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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Nouveau-Brunswick | 53e  | 4e  | Discours sur le Budget | 8 décembre 1998 | M. Edmond P. Blanchard | Ministre des Finances | PL |

Mr. Speaker, I am proud to present the 1999-2000 budget, the fifth consecutive surplus delivered by this government. It represents the first budget for this premier and this cabinet. It focuses on health care and education which are the top priorities of New Brunswickers.

Today's budget is possible because of a decade of careful planning and prudent fiscal management. It shows we charted the right course and that, in the final year of this balanced budget cycle, we have been successful. It also indicates that we are well-equipped to face the challenges of the 21st century.

This budget reflects a balance between social needs and fiscal prudence. In 1999-2000, we are investing over 73 per cent of our total budgetary spending increase in health care and education, and we are paying down our debt.

Mr. Speaker:

\* We will invest an additional $74 million to improve the health-care system. That is because people in every corner of this province have told us that health care is their number one priority.

\* We will invest in our most important resource - youth - by spending an extra $40 million to support the education process. In addition, we will help post-secondary students by providing more money to our universities.

\* We will adopt a multi-year, multi-million dollar approach to repair and renovate schools across the province. In 1999-2000, we will spend $37 million, primarily on health and safety issues in schools.

\* We will invest in excess of $150 million in job creation efforts, because all New Brunswickers deserve the dignity of work. In addition, the $245 million capital budget will generate thousands of jobs in the province. Jobs will also be created by the construction of the Fredericton to Moncton highway and the gas pipeline.

\* We will take a multi-million dollar, multi-year approach to spending on rural roads and bridges throughout the province. This year alone, we will spend $20 million extra in rural areas.

\* We will reduce the small business income tax rate and the personal income tax rate.

Mr. Speaker, we can make these investments because we have built a solid foundation. We will continue to follow the plans that have brought us this far, and we will build on our successes to ensure a prosperous future for all New Brunswickers.

Mr. Speaker, this government is working hard on job creation and economic growth just as hard as it does on fiscal prudence and sound financial planning.

Economic growth is vitally important. When business and industry are growing, more people are finding work and bringing home pay cheques. In this way, New Brunswick's tax base grows. Increased prosperity is the key to renewing and securing health care and other government programs now and in the new millennium.

My department will produce a full report on the provincial economy early in 1999 when the information has been compiled for 1998. Looking at available figures, our economy performed at a steady and moderate pace. We expect growth in 1998 of 2.1 per cent after adjustment for inflation. Year-to-date figures show that key economic indicators have improved from 1997:

\* Employment levels in New Brunswick are up 2.3 per cent. That is stronger than five other provinces.

\* Unemployment is down, with the rate standing at 11.4 per cent, seasonally adjusted.

\* Wages and salaries increased 3.8 per cent. These wage gains are comparable to the national rate and the strongest increase since 1990.

\* Retail sales - always a key indicator of consumer confidence - have increased at a pace not seen in a decade. Sales have risen 7.7 per cent so far this year, second only to Ontario, and well in excess of the five per cent national rate.

What about the future? The economic picture in the world is clouded by the impact of Asian financial problems. We are concerned, but we do not expect a crisis. The U.S. domestic economy is expected to slow somewhat, but should operate close to its potential. Canada's economic fundamentals are strong, which should mean stable growth.

The Atlantic Provinces Economic Council (APEC) recently issued its outlook for the economies of the Atlantic provinces. Their forecasters say New Brunswick will enjoy a stronger economy in 1999. They forecast real growth of 2.4 per cent.

APEC draws this conclusion by pointing to the Sable Island natural gas pipeline, possible gas-fired electrical generating facilities, and fast-track construction of the 195 kilometre, four-lane highway between Moncton and Fredericton.

Mr. Speaker, my forecast for GDP growth for 1999 is 2.3 per cent (adjusted for inflation). The main portion of the natural gas pipeline should be built by this time next year, and design and construction of the four-lane highway will put thousands of people to work in our province. That is important on an individual level because it is our neighbors and friends who will fill those jobs. As a result, the unemployment rate should continue to decline.

On a broader level, improved infrastructure is key to economic progress. The pipeline and development of the natural gas industry will mean new economic opportunities. Construction of the new highway will provide a safe, reliable, modern route through a heavily travelled traffic corridor. Better roads will have a positive impact on other sectors such as forestry, manufacturing and our burgeoning tourism industry.

Mr. Speaker, I would like to turn from the economic picture to the fiscal situation because it is critical to our ability to sustain and improve service delivery to New Brunswickers. I will begin by reviewing my last budget in which I projected a budgetary surplus of $18.5 million. I am pleased to report that we are now anticipating a surplus of $19.6 million for 1998-1999.

Many factors have affected our fiscal position during the last 12 months. Budgetary expenditures for 1998-1999 are $66.3 million higher than projected. Key changes included increased spending on health care and assistance to help homeowners cope with flood damage. Budgetary revenues are $67.4 million higher than reported in the 1998-1999 budget. Significant changes include reduced revenues from property tax, lotteries and lower net income from NB Power. These were offset by increased revenues from equalization and income taxes.

Mr. Speaker, this government has managed the province's finances well. We have recorded three consecutive budgetary surpluses and we anticipate a surplus for 1998-1999. With today's budget, we have set the stage to achieve a surplus for fiscal 1999-2000. By posting five consecutive surpluses, New Brunswick will enter the new millennium with its fiscal house in better shape than seemed possible 10 years ago.

This government will continue to manage wisely and will meet the requirements of the Balanced Budget Act, which requires a balance on all budgetary accounts over the four-year fiscal period 1996-1997 to 1999-2000. In fact, we will not only balance the budgetary accounts, but we will post a surplus in each of the four years. This will result in a significant reduction in net debt for the four-year period. We will achieve this while investing in health care, education, job creation and other areas important to the well-being of New Brunswickers.

The 1996-1997 budget set out an ambitious target: a $191-million surplus for the four-year fiscal plan. The target was updated in each successive budget. The forecast for 1999-2000 sets the stage for surpassing the original target. The cumulative budgetary surplus for the four-year period is now forecast to be $208.3 million.

I want to note that this government recognizes the ongoing need to reduce net debt. We pledge to make further progress in lowering the critical ratio of net debt to GDP. This ratio is an important yardstick, one by which the province can maintain its positive standing with the credit rating agencies. We are proud of our favorable credit rating, but we will manage our finances in a fashion which balances the needs of our citizens and the scrutiny of these international agencies. New Brunswick has - and will maintain - the best rating in Eastern Canada.

Mr. Speaker, the government also recognizes the demand for increased spending on services, particularly health care, as well as the demand for long-term tax reductions. Both of these goals are achievable. To ensure a better future for our children and grandchildren, we must continue to invest in key programs and manage our finances wisely.

Mr. Speaker, with today's budget, we are putting people first, taking care of the young and the old. We are investing in health care, education, job creation and highways, but we are still living within our means. Careful fiscal planning has allowed us to increase expenditures, while, at the same time, complying with the balanced budget legislation and reducing our net debt. I am pleased to report that New Brunswick expects to achieve its fifth consecutive surplus in 1999-2000. The 1999-2000 surplus will be $12.3 million. This allows further modest debt reduction which is in the best interest of all New Brunswickers.

Mr. Speaker, the government recently announced that it will introduce a Health-Care Funding Guarantee Act. Under this legislation, the province will guarantee the growth in health-care spending each year will exceed the real economic growth of the provincial economy. Our economic growth projection for 1999 is 2.3 per cent. It is with great pride that I tell you our increase in ordinary account health-care spending will be 5.7 per cent in the coming year. That is an increase of $74 million over last year's budget, and it will strengthen the health and community services system and provide more services to New Brunswickers.

Mr. Speaker, 29.9 per cent of our entire budget or $1.4 billion will be invested in our health system in 1999-2000. People have told us quite clearly that they want a secure, reliable health-care system. They want dependable services close to their own communities. They want dedicated professionals to care for their needs, and they want a wider range of services than ever before. This is a tall order and must be addressed in the context that it is crucial the health-care system be sustainable in the future and that there be secure funding.

Mr. Speaker, the Health Services Review Task Force has been holding hearings province-wide to look at ways of improving service at the point of delivery. We expect they will have helpful recommendations about improving the quality of health and community services and assuring operational efficiencies. We look forward to their findings. Through today's budget, this government is listening and responding to the people. We believe that taking care of people with compassion and concern is absolutely the right thing to do. Health care is our top priority. In fact, half of our 1999-2000 ordinary expenditure increase is going into health care. It proves the government's ongoing commitment to health care and to the well-being of our citizens, especially our seniors.

Where will the new dollars go, Mr. Speaker? The Minister of Health and Community Services will unveil the details during her estimates speech. Among other things, this budget will provide:

\* an additional $8.3 million for the ambulance program; patients requiring ambulance transportation will pay $120, instead of the current fee of $275, a reduction of $155; volunteer ambulance fees will be reduced from $100 to $60 and the inter-hospital ambulance transfer fee of $50 will be eliminated; additional funds for the purchase of new ambulances;

\* an additional $21 million for the hospital services program for costs associated with the delivery of services within hospitals;

\* an additional $5.5 million for the nursing home services budget which includes $3.8 million to allow for increased resident care in nursing homes;

\* an additional $7.6 million for the Prescription Drug Program, including $3.5 million to pay for two drugs which will benefit the most vulnerable New Brunswickers afflicted with multiple sclerosis;

\* an additional $20 million for the community and social services program, including an increase of $4.3 million to implement the recommendations of the Child Death Review Committee, such as hiring more child protection social workers;

\* an additional $1 million to launch new cancer prevention programs;

\* an additional $9.1 million in the Medicare budget, including $1.8 million to recruit 10 new doctors to improve access to primary care;

\* funds to enhance a province-wide outpatient youth addiction program, and

\* opportunities to expand the role of nurses.

Mr. Speaker, last year we were able to afford an extra $34 million for health care. This year we are injecting $74 million extra into the system. These are large sums, but no matter how many millions of dollars we dedicate to the health-care system, I know there will always be great demands.

I can only say we are doing the very best we can to stretch every dollar as far as it will go. We have found every dollar we can for this important priority, so that we can continue to give New Brunswickers the kind of health-care system they want. Adequate funding for health care will ultimately depend on whether the federal government restores funding for health care and other social programs to previous levels.

When the Canada Health and Social Transfer (CHST) was introduced, cash transfers for provincial social programs were reduced considerably. The provinces were forced to bear more than their fair share of reductions to balance the federal books. New Brunswick will receive about $100 million less than under the previous federal funding program.

I cannot tell you how many times during the past several years that New Brunswick's premier, health minister and I have asked our federal counterparts for more money for health care. I may have lost count, but I have not lost hope.

During the past year, I acted as chair of the provincial/territorial finance ministers' committee. We invested considerable time and resources examining federal/provincial fiscal arrangements, and we developed a common position for reinvestment in Canada's health-care system. We gave the federal finance minister a strong, clear message health care is the number one priority for all Canadians. If provinces are to deliver health care in the manner Canadians demand, federal transfers must be restored to previous levels through the CHST. Stability and growth in cash transfers to provinces must be assured.

Mr. Speaker, provincial premiers echoed the concern of provincial/territorial ministers. They, too, have urged the federal government to use its fiscal dividend to restore health-care funding through the CHST. They have committed to direct the funds to health care. Today, I call upon the federal government again. Health-care funding should be restored to an adequate level. The need to reinvest is evident. The time to reinvest is now.

Mr. Speaker, the federal government will soon have another chance to allow provincial governments to operate on a more equal footing with one another. The Equalization program is coming up for renewal in 1999. We are asking the federal government to undertake changes that will further narrow the considerable and persistent fiscal disparities among provinces, so that all provinces have adequate resources to deliver comparable levels of public services.

Mr. Speaker, besides health care, the other cornerstone of our values in New Brunswick is the education system. I would like to begin my comments on education by explaining that we have increased our overall capital budget this year. The net capital budget has risen from $214 million in 1998-1999 to $245 million for 1999-2000. Last year we spent $18 million of the capital budget for schools. This year we will more than double it and spend $37 million. Parents, teachers and school officials have told us that renovations and repairs are needed in many of our aging buildings. Experts from the departments of Education and Supply and Services have reviewed their concerns.

The result is a new approach to the capital budget and a long-term plan to renovate and repair schools across the province. Mr. Speaker, 1999-2000 is the first year of a multi-year commitment to upgrade 300 schools. Just as in your own home, one cannot afford to do everything at once. But, by spreading the work and the expense over time, it is manageable and it will be done.

This multi-year program will get a strong start in 1999-2000 through an infusion of $37 million, primarily to address health and safety issues. These funds will enhance the environment for learning by improving, among other things, the air quality in our schools.

I want to make clear that bricks and mortar are not the only ways we are spending tax dollars in the education system. We are investing in our most important resource: youth.

Teachers, parents and students themselves are working hard to ensure a solid education in our schools. Students in school today will live most of their lives in the 21st century, and we must do everything we can to equip them with the knowledge, skills and tools they will need to compete and succeed.

Mr. Speaker, with that in mind, 17.7 cents of every budget dollar goes to education. The Minister of Education will provide details of his $820.7 million budget when he presents his estimates. Among other things, New Brunswickers will see:

\* maximum class size in Grade 1 reduced from 28 to 25 students in 1999-2000;

\* maximum class size in Grade 2 reduced from 28 to 25 in 2000-2001;

\* maximum class size in Grade 3 reduced from 32 to 30 in 2001-2002;

\* approximately 200 people hired for a new program to address the needs of students with behavior disorders and to support the new policy on discipline in schools;

\* increased funding for supply teachers over the next two years;

\* increased funding for public school education of First Nations' students, and

\* up to 400 new teachers coming into the system due to new initiatives and retirements.

Mr. Speaker, when our students leave high school, many of them head to university. The 1999-2000 budget contains increased funding for the student assistance program to help students with high debt loads. This government wants to improve the ability of our universities to provide high quality education, up-to-date equipment, good facilities and affordable tuition. You may recall that universities have faced reduced funding for their operating budgets in recent years.

I am pleased to announce today that the government has waived the budget reduction target of one per cent for universities. Furthermore, my budget includes a funding increase of one per cent in support of university education. In 1999-2000 the province will provide $160.5 million to universities.

Mr. Speaker, this should allow the universities to hold the line on tuition increases. We also appreciate the willingness of the university presidents to continue working toward the establishment of a five-year funding plan. This would include projections for operating grants to 2003-2004. This kind of strategic, multi-year approach will help universities cope with pressures on the system, just as it will work to make necessary renovations and repairs in our schools.

 Mr. Speaker, in a few moments I will outline tax measures which show this government is committed to helping businesses prosper so that they can create more and better jobs for New Brunswickers. Especially important are the small and medium-sized businesses in every part of this province, where people with good ideas are rolling up their sleeves, working hard and making things happen. Measures contained in the 1999-2000 budget will build our local economy one job at a time. We will inject an extra $2 million into the Small Entrepreneur Capital Assistance Program, bringing total funding for this program to $5 million. Funds will go to people who want to expand existing businesses. The program will also include new start-ups or diversification in manufacturing, information technology, tourism and commercial services sectors. We want to hear from entrepreneurs in every county in this province.

Mr. Speaker, in this budget, New Brunswickers will see other enhancements such as:

\* improvements to our parks, including the Fundy Linear Park, Parlee Beach and Mount Carleton Park, as well as our hiking trails and waterways;

\* improvements to some of our historic sites and our outdoor network;

\* work under the Appalachian Range master plan to turn Sugarloaf Park into a year-round activity destination and anchor for the region;

\* an increase for the Economic Development Fund dispensed by the Regional Development Corporation.

Under the 1999-2000 budget, New Brunswickers will also see more money spent on service improvements and on people and activities in their home communities, both rural and urban, including:

\* increased clean water control grants which will benefit communities such as Centreville and Allardville;

\* increased grants to Local Service Districts so that fire halls, fire fighting equipment and community halls can be upgraded in communities such as Harcourt and Aberdeen;

\* increased funding for the Sport Development Trust Fund which provides money for individual athletes and sport organizations;

\* increased funds for day-care subsidies;

\* expansion of the Domestic Legal Aid program;

\* more funding for the Small Claims Court

\* opening of one-stop shopping Service New Brunswick centres in 1999-2000, in Grand Falls, Bathurst and Richibucto;

\* funding for a Provincial Millennium Program to coordinate celebratory activities, and

\* funding for the Canada Winter Games in the Restigouche and Chaleur regions in 2003.

The appropriate ministers will provide details during their estimates speeches, but as you can see, Mr. Speaker, this government is building a better New Brunswick.

Mr. Speaker, we are also building and repairing roads. As we approach the turn of the century, a strong transportation system is increasingly vital to a growing economy. For example, good infrastructure keeps people safer, benefits our many industries, carries our goods and services to market, and brings 1.5 million tourists annually to our beaches, day adventure sites, historic sites, parks and communities.

During his estimates, the Minister of Transportation will provide specifics of a multi-year, multi-million dollar strategic program to improve rural roads and bridges. The government has developed a long-term plan for chip-sealing roads, fixing culverts and repairing thousands of kilometres of roads. Mr. Speaker, I am very proud to report that we will spend $20 million more on rural roads in 1999-2000.

It should be noted that the sum just mentioned is in addition to the new four-lane highway being built between Moncton and Fredericton. Construction is well under way to build a safe road by the end of 2001. The province has a guaranteed maximum price for construction of that road. The road builder, not the province, will assume any cost overruns for construction. As well, the transportation minister will elaborate on planned improvements to other sections of highway. Work worth $67.4 million, cost-shared with the federal government, will be done in the coming year.

Mr. Speaker, I hasten to add that we have every intention of keeping the pressure on the federal government to work with the provinces towards a national transportation strategy. In the meantime, we will forge ahead on our own within our fiscal means.

Mr. Speaker, I am pleased to announce that we will increase the number of full-time jobs in the public service this fiscal year. We expect about 145 people to be hired in fields such as information technology, social work, career counselling, legal aid and crop insurance. We are also taking steps to rejuvenate our workforce in the public service which, like the population in general, is aging. To bring some new people into the system, we plan to ease the requirement for prior work experience for some entry level public service positions. We will, of course, retain the merit principle and the competitive process.

A Youth Secretariat will be set up within the Executive Council. Six young civil servants, who exhibit a keen understanding of youth issues, will monitor existing and new policies. They will bring new ideas and innovative approaches to the making of public policy.

Over the next five years 100 university graduates will be welcomed into the public service for two-year internships. In 1999-2000 they will include environmental planners, policy analysts, education researchers and marketing specialists.

Mr. Speaker, we have received almost 1,600 applications for the initial 21 internship positions. We are confident some of the leaders of tomorrow will be found among those enthusiastic applicants.

Our current public service employees are one of our most important resources. They design, plan and deliver government programs and services. For example, numerous people are working diligently on the Year 2000 issue. As everyone knows, this concerns possible problems stemming from the use of two-digit dates in computer software and microprocessor chips.

I am pleased to report that three of our major systems (property tax, motor vehicle registrations and drivers' licenses, and case management of social assistance recipients) have already been readied. Our employees are working diligently on all other systems to make sure there will be no large problems when the clock ticks over to January 1, 2000.

I want to publicly acknowledge the dedication our employees bring to the workplace every day. I also want to thank the unions with whom the Board of Management has negotiated since my last budget. They recognized the need to have fair and balanced wage settlements. Our recent pattern of modest wage increases for government workers will continue in the coming years.

Mr. Speaker, in previous budgets I announced three phases of personal income tax reductions. The rate dropped from 64 to 63 per cent of basic federal tax in 1997, and it was reduced from 63 to 61 per cent of basic federal tax in 1998. In my budget last December I said we planned to reduce the rate a third time, on January 1, 1999, from 61 to 57.5 per cent of basic federal tax. In putting together today's budget, we had a choice which caused us to think long and hard. Should we go ahead with the full income tax reduction in 1999? Or, should we use some of that money to care for the sick and to protect those in need? We know that health care is people's number one priority, and we agree.

Therefore, we will reduce the tax rate from 61 to 60 per cent of basic federal tax on January 1, 1999. This will put $17 million into the hands of New Brunswickers in 1999-2000. We save $34 million which is going straight into health care where it can do the greatest good for the greatest number of people.

The government remains committed to reducing the personal income tax rate to 57.5 per cent of basic federal tax. This decision reflects a balance between social and fiscal responsibilities. It combines compassion with fiscal prudence.

Mr. Speaker, this government recognizes the vital role small business plays in creating jobs in New Brunswick. In 1996, the government reduced the corporate income tax rate for small business from 9 per cent to 7 per cent. Today I am announcing a further reduction in the corporate income tax rate for small business to 6 per cent effective January 1, 1999. This reduction will put $3.4 million in the hands of New Brunswick's entrepreneurs and encourage new investment and job creation in the province.

Many potential entrepreneurs and small businesses have difficulty obtaining financing and may rely heavily on debt financing when it is available. They are often undercapitalized with needs that are not satisfied by traditional sources of capital.

Therefore, I am announcing the creation of the New Brunswick Equity Tax Credit Program which will offer another source of equity financing to small business owners in this province. The program will enable qualifying small business owners to obtain equity financing from investors. Qualifying businesses will be similar to those meeting the terms and conditions of the Small Entrepreneur Capital Assistance Program and the Economic Development Act. Further details will be contained in legislation to be introduced during this session.

Effective January 1, 1999, eligible investors will receive a provincial non-refundable personal income tax credit of 30 per cent on their eligible investment. This is worth up to $9,000 per year against personal income tax otherwise payable. I believe this initiative will provide the opportunity for many small businesses to solidify their finances and to expand without overly relying on debt financing.

Mr. Speaker, in the past we have reduced the property tax burden on airports, rail and ports in the interest of supporting our transportation infrastructure. Effective January 1, 1999, we will eliminate the property tax burden on fishing harbours operated by not-for-profit local harbour authorities. This will help protect jobs in the fishing industry.

Mr. Speaker, with the presentation of the 1999-2000 budget, we are building on the momentum of past budgets. During the past decade, we have turned this province around. We know that fiscal discipline, coupled with tireless efforts to create economic growth, will lead to the kind of New Brunswick we want to see in the future.

I want to remind New Brunswickers that paying down the net debt will preserve social programs in the future. It is called sustainability.

By continuing with modest debt reduction, we can see promise and prosperity for ourselves, but even more so for our children and grandchildren. We do not want them to have any fear that the social safety net will be frayed when they need it most.

But we take our social responsibilities very seriously. New Brunswickers have told us they want additional investments in health care. We have listened, responded and guaranteed secure funding for health care.

New Brunswickers have told us they want further investments in education at all levels. We have listened and responded. We will continue to listen and respond, and we pledge to do even more as our financial situation improves.

Through this budget, we will put an extra $74 million into health care and an extra $40 million into education. We will spend an extra $37 million to repair and renovate schools, and we will devote an extra $20 million to improve rural roads. We will help small businesses expand, and we will reduce the corporate income tax rate for small business. We will also reduce the personal income tax rate.

By doing so, we are making our province — our home — a better place to live. By doing so, New Brunswick and its people can face the future with hope, confidence and strength.