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| Nouveau-Brunswick | 54e | 3e | Discours sur le Budget | 27 mars 2001 | M. Norman Betts | Ministre des Finances | PC |

**Introduction**

Mr. Speaker, I am honoured to deliver the 2001-2002 Budget. This government’s second budget fulfils its commitments to New Brunswickers once again with record investments in health care and education, and lower taxes for New Brunswick workers and families.

By building on the secure financial foundation we established in our first budget, New Brunswick is on the path to long-term economic growth with a sharper competitive edge and renewed compassion for those most in need.

Mr. Speaker, today’s budget demonstrates clearly our balanced approach to fiscal choices and public priorities. By cutting taxes we help increase economic growth and foster job creation. By focusing our spending priorities on what matters most – children, seniors and workers – we are able to make record investments in health care and education. And by managing smarter we are able to balance our budget today and plan for tomorrow.

That was the plan last year and that is the plan this year. Mr. Speaker, this plan is working. As a result of this government’s balanced approach, New Brunswickers will benefit from:

* a record $1.683 billion investment in health care;
* a record $1.039 billion investment in education;
* personal income tax reductions totalling a further $34 million;
* corporate income tax reductions totalling a further $14.3 million;
* a second consecutive surplus budget of $34.8 million;
* a two year projected reduction in net debt of $67.9 million; and
* a new fiscal stabilization fund of $100 million to ensure New Brunswick has the fiscal

capacity to invest in the future.

Mr. Speaker, this budget builds on the positive results of our first budget. That budget set in motion a plan to deliver tax reductions, to increase funding for health care and education, and to ensure ongoing debt reduction over time. These are New Brunswickers’ priorities. These are our priorities.

Achieving these goals is a challenge, a challenge this government continues to accept and to meet.

Two years ago, this government identified a growing problem caused by the fiscal imbalance between expenditures and revenues. Mr. Speaker, this government set out to review its programs and services to ensure they were being delivered to New Brunswickers in the most cost-effective way possible. The savings allowed us to increase investments in key priorities for New Brunswickers.

Mr. Speaker, this government has delivered:

* $1.6 billion in health care funding;
* $1 billion in education funding;
* a $54 million reduction in personal income taxes;
* the lowest small business corporate income tax rate in Canada; and
* a more cost-effective government working within its means.

Mr. Speaker, in June 1999, the people of New Brunswick put their trust in this government to change the way government works and to ensure that their priorities were met. This is a responsibility that we take seriously each day. My great-grandfather, Robert Murray, once stood in this very chamber and delivered budget speeches. I am reminded of something he said in such an address in 1918. In describing his government, he said it was “determined to keep faith with the people of New Brunswick and to allow no improper influence to deflect it from its purpose of serving the people faithfully and well.” Today, we are just as determined.

**Striking the Right Balance**

Mr. Speaker, with our first budget, this government struck a balance between key public priorities and the means with which to fund them. It is a balance that we must continue to strike.

We are now well prepared to build a brighter future for our province. This does not mean that we have completed the job. Much more remains to be done in order to ensure balanced results not just today but tomorrow as well. We must not relax the fiscal discipline we have exercised. We must continue to seek ways in which to manage smarter. In short, we must continue to make the right choices – choices that will help to create greater opportunities for all New Brunswickers.

Dealing with each of these choices at the same time is what we mean by a balanced approach.

Last year I said: “The price of admission to a new century is a balanced budget.” Deficits today are simply taxes tomorrow. Maintaining a competitive position in the “new century” requires continued fiscal prudence leading to balanced budgets with balanced results. It is only through this strong fiscal management that we will achieve the flexibility to invest in health care and education and to lower taxes for workers and families.

**2000-2001 Fiscal Year**

Mr. Speaker, the fiscal year just ending was a very good one for the Province of New Brunswick. The “economic sun” I spoke of last year shone much more brightly than anticipated.

Because economic growth in 2000 was stronger than forecast and because provincial expenditures have been managed well, New Brunswickers will benefit from a larger surplus than originally forecast.

As a result of this growth, we have been anticipating higher revenues than were budgeted. This increase in revenues was just recently confirmed by the federal government, which administers and collects New Brunswick’s personal and corporate income taxes, as well as the province’s share of the Harmonized Sales Tax. In addition to these increased revenue estimates, provincial expenditures are now estimated to be slightly lower than in the 2000-2001 Budget.

The government is projecting a surplus of $33.1 million for the 2000-2001 fiscal year. This is an increase of $11.8 million over the 2000-2001 budget estimate of $21.3 million. We budgeted black ink, and Mr. Speaker, we delivered black ink.

This government’s balanced approach is clearly paying off for New Brunswickers. We must continue with this approach as we move forward. That means investing where it matters most, paying down our debt and putting something aside for the future.

New Brunswick has experienced ups and downs in its fiscal situation time and time again. Our continued financial structural problems, rising demands for more and more health care, the need to invest in children and education, and the long-term economic competitiveness that can only come with lower taxes and less debt, means our fiscal house for the future is not yet completed. We still have work to do.

Mr. Speaker, we will be tabling supplementary estimates for the 2000-2001 fiscal year, which ends this week. These supplementary estimates will include the establishment of a $100 million fiscal stabilization fund. While it is true that you must fix your roof when the sun is shining, it is also prudent to set something aside for a rainy day.

The fiscal stabilization fund will be used for one-time expenditures only, in future years when the fiscal situation requires it. Furthermore, if the fiscal situation permits, we hope to add to this fund in future years so that we can continue to have the capacity to manage our financial affairs prudently.

Not every year will be like the year we just finished. In fact, we are projecting more modest economic growth for this year than last year. The economic slowdown being experienced in the United States and other parts of the world is having an impact here in Canada. While its ultimate effect remains unclear, we must not plan our economic future wearing rose-coloured glasses.

**2001-2002 Fiscal Year**

For the 2001-2002 fiscal year, we are projecting budgetary revenues of $5.027 billion and budgetary expenditures of $4.992 billion.

Let me highlight some of these expenditures:

* $25.3 million in the Strategic Assistance Program;
* $10 million this year in a new Total Development Fund;
* $7.3 million this year for early childhood development;
* $1 million to hire 20 additional social workers for child protection;
* new funding for New Brunswick’s participation in the Canada/New Brunswick Framework

Agreement on Agricultural Risk Management;

* $250 annual increase in financial support for certified disabled persons; this is the second

of four annual increases, totalling $1000;

* $2 million over four years for the modernization and consolidation of New Brunswick Acts; and
* $7 million over three years to bring high-speed Internet bandwidth to all New Brunswick schools.

The current Roundtable on Local Governance continues its deliberations and is preparing recommendations to the Minister of the Environment and Local Government. These recommendations may have a bearing on future provincial/municipal funding arrangements. For the 2001-2002 fiscal year, total unconditional grant funding will be $67 million.

Mr. Speaker, for the 2001-2002 fiscal year, we are projecting a surplus of $34.8 million. In this government’s first two years, a projected $67.9 million will be paid on provincial net debt.

Mr. Speaker, each surplus, however modest, allows New Brunswickers to pay down a portion of our collective net debt. Each payment on this “provincial mortgage” is really an investment in our children’s future. It is our responsibility to ensure that the fiscal inheritance our children receive from us is not a financial millstone that drags down their future. We will continue to manage the public’s finances with great care to ensure surpluses and balanced results in order to continue reducing the debt.

Ongoing debt reduction is one of the vital signs of our fiscal health. It has a substantial bearing on how the world assesses New Brunswick, and this is important to ensure companies choose New Brunswick as a place to invest. The financial world endorses our fiscal policies and is giving us a clean bill of health, as indicated by New Brunswick’s positive credit ratings – the best of any province east of Ontario.

**Capital budget**

Mr. Speaker, this government has used a balanced approach to establish its capital budget. Recently released public-private investment intentions indicate that, despite an expected reduction this year due to the completion of key projects, capital investment is forecast to remain well above the average of the past ten years. In fact, 2001 represents the fourth largest overall investment in capital in New Brunswick’s history.

Government must continue to manage its capital budget in a fiscally responsible manner. Last year, private sector capital investment remained relatively high, allowing government to strategically reduce its capital budget for 2000-2001. As these investments soften, government is strategically increasing its share of capital investments.

As I announced in December, capital estimates total $197.2 million for 2001-2002, an increase of 30 per cent over the previous year. These investment choices reflect clear public priorities of clean water, healthy schools, safer buildings, and better roads. We are focusing on protecting the health and safety of New Brunswickers where they live, where they learn, where they work and do business, and where they travel.

Highlights of the capital investments for 2001-2002 include:

* gross capital budget of $116.7 million for the Department of Transportation;
* $34 million for schools;
* $9.5 million under the Canada-New Brunswick Infrastructure Program aimed at “green”

infrastructure for safe, clean water;

* $8.7 million, starting with $1.8 million in 2001-2002, to build a new courthouse in Miramichi; and
* $5 million over two years, starting with $500,000 this year, to design and build an addition to the Provincial Archives building in Fredericton.

Mr. Speaker, once again, we have struck the right balance in our capital budget by building what we need, while ensuring that we can maintain what we have.

**Continuing our Economic Growth**

Mr. Speaker, as I mentioned earlier, New Brunswick benefited from a strong economy last year.

For 2000, private forecasters estimate real growth in New Brunswick to be between 2.9 per cent and 5.5 per cent. Last year’s budget projection was for an increase in real GDP of 2.8 per cent. Over the course of the year, the US, Canadian and New Brunswick economies all gained strength, and we are now estimating real growth in New Brunswick will be 3.5 per cent in 2000.

Given this level of economic activity, New Brunswick posted important gains in several key economic indicators. At an even 10 per cent, the unemployment rate hit its lowest level since 1976. A record 334,400 New Brunswickers were employed in 2000. Growth in the job market was strongest in full-time jobs as these account for 85 per cent of employment gains.

Increases in New Brunswick manufacturing shipments, exports, housing starts, and restaurant receipts surpassed national rates. Manufacturing shipments and exports, influenced by higher commodity prices, each increased over 20 per cent. Housing starts reached their highest level since 1994.

**Projections**

As we look ahead to 2001, we are cautiously optimistic for continued positive economic growth. The rate of growth, however, will be affected by many factors out of New Brunswick’s control. That is why we must continue to be prudent in how we manage our economic and financial affairs in the year ahead.

As a result of slower projected growth in the US and Canadian economies, demand for New Brunswick’s manufactured and natural resource products could be lower. However, this will be offset somewhat by increased consumer demand resulting from lower income taxes and interest rates here in New Brunswick and in other parts of Canada. Private forecasters are estimating New

Brunswick’s growth for 2001 at a rate between 1.1 and 2.8 per cent. The Department of Finance forecasts real GDP growth in 2001 to be 2.1 per cent.

This is a respectable economic growth rate. However, in order to ensure that New Brunswick remains competitive over the longer term, we must continue to build a more competitive fiscal and economic environment in our province. We will accomplish this by focusing on key economic building blocks. That means investing in people, fostering innovation, building strategic infrastructure, and ensuring we have a competitive tax regime.

**Building New Job Opportunities**

Mr. Speaker, building new job opportunities is at the core of this government’s economic growth agenda. And lowering taxes for people and business is at the heart of our priority to build those new job opportunities. We have set ourselves the goals of having the lowest personal income tax burden in Atlantic Canada and one of the lowest overall tax burdens in all of Canada. We are on track to achieving these goals.

Last year, this government delivered considerable tax reductions to individual New Brunswickers and to businesses.

First, we reduced personal income taxes by 5 per cent, halfway to our overall commitment to reduce income taxes by 10 per cent over the course of our mandate. This reduction, combined with federal changes, results in provincial personal income tax savings of an estimated $54 million for the 2001-2002 fiscal year.

Second, we reduced the small business corporate income tax rate from 6 to 4.5 per cent – the lowest in the country – achieving our four-year goal in just one year. This puts approximately $6 million per year in the hands of small business owners to invest and grow their businesses.

These are significant tax savings, Mr. Speaker, not only in their direct benefit to individual taxpayers but in their impact on the economy. More money in the hands of taxpayers and businesses results in increased spending and investment thereby promoting economic activity – and that means more jobs.

Mr. Speaker, we all want lower taxes. But, we all know taxes are necessary. They fund the programs, services, and infrastructure that individual New Brunswickers and businesses in the province want and need. What we must do is strike the right balance between the need for taxes to fund key services and tax cuts to foster jobs and growth. We must balance the need for more revenue today with the need for a growing economy tomorrow. A growing economy generates more wealth and revenue to fund priority services such as health care and education. It is the best guarantee we can get to improve our standard of living and make New Brunswick a better place to live, work, and raise a family. That is why having a competitive taxation regime is a fundamental building block of our economic growth agenda.

And that is why we took the important step last year of creating a “made-in-New Brunswick” taxation system by moving to a tax on taxable income system. The Province is now in a position to make very specific tax changes and reductions – changes and reductions that meet New Brunswickers’ needs – changes that were not possible under the previous income tax system.

I am pleased to announce today 14 specific tax reductions and changes for individual New Brunswickers and businesses.

Mr. Speaker, the tax reductions we are unveiling today are both competitive and compassionate. Competitive, in that they strengthen our economy. Compassionate, because they provide greater tax relief for those most in need.

This second phase of reductions to provincial personal income tax will be retroactive to January 1, 2001 and will put approximately $34 million more back into the hands of New Brunswickers in fiscal 2001-2002.

This budget eliminates provincial income tax for those with incomes below $10,000, targets assistance to low-income families, and makes other changes including the enhancement of a number of credits as well as the indexation of personal credit amounts and brackets. Mr. Speaker, these are important measures in that they enable New Brunswickers to keep more of their hard- earned income and help to improve incentives to work.

Combined, provincial personal income tax savings of last year’s budget and this budget are estimated at $88 million in fiscal 2001-2002. Mr. Speaker, this represents a tax reduction of over 8 per cent, well on our way to meeting our 10 per cent reduction commitment by the end of our mandate.

**Low-income Tax Reduction**

Effective for the 2001 taxation year, all taxpayers with income less than $10,000 and families earning income less than $16,000 will no longer pay provincial income tax. With this single measure, this government is removing over 15,000 taxpayers from the provincial tax rolls. This will be accomplished through a low-income tax reduction that will also benefit single tax filers with net income less than $15,200 and families with incomes less than $20,400.

Mr. Speaker, in 1999 an individual taxpayer with taxable income of $10,000 would have had to pay up to $307 in provincial income tax. After today’s budget, this individual will pay no provincial income tax whatsoever.

**Increased Personal Non-refundable Credits**

As well, Mr. Speaker, effective for the 2001 taxation year, the non-refundable amounts for calculation of the provincial credits are being increased to equal the federal amounts. These include the basic personal credit, spousal credit, equivalent to spouse credit, and other personal credits such as the age amount. Source deductions will reflect these reductions effective July 1 retroactively to January 1, 2001.

**Enhanced Disability and Education Tax Credits**

Effective for the 2001 taxation year, New Brunswick will substantially increase the disability tax credit, the caregiver and infirm dependent tax credit, and the education credits by matching the enhanced federal amounts. The disability tax credit amount will increase from $4,293 to $6,000. The caregiver and infirm dependent tax credit amounts will increase from $2,386 to $3,500. The education tax credit amounts will double. The full-time education amount will increase from $200 to $400 per month, and the part-time education amount will increase from $60 to $120 per month.

**Indexation**

In the interest of protecting taxpayers from the impact of inflation, New Brunswick will index personal non-refundable credit amounts and tax brackets to the federally indexed amounts. This will result in direct savings to taxpayers and will virtually eliminate “bracket creep”.

**Replacement of High Income Surtax with New Bracket**

Effective for the 2001 taxation year, the New Brunswick high-income surtax will be replaced with a new tax bracket at $100,000. The replacement of the high-income surtax with a 17.84 per cent rate will mean that the provincial tax credit for charitable donations in excess of $200 will increase from 16.52 per cent to 17.84 per cent effective for the 2001 taxation year. This will help to encourage charitable donations.

**Capital Gains Change and Support for Education**

The inclusion rate for capital gains has been reduced to 50 per cent for provincial income tax purposes, and provincial support for education is increased through more generous income tax exemptions for scholarships, fellowships, and bursaries.

**Low-income Seniors Benefit**

As well, Mr. Speaker, this government will continue to provide the $100 Low-income Seniors Benefit to approximately 32,000 seniors, as well as the New Brunswick Child Tax Benefit and the Working Income Supplement to approximately 40,000 families in the province.

Mr. Speaker, I can assure all New Brunswickers that this government will continue to deliver personal income tax reductions through the course of its mandate.

**Corporate Income Tax Measures**

Mr. Speaker, lower personal income taxes reward success and act as an incentive for people to work, spend, and invest. Lower corporate taxes do the same for businesses, big and small. It helps improve our overall competitiveness, builds new job opportunities for New Brunswickers and makes our province more attractive to outside investment.

To this end, this government will introduce three new corporate income tax measures.

First, we will reduce the small business corporate income tax rate to 4 per cent – the lowest small business rate in the country – effective January 1, 2001. Mr. Speaker, this represents further savings of an estimated $2.3 million to the small business sector in New Brunswick in fiscal 2001-2002.

Second, effective January 1, 2001 the small business threshold will be increased from $200,000 to $300,000 of active business income. This will result in further savings of an estimated $3 million for the 2001-2002 fiscal year. Combined with last year’s measures, total tax savings as a result of rate reductions and an increase in the threshold for the small business community are estimated to be $11.3 million for the 2001-2002 fiscal year.

Mr. Speaker, New Brunswick has had the dubious distinction of having one of the highest general corporate income tax rates in the country. This acts as a barrier to new investment and growth. It is time to send a new signal – New Brunswick is open to business and ready to compete.

As a third measure, the general corporate income tax rate will be reduced one point from 17 per cent to 16 per cent, resulting in savings to New Brunswick businesses of an estimated $9 million per year. This is the first reduction in the general rate in New Brunswick in twenty years.

In the interest of promoting film production in the province, enhancements will be made to the Film Tax Credit and the program will be extended.

As well, we will implement a new Mineral Exploration Tax Credit. The credit is designed to help encourage 3-D seismic exploration and will be applied against the Metallic Minerals Tax at a rate of 18 per cent of approved advanced survey expenditures. The credit is valued at about $1 million per year.

Mr. Speaker, part of our strategy to build new job opportunities for New Brunswickers includes strategic investment in critical industry clusters. In today’s global economy, innovation is the key to success. Applying the benefits of technology and innovation, the “new economy”, to our natural resource strengths, the “traditional economy”, is one example of what we must do. We need to ensure that we get every possible value from our natural resources through secondary and value-added transformation. This is value that creates jobs and growth for people and helps secure the future of resource-reliant communities.

The government will therefore establish a new three-year, $30 million Total Development Fund to help revitalize our resource-based industries in agriculture, fisheries and aquaculture, forestry, mining and tourism. The total development approach focuses on the entire package: training, technology, innovation, marketing, product development, and the availability of energy sources.

**Sustaining our Health Care System**

Mr. Speaker, sustaining our health care system continues to be a top priority of New Brunswickers and of this government. In 2000-2001, this government will spend a record $1.6 billion in health care. The government remains committed to ensuring stable and sustainable health care funding well into the future.

In 2000-2001 health care expenditures will be $87 million higher than in 1999-2000. Along with 300 new permanent nursing positions and enhanced MS drug coverage, this government has invested in areas such as hospital, ambulance, family and community services; as well as Medicare, the Prescription Drug Program, increased benefits to disabled persons, and the improvement and expansion of magnetic resonance imaging services in the province.

This government also undertook a number of initiatives in its physician recruitment and retention strategy. These include:

* the addition of ten new medical seats at Memorial University;
* the establishment of a family practice teaching unit at the Moncton Hospital where 12

residents are learning about family medicine in New Brunswick;

* increased specialists salaries by $20,000 per year;
* the acceptance of 25 foreign-trained physicians to practice in New Brunswick;
* the awarding of 50 location grants to physicians willing to work in areas where recruitment

is difficult; and

* the expansion of the summer employment program to 30 students and an increase in their

salaries.

These are all significant investments that have helped make health care better for New Brunswickers this year and in the future.

Mr. Speaker, we know more must be done to address health care issues in our province and more will be done to make up for the short-changing of the past.

I am proud to say, therefore, that this government will again honour its commitment to sustaining health care in New Brunswick with a record-high budget in health care of $1.683 billion in the year ahead. Investments in health care will be increased in 2001-2002 by a further $82 million, an increase of 5.1 per cent over revised spending estimates for 2000-2001, and an overall increase of 11.1 per cent since the 1999-2000 fiscal year. Put another way, the 2001-2002 health care budget represents a 22.4 per cent increase above what was budgeted in 1999-2000 by the previous government. Our investments in health care today represent the single-largest new budget allocation of this year’s budget.

Key new investments in health care in today’s budget compared to revised estimates for 2000-2001 include:

* a $27.1 million increase in funding for Hospital Services;
* an increase of $21.8 million for long-term care;
* a further $11.4 million in the Prescription Drug Program; and
* a $3.5 million increase for Ambulance Services.

This government has also committed funds to a multi-year nurse recruitment and retention strategy and towards the completion of the expansion of MRI services in the province. New Brunswick pharmacists will benefit from an increase in the dispensing fee, the first since 1997.

Capital investments for health include $6.9 million in capital improvements and renovations to hospitals and $2.5 million for capital equipment in hospitals.

**Public Health and Medical Services Mental Health Services**

Mr. Speaker, when it comes to funding health care and other key social programs, the federal government, unfortunately, has not shown the same commitment to this priority. Despite the infusion of funds in September of last year and record surpluses, federal cash transfers to New Brunswick through the Canada Health and Social Transfer will not be fully restored to 1994-95 levels until 2004-2005. However, this restoration does not take into account the growth of program costs for provincial health and social programs since that time. We will continue to press the federal government to bring immediate restoration to 1994-95 levels and to set an appropriate escalator for cash transfers to ensure that key social programs can be sustained in the future.

Mr. Speaker, we are all challenged to find ways to better manage the pressures in our health care system. We must not just spend money, but spend it wisely. That is why this government set up a new accountability framework with the Region Hospital Corporations and now requires the corporations to borrow through the government. Region Hospital Corporations are realizing direct savings as a result of better borrowing rates and as a result of their own strategies to manage spending. As well, the Province has begun a process to conduct operational reviews to help identify further savings in the corporations. The Province will continue these reviews and will direct savings back into patient care.

At the risk of repeating myself, money alone will not solve all of our health care problems. We must ensure that we are balancing today’s health care needs with tomorrow’s health care needs and ensure we have the funds available to pay for both. This means that we must manage the rate of growth in health care spending by working together and planning for the future.

**Investing in Education and Children**

Mr. Speaker, this government is committed to investing more in education and in children. This government is also committed to empowering parents and communities by giving them a voice in the decision-making process concerning education.

Mr. Speaker, as a government and as parents, there is no better tool we can give our children for empowerment and success for the future than a quality education.

This government’s record investments in education over the past year and a half are a testament to our overall commitment to our young people. These investments included:

* $2.9 million to reduce maximum class sizes in Grades 1 and 2;
* $1 million top-up fund to provide for the purchase of teaching materials and supplies;
* $1.9 million to hire 100 new teaching assistants;
* $1 million for the Healthy Minds school nutritional program from which over 7000 New

Brunswick children have benefited; and

* a multi-year funding increase of 2 per cent per year for New Brunswick universities.

This budget takes our commitment to education to record levels. In 2001-2002, expenditures for Kindergarten to Grade 12, grants to universities, funding for community colleges, as well as capital investments in educational facilities will total $1.039 billion.

As a result of this increased funding, we will:

* invest a further $1.1 million to reduce the maximum Grade 3 class size from 32 to 30; hire another 50 teaching assistants;
* invest $7 million over three years to provide access to high-speed Internet bandwidth in all schools;
* invest $3.1 million as the second year of the three year increase in university funding; and invest $300,000 in e-learning Spanish courses for high school students.

As well, this government will make the following capital investments in education as highlighted in the capital budget. These include:

* $34 million for schools, including $25 million for the ongoing Healthy Schools program; and
* $2 million for repairs and renovations to community colleges, signalling a strategic, multi- year approach to the issue.

**2001-2002 Budget**

Mr. Speaker, investing in children is the most important investment we can make in our future. And it is most important of all that we invest in children in their earliest years. A child’s earliest years are a child’s most formative ones. So much of their development potential is determined by ages five and six. We want to give our children greater opportunities to grow and learn.

That is why the Speech from the Throne indicated that the government would release a New Brunswick Early Childhood Development Agenda this session. As a first step, $7.3 million will be invested this year as part of this five-year federal-provincial effort. The goals of this national approach are to:

* promote healthy pregnancy, birth and infancy;
* improve parenting and family supports;
* strengthen early childhood development, learning and care; and
* strengthen community supports.

Here in New Brunswick, we will be investing more than ever before in childcare, early language development, early childhood initiatives, and prenatal benefits. Day care operators will receive greater funding to improve the quality of their service and training of their staff. The number of speech pathologists will be increased. Waiting lists for early intervention services will be reduced. A new prenatal benefit program will be created.

As well, we will invest an additional $1 million to hire 20 new social workers for child protection.

Mr. Speaker, as Premier Lord said in his recent State of the Province Address, “The future is about our youth, our children and grandchildren.”

**Managing Smarter**

Mr. Speaker, managing smarter has allowed this government to adopt a balanced approach to public priorities. It has allowed us to make choices that result in increased investments in the areas that matter most to New Brunswickers. Let me give a concrete example. In reducing the size of Cabinet by 30 per cent, this government saved approximately one million dollars per year. That is the same amount of money invested in the Healthy Minds nutritional program for every New Brunswick child from Kindergarten to Grade Three.

There is perhaps no issue that challenges government more to make the right choices and to manage smarter than delivering a fair compensation package to our employees. This government firmly believes in treating its employees fairly. We adhere to a compensation policy that is guided by four principles: internal equity, external market competitiveness, affordability, and comprehensiveness. These are the principles this government will continue to consistently apply in providing compensation to bargaining and non-bargaining employees alike.

I must reiterate this government’s appreciation for the public service in New Brunswick. Our province is fortunate to benefit from the contributions of professional, skilled, and committed people dedicated to the development and delivery of programs and services for New Brunswickers. We want to work with our employees and unions to ensure New Brunswick public servants are fairly paid and recognized for the work they do.

Mr. Speaker, part of our strategy in managing smarter has been to take a multi-faceted approach to positioning the government’s human resources for the future.

Through Program/Service Review, the government’s priorities were redefined. Almost all of the people affected were either redeployed to vacant positions in other program areas or to Voluntary Early Retirement Window (VERW) positions. The combined initiatives of a hiring freeze, a Voluntary Early Retirement Program and a Redeployment Program show how the government has managed smarter.

About 1335 employees who wished to retire have taken up VERW, creating new opportunities for civil servants currently working in the system and for new people to join the civil service. This rejuvenation has been done in a planned, incremental way. This element of our overall strategy has resulted in approximately 485 employees having taken advantage of this program this year. Its full benefit will not be realized until 2002. Departments are developing plans to manage changing human resources needs, to ensure smooth transitions once the program is fully implemented and to meet the human resource needs of the future so New Brunswickers will receive the government services they need.

This government’s efforts in managing smarter have also focused on more efficient delivery of government services. Here, Mr. Speaker, we are challenged to arrive at the right balance between our human and technological resources.

This year, government will establish an eNB Co-ordination Office and Red Tape Reduction Office. eNB is this government’s comprehensive approach to take full advantage of the knowledge-based economy focusing on e-government, e-business and e-learning. The eNB Co-ordination Office will mobilize the government’s eNB effort and support the Premier’s Roundtable on eNB and Innovation. Unlocking New Brunswick’s true full potential as a player at the cutting edge of the global economy requires a joint and co-ordinated vision and constant innovation to ensure New Brunswick can compete in the world market.

A new Red Tape Reduction Office is being established to co-ordinate and implement the government’s response to the Report from the Red Tape Reduction Committee. The government has already responded to some of its recommendations, but we believe an ongoing approach to red tape reduction that involves government and the private sector is required.

**Conclusion**

Mr. Speaker, this budget sets out a balanced approach with balanced results. It sets out once again our plan to create a more competitive and compassionate New Brunswick. In just under two years, this government has focused on key public priorities in health care and education. We have reduced taxes and streamlined the cost and delivery of public services. We have established new frameworks for greater public participation in the decision-making process. We have worked very hard to protect and promote New Brunswick’s interests on the national and international stages. And, Mr. Speaker, we have managed the public finances carefully, presenting to the people of New Brunswick two consecutive surplus budgets.

In addressing all of these issues and facing a multitude of challenges, we have adopted a balanced approach in order to achieve balanced results. We have carefully weighed the need for improved competitiveness in our economy with renewed compassion for those in need. We have balanced our plans for today with our commitments to our children for tomorrow. The result, Mr. Speaker, is a province where greater opportunity becomes more of a reality for New Brunswickers and their families every day.

Thank you very much.