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| Nouveau-Brunswick | 54e | 2e | Discours sur le Budget | 28 mars 2000 | M. Norman Betts | Ministre des Finances | PC |

**Introduction**

Mr. Speaker, it is indeed an honour and a pleasure for me to de- liver New Brunswick’s first provincial budget of this government and of the new century.

Today, this government keeps its commitment to the people of this province by delivering a balanced budget, increasing funding for health care and education, and reducing taxes for individual New Brunswickers and small business. This budget also includes an overall reduction in budgetary expenditures of $100.2 million compared to revised estimates for 1999-2000.

As a result of this budget and the choices we have made, New Brunswickers will benefit from:

* a $33 million reduction in personal income tax effective July 1, 2000;
* the lowest corporate income tax rate for small business in all of Canada;
* the highest level of health care funding in New Brunswick history;
* the highest level of education funding in New Brunswick history;
* a five million dollar increase over four years in supplements for disabled New Brunswickers, and
* a balanced budget with a surplus of $21.3 million.

On June 7, 1999, the citizens of this province made a clear choice to change our future together. New Brunswickers want a government that listens to their needs and to their priorities. Mr. Speaker, they want a government that will make the choices necessary to ensure our province is “21st century ready,” working for today and also for the next generation.

Today’s budget meets the test set out by New Brunswickers—to change the way government works for people.

Mr. Speaker, we are meeting this test guided by three fundamental principles:

* focusing on public priorities;
* clear and open accounting, and
* managing smarter.

We have made clear choices for the future—choices that are resulting in renewed health care, investments in education, new job opportunities, and lower taxes.

We are setting a course for change—a course to make New Brunswick more economically competitive and socially compassionate.

Mr. Speaker, as I deliver my inaugural budget speech, I am re- minded of the first budget speech given by my great-grandfather, Robert Murray, who served as New Brunswick’s provincial secretary-treasurer from 1917 to 1920.

Mr. Murray said he would present “a simple, frank, straightforward and comprehensive statement which portrayed the financial position of the province in a fuller and more complete manner than had those of preceding administrations for some years past.”

Today, we are also presenting a balanced budget that reflects a straightforward portrayal of the Province’s financial position.

**New Brunswick’s Financial Position**

Arriving at this balance has taken time and it has taken effort. The challenge before this government was to redress a serious fiscal problem.

The first step in tackling the problem was to conduct an independent review of the financial affairs of the Province. The objective of this review was to establish the Province’s true financial position for the fiscal year ended March 31, 1999, and to help establish a revised forecast of the Province’s revenues and expenditures for the 1999-2000 fiscal year and beyond.

Based on recommendations from the review to change the way certain revenues and debts were reported, the estimated surplus for 1998-1999 of $18.5 million turned out to be a deficit of $164.3 million. This resulted in a corresponding increase in net debt.

Mr. Speaker, looking ahead, the situation would get worse, not better. If this trend were to continue, New Brunswick would find itself in a precarious fiscal position characterized by a widening gap between expenditures and revenues.

How have we arrived at this point? In the past 20 years, deficits have totalled more than $3.5 billion while surpluses totalled only $141 million. The result has been a significant addition to the Province’s net debt. The estimate for the fiscal year ending March 31, 2000, is for a cumulative net debt of $6.86 billion.

From 1988-1989 to 1998-1999, total expenditures have in- creased by an annual average compound growth rate of 2.6 per cent while revenues have grown at an average annual compound growth rate of 2.4 per cent.

To make matters worse, New Brunswick has seen transfers from the federal government drop from 45.3 per cent of total reve- nues in 1982-1983 to an estimate of less than 38 per cent in 2000-2001.

In 1988-1989, federal cash transfers in support of health care paid 24 cents of every dollar the Province spent on health care. By 1998-1999, federal transfers paid only 12 cents of every dollar. This is a far cry from the equal partnership that existed between the federal government and the Province when programs of vital importance to Canadians, such as Medicare, were established.

Because of shortfalls in federal cash transfers in support of key social programs, including health care, New Brunswick could receive up to $85 million less in 2000-2001 to deliver these pro- grams, than it would receive if transfers were fully restored to 1994-1995 levels.

The real picture is beginning to take shape. Expenses are growing faster than income. Borrowing has increased to make up the difference. Contributions from federal transfers have been reduced. Gross debt and debt service costs are climbing. When you combine these factors, the result is a serious financial problem for the Province. If left unchecked, New Brunswick taxpayers would face annual deficits of close to half a billion dollars within four years.

Mr. Speaker, we will not let this happen. To correct this problem, this government has had to focus on priorities, and make choices. Do we fund health care or corporate welfare? Do we in- vest in more books for schoolchildren or more bureaucracy for government? Do we cut taxes or create more programs?

Every government is elected with a mandate to make these choices on behalf of the people it serves. Mr. Speaker, we know that New Brunswickers will never choose more deficits and more debt.

The price of admission to a new century is a balanced budget. It is the foundation for a more competitive, more compassionate New Brunswick.

**Managing Smarter**

Mr. Speaker, the choice we have made is to manage smarter. From reducing the size of cabinet to cutting the amount of red tape affecting business, this government has taken concrete steps to improve the return on taxpayers’ investments.

That is why we initiated a comprehensive review of over 600 programs and services to determine whether they are truly contributing to the economic, social, and competitive needs for New Brunswick’s future. The accompanying budget paper, “Program/Service Review,” sets out more details on this approach and the reasons for which it was undertaken.

The aim of the Program/Service Review is to provide New Brunswickers with a government that is better structured and more focused on clear public priorities. In this way, we are ensuring that New Brunswickers receive the services they need at taxation levels they can afford.

We have done so by asking fundamental questions about what kind of government New Brunswick needs for a new century, what the priorities of government should be, and how those priorities can best be met.

Mr. Speaker, we know that for New Brunswickers, there are some things that matter above all: ensuring quality health care; educating our children; helping those who cannot help them- selves; protecting the health and safety of New Brunswickers; supporting job creation, and safeguarding Crown assets.

The final report on social policy renewal, a process in which hundreds of New Brunswickers participated, clearly outlines the view that there is a need within government to better manage existing government funds rather than increase government pro- grams. I would like to quote a passage from this report:

“In an environment where there is no blank cheque, the dialogue with citizens and government officials was not about spending more. Instead it was about how to better use available government, financial, human and community resources to achieve a cohesive vision of social development.”

“How to better use available government resources” is what managing smarter is all about.

Through the Program/Service Review, and as a result of this budget, some programs will be eliminated, some will be consolidated, and others will be enhanced.

Mr. Speaker, this is the way to renew health care. This is the way to invest in education. This is the way to lower taxes. This is the way to build new job opportunities.

During consideration of Estimates for 2000-2001, individual ministers will be providing to the Legislative Assembly the details of the Program/Service Review in their respective departments.

In the meantime, I would like to outline some examples of the results so far. Along with increases in funding to health care and education, and reduced taxes, the government has retained, and in some cases improved, a number of programs.

For example:

* We will continue to support less fortunate senior citizens through the $100 annual Low-income Seniors Benefit.
* We will retain the $20 million New Brunswick Child Tax Benefit and Working Income Supplement in order to help children and families in need.
* The $34 million silviculture program, a source of employment for hundreds of New Brunswickers, will continue.
* We will take a new approach to training and employment development by focusing on long-term employability.
* We will continue our support to municipalities to improve water quality and treatment facilities.
* We will increase our funding for the justice system.
* We will fully coordinate the delivery of family and community services.

Mr. Speaker, in order to maintain these items, enhance others, and achieve a balanced budget for New Brunswickers, we have had to make other, more difficult choices.

These include:

* a reduced capital budget in response to massive levels of private capital investment;
* a reduction in the unconditional grant to municipalities in a move towards a system that equalizes fiscal capacity;
* a reduction in subsidies to business in favour of lower business taxes and a more competitive tax structure;
* increases in Crown land royalty rates to ensure a better balance between private woodlot owners and Crown land users;
* a significant reduction in the overlap and duplication of government services through delivery by the private sec- tor;
* a redesigned tourism strategy that will save money and continue to attract visitors to New Brunswick, and
* the elimination of the New Home Construction and Home Renovations HST Credit Program for contracts entered into after midnight tonight.

The government will work diligently with all stakeholders to ensure changes, reductions or elimination of programs and ser- vices will be implemented fairly and equitably. We will continue to listen to their input on how services can be delivered better and more cost-effectively.

As well, Mr. Speaker, we are in the final stages of a six-month review of all agencies, boards, and commissions funded by government. The aim of this review is to assess the ongoing relevance and contribution to public policy of these organizations. Over 270 ABCs are being reviewed as part of this process.

We are on track to complete this process within the proposed timeframe. The result will be fewer agencies, boards, and commissions and greater savings to taxpayers. Further details of this review will be announced next month.

Mr. Speaker, no single measure will do the job. That is why we have also introduced the successful Voluntary Early Retirement Window for civil servants. To help reduce the cost and size of government and rejuvenate the civil service, we opened a window of opportunity for employees wishing to retire early without a reduction in their pension.

Our Voluntary Early Retirement Window was offered to approximately 1,700 Part I employees, about 1,300 of whom have chosen to retire over the next two years. One-third will be retiring during the 2000-2001 fiscal year. When fully implemented, total savings are estimated to be in excess of $70 million per year.

These departures will help to create needed flexibility in the civil service workforce and will significantly lessen the impact on employees affected by the Program/Service Review.

The government will treat its employees fairly and compassionately and will offer those affected by Program/Service Review a range of options such as reassignment, transfer, redeployment, and temporary placement.

Mr. Speaker, we greatly value the contributions made by members of the New Brunswick civil service. They continue to exemplify professionalism, ability, and integrity. It is our hope that, through this period of restructuring, the civil service will be rejuvenated and invigorated. While adapting to new circumstances can sometimes be stressful, we believe members of the civil service can find exciting and new opportunities in a re- structured government. We will continue to rely on their creativity and dedication as we change our future together.

This budget continues to provide for modest and reasonable in- creases in public sector wages. This year, we will be at the bar- gaining table with a number of public sector unions representing more than 25,000 public service employees. I look forward to signing agreements with them at the conclusion of the collective bargaining process.

Managing smarter means changing the way government works. Change is often difficult but we have to ask the question if not now, then when? We had to take all of these steps now, not only because the financial situation we face demands it, but because of the growing economy, the appropriate time is now.

If the “fiscal cloud” hanging over the government means we cannot afford to wait, the “economic sun” beginning to dawn in New Brunswick means we can afford to do it now. After all, the time to fix your roof is when the sun is shining.

**A Balanced Budget**

Mr. Speaker, the steps we have taken are the underpinnings of a fiscal policy that will restore and maintain the proper balance between the Province’s expenditures and revenues. Savings of $238 million will be realized as a result of Program/Service Review initiatives taken this fiscal year. Once fully implemented, these savings will eventually grow to more than $290 million on an annual basis.

Because of these savings, I am pleased to announce today that for the fiscal year 2000-2001, the first of this new government, there will be a modest surplus of $21.3 million.

This is not a large surplus, and the government acknowledges that it has not yet fully achieved a structural balance between revenues and expenditures. The government must, and it will, take further steps to manage expenditures now and in the future. Mr. Speaker, we want to ensure we have a balanced budget when the year begins, but most importantly we want balanced results when the fiscal year ends.

This year marks the first balanced budget in a new four-year balanced budget period. The government believes the objectives of the existing balanced budget legislation are sound. As such, the 2000-2001 Budget is a chance to start with a clean slate. Using the independent financial review as a starting point, this budget, and our commitment to focus on public priorities and manage smarter in the years ahead will result in growing surpluses in the future, allowing us to reduce the Province’s net debt burden.

Mr. Speaker, it is important to exercise this kind of fiscal discipline. Three months ago, Standard & Poor’s confirmed New Brunswick’s Double ‘A’ minus credit rating, with a continued stable rating outlook. We remain committed to having the best credit rating east of Ontario, which means lower borrowing costs and greater savings to taxpayers.

**A Growing Economy**

Mr. Speaker, I am pleased to report to this assembly that New Brunswick’s economy has performed well over the last year and the outlook is indeed positive with further economic growth forecast for 2000-2001.

Our economy strengthened over the course of last year and into this year as a result of major construction activity and growth in the manufacturing, trade, communications, tourism, business services, and information technology sectors.

Employment in New Brunswick reached an all time high in 1999 of 328,400, spurred on by strong gains in full-time jobs.

Unemployment dropped significantly to 10.2 per cent for 1999.

Exports grew 11.2 per cent, led by substantial gains in forestry, food and energy products. Mr. Speaker, New Brunswick is accessing new markets all around the world and exports are helping to create jobs. Encouraging this sector is a key to our overall success. That is why we have established the new Department of Investment and Exports.

Preliminary information points to record public and private investment in New Brunswick for 1999 at $3.7 billion. This 20.9 per cent increase is substantially greater than the national rate of 4.2 per cent.

The outlook for New Brunswick’s economy for this year is favourable. Continued activity on major projects such as the Fredericton to Moncton Highway, the Irving Oil Refinery expansion, and the distribution of natural gas in the province will ensure strong growth for the year 2000.

Private sector forecasters peg New Brunswick’s growth in the real Gross Domestic Product (GDP) for 2000 between 2.5 per cent and 3.4 per cent. We project 2.8 per cent growth in GDP for 2000.

The employment picture also looks brighter. The number of employed New Brunswickers is expected to rise by 2 per cent in 2000.

Mr. Speaker, while these indicators are positive in the short term, they are partly reflective of some short-term capital investments that will be winding down over the next 12 to 24 months. As a government, our role is not to focus on the short term alone, but to create a positive economic environment for the long term leading to sustainable job opportunities in all regions of the province. New Brunswick can, and must, become a truly competitive force in the new economy so that the next generation of New Brunswickers can be assured that they too will benefit from economic growth and prosperity.

**2000-2001 Capital Budget**

Mr. Speaker, good governance is about making the right choices at the right time. New Brunswickers have chosen investments in health care and education, and they have demanded reduced taxes.

This year and next, we will see near record-level investments in major capital projects across the province, the lion’s share of which is from the private sector. Never before in the history of the province has the private sector generated so much activity in capital projects. The expansion of the Irving Oil Refinery in Saint John alone represents a $1 billion injection into the economy. Total investments in highway construction, including the Fredericton to Moncton Highway project, for this year will amount to $250 million.

Given this level of economic activity, the right choice is for government to reduce its capital expenditures at this time. Government is being more strategic in its own capital investments by building what we need and ensuring we can adequately maintain what we have.

This year’s gross capital budget of $151.4 million therefore will be put to work where it is most needed—maintaining our infrastructure of roads, bridges, and schools. As well, we fully expect to take part in the proposed Federal/Provincial/ Municipal Infrastructure Program.

**Renewing Health Care**

Mr. Speaker, renewing health care is a top priority of New Brunswickers. It is a top priority of this government. Our commitment is to ensure stable, growing, and sustainable health care funding today and well into the future.

Listening to New Brunswickers, we have kept our commitments and made significant investments to renew health care for families and create a more patient-focused health care system. Already we have

* created 300 new permanent nursing positions;
* implemented a comprehensive physician recruitment and retention initiative;
* enhanced drug coverage for MS patients;
* taken steps to improve MRI services for patients;
* introduced a new dialysis service for Region 3, and
* ensured senior couples can remain together in nursing homes.

This has eased some of the pressure on our health care system, but we know we must do more and we will.

And so must the federal government. Despite record federal surpluses, never before have the provinces been so challenged to find the dollars they need to meet the requirements of the nation’s own *Canada Health Act*.

Recognizing the pressure and stress on our health care system, this Legislative Assembly passed a unanimous motion last year asking the federal government to restore in full the cuts it made to the Canada Health and Social Transfer. All premiers and territorial leaders have echoed this message asking the federal government to listen to Canadians and to heed their calls for a sustainable health care system.

The recent federal budget, however, demonstrated clearly that they were not listening. At a time when the rosiest financial picture in a quarter century was painted for Canadians by the federal minister of finance, the best the federal government could do was to cover the cost of running New Brunswick’s health care system for three days a year!

When Canadians wanted a long-term commitment to adequate, predictable, and secure federal funding for health care, we received a one-time donation instead, of only $15 million for each of the next four years—barely enough to cover one-third of today’s hospital corporation deficits.

Mr. Speaker, this does not meet the health care needs of New Brunswickers.

This government will continue its efforts with other provincial and territorial governments and like-minded Canadians to insist on adequate, stable funding for our health care system.

In the meantime, we will do our part now to renew health care for New Brunswick families.

This budget provides for the highest level of health care funding in New Brunswick history at more than $1.5 billion.

In the year just ending and the year ahead, we will provide an additional $143 million over and above the amount budgeted in 1999-2000 to renew health care for New Brunswickers.

Highlights of this additional commitment to health care include:

* a $60 million increase for funding for hospital services;
* a $38.7 million increase for family and community so- cial services;
* a $13 million increase for ambulance services;
* a $13 million increase for Medicare;
* a $5.5 million increase for the Prescription Drug Pro- gram, and
* ten new medical seats for New Brunswickers at Memorial University.

Mr. Speaker, we are committed to increasing our investments in health care in every year of our mandate. However, money alone will not cure the problems in our health care system. In fact, the current rate at which health care funding is growing is simply not sustainable over the long term. We must change how we deliver health care to people in order to focus on priorities, improve its quality and make it more cost-effective in ways that are consistent with the principles of the *Canada Health Act*. This is the only way to ensure our health system is there for New Brunswick families—not just this year, but next year and every year after that.

That is why the premier has created a Health Quality Council reporting directly to him. The council has a two-year mandate to work with government and New Brunswickers to improve the delivery of health care services in every region of the province.

As we invest more in health care, we must ensure that every dollar is spent where it is most needed and that is directly on protecting the health and wellness of New Brunswickers. We need to make our health care system more accountable so taxpayers receive the best value for the public dollars being spent.

The Crown Corporations committee of the Legislature has done positive work in examining the question of regional hospital corporation accountability.

In response to some of the issues raised, the Province and the Region Hospital Corporations, working cooperatively, will implement a new accountability framework to ensure scarce health care dollars are spent as effectively as possible.

The corporations will be required to adopt a number of financial management practices currently followed by government departments. In this way, the corporations will manage within approved budget levels, establish appropriate performance indicators, and provide regular and consistent financial updates during the year. At the same time, government will become the principal “banker” for all hospital corporations. This will result in funding currently used for interest payments to service loans being made available for front-line patient care.

We believe these are positive steps leading to greater stability and sustainability of health care funding both for government and for the hospital corporations. As a further step towards greater accountability, we will be working closely with the hospital corporations over the course of the year to develop multi-year budget plans.

Mr. Speaker, a compassionate New Brunswick is one that helps those most in need. Helping people also means encouraging greater self-reliance and participation in our economy and in society.

Persons with long-term disabilities face considerable health and disability related costs. Accordingly, the new Department of Family and Community Services will be increasing financial support for certified disabled persons. A new supplement will provide recipients with an additional $1,000 per year to be phased-in over the next four years. This represents a $5 million increase in supplements for disabled New Brunswickers once fully implemented.

**Investing in Education**

Mr. Speaker, our future competitiveness as a province depends upon an educated society. There is no place for second best in the global economy.

Investing in education is the best long-term investment we can make in our future. That is why we undertook the following key investments for children in the classroom in 1999-2000:

* $1 million top-up fund to provide for the purchase of teaching materials and supplies;
* $1.9 million to hire 100 new teaching assistants, and
* $300,000 for the “Healthy Minds” school nutritional program now being piloted during this school year.

Our commitment to New Brunswickers is to increase funding for education in every year of our mandate. In fiscal 2000-2001 expenditures for Kindergarten to Grade 12, grants to universities, funding for community colleges, as well as capital investments in educational facilities will total $999 million. This is the highest level of education funding in the Province’s history and $18 million more than budgeted in 1999-2000.

As a result of this increased funding, we will:

* maintain the $1.9 million for 100 teaching assistants;
* maintain the $1 million extra top-up fund for school sup- plies;
* lower the maximum class size for Grade 2 from 28 to 25 students beginning this September, and
* implement the second year of the pay increase for sup- ply teachers.

The 2000-2001 Budget contains a total of $34 million in capital funding to improve New Brunswick schools of which $25 mil- lion will be dedicated to ensure the school environment is healthy and safe for children, teachers, staff, and volunteers. Over the next four years, a total of $100 million will be invested in this new “Healthy Schools” program.

Mr. Speaker, the government is also honouring its commitment to increase investments in post-secondary education in the province. In response to the report of the Task Force studying the issue, we will institute a multi-year funding plan for universities that will include a 2 per cent per year increase for each of the next three years.

**Lowering Taxes**

Mr. Speaker, New Brunswickers want and deserve lower taxes. Lower taxes help create jobs and promote economic growth. They encourage participation in the economy, creating individual opportunity and greater self-reliance. They make us more competitive, not just within Canada but beyond our borders as well.

Here in New Brunswick, our competitiveness—the ability to create jobs, improve productivity, and foster economic growth— is linked to our tax system.

That is why we set out some clear goals for our province in the area of taxation: a phased approach to lowering income taxes for New Brunswickers, the lowest personal income tax burden in Atlantic Canada, and one of the lowest overall tax burdens in all of Canada.

Today the government is announcing several measures to help achieve these goals and keep our commitment to New Brunswickers.

Mr. Speaker, I am pleased to announce that effective for the 2000 tax year, the Province will move from the “tax on tax” to the “tax on taxable income” method of calculating provincial personal income tax.

This transition represents an important improvement for New Brunswick. The increased flexibility offered by the “tax on tax- able income” system means that the Province can design its personal income tax policy, more independently of the federal government.

Having gained more control over the Province’s personal in- come tax revenues, the people of New Brunswick will have the opportunity to ensure that our tax system better meets our own social, economic, and fiscal needs. We can encourage success and we can ensure that those who are less fortunate will receive the assistance they need. For more details on this new system, please see the accompanying budget paper on “Tax on Taxable Income.”

Mr. Speaker, this government made a commitment to the taxpayers of New Brunswick to reduce the personal income tax rate, in its first budget, from 60 per cent to 57.5 per cent of basic federal tax. We are also committed to reducing provincial personal income tax rates by 10 per cent over the course of the mandate. Today, we are more than honouring our first commitment and we are halfway to fulfilling the second.

Effective July 1, 2000, source deductions for New Brunswick personal income tax will reflect the equivalent of a 57 per cent personal income tax rate in the existing system.

Mr. Speaker, New Brunswickers are also realizing benefits be- cause the Province is adopting a number of recent federal changes to the income tax system. The combined impact of these measures will save New Brunswick taxpayers $33 million in personal income taxes in 2000-2001. In 2001-2002, taxpayers will save $54 million from these measures.

Effective for payroll deductions beginning July 1, 2000, single New Brunswickers with taxable income of $30,000 will see annual provincial tax savings of $130 reflected in their take home pay. When the tax reductions recently announced by the federal government take effect, the combined tax savings will increase to $258 on an annual basis.

This five per-cent reduction in the provincial personal income tax rate is setting New Brunswick on the right track towards the lowest personal income tax rates in Atlantic Canada, a further commitment this government will honour.

We believe putting more money into people’s pockets to invest as they choose is a sound investment in the future of our economy.

This government is committed to ensuring that New Brunswickers have the benefits of a tax structure that is simple, fair, transparent, efficient, and competitive.

On the issue of fairness, effective April 1, 2000, the private sale of boats and aircraft will be subject to a provincial levy of 15 per cent. This tax will be similar to the provincial levy on private sales of motor vehicles that began when New Brunswick introduced the HST. While individuals purchasing boats and aircraft from registered dealers have been required to pay the HST since April 1, 1997, those purchasing privately were not required to pay tax at all. On April 1st, we are correcting this inequity.

Mr. Speaker, we must ask if our tax structure is rewarding success. Is it helping families and low-income earners? How do we compare with our neighbours? Is there sufficient incentive to start and to build your own business? Are New Brunswickers taking home more or less of their hard-earned pay?

To answer these questions, we need to review our current sys- tem and determine how it can be improved. Across the country, other provinces have been examining their respective taxation systems with these points in mind. We need to do the same.

This government believes in empowering people and communities. That is why we are consulting with New Brunswickers now on the creation of new district education councils and regional health authorities. A central question in these consultations revolves around roles and responsibilities—in short, “who does what?”

“Who pays for what?” is an equally important question. The financial relationship between the provincial government and local government must be clarified. The municipal tax structure in New Brunswick has not been reviewed since 1967, when the Byrne Report recommendations to restructure roles and responsibilities between these two levels of government were implemented.

Much has changed since then. Residential and commercial development has grown on the boundary areas of towns and cities. Tax bases have altered. Spending by some municipalities has increased beyond the average of others. As well, the current unconditional grant formula has come under some criticism for creating financial winners and losers instead of equalizing the capacity to deliver services to citizens.

We plan to examine the current structure of grants and taxes for local government.

At the same time, we need to take steps now to address the current financial situation of the Province. Next calendar year, 2001, unconditional grants will be reduced by $7.5 million.

Working together, we can achieve our common goal of having one of the lowest overall tax burdens in the country.

**Building New Job Opportunities**

Mr. Speaker, New Brunswick, like many other provinces, is enjoying one of the most robust employment performances in memory. However, our unemployment rate remains higher than the national rate and there are still too many New Brunswickers who are counted in the unemployment rolls. We must, and we will, do better.

As I pointed out earlier, our economy is growing. The private sector, particularly small business, is doing more to create new job opportunities. We need to encourage their success and build more employment opportunities for New Brunswickers.

Sharpening government’s focus on investment and exports, regional and community economic development, local entrepreneurship, streamlined assistance to businesses, and skills and job training for people will help make our province more competitive. Reducing the size of government and the regulatory and tax burdens on businesses and individuals will also increase our competitiveness.

High business taxes and too much red tape hurt jobs because they are barriers to success. This is particularly true for small businesses.

About 113,000 New Brunswickers are employed by businesses with less than 20 employees. Fully 34 per cent of all employed people in the province work in small enterprises. That is why this government has pledged to address the needs of the small business community, which is a vital component of New Brunswick’s growing economy.

Mr. Speaker, we made a commitment to reduce the small business corporate income tax rate from 6 per cent to 4.5 per cent over the course of our first mandate. Today, I am announcing that the government is meeting that commitment, not in four years, but in one.

The reduction is effective January 1, 2000, and will put $6 mil- lion back into the hands of small business owners and entrepreneurs to invest in, and grow, their firms. This will give New Brunswick small businesses the lowest corporate income tax rate in all of Canada. When combined with the personal income tax reductions just announced, government is signalling its commitment to rewarding success and results, and, in the long run, creating more job opportunities for New Brunswickers.

To encourage small businesses to hire young New Brunswickers, we will be putting in place a Job Start initiative as a supplement to the existing “New Hires” program offered by the federal government.

These initiatives complement our ongoing efforts to reduce red tape—a barrier to business operations and job creation. The private sector led Red Tape Reduction Committee has a mandate to recommend ways in which government can serve growing businesses better. The government looks forward to receiving its recommendations later this spring.

**Conclusion**

Mr. Speaker, today’s budget keeps this government’s commitment to New Brunswickers: a balanced budget, lower taxes for people and small businesses, and increased investments in health care and education.

It is a budget of choices and of priorities. It is a budget that places the full financial picture before New Brunswickers. It is a budget that starts the real work of balancing our expenditures with our resources. It is a budget that sets specific goals and targets—and meets them. It is a budget that makes New Brunswick more competitive and more compassionate.

Very simply, the message is this—New Brunswick is at a crossroads and there is a choice of directions we can take. We can choose as a province to continue down a well-worn path of deficits and debt, or we can choose a new path that will lead New Brunswick to fiscal, economic, and social success.

New Brunswickers chose to manage smarter, to refocus government’s energies on their priorities of health care and education, jobs, and reduced taxes. As a result, Mr. Speaker, we will indeed change our future together.

Thank you.