 is provided in 1970-71 for this purpose.

To provide the necessary public services in those centres to accommodate new industries, the federal and provincial governments will jointly build and finance schools, sewage and water systems and improved highway connections, including the Saint John throughway which alone will require an estimated $6 million in the new year.

Federal assistance will also be provided in the new year for an accelerated program of mineral exploration and surveying and mapping for municipal and industrial purposes.

The contribution of the Department of Regional Economic Expansion to these various development programs and capital projects in the new year will amount to over $21 million in addition t.o its continuing assistance to the northeast and Mactaquac development programs and the provision of ARDA funds.

I will leave the announcement of further details on these matters to my colleagues.

Among ether economic development activities provision is made for provincial industrial incentive grants totalling $2,790,000. Grants and loans will also be available in the Minto area as part of the Grand Lake development program.

In highway construction, the government will spend about $45 million, one of the largest highway construction programs in the province's history. An important part of this program is Route II from Moncton to Campbellton. In 1970 construction will continue between Moncton and Buctouche, around Bathurst and Campbellton, and new work will begin between Bathurst and Chatham.

Other major projects include the read linking the Trans-Canada Highway at Woodstock with Interstate Highway 95 at Houlton; completion of Route I from Saint John to St. Stephen; upgrading the Trans-Canada Highway from Fredericton to Sussex; erection of the superstructure on the Burton BrId~e, and continued work on the modern, four-lane highway from Moncton to Shedlac.

To enhance our growing tourist industry, mere than $840,000 will be spent en tourist promotion and just under $2 million on parks. The provision for parks includes Mactaquac, which will be open to the public for the first time this summer, and new developments at Lake Utopia, Grand Manan, Neguac and Bay du Yin. The province will also continue its program of assisting in the development of the new national park to be located in Kent County.

In fishing, mining, forestry, agricultural and industrial development programs, mere than $28 .million will be spent in 1970. This includes the completion of the School of Fisheries, accelerated mineral exploration, and new projects in the marshland areas of Westmorland and Albert counties.

Services from the Department of Economic Growth will be expanded and expenditures.on trade, fairs and missions, to introduce New Brunswick products to foreign markets, will be more than doubled to $78,000 .

In 'addition to these development expenditures, we shall continue our programs of loans made through the Farm Adjustment Board, the Fishermen's Loan Board and the New Brunswick Development Corporation. These agencies will be provided with $10.2 million in the new fiscal year.

Social Services.

Total expenditures for health, welfare and education in the coming year will be more than $256 million, or almost 57 per cent of all capital and ordinary spending for 1970-71.

The Department of Education will spend about $11.5 million more next year than they did in the current year. Of this increase about $9.3 million will go for school board operations and the purchase of equipment fer our public schools,

School construction will increase by more than 22 per cent, to $21.4 million, reflecting the completion of many new schools and the beginning of others, all part of the government's $200-million ten-year school building program.

Since January I, 1967, when the program for equal opportunity was introduced, the government has completed 637 additional teaching stations across the province and by next September this number will have been substantially increased.

Not only has the program for equal opportunity resulted in more and better schools, it has also improved significantly the financial circumstances of many school districts which previously were unable to provide themselves with adequate operating and capital funds. Expenditure per pupil in many of these areas has risen dramatically in the past three years, thus helping to close the educational services gap between the rural and urban school areas.

Operating assistance to universities will also rise sharply in the new year, reflecting increased enrolments and improved programs and services. Operating grants will increase by $4.2 million or 27 per cent, to $19.9 million.

Arrangements have been made to allow French-speaking New Brunswick students to study medicine and dentistry in Quebec and the support already given to Dalhousie University for English-speaking students in the medical sciences has been expanded.

Improved programs in mental health, child welfare and dentistry, together with rising cost of ongoing services and the start of our medical services plan, will push health and welfare expenditures up by about $12.4 million, to $103.4 million, in the new year .

Fiscal 1970-71 will be the first full year of the new program in mental health care announced last summer, in which the emphasis on the care of the mentally ill is switched from institutions to the community. Substantial improvements will be made in the training of the mentally retarded, particularly adults. At the same time, the quality of care for these patients remaining in the institutions will improve as overcrowding is reduced through the transfer of patients from the hospitals to foster homes in the communities. The total provision for mental health services is $9.2 million.

In an effort to relieve the growing pressure for dental services in New Brunswick, caused by an acute shortage of practising dentists, the government will offer location grants to attract recent dentistry graduates into the province.

Public hospital expenditures will rise by about $4 million to $52 million in 1970-71, reflecting increases in both operating costs and hospital utilization. Welfare expenditures are expected to increase by slightly more than $3 million to $27.7 million.

The estimates for the new year provide $5.3 million for hospital construction and. planning. Of this amount about $3 million will be spent on current construction projects, most of the remaining $ 2. 2 million will be used to begin implementing recommendations of the special consulting group presently studying the province's hospital needs and the methods of delivering health services to the public.

Mr. Speaker, the estimates I am introducing today provide for the introduction on January I of a medical services plan, as announced by the Premier the other day. The estimated cost of the plan for the new fiscal year is $3,460,000.

This estimate takes into account the average time lag that occurs between the time of rendering a medical service and the payment of the bill. The total value of services rendered and costs incurred for the first three months of implementation are estimated at $6.8 million. The difference between this figure and the budgeted cost is explained by the normal time lag in billings.

The total cost of medicare for a 12-month period is estimated to be $ 25 million with federal payments amounting to $15 million, or about 60 per cent of total costs. The net cost to the province for a full year would be $10 million.

Other Services:

Mr. Speaker, following the adoption by the government earlier this year of recommendations made by the New Brunswick Corrections Study Committee, the Department of Justice proposes to spend about $110,000 next year to improve the quantity and quality of parole and probation services. The new program is based on rehabilitation, rather than punishment and imprisonment, as the most beneficial and productive approach t.o reducing the incidence of crime and returning former prisoners to productive and useful lives.

Along with adequate health, welfare and education programs, the provision of adequate housing is one of the most pressing problems facing any area of the country. Considerable progress has already been made in our province. In the coming year, the New Brunswick Housing Corporation will build 600 new public housing and senior citizen housing units at an estimated cost to the province of about $1.6 million. The significance of this is twofold. First, it will provide improved housing for many citizens who otherwise could not afford it. Second, it will inject about $16 million of new construction into the economy, since the $1.6 million provincial expenditure represents only 10 per cent of the total cost, the bulk of which is provided by the Central Mortgage and Housing Corporation.

Following legislative approval last year of the Official Languages Act, a cabinet committee on official languages was established to develop and recommend policy proposals to the government on the implementation of the Act.

As a result, the government hopes to begin sometime in the new year a program of language training, improved educational services in French for our public schools, and the provision of government services in either or both official languages, depending upon the needs of particular communities.

To initiate this program, an amount of $217,500 has been placed in General Government to be allocated on the recommendation of the cabinet committee. A special administrative unit has also been established in the Premier's Office to evaluate the linguistic requirements of the public service and t.o assist departments and agencies in meeting the requirements of the Official Languages Act. Funds are also provided to begin the implementation of our cultural agreement with the province of Quebec.

In addition, $65,000 has been allocated for the translation of statutes which will accompany the general statute revision already announced by the Minister of Justice. Provision will also be made to hire additional translators and interpreters in the Translation Bureau and to expand services for simultaneous translation in the courts.

Mr. Speaker, in completing this resume of our spending plans, I wish to draw attention to two items in the estimates which members might regard as unusual at first sight. These items are, first, the prevision for paying damage claims to those who suffered financial less as a result of the recent flood disaster, and second, the provision for meeting the costs of collective bargaining agreements in the public service in the corning year.

When members study the estimates they will notice that both these items have been provided for only in a nominal way.

At the time our budget was completed it was still too early to determine what the approximate value of personal property damage would be as a result of flood damage. Nor did we have any idea as to what federal assistance would be available. The government therefore decided, for the time being, to provide only a nominal appropriation for this expense. Should the information on flood damage become available while the House is still sitting, I will introduce a supplementary estimate to provide for that amount. Otherwise, the necessary appropriation will be provided under the provisions of the Financial Administration Act after the House rises.

The ether nominal item in the estimates is the appropriation for the costs of collective bargaining. After having carefully considered this matter, it is the government's belief that the costs arising from our first year of collective bargaining cannot and should not be determined in advance, if we are to approach the bargaining table and conduct negotiations in a responsible and objective fashion.

The government will be in a position to approach each group of employees on a fair and objective basis, and will expect the same conduct from bargaining groups.

For those employees who are either not eligible or do not choose to bargain collectively, salary reviews will be conducted. It was felt, however, that even to provide for this item in the estimates might have resulted in conclusions being drawn by bargaining units that the government had already established or predetermined the benefit levels it was prepared to accept or offer over the course of the year.

I wish to state that we have not determined any bargaining limits. Each round of negotiations will be conducted on its own relative merits before a final position is taken by the employer, and employees who do not bargain collectively will be given fair and equitable treatment.

The ultimate cost of wage, salary and other employee benefits will be provided for as they are made known and according to the Financial Administration Act. We believe it is unrealistic to do otherwise.

Provincial Revenues:

Now, Mr. Speaker, we come to that part of the budget presentation which quickens the pulse and awakens the interest of each and every taxpayer. I refer, of course, to the government's proposals for financing its programs in the new fiscal year.

On Ordinary Account we anticipate revenues of $395,942,972. Included in the Ordinary Account revenue total is a recovery of $3,460,000 from the federal government for our medical services plan, and several miner revenue changes in the Department of Natural Resources.

An amendment will be introduced to change the Mining Income Tax Act. This will provide only a small increase in revenues, approximately $ 130,000. It will serve to provide a more equitable direct return to the province for the use of its resources without adding any undue additional burden on our mining companies.

An amendment will be introduced to raise the minimum fines for violations under the Game Act.

The government also plans to introduce an entrance fee at those provincial parks which provide extensive day-use facilities. The entrance fee will be 50 cents per vehicle. Any resident or visiter to the province will have the option of purchasing, instead, a $2 permit valid for all provincial parks for the full season. This decision to charge an entrance fee is based on increasingly heavy demands on our park facilities and the practice in many ether jurisdictions, It will yield $200,000.

Mr. Speaker, other than these minor adjustments, which amount to less than $400,000, there will be no tax changes needed to finance our programs for 1970-71.

Since our Ordinary Account expenditures amount to $369.8 million and ow Ordinary Account revenues will yield $395.9 million, I am budgeting for a surplus of $26 million on Ordinary Account for the new fiscal year. Part of this surplus, amounting to $15.7 million, will be set aside for the redemption of provincial bends as part of our orderly pre gram of retiring provincial debt. The remainder of the surplus, $10.3 million, will be used to finance our large capital spending program in the new year.

As a result, we are able to reduce our capital borrowing needs by investing Ordinary Account surpluses in building up the province's stock of capital assets.

Our capital spending program for the new year will amount to $79,547,000 of which over $35 million will be recovered from various federal sources. Our deficit on Capital Account of $43.5 million will be financed in part by our Ordinary Account surplus of $10.3 million with the balance of $33.2 million to be obtained by long-term borrowing.

It is my intention, Mr. Speaker, to present to the federal government later this year the views of the province DO. the various proposals outlined in the White Paper on Tax Reform. At the same time, I intend to seek additional income tax room for the province. At the present time the federal authorities claim they cannot release additional income tax points to the provinces if Ottawa is to carry out a responsible, national fiscal policy. It is my belief, however, that the increasing demands on provinces and municipalities to provide social services and capital facilities can no longer be ignored by Ottawa. The most productive tax is that which is placed en income, and this is controlled largely by the federal government.

The Report of the Tax Structure Committee which was presented to the Prime Ministers and Premiers in February indicates that the financial demands arising from provincial responsibilities are becoming more severe each year, while the federal government is in a comparatively easy financial position. In future the income tax must be more closely related to the provincial governments where spending pressures from constitutional responsibilities are greatest. Equity dictates that the present allocation of tax sources must be revised to meet provincial needs.

Conclusion

Mr. Speaker, the budget for 1970-71 has been designed to meet our current

needs and to begin a decade of development for the 70's.

We are continuing to provide more and improved services in the fields of health, education and welfare.

The result of this budget is to provide for total expenditures of $449.4 million and total revenues of $431.9 million.

The next result is an overall deficit of $17.4 million and an estimated increase in net debt of $13.9 million.

Our capital spending program of $79.5 million for the new year is the largest in the history of the province. It is designed to provide employment for our labour force and to establish a foundation of social capital which will service our growing and planned industrial requirements. We have been able to present a budget with such large capital.plans because of our very successful financial operations in the current fiscal year, and the increased support of the federal government in regional development programs.

Mr. Speaker, these are the highlights of the government's financial program for 1970·71. It is a program which, 1 am confident, will meet the needs of current economic and social conditions in New Brunswick and, at the same time, continue to provide a firm basis for the industrial development of the province in the decade ahead.