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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
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Mr. Speaker, I am pleased to present to this Honourable House the second Budget of the Wells Administration.

These first ten months of Government have brought many challenges in managing the provincial economy, in providing services essential to our people, and in responding to the changing nature of the federal - provincial fiscal balance in this country.

To date, this Government has established a record of responsible action and decisive leadership, and has demonstrated a willingness to tackle head- on the tough issues that confront us.

Notwithstanding the current difficulties in our economy, optimism and enthusiasm pervade this Administration. We are restructuring. the machinery of Government, we are eliminating the waste and extravagance of former years, and we are making significant progress in implementing policies for which the people of the Province voted nearly eleven months ago.

The preparation of this Budget has not been easy, partly because of the far-reaching effects of the drastic reductions in cod quotas, but largely because of the economic, fiscal and monetary policies of the Federal Government. However we have been able to produce a Budget that addresses in a very significant way this Government's three basic priorities of Economic Development, health care and education; a Budget that does not come down hard on the people.

This is a prudent Budget that will enable us to go a long way towards delivering to all regions of the Province the fairest and most equitable level of service we are able to provide and still be fiscally responsible to the present and to the future. Mr. Speaker, I am proud to present this Budget for it is truly a Liberal Budget, a people's Budget.

Mr. Speaker, the Province's economy continued to expand during 1989 with the Gross Domestic Product, or GOP, growing by 1.4 per cent, after adjusting for inflation. Although we have made progress, the rate of growth of the Newfoundland Economy has not kept pace with that of the rest of Canada. Over the past seven years the Newfoundland Economy grew at an average annual rate of 3 per cent, compared with average annual growth nationally of 4.2 per cent.

Mr. Speaker, economic growth in 1989 was not as high are in the previous two years, due primarily to a slowdown in the forestry and fishing industries. Most other goods producing industries and the service sector, however, continued to perform well.

Newsprint production in the Province increased by 1.2 per cent in 1989, while shipments defined slightly because of soft newsprint market conditions. Pulp wood production decreased by approximately 6.3 percent due to an earlier than usual suspension of wood harvesting operations.

The fishing industry experienced a number of difficulties during 1989. The performance of the fishing industry was affected by reduced quotas and by strikes at the two largest fish processing companies in the early part of the year. Decreased landings, combined with lower prices for some species, caused the value of fish landings to decline.

Demand was strong for the Province's mineral products as the total value of mineral shipments rose by 11.1 per cent. Mineral exploration remained at a high level.

Total construction investment increased by 1.5 per cent. Strong growth was recorded in residential construction which increased by 10.5 per cent. The more than 3,500 housing starts, the highest level since 1980, represented an 11.6 per cent increase over 1988.

The service sector benefited from higher consumer spending stimulated by gains in personal income and tourism. Personal incomes grew by 8.6 per cent in 1989, while retail trade increased by about 7 per cent. The Province's inflation rate averaged 3.6 per cent last year compared to a national rate of 5 per cent.

Total employment increased by 8,000 person years, up 4.1 per cent from the previous year. Employment growth outpaced growth in the labour force causing the unemployment rate to fall to 15.8 per cent. Mr. Speaker, this was the lowest unemployment rate in the past eight years.

Mr. Speaker, the Provincial economy is expected to grow again in 1990, but at a slower rate than in recent years. This is consistent with the growth slowdown expected for the national and international economies in 1990. Real GDP in the Province will increase by just under 1 per cent. Economic growth in the United States and Canada will decline to 1.7 per cent and 1.3 per cent, respectively. The inflation rate in this Province will average 4 per cent compared to a national rate of 4.7 per cent.

Total employment will increase by about 1,000 person years in 1990. Growth in the labour force, however, may exceed growth in employment and this would cause the unemployment rate to average 16 per cent.

Further declines are expected in the fishing industry as a result of the reduction in ground fish quotas and the consequent increase in downtime at fish plants throughout the Province. The economic and social consequences would be much greater if Government had not acted to extend the period of notice of termination which will result in fish plants remaining open during 1990.

In the mining industry, a strong performance is again expected this year. The markets for iron ore will remain healthy, and exploration activity will remain strong. Mr. Speaker, the value of mineral shipments will be the highest since 1981, and will exceed $1 billion.

The forest industry is expected to experience difficulties in 1990, should soft market conditions continue.

The service sector will undergo economic expansion in 1990, driven largely by growth in consumer spending.

Negotiations ongoing between the Federal and Provincial Governments and the Hibernia consortium should lead to a binding agreement this year to develop the Hibernia oil field. The construction industry will experience increased activity in 1990 as development expenditures begin for the Hibernia project. Hibernia development will represent the start of a new industry in this Province with a strong possibility of other similar developments to follow, such as Terra Nova and Whiterose. The contribution of this new industry to the Provincial economy will be substantial. We should not, 'because of past delays, underestimate its potential impact on the Province. Exploration activity already has resumed in the offshore. Further exploratory drilling is expected in the ready 1990's as a result of recent land sales and the sale proposed for 1990.

Active discussions have been ongoing regarding the further development of the hydro electric potential in Labrador. Should these discussions lead to an agreement, the economic effects will be significant.

Military training in Labrador is a source of current prosperity and future economic opportunity. The Canadian Forces Base at Goose Bay is used as a training facility by three foreign countries, and provides employment for more than 1,100 people. Over $150 million in capital projects are planned for the next few years in support of the current level of training. A decision to locate a NATO training center at Goose Bay would create an even more substantial boost to the local economy. Due regard must be had for the concerns of native peoples and for the protection of the environment.

Mr. Speaker, the future of this Province is influenced considerably by the Government of Canada. We rely on the Federal Government to implement balanced policies that are for the betterment of all regions of the country. As one of Canada's presently less affluent provinces we must look to the federal Government to assist us to provide essential services and to develop our economy. In this regard, I wish to address several issues relating to the fiscal and economic policies of the Federal Government.

To balance economic growth, federal fiscal policy should be targeted to the fullest extent possible to enhance the performance of the economically disadvantaged regions. The tough measures should be directed at the overheated segments of the national economy. Unfortunately, the recent Federal Budget did nothing to alleviate disparities between this Province and the rest of Canada.

Although the Federal Budget did not include any new tax increases, some measures previously announced will become effective in 1990-91.

These include the Goods and Services Tax, or GST, rate changes to the personal high income surtax and the capital tax on large corporations, as well as the phase in of social transfer repayments.

The primary target of the two-year expenditure control plan announced in the Federal Budget is transfers to provinces. Direct transfers to

individuals are exempt from this federal restraint plan. The task of making the tough decisions affecting individuals in effect has been delegated to the provinces.

The largest restraint measure announced in the Federal Budget is a two-year freeze applied to the Established Programs Financing, or EPF, arrangements which provide federal financial support for provincial health and post-secondary education systems. This measure will reduce fiscal transfers to this Province by more than $50 million over the next two years. Combined with previous restraint, the federal policies make it increasingly difficult to provide adequate health care and post-secondary education programs.

The federal austerity program extends beyond the major transfer programs to provinces. Newfoundland and Labrador will be negatively affected by a broad range of changes in a variety of programs and activities such as reductions in legal aid and funding for women's centres, restrictions on cost-shared funding for social housing, lower subsidies for Marine Atlantic, and the elimination of the Canadian Exploration Incentive Program.

The principle of the Equalization Program, as enshrined in the Constitution, is to ensure that all provinces have sufficient revenues to provide a reasonably comparable level of public services at reasonably comparable levels of taxation. However, this program currently has a transfer ceiling which limits equalization payments despite increasing fiscal need. In order to satisfy the principle of the equalization program, there should be no ceiling on the growth of equalization transfers. Indeed, an enrichment of the equalization program is needed.

Mr. Speaker, the Government of Newfoundland and Labrador is quite concerned about the negative impact the proposed GST will have on our people, our economy and our fiscal position.

The Government of Canada's prediction that there will be a smooth economic transition to the new tax is too optimistic. The inflationary impact of the GST will be higher in Newfoundland during the transition period than forecast by the Federal Government due to lower competitive pressures in. this Province and the taxation of transportation costs. Also, few of the long term economic benefits from the GST will be derived in this Province. The output from most Newfoundland industries will be influenced more by such factors as resource supply, world demand and prices for specific products, interest rates and exchange rates, than by the removal of the present federal sales tax on business inputs.

Removing the existing federal sales tax on businesses will result in shifting the tax burden almost entirely to individuals. The federal taxes paid directly by individuals will increase by about $130 million' annually, even after taking into consideration increased sales tax credits. The Federal Government contends that most of this increase in direct burden will be offset by lower prices resulting from the GST not being applied to businesses. I am skeptical that this will in fact be the case.

The GST will result in a serious deterioration in the fiscal position of the Government of Newfoundland and Labrador. Moreover, the increasing intrusion by the Federal Government into the consumption tax field will restrain our fiscal maneuverability and impede our ability to provide necessary services.

The administration and compliance complexities associated with two retail sales tax systems will be enormous. Not only are we concerned about the GST interfering with our provincial taxes, but also with the pending loss of tax administration staff to the expanded federal system.

Mr. Speaker, for all of these reasons, this Government is, has been. and will be firmly opposed to the Goods and Services Tax.

The Federal Government appears determined to proceed with its reform of the Unemployment Insurance Program despite opposition throughout the country. Under the new proposals, the Federal Government is no longer contributing its share, which averaged about 23 per cent during the 1980s. Instead, all contributions to the unemployment insurance fund are made by employees and their employers, at rates 15 per cent higher than last year. For many claimants there will be increases in the number of weeks required to qualify for unemployment insurance, longer waiting periods and shorter benefit periods. The traditionally high unemployment rates in this Province mean that these changes will be quite burdensome and will exacerbate the present crisis in the fishery. We estimate that the proposed change could remove more than $100 million from our economy, result in a decline of $15 million in Government revenues, and increase social assistance payments. This, Mr. Speaker, is not easy to accept.

Significant regional economic disparities have persisted in Canada over an extended period of time. Nowhere is this more evident than in Newfoundland and Labrador.

In order to reduce regional economic disparity resources must be targeted at the disadvantaged regions. The Federal Government's current regional and industrial assistance programs are too broadly applied to achieve that objective.

Mr. Speaker, the current high interest rate policy of the Bank of Canada is hurting this Province. The federal Government is keeping interest rates high in out of this surplus on current account, Government decided to begin the process of addressing the serious .unfunded liability in the province's Pension Fund by making a $21 million special contribution this year.

This substantial contribution furthers the process of ensuring the long term integrity of out pension plans.

Mr. Speaker, it is with considerable satisfaction and pride that. I am able to announce that in 1990-91 we will achieve out second consecutive current account surplus, at. a level of $10.2 million.

DR. KITCHEN:

Current account revenues are projected to grow by 5 per cent, on the strength of growth in

Provincial revenues. Federal transfers are expected to increase by only 2.1 percent.

Expenditures on capital account will be $367.5 million. Of this, $108.8 million will be offset by related revenues, leaving a net capital account requirement of $258.7 million. The combined current and capital budgetary requirement will be $248.5 million, which is approximately $5 million less than last year’s Budget.

Mr. Speaker, when this Government took of f ice less than a year ago, we made a commitment to manage the people's finances in a prudent and responsible magneto We are fulfilling that commitment.

If we have to ensure out' future ability to provide the services out' citizens deserve, then we must not burden out selves and those that follow us with excessive debt. It is all too easy to say that prosperity is just around the content' so let us borrow firm out future and avail of it today. These has been too much of that in the past.

The total $5.2 billion. That is more than $9,000 fat' every man, woman and child in the Province. That will grow .again this year. The interest on that debt will be over $470 million this year. This is almost as much as we spend to operate out' primarily, elementary and secondary school system. It is equivalent to what we spend to operate all out hospitals.

Despite our achievement of a current account surplus in the 1989-90 fiscal year. out' total per capita budgetary requirement was the second highest budgeted by any Province last year. Out' credit which influences the interest rate we must pay on our debt and determines the markets in which we may bottom, remains at the lowest level assigned to any Province. Mr. Speaker', we do not have the capacity for unrestrained expenditure.

In developing this Budget, Government took its responsibilities very seriously.

Many of the expenditure reduction decisions were very difficult, and were not taken lightly. Others were part of a vitally important re-evaluation process, which we intend to continue throughout our mandate, whereby all programs and services will be regularly examined. Only through such a process can we ensure that our limited financial resources are used most effectively.

The expenditure plan contained in this Budget continues the efforts of my first Budget to eliminate spending that is no longer serving a useful purpose. We have further rationalized and downsized many programs and services. By doing so, we have lessened our need to borrow and freed up resources to address our most pressing expenditure priorities.

Mr. Speaker, this Government has established three priority areas for this Budget, three areas which are essential to ensuring a better future for our citizens. These high priorities are economic development, health care and education. We must advance in these areas despite a diminished commitment to them by the Federal Government.

Our attempts to achieve our fiscal goals through sound fiscal management have been interfered with by transfer cuts in the recent Federal Budget. Because of the very real need to sustain funding, particularly from out" health care and post-secondary education systems, we have, Mr. Speaker, been left with no choice but to recover the shortfall through our own revenue sources.

This Government does not take lightly a decision to raise taxes. In choosing the revenue measures for this Budget, we deliberately avoided regressive measures which would inflict an additional burden on those least able to pay.

Mr. Speaker because the Federal Government chose in its recent budgets to cut transfers for health and post-secondary education by over $20 million commencing April 1, I am announcing today our intention to implement on August. in new tax, to be called the Health and Post-Secondary Education Tax.

This wi11 apply at a general rate of 1.5 per cent to employer payrolls in excess of $300,000 each calendar year for primacy producers and secondary processors in the three renewable resource industries of fisheries, forestry and agriculture, the rate will be 0 per cent. This measure is expected to generate $15 million during 1990- 91 and $25 million in 1991-92.

The balance of the EP[<' shortfall will be recouped from two revenue sources. An additional $5 million in fees and licences will be generated by various measures spread across several departments. Our Corporation Capital Tax, which app lies to banks, trust and loan companies, will have a rate increase of one percentage point from 2 per cent to 3 per cent, for a $1.7 million revenue gain.

This Government recognizes the impact the taxation system has on our economy. To ensure that the taxation system is enhancing rather than inhibiting our long term economic development strategy based on diversification and small business, the Department of Finance will complete four taxation studies this year.

First, our review of the implications of the proposed GST on Provincial consumption taxes, announced in my last year's Budget, is continuing. Emphasis is being placed on assessing whether broadening the Retail Sales Tax base to incorporate some goods and services presently excluded, while lowering the tax rate to maintain a constant revenue yield, would give the Province a fairer and simpler tax. Secondly, the school tax review already underway will be completed. For the interim, it must be stated clearly that the existing school tax system will be retained for at least another year. Thirdly, we will be scrutinizing, with a view to possible rationalization, many fees and licences which are annoyances to the businesses and people of the Province, rather than 'important tax revenues. Fourthly, the mining tax review begun last year will be concluded.

Mr. Speaker, this Government will pursue with vigour its sound and rational approach to economic development. The current fisheries crisis threatens to disrupt the social structure of our rural regions and encumber the substantial investments already made throughout the Province by individuals, businesses and Government in homes, equipment and infrastructure. This Government is determined to see that these investments of hard work and faith in our Province will bring rewards to those who persevere to secure a brighter economic future. A strategy which emphasizes long term, permanent economic development and diversification will be one of the principle initiatives of this Government.

Mr. Speaker, this Government has moved to establish an Economic Recovery Commission as the focus of its effort to implement this strategy. Funding of $2.1 million has been provided for the Commission in this Budget compared with $900,000 spent in the shorter period last year.

As a result of considerable consultation between the Minister and senior officials of the Department of Development, and the Commission, Government has decided to combine the Newfoundland and Labrador Development Corporation and parts of the Department of Development into a new Crown corporation with a mandate to deliver all local development and business programs and services to assist new and existing business enterprises. There will be five regional offices St John's, Clarenville, Gander, Corner Brook and Goose Bay, with field offices reporting to them in each region. This structure will provide one-stop access lo Government with a minimum of tape, for small and medium-sized enterprises requiring assistance and services. It is the intention of Government to allow a substantial amount of decision making let be made at the regional level, in line with an election commitment. The new corporation will report directly to the Minister of Development. Mr. Speaker, to cover the additional cost of this corporation an amount of $1 million has been approved bringing its total budget Lo $13.9 million this year.

Mr. Speaker, in keeping with out' focus on long term development this Government recognizes the importance to our economy of technological change. I am pleased to announce that. Financial support has been provided by the Province in the amount of $300,000 for the continued work of the Newfoundland and Labrador Science and Technology Advisory Council. More details of our Government's policy in this area, indicating the role and activities of the Council, will be released shortly.

Government looks forward to pursuing on a priority basis new federal-provincial agreements in several areas including tourism and cultural-historical development, forestry and minerals.

Mr. Speaker, I would like to highlight tourism for its potential positive impact on the economy in rural and urban regions both in the short traffic and in the long term.

This Government has been successful in negotiating a Comprehensive Labrador Subsidiary Agreement with the Government of Canada. The tourism component of this agreement will see $800,000 in new money, cost-shared with the Federal Government, go to various tourism related projects in that region. Funding is also provided to cover the cost of producing a new tourism marketing video which will reinforce our efforts to portray the Province as a distinct and attractive tourist destination. Grants for festivals and special events will also be increased.

This Government sees the Province not only as a seasonal summer destination but also as an all-season tourist alternative. During the past year this Government provided over $1 million for Marble Mountain. I am pleased to report today that we have budgeted considerably more funding for the Marble Mountain Development Corporation this year. With this additional investment, we get closer to generating the private sector interest needed to develop this area into an all season tourist resort. The benefits to the local economy and to the Provincial treasury will be substantial.

At a time when budgetary funds are scarce, I am pleased to indicate that we are maintaining our tourism marketing budget at an all time high.

Mr. Speaker, this Government will not ignore the significant opportunities that exist beyond our shores. Particularly do we see the Pacific Rim as a source of investment, a market for our products, and a wealth of business acumen and technical know how. To enhance our promotional efforts in these nations we arc providing $450,000 for an Asian initiative to raise the level of awareness for investment opportunities in this Province. We hope to identify potential joint venture and strategic partnerships as well as new products we can expose to these markets. We believe this initiative offers great potential for the growth of trade and investment. Hon. Members should know that hundreds of millions of new investment dollars are entering Canada each year under the Business Immigration Program. Newfoundland and Labrador will be pursuing these dollars under this Asian initiative.

Mr. Speaker, the base of a diversified Newfoundland economy will continue to be the resource sectors.

Funds are provided to continue our forestry programs in anticipation of a renewed Forest Resources Development Agreement with the Government of Canada. The current Agreement expires on March 31, but we are confident that a new Agreement will be concluded shortly. A $12.B million Forest Workers Training Agreement was signed recently with the Federal Government. This unique arrangement will see over $3 million spent annually over the next four years to train over 300 young men and women in many aspects of forest work, especially silviculture.

Funding is provided to complete the work of the Agri-Foods Task Force. This Government believes that we have not yet reached our potential in agricultural production. The report of the Task Force should assist Government in implementing a long Term development strategy.

Geo scientific surveys carried out by the Department of Mines and Energy have played a major role in the increase in mineral exploration in the Province. Last year, when the continuation of federal cost sharing was in doubt, we increased funding to maintain this important activity. Government will continue these surveys this year, although the level of activity will be reduced in keeping with our current program of fiscal restraint. We anticipate that the new Mineral Development Agreement, now in the final stages of negotiations with the Federal Government, will provide additional funding for these surveys.

Mr. Speaker, the state of the fishery is of deep concern to the entire Province. I will not try to minimize this concern. At least some segments of the fishery, some plants and some communities are facing lean and unsettled times. This troubles me and the other Members of this Hon. House, not only because we have the responsibilities of Government, but also because we have family and friends in these communities, and because we share the strong attachment our people have to their home and to their Province.

But there will be a fishery next year. Plants will open and people will be employed. The same is true for the year after that, and for as many years to come as any of us can realistically. This Government will continue to support and encourage that fishery, and remains resolutely committed to the fishing industries being one of the cornerstones of our economy.

In this regard, funding is approved to operate four new Marine Service Centres. Funding to the Fisheries Loan Board (or incentives and assistance will be maintained. Cost-shared spending under the Canada/Newfoundland Inshore Fisheries Development Subsidary Agreement will increase by 25 percent to $3.7 million.

The fisheries component of the Labrador Subsidiary Agreement will provide $7 million of support to the industry over a five year period. Current and capital expenditures of $1.5 million have been ear-mar-ked for- this fiscal year-. Details of the fisheries component of the Agreement will be announced in the near- future. Government is confident that this initiative will have extremely positive implications for the Coastal Labrador Fishery.

For the first time, Mr. Speaker, provision has been made in the Budget to facilitate the distribution of surplus fish landings during the glut season, and to distribute fish to processing plants in Labrador-. An amount of $300,000 has been allotted.

DR. KITCHEN:

While we are deter-mined to maintain our- financial Support for the industry, the shortage of fish stocks and consequent reduction in quotas will require an additional response.

This Government already has acted by implementing the Adjustment program for- fish Plant Workers which will provide $9 million to ensure that workers in the processing plants in Trepassey, Grand Bank and Gaultois will have an adequate notice of termination.

The magnitude of the supply crisis for some communities, however-, goes beyond what the Province of Newfoundland can be expected to bear- alone. Nor should we have to bear- this alone because the supply crisis is not of our making. The jurisdiction and responsibility to manage the stock lies with the Federal Government. They have to accept the reality that their quota reductions have led to direct consequences that threaten the existence of communities in this Province and throughout Atlantic Canada. It is not the fishermen, plant workers or fish companies who control the state of the stocks, yet it is they who suffer- from the mismanagement of the resource. The responsibility of the Federal Government to act is clear-. One- industry communities cannot be expected in the short time given to absorb the shock of drastic quota r-educations.

Last week's Throne Speech clearly outlined this Government's position with respect to the supply problem in the fisheries. We have already indicated to the Government of Canada that the Province is prepared, within its financial capability, to share the cost of a comprehensive fisheries revitalization and economic diversification program. A broadly based economic response program must be implemented to address the social and economic consequences of the Lock rebuilding process. This Government will continue to press for federal action.

Mr. Speaker, this Budget reflects Government's continued commitment to the health care system. The budgetary allocation to health will increase by $74 million, a growth rate of 10 per cent over the 1989-90 fiscal year.

In the recent Throne Speech, the Government outlined its concern about the considerable pressure that has been exerted on the health system in recent year's and indicated that planning is now underway to develop a framework for a comprehensive new community Health Care program.

Government is concerned about beds being closed in medical facilities throughout the Province, due to insufficient funding. Mr. Speaker, in this Budget, we have made funding available to these institutions to enable them to open eighty-eight of those beds.

This year, additional funding will be provided to the General Hospital to enhance critical care services, with particular emphasis on cardiac surgery. I am pleased to announce that the General Hospital will receive funding to open fifteen additional beds, including four beds in the newly redeveloped critical care area. A total of forty additional beds are being opened at hospitals in Gander, Grand Falls and Corner Brook.

Government also recognizes the pressures on the Province's nursing homes, particularly in view of the changing demographics of our society. To assist in meeting the ever increasing demand for chronic care in nursing homes, funding will be provided to enable the Agnes Pratt Home to open thirteen additional beds. Also, funding will be provided to open twenty additional beds at the Dr. Hugh Twomey Health Centre in Botwood.

Mr. Speaker, Government continues its commitment to increase the number of nursing positions in the health care system. In my last Budget, 1 announced the establishment of a minimum of forty-five new nursing and resident care positions in the health system. 1 am pleased to announce today that another thirty three nursing positions will be approved for' the health system by October 1. As well, effective April 1 funding will be provided for thirty-two additional residential care staff [or the Province's nursing homes. All of these nursing and other positions are in addition to those required to open the eighty- eight beds referred to previously.

Additional funding is provided to assist in integrating children with disabilities into the regular school system and to met their' special health care needs.

This year, in cooperation with Health and Welfare Canada, the Department of Health will commence a five- year initiative to address cardiovascular disease through public education and prevention. Also, funding will be provided to expand our initiatives in public education with respect to AIDS prevention.

The Government recognizes the importance of the services provided by the Newfoundland Cancer Treatment and Research Foundation. I am very pleased to announce a joint venture with the Cancer Foundation under which Government will provide $5.4 million of the projected $6.9 million cost of new facilities, adjacent to the Health Sciences Center.

In 1990-91, $1.9 million of the Government's commitment would be provided to enable this project to get underway.

As a further step in rationalizing health care services on the Burin Peninsula, I am pleased to announce that funds are being provided for the planning of a new community health centre for Grand Bank and for a new 40 bed nursing home in st. Lawrence.

Planning funds will be provided for the redevelopment of James Paton Memorial Hospital in Gander, for the redevelopment of Brookfield Hospital, for new community health centres and long term care facilities at Burgeo and Port Saunders, and for the redevelopment of the Interfaith Senior citizens Home in Corner Brook. The Government will also be taking preliminary steps to assess the manner in which the need for nursing home facilities in the Port aux Basques area can best be addressed. Also, funding is allocated for the completion of the Roddickton Community Health Centre.

Mr. Speaker, in total $22.8 million will be allocated in this Budget to support capital improvements in the health care system.

Mr. Speaker, education is a key component of this Government's long term economic strategy. We are committed to improving the quality and accessibility of educational opportunities throughout the Province. The measures announced today will enhance the efficiency and equity of our education programs.

Funding has been provided to increase the per pupil operating grants to school boards by /, per cent. The School Tax Equalization Grant will be maintained at $10 million this year, up from $4.5 million in 1988. The budget (or building and equipping schools will be $27 million, including $1 million for making school buildings more accessible to people with disabilities. As well, there will be a $200,000 increase in scholarship funding for secondary school students.

Mr. Speaker, I am pleased to announce that we are making an additional $1.7 million available for student aid, which represents an 11 per cent increase in funding over last year.

Government's recent White Paper on post-secondary education presents proposals to improve greatly the equality, excellence and efficiency of the post- secondary education system in this Province. Consistent with the high priority placed on education, capital funding is provided for the planning of both the Central Newfoundland Campus and the expansion of the Grenfell College in Corner Brook.

The $10 million capital budget for Memorial University includes provision for an extension to the Arts and Administration Building, improvements to the Schools of Pharmacy and Nursing, as we 11 as for the construction of a facility for small animal care.

Funding of $1.7 million is allocated 'to commence the construction of an $8 million extension to the Fisher Institute in Corner Brook. Planning funds have been provided for a Centre for Engineering Technology in st. John's. The capital budget for the Marine Institute will exceed $10 mill ion. These include funds for the establishment of a Simulator Training Centre and an Offshore Survival Centre, both to be financed primarily from the Offshore Development Fund. Mr. Speaker, I am pleased to announce that this year Education's total capital budget will be $60 million.

The Department of Education will work with the education community to develop and implement specific measures to improve efficiency and cost-effectiveness.

Mr. Speaker, the Department of Education has launched a major initiative to prepare high school students to meet the modern challenges of mathematics, science and technology, by using savings achieved this past year to purchase computers and other instructional materials. This $2 million initiative, $1.5 million of which was for computers, will result in a significant improvement in the quality of high school education in the Province.

Government Pension Plan

Mr. Speaker, in the 1989 Budget Speech, I expressed Government's concern with the financial condition of the four pension plans covering public servants, teachers, uniformed services personnel and MHAs. Because of this concern, Government appointed a Commission of Enquiry On Pensions to review the plans. The final Report of the Commission should be ready for Government's consideration in the very near future. I am confident that this Report will be an essential ingredient in Government's formulation of appropriate measures to resolve the financial difficulties being experienced by the pension plans. With the financial position of Government's pension plans in mind, Government has decided to make an immediate special payment of $21 million into the Pension Fund in 1989-90. This payment, made during a time when the Province's economy is feeling the effects of problems in the fishery and a general slowdown in other areas, should give a clear indication to all employees of Government's commitment to doing its share towards putting the pension plans on a sound financial basis.

Mr. Speaker, in view of the fact that the Commission of Equity Report is not yet available, Government has decided to defer for the time being any decision regarding increases to pensioners. This subject will be addressed in the near future 3ftcr reference to the Commission's Report and in the context of possible indexation of Government's pension plans.

Mr. Speaker, Government views with alarm the dramatically increasing incidence of child abuse referrals in this Province. Child abuse is not a new phenomenon and neither is it unique to this Province. A large segment of our society now appears ready to report openly and to discuss this complex and unacceptable problem. Accordingly, I am pleased to announce that funding has been provided in the Budget for 50 new front-line positions in child welfare services.

Government is committed to improving the quality and quantity of services to those who need assistance of various kinds. To this end, I am pleased to announce that allowances paid to social assistance recipients will increase by four per cent, effective May 1. Allowances for foster parents will also increase by four per cent while the clothing allowance for foster children will increase by 20 per cent.

Mr. Speaker, $8.3 million has been provided to accelerate construction of the new young offender’s facility at Whitbourne.

Mr. Speaker, one of the great success stories of this Province is the outstanding community service provided by an organization called the HUB, which provides jobs, recreation, and personal services to physically disabled persons. We are aware of the extremely crowded conditions under which they presently operate. I am, therefore, very proud to announce that to assist them to provide additional opportunities Lo those among us who are physically disabled, this Government is enabling the HUB to extend their building by providing a capital grant of $1 million.

The Department of Social Services is one of the most decentralized departments in Government with 53 offices located throughout the Province. We have approved the development of a major computer system to facilitate and further enhance the delivery of social services and programs to all regions of the Province.

Mr. Speaker, both the Royal Newfoundland Constabulary and the Royal Canadian Mounted Po lice are faced with increased workloads, including cases involving child abuse. Government is committing sufficient funds for the deployment of up to five per cent more police officers across the Province. This will be accomplished through the hiring of additional officers and the more effective re-deployment of existing officers now performing civilian work. This measure, combined with the allocation of additional resources for front-line social work positions, represents a major step in the prevention of the abuse of children, and will provide additional resources to assist the police forces in all areas of their work.

Mr. Speaker, Government will continue to provide several programs to help women, students, older workers and youth take advantage of job opportunities. We will adhere to the objective of creating meaningful, long term employment for all of our labour force.

The Graduate Employment Program to help post-secondary education graduates obtain job related experience will continue. The Provincial Government will participate in the joint Federal-Provincial Program for Older Worker Adjustment.

Provincial funding will continue for the Canada-Newfoundland Employment strategy Program, with major emphasis being placed on enabling people in the 16 to 24 age group to make the transition from school to work. Funding is provided through this program for the ongoing development of a provincial Career .and Labour Market Resource Centre. A computer network will ensure that career and labour market information is easily accessible in all areas of the Province.

This Government is firmly committed to improving the economic and social well-being of women. The Budget is providing $6.3 million to support pay equity in the health sector. Operating funding of $100,000 is provided for a new transition house in Gander. Eligibility criteria have been modified to enable more sing1e--parent families to obtain subsidized day care. Changes in the student aid program will provide for single parents and married students additional funding estimated to reach $500,000. There is more money for programs to assist women obtain employment, including $500,000 for the Women in Successful Employment Program, a program of flexible learning, counseling and other self-development assistance. There will be a continued funding of $300,000 for the Newfoundland and Labrador Advisory Council on the Status of Women and for the Interagency Committee on Violence Against Women. These and other initiatives, Mr. Speaker, demonstrate this Government's continued commitment Lo women's issues.

Mr. Speaker, this Government will continue its efforts to improve the Province's road system through an extensive construction program. We have provided $80.5 million for further road upgrading, primarily of the Trans Canada Highway, under the ERDA agreement and the Newfoundland Transportation Initiative. Expenditures under the Provincial Road and Bridge Program will total $30 million this coming year. Under the Comprehensive Labrador Subsidiary Agreement, we are providing $3 million for the Charles River Bridge at Lodge. Bay Labrador.

This Government is Providing improved fancy services to the island communities of the Province. We are entering the second year of a three year plan to reduce marine services rates to equivalent road transportation costs. Construction will begin on a new ferry with ice breaking capabilities for the Fogo Island service. The vessel will b() built at the Marystown Shipyard at a cost of $24 million, $4 million of which will be spent this coming year. Also, $12.5 million is allocated for the operation of the Provincial ferry system.

Mr. Speaker, Government will support the expenditure of $55 million this year on water, sewer and .paving projects in communities throughout the Province. Details have already been announced to facilitate early tendering and construction.

Government has approved a capital budget of $98.7 million for the Newfoundland and Labrador Housing Corporation. These funds will be used to deliver over 300 new social housing units throughout the Province, and to upgrade approximately 2000 homes through the RRAP program.

Newfoundland and Labrador Hydro expects to spend $97 million on capital projects' to improve electrical generation and transmission facilities.

Mr. Speaker, this Budget has been prepared within an environment of adversity. The fishery is beset with serious problems. The economy is slowing in other areas, though it is not without its bright spots. The Federal Government's high interest rate policy is restraining business in parts of the country, like Newfoundland, where restraint is not needed. The recent Federal Budget has reduced EPF transfers for health and post-secondary education services, at a time when the need for those services is great. And, we will feel the impact of the GST in this Budget year, an impact which we know will be considerable in many different ways.

Despite this difficult environment, the Government has taken important initiatives towards achieving its objectives in economic development, health care and education. We have shown our sincere commitment to solving the problems of our pens ion plans by making a sizeable special payment into the Pension Fund. We have restrained Government's operating expenditures both by general cuts across departments and by specific measures to eliminate wasteful and unproductive expenditures. And where we have raised additional revenues, we have done so without regressive tax measures.

In summary, Mr. Speaker, the fiscal and economic plan contained in this Budget is based upon a prudent and realistic assessment of what we can achieve over the coming year. We are refocusing both the substance and the delivery mechanisms of Government's programs to meet the needs of the people of this Province.

Mr. Speaker, a major transformation of the Province's economy cannot be achieved overnight. This Budget clearly demonstrates, however, that the groundwork has been set for creating a stronger economy and a meaningful and productive lifestyle for Newfoundlanders and Labradorians in all regions of the Province.

Thank you, Mr. Speaker.