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| Terre- Neuve et Labrador | 42e | 1ère  | Discours du budget | 18 mars 1993 | Winston Baker | Ministre des finances | Liberal |

Mr. Speaker, I move that this House resolve itself into a Committee of Ways and Means and that the Speaker do now leave the Chair.

Mr. Speaker, it is my pleasure to present to this Honourable House the fifth Budget of the Wells administration. This Budget comes at a time when the people of Newfoundland and Labrador face unprecedented social, economic and fiscal challenges. These challenges are imposed upon us by fundamental changes occurring both nationally and internationally, compounded by more than 20 years of mounting debt and intensified by the untimely crisis in our fishing industry.

Mr. Speaker, the only basis for real hope is truth. The people of this Province must be fully informed of the challenges if we are to work together to overcome them. We have been open and forthright in presenting our financial position. We must accept that we each have a role to play in overcoming the challenges, not to protect only our own personal interests, but to ensure that we collectively will pursue a course of action which has as its goal the maintenance of the financial integrity of the Province. This is the only way to maintain our essential public services and enhance our economic prospects.

The Government of Newfoundland and Labrador, on its own, does not have the resources or the means at present to ensure that economic good fortune will prevail in this Province. Cooperation, dedication, hard work, and indeed, some sacrifices by all the partners in the Newfoundland economy, including individuals, businesses and all levels of government, are required to identify and take advantage of the many new economic opportunities that lie before us. We are not seeking expedient short-term fixes. To improve our fortunes and realize our potential we must actively pursue sound fiscal, economic and social policies that address both the challenges and opportunities, and offer a course of action sustainable over the longer term.

Mr. Speaker, I now will give a brief overview of the economic and fiscal performance of the past year. Details are provided in supplementary documents.

During 1992, the Canadian economy underperformed most forecasts because of a weaker than expected international economy, high consumer and business debt, persistent high unemployment and economic restructuring.

The Newfoundland economy in 1992 declined by 3.2 per cent in real terms, primarily because of resource shortages in the fishery, uncertainties related to the Hibernia project and, of course, the continuing recession. Resultant employment losses lowered personal incomes and contributed to lower spending. The weak Canadian and Newfoundland economies had an impact on our fiscal performance.

The 1992 Budget projected a current account deficit of $29 million. The effects of the prolonged recession on provincial revenues and downward adjustments to federal transfers caused a major deterioration in our financial condition, which was partially addressed in the December Ministerial Financial Statement. With the measures introduced at that time, we have been successful in containing the current account deficit to $81.6 million, slightly higher than the $78.6 million projected in December.

Net capital account expenditures of $183.9 million are $26.9 million below budget. So despite the economic situation, Mr. Speaker, the resulting total budgetary requirement of $265.5 million, is only $25.7 million higher than budget, and is lower than for the previous two years.

Mr. Speaker, before presenting our strategy for addressing the current economic and fiscal situation it is useful to examine how this situation, in fact, developed.

The post-war economic boom generated revenue growth that permitted ambitious new social programs and expanded public services. In Newfoundland and Labrador, this period coincided with Confederation. In the 1970s, economic growth started to wane but public sector expansion was prolonged artificially by higher taxes and increased ~rowing. Although the

Province has witnessed significant advances in public infrastructure and services, this progress has been financed to a large extent through a significant accumulation of long-term debt. As a result, over two decades the attitude has become instilled that Government has an endless ability to borrow to finance ever-expanding public services and support programs. The growth in our debt illustrates that this has become an increasingly false expectation. This Province joined Confederation with a financial surplus. By 1960 this surplus had been transformed into a debt of over $100 million. Total public sector debt increased to over $700 million by 1970, to $3 billion by 1980 and to over $6 billion today.

Although the national and provincial economies faltered during the early 1980s, there followed several consecutive years of strong economic expansion driven by an international explosion of private and public sector debt. This excessive borrowing further delayed the day of reckoning for public finances.

The transformation from the economic expansion of the past two generations to the current reality has been sudden and dramatic. The recession and global economic restructuring have exacted a particularly heavy toll. We are forced to think differently about our economic future than we did even a few short years ago. The strong revenue growth enjoyed by the Government of Newfoundland and Labrador right up to the end of the 1980s, was virtually halted by the recession. Average annual rates of revenue growth have dropped dramatically from 8.0 percent in the latter half of the 1980s, to just 2.2 percent over the last three years, and this 2.2 percent was largely the result of tax increases.

Federal transfer payments playa vital role in supporting the fiscal position of this Province. Since 1989, unilateral federal EPF restraint measures - EPF is the funding that provides for our hospitals, postsecondary education and so on - that restraint has cost us about $500 million. There has been a further decline in equalization due to the ceiling on equalization payments and it has cost us another $150 millions that is a total of $650 million. In addition to that, there has been a further decline in equalization due to the national recession. Recent federal decisions regarding population data further reduce future equalization payments by more than $30 million annually and require us to repay an estimated $70 million that we received in the past. Federal

transfers, which just seven years ago provided over 48 percent of our total revenue, will account for only 41.7 percent in 1993-94. Mr. Speaker, we as a government and we as a Province have no alternative but to operate within these constraints.

Transfer reductions have caused the people of this Province to endure more severe corrective actions than have the residents of most provinces. This is due to our limited fiscal capacity and the fact that the Canadian transfer system does less to address regional fiscal imbalances than the systems in some other federated countries.

The decline in transfer payments has placed a heavy burden on the Province's finances and added pressure on our credit rating, which is the lowest in the country. Our current fiscal and economic position gives the rating agencies cause to closely monitor our situation. If we do not manage the Province's finances in a manner that protects our current credit rating, our access to financial markets will be limited and our cost of borrowing will increase. This could curtail, or even exhaust, our ability to borrow for essential public services, as happened in New Zealand in the early 1980s. Mr. Speaker, we do not want this to happen.

One of our responses to these pressures has been to impose a series of tax measures to contain our deficit and limit our borrowing. If taxes had not been increased since 1989, in 1993-94 our accumulated debt would have grown by an additional $250 million and our current account deficit would be $145 million higher. The tax measures demonstrate that all taxpayers have shared the burden of overcoming our fiscal challenges.

Because higher taxes, high debt and lower transfer payments limit our fiscal flexibility, we have had to be very prudent in our delivery of services and programs. Regrettably, some of the expenditure restraint and efficiency measures have created hardships for individuals and families throughout the Province. We recognize that. There were, however, no acceptable alternatives. Failure to act would have had an even more drastic and potentially devastating impact on families in the future.

Mr. Speaker, the responsible approach we have taken with respect to fiscal management is part of a comprehensive economic and fiscal strategy for the Province. The strategy encompasses provincial and federal actions to diversify the economy, and strengthen our fiscal position.

The focus and direction of the economic components of the overall strategy are detailed in the Strategic Economic Plan. The Plan will guide this Province's economic development efforts and provide the basis for joint federal-provincial action aimed at economic diversification and renewal through all regions and sections of the Province. The implementation of the Plan commenced immediately upon its release and substantial progress has been made on its 134 action items. Mr. Speaker, this plan is not just another study but is an action plan for progress.

Mr. Speaker, there are no quick fixes to our economic challenges. The Plan emphasizes the need for change if we are to achieve long-term prosperity. The Plan calls for a renewed sense of entrepreneurship, self-reliance and pride. We must work towards creating an internationally competitive economy based on innovation, productivity and quality.

The Plan focuses on opportunities for growth in manufacturing and technical industries, environmental industries, export services and, of course, tourism. Many Newfoundland firms in these sectors have shown that they can compete successfully in the global marketplace, already.

 For example, a footwear company from Harbour Grace sells its products in the high fashion centers of the world. A St. John's technology company has formed a strategic alliance with a major international company to commercialize an innovative aviation technology that was developed here in this Province. A Grand Falls company, after identifying a need and taking on the challenge of designing a new product for the protection of health care workers, has successfully marketed its product across Canada and now is exploring international markets.

Marble Mountain is an example of the success we are having in developing winter tourism as a growing segment of our tourism industry. Planning is already well underway to maximize the opportunities in 1997 of the 5OOth anniversary celebration of John Cabot's voyage, and this, of course, has very unique tourism potential in the future.

Two new departments, with explicit mandates to pursue new economic opportunities, have been created. The Department of Industry, Trade and Technology is now supporting growth in manufacturing, innovative technologies, information, environmental industries, and export services. The Department of Tourism and Culture is fostering development of adventure tourism, recreational activities, cultural industries and crafts.

In addition, several new federal-provincial development agreements, targeted at certain actions within the Strategic Economic Plan, have been signed over the past year. A $43.5 million Strategic Investment and Industrial Development Cooperation Agreement will assist companies to secure their place in the changing global marketplace. This agreement will foster long-term strategic ventures to attract new investment to the Province and improve the ability of Newfoundland and Labrador firms to compete outside the Province. It will encourage outside investment in established local businesses operating in high growth sectors and will improve international awareness of business opportunities in this Province.

A $42.9 million Human Resources Development Agreement will place a new emphasis on development and training to improve the knowledge and skills of people entering the labour force. The agreement will enhance mathematics, science and economics education in the school system, and will improve post-secondary training by raising the skills of teachers and instructors, by introducing better educational equipment and materials, raising training standards and finding better ways of delivering worker training courses. Mr. Speaker, there have been other such cooperative agreements aimed at objectives in the Strategic Economic Plan.

The Province will be using the Strategic Economic Plan as the basis for negotiating new agreements with the federal government. Because of the similarities in the objectives of the Strategic Economic Plan and the federal Prosperity Initiative, we are pursuing a new style of agreement emphasizing flexibility. This would allow us to respond jointly to actions we both identify in our economic strategies and to eliminate duplication.

Mr. Speaker, although we have had to increase taxes, we are continuing our efforts to reform the Province's tax system to improve fairness and create a more positive business climate. In December, we announced that corporate income tax rates were to be reduced effective January 1, 1993, to assist businesses in the current economic environment and, of course, to encourage future business growth. Also, for 1993, the payroll tax relief for new employment has been granted to all small businesses.

As well, Mr. Speaker, the Province remains committed to pursuing harmonization of our retail sales tax with the federal GST. Because harmonization encompasses so many complex issues and has far reaching consequences, consultations are ongoing with the federal government and the business community to ensure that a thorough evaluation is completed. Government will not make a final decision to proceed with harmonization until the public has had the opportunity to present its views through a consultation process. Our interest in harmonization is to create a more positive environment for economic growth and diversification, and it is not, Mr. Speaker, to increase the tax burden.

Government is committed to pursuing the creation of trade enhancement zones in the Province. These zones would help businesses become more competitive by eliminating customs duties on foreign inputs for products to be re-exported. They have proven successful in over 80 countries of the world and are an example of the kind of innovative concepts this country will have to adopt if we are to compete in the global marketplace.

 The Province has requested federal support for this concept and is ready to move as soon as we obtain federal approval. The federal government, Mr. Speaker, should realize and recognize trade enhancement zones as a legitimate economic development tool.

Investment prospecting is potentially one of the most important components of our economic strategy. We will take an active role in attracting new capital and expertise. We will increase our efforts to identify, target and pursue national and international companies to establish operations in the Province or to form joint ventures with local companies.

Mr. Speaker, all of our efforts to diversify and strengthen the Newfoundland economy will build upon the continuing and substantial economic contribution made by our fishing, forestry, mining and other established industries. The result will be to create a dynamic, diversified, internationally competitive economy in which the skills of our people are combined with sophisticated technology to produce world class goods and services.

The second element of our comprehensive strategy is to enhance our fiscal integrity, while, at the same time, being sensitive to the legitimate needs of people for adequate and necessary public services.

Our strategy to strengthen our financial position has been articulated consistently over our five Budgets, and is reflected in our sound fiscal management of the Province during these very challenging times. To ensure our financial viability, we are firmly committed to the containment of deficits and borrowing within fiscally responsible levels. During the last four years, we have reorganized and downsized operations; we have restrained growth in program spending and public sector compensation. The extent of these corrective actions was necessitated by federal transfer reductions and the impact of the recession on provincial revenues.

The deterioration in our financial position brought on by these circumstances has more than offset improvements we have achieved through these expenditure and revenue measures. Both our current account and capital account deficits for 1993-94 will be restrained in order to minimize borrowing and to avoid undue risk to our credit rating. Given the magnitude of tax increases announced in December and the lack of additional tax flexibility, Government must rely upon reductions in spending growth to achieve our objectives.

Mr. Speaker, we remain committed to the achievement of a consistently balanced current account budget. As our economy improves over the medium term, we intend to work towards balancing the combined current and capital account budgets, thereby reducing debt levels.

A major component of our fiscal strategy is to obtain an enhanced commitment by the Government of Canada to fiscal equality among provinces. Over recent years, the federal government has been attempting to deal with its own considerable fiscal difficulties by restraining its expenditures, including transfer payments to provinces. Mr. Speaker, we understand that. While the federal government must protect its fiscal position - it is absolutely essential for us that it protect its fiscal position - transfer restraint must be distributed in a manner that recognizes the need to reduce the remaining fiscal disparities among provinces, if the Constitutional commitment to comparable levels of services and taxation is to be met.

The current federal-provincial review of the major transfer arrangements provides the opportunity to reform the transfer programs so that all Canadians are treated more fairly. We are encouraged by the efforts of the federal government and provinces to examine means to recognize differing expenditure needs in the transfer system, and to remedy the inequitable equalization taxbacks associated with offshore oil revenues. That will reap dividends for us in the future.

Mr. Speaker, we have a strategy for the future based on the economic and fiscal plan I have just outlined. As announced in the Throne Speech, soon we will have a Strategic Social Plan, which will be the final component of our comprehensive strategy to guide this Province into the next century. Our economic plan addresses the challenges and opportunities presented by our current economic situation and is comprised of actions to achieve sustainable, longterm economic growth and diversification. Our fiscal plan will fulfil our duty to provide for the needs of people while ensuring we live within our means and strengthen the financial integrity of the Province for future generations. Our social plan will integrate with our economic and fiscal plans to ensure a social policy direction that will meet the reasonable needs of our people in health, education and social services and will complement and build upon the successes we already have achieved in this Province.

 This Government has not and will not minimize the extent or magnitude of the challenges that face us. But we have a strategy to address these challenges and to advance to the future with confidence.

Mr. Speaker, I will now briefly discuss the economic and fiscal outlook for the coming year.

Real GDP growth of 1.2 percent is expected for the Newfoundland economy in 1993. The main contributor to this growth will be the Hibernia project. Total direct expenditures on Hibernia in the Province during 1993 are forecast to be about $365 million, and employment could reach 3,500 jobs. This Newfoundland project, Mr. Speaker, is also generating thousands of jobs in the engineering, construction, manufacturing and service sectors in other areas of Canada, as well.

Our petroleum potential extends beyond Hibernia. The Terra Nova, Hebron and Whiterose offshore oil fields have significant development potential. The Terra Nova field in particular, has early development potential. In addition, attention is being given to the development potential of the onshore petroleum resources in western Newfoundland.

Oil and gas development allows the business community to invest with confidence, and proceed with the development of technology based products and services for the international marketplace. Several international companies have established cooperative business arrangements with local companies to pursue business opportunities in the Newfoundland offshore. Developers looking beyond the Hibernia project have access to the deep water industrial site at Bull Arm for future offshore engineering and fabrication.

During 1993, the Canada-Newfoundland Offshore Development Fund will provide over $20 million in financing for further development of the Bull Arm construction site, as well as the completion of the offshore fabrication facility at Cow Head, and a joint venture training initiative at the Marystown Shipyard, to assist these facilities in competing for petroleum related contracts.

The performance of the fishing industry over the foreseeable future will be guided primarily by resource considerations, particularly in the groundfish sector. Conservation measures taken over the past several years to rebuild seriously depleted stocks will help address any further resource declines.

Notwithstanding this, the industry faces unprecedented uncertainty and stock rebuilding presents the only real opportunity to ensure the industry's revival.

Continued employment and economic adjustment measures will be necessary to alleviate the impact of the sharp decline in volume and value of fish landings. The present crisis will require the collaborative efforts of both the federal and provincial governments in addressing its impact on hundreds of communities throughout the Province.

We are committed to diversifying the fishing industry by pursuing opportunities in aquaculture, value added processing and new resource utilization. The necessary realignment of both harvesting and processing capacity to reflect present resource realities can best be accomplished through joint management of our fisheries with the Government of Canada.

The Province's assessment of alternatives for a comprehensive fisheries policy framework will be released after the upcoming fisheries symposium being held at Memorial University.

The performance in other industries is expected to be mixed. Improving market conditions in the newsprint industry are expected to result in a slight improvement in the volume of shipments. Marginal improvements are expected in the value of mineral shipments due in part to increased production from the Hope Brook gold mine, which recommenced operations last year. Iron ore shipments are expected to be slightly below the 1992 level. Housing starts are expected to increase for the first time since 1989.

Mr. Speaker, as a result of the fiscal measures taken in this Budget and the December Ministerial Financial Statement, the projected current account deficit for 1993-94 has been limited to $51 million. Net current account expenses are projected to increase by only 1.4 percent from last year's level, while revenues are expected to rise by 2.6 percent. Our own source revenues will grow by 4.9 percent, primarily as a result of the tax increases announced in December, while the federal transfers will decrease by 0.5 percent. The net capital requirement is projected to be $172.3 million, more that $40 million below the average of the last ten years. Given our decision to accept a current account deficit this year, the reduction in capital account is necessary to keep our combined budgetary requirement within acceptable limits.

The combined current and capital budgetary requirement will be $223.3 million in 1993-94. This is $42.2 million less than 1992-93 and the lowest level in three years.

As part of our commitment to financial accountability, we will examine the merits of adopting full accrual accounting, along with the consolidation of Crown corporations in the presentation of the public accounts of the Province, and that examination has started.

Mr. Speaker, I am pleased to announce that there are no new taxes or tax increases contained in this Budget.

To fulfill one of the major items of our tax reform agenda, Government recently completed a review of our mining tax regime, as part of a plan to ensure a positive climate for investment in mineral development. The result will be a revised Mining and Mineral Rights Tax Act to increase incentives for exploration and development. For the first 10 years a new mine is in operation, any Newfoundland corporate income tax paid will be allowed as a credit against mining tax otherwise payable. Our depreciation rates and processing allowance, which have been among the least generous in Canada, will be brought into line with those of other jurisdictions. Many technical and administrative amendments will benefit mining companies in understanding and complying with our tax regime.

I bring to the attention of the hon. House of Assembly our concern with the smuggling of tobacco and alcohol, which is costing the Province millions of dollars annually. The RCMP will be devoting extra resources to the reduction of smuggling activity. The penalty provisions of provincial legislation dealing with alcohol and tobacco offences will be strengthened to substantially increase fines and to provide for periods of incarceration. The legislation also will be amended to provide for a permanent loss of license to operate for any person or business convicted of selling contraband.

Our expenditure plan, Mr. Speaker, reflects our continuing commitment to keep current and capital account expenditures to an affordable level.

In 1993-94, net current account expenditures are projected to increase by only 1.4 percent. These expenditures would have actually declined if not for increased debt service costs, the annualization of school tax replacement funding and an extra pay period for teachers. Net capital account expenditures will decline by 6.3 percent.

Mr. Speaker, in light of our current financial situation, construction of several major projects initially planned for 1993-94 will be deferred. These include the replacement of the Melville Hospital and the Clarenville Court House, the redevelopment of James Paton Hospital and Cabot College but ongoing planning will continue. Planning only will be undertaken for the new Sir Thomas Roddick Hospital in Stephenville and for the redevelopment of the Notre Dame Memorial Hospital in Twillingate.

Certain capital account expenditures are necessary to more efficiently provide health care services, thereby easing some of the pressures on operating budgets. I am pleased to announce that funding is provided for the redevelopment of Bonnews Lodge at Badgers Quay and the out-patient department at the Brookfield Hospital. Also, provision is made for the addition of chronic care beds at Curtis Memorial Hospital in St. Anthony to replace the St. Anthony Interfaith Home, as well as for the redevelopment of the Blue Crest Home and the addition of a community health center in Grand Bank. In Placentia, funding is provided for a community health center and some acute care beds attached to the Lions Manor. In addition to these projects, Government will be constructing a new clinic at Shea Heights, completing the extension to the Whitboume Clinic, and redeveloping the Nain Clinic.

School construction will be limited to $12 million, a reduction of $8 million from last year. This will allow for the completion of ongoing school construction projects and necessary repairs.

Expenditures for provincial highway construction in 1993-94 will be maintained at $25.5 million. As well, $50.4 million will be spent on municipal capital works. These expenditures are necessary to improve public infrastructure.

 The Ministers of Works, Services and Transportation and Municipal and Provincial Affairs have been directed to release these projects immediately, and prepare for tender calls to allow for early commencement of construction.

Mr. Speaker, government is committed to actively examine and act upon the privatization of certain Crown corporations, or portions of their operations, which do not serve a public policy objective. Further details will be announced over the coming weeks.

Mr. Speaker, after several years of restraint, the choices that have to be faced in reaching an acceptable level of expenditure on current account are extremely difficult. A substantial portion of our expenditures are relatively fixed, such as debt service and social assistance costs. Expenditure reduction efforts must target program and operating expenditures and compensation costs that are controllable. We have addressed both areas in this Budget.

Mr. Speaker, the December statement directing all departments and agencies to reduce salary budgets for

1993-94 by one percent and operating budgets by three percent from 1992 Budget levels have been acted upon. The only areas where this target could not be fully achieved are the hospital sector and child welfare.

We are committed to providing quality social programs for the residents of this Province, within our ability to pay. Therefore, greater emphasis must be placed on more cost-effective and efficient operations and organizational structures, and also for the adoption of new technologies.

In consultation with the health care sector, cost saving measures will be taken to reduce hospital bed utilization by decreasing the average length of stay, by using measures such as same day surgery and increasing programs for out-patient surgery. The Department of Health will be pursuing these matters with hospitals around the Province and introducing the concept of short stay units for certain program areas. This will result in some bed closures and staff layoffs. We recognize that these measures will place added pressure on continuing care services, and accordingly we will provide the Department of Health with an additional $1 million for this particular program.

Mr. Speaker, the cost of social assistance has been increasing rapidly. While much of this is attributable to our economic circumstances, there are continuous reports of suspected or perceived abuse of the social assistance program. In response, we initiated a pilot project to investigate the extent of abuse and this pilot project resulted in the recovery of significant revenues. To control abuse throughout the Province, funding is provided for ten investigators. This measure is projected to result in substantial savings, which will allow our limited resources to go to those who are truly in need. We also will be taking action to reduce the cost of transportation services provided to social assistance recipients.

The cost of providing home support services through the Department of Social Services has quadrupled since 1988-89. We cannot sustain this rate of growth. Consequently, the budget for this program has been frozen at the 1992 budget level.

Mr. Speaker, Government can no longer justify the $2.5 to 3.0 million annual subsidy to the hog industry. These subsidies, which on average equate to $28,600 per job, exceed by 35 percent the average income earned by those working in the industry.

Newfoundland Farm Products Corporation will be directed to close the hog abattoir at its St. John's plant, reducing by over $800,000 annually the losses of this Crown corporation. As well, Government will no longer pay production subsidies to hog producers, saving $900,000 annually, and we will close the Central Swine Breeding Station for an annual savings of $600,000. The Minister of Forestry and Agriculture will be meeting with the producers to discuss appropriate financial and other arrangements as a result of this decision.

Mr. Speaker, in order to achieve the expenditure reductions necessary to bring the deficit to an acceptable level, a number of additional measures beyond those announced in the December statement were taken across all government departments and agencies. Grants to many third party organizations

have been either reduced or eliminated. The

electrical power subsidy program for recreational facilities will be eliminated. Consulting services and computer budgets for government departments have been further reduced, as has operational funding for Government House. Funding for the replacement of light vehicles has been totally eliminated. The subsidy for the coastal Labrador air service has been reduced, resulting in a rise in airfares of about five percent. Finally, various departments and agencies have been directed to implement measures to effect other budget reductions, and the complete lists are contained as an appendix to the speech.

Mr. Speaker, Government appreciates the efforts of public servants in this Province. We recognize that the past couple of years have been difficult for public servants and that sacrifices have indeed been made.

It has also to be recognized, Mr. Speaker, that the past few years have been quite difficult for practically all residents in all areas of the Province. Major sacrifices have been made in just about every sector of our economy. I believe the reduction measures which I have announced clearly demonstrate that this Budget and the December statement represent a shared approach to reducing the deficit. Taxes have been increased significantly, capital expenditures have been reduced, program and operating costs have been cut, and there is a judicious level of borrowing.

Mr. Speaker, our forecast current account deficit for 1993-94 of $51.0 million is predicated on achieving a reduction of $70 million from the total compensation package for all those who draw their salary, in one form or another, from the public purse. Government is not prepared at this stage, however, to unilaterally take action to achieve this reduction. Discussions have been ongoing with representatives of public sector employees for some time and these are continuing.

I think I should inform the Honourable House, Mr. Speaker, that about half-an-hour ago press releases were made by the NT A and the nurses' union indicating that they would be going to their membership to recommend a package to satisfy the conditions that we have laid out from the beginning.

Mr. Speaker, as evidence of our willingness to share in this effort, all members of this Honourable House, the Honourable the Premier, all Honourable Ministers, Mr. Speaker and the Honourable the Leader of the Opposition will, with effect from April 1, 1993, take an actual pay cut equivalent to the reduction in total compensation being sought from public employees.

Members of the executive group, management and non-bargaining unit staff, as well as political support staff, will take a like reduction in total compensation.

Mr. Speaker, the world of the 1990s is profoundly different from what it was in the preceding decades.

We have faced the challenges presented by the fiscal and economic realities of the 1990s, and have made decisions outlined in this and previous budgets that we believe will enhance the financial integrity of the Province and lay the groundwork for sustainable economic growth in the longer term. The situation we face today is not an indication that we have failed as a province or as a nation, it reflects the fact that the whole world has changed. If we are to succeed in the future, it will not be because government has fulfilled everybody's dreams, expectations and aspirations. It will be because government has created an environment where individual initiative and the private sector can flourish by responding to new growth opportunities and the challenges of the global economy.

Our decisions have been taken after a detailed