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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Terre- Neuve et Labrador | 43e | 3e  | Discours du budget | 26 mars 1998 | Paul Dicks | Ministre des finances | Liberal |

Mr. Speaker, last year this Government presented the first three-year fiscal plan in the history of Newfoundland and Labrador. It established priorities and restructured services. Necessity required re-invention.

This year, I am pleased to announce that the plan is working.

Mr. Speaker, last year’s budget projected a deficit of $20 million. That goal has been met. The deficit target for 1998-99 remains at $10 million. The Budget will be balanced in 1999-2000. These targets are being met without any new cuts, layoffs, or taxes.

Mr. Speaker, there is a strong consensus in the Province:

\* the budget must be balanced,

\* extra money must go to education, health care, and those in need, and

\* the tax burden must be reduced.

Such a strong consensus should not and will not be ignored.

1997 Economic Performance

Mr. Speaker, economic performance in 1997 was better than expected. Real GDP declined by 1.3%, rather than the 2.7% forecast at budget. Improved performance can be attributed to:

\* a 5.7% increase in retail sales. Much of this can be attributed to the introduction of the HST - which represents the single largest tax cut in this province since we joined Confederation,

\* a 9.3% increase in capital spending, which included the construction of the Whiffen Head transshipment terminal and the completion of the Hibernia Platform,

\* a 12.6% increase in the volume of fish landings, and a 15.7% increase in their value,

\* a 9.4 % increase in the value of mineral shipments, led by strong growth in iron ore production and the start-up of several new mines,

\* a 3.8% increase in newsprint shipments,

\* a 5.2% increase in total exports,

\* a 22% increase in the number of tourists, and a 220% increase in convention activity in the St. John’s area, boosted by the success of the Cabot 500 celebrations, and

\* earlier than expected oil production at Hibernia.

At the end of 1997, year-over-year employment had increased 4.8%, from 182,000 people to 190,800. Our unemployment rate dropped 2.8 percentage points year-over-year. While the unemployment numbers are still far too high, this is significant progress. All these statistics indicate that our economic prospects are improving.

Mr. Speaker, we can look to the future with optimism. Resource development spending will continue. Manufacturing and exports of oil and fish products will increase.

We forecast that the economy will grow by between 4 and 4.5% in real terms this year. This is in line with third-party forecasts.

Strong economic growth will continue in 1999 due to major investments in the Voisey’s Bay and Terra Nova projects, as well as increased oil production at Hibernia.

We welcome this turn of events. These will be the first years of significant growth after several years of economic decline. The 1990s have been difficult years for Newfoundland and Labrador. The effects of the groundfish moratorium and the recession of 1991-1992 are still being felt in our economy. However, while provincial GDP will increase substantially, Government revenues will not grow at the same rate.

We must, therefore, keep on track with continued fiscal restraint and prudent management of public finances if we are to attain our goals of providing efficient services, reducing taxes, and stimulating economic growth.

During the election campaign of 1996, we said in our Platform:

1996 and 1997 will be difficult years for our province’s economy. They will be difficult years for the provincial government’s finances.

The outlook for the years that follow is a much improved economic and fiscal situation. Strong economic growth is expected in 1998, 1999, 2000 and thereafter.

However, the provincial government’s overall revenues will grow more slowly than the economy, in part because equalization payments go down as receipts from taxes and royalties go up.

Mr. Speaker, as a result, people’s expectations of Government are also increasing.

Let me repeat: while GDP growth will be strong over the next few years, provincial government revenues will not grow at the same pace. Mineral and oil tax regimes provide for a payback period which allows project owners to recover their capital costs from production revenue. While developers are recovering their capital costs, Government’s tax and royalty collections are low. Once the payback period is over, provincial resource royalties will rise as a share of project revenues.

However, as revenues increase, equalization transfers from the federal government decrease. On average, as much as 84 cents of every revenue dollar received by the provincial government will be deducted from equalization transfers. This will diminish the money available to finance provincial programs or to reduce taxes.

Therefore, we must resist demands for new spending we cannot afford, unless we are prepared to increase taxes, lay off employees, or borrow more money.

Our approach will be to continue to manage our finances prudently, so that the benefits of Hibernia, Voisey’s Bay, the Churchill River, and other developments can be used to reduce taxes, pay down debt, and improve our health, education and other essential services.

Public Service

Government recently negotiated a 7 % pay increase over 39 months with several of our public sector unions. This is the maximum that the public’s finances can afford at this time.

To those members of the public service who believe that Government can afford more than it is offering, let me be clear:

It is the people’s finances we are managing. It is the people’s bank account. A 7% increase is fair. A 7% increase is all we can afford. There is no more money. We will not increase taxes. We will not cut services. We will not borrow money to give a larger increase than Government can afford at this time.

Public Sector Pensions

Mr. Speaker, let us also consider our pension plans. The unfunded liability of our public sector pensions represents a substantial portion of the accumulated total debt of the Province.

The magnitude of the unfunded liability threatens the long-term viability of our pension plans, as well as the benefits pensioners expect to receive. We have taken steps to address unfunded liabilities in some plans, with the cooperation and support of most public sector employees. Without the full cooperation of all employees, we cannot finish the task.

Government is accepting its share of the unfunded liability. Employees must also accept their full and fair share. Our three year fiscal plan makes provision for substantial payments to reduce the unfunded liability. We will continue making these payments until our obligation is fulfilled.

Teachers’ Pension Plan

Teachers have a separate pension plan that has an unfunded liability of $1.6 billion.

Unless something is done, the teachers’ plan will require deficiency payments of $121 million in 2004, increasing each year thereafter. This money cannot, and should not, be found from cuts to services or increased taxes to fund benefits that teachers themselves have not paid for.

It is in the best interest of teachers to work with Government on a fair and equitable solution to this problem. It is a joint responsibility, not solely that of Government and taxpayers. We stand ready to make the investment in the Teachers’ Pension Plan. This is a problem that will not go away.

MHA Pensions

Members on both sides of the House recognize that pension arrangements for Members of the House of Assembly need to be reformed. Government will be introducing appropriate changes to that plan during this Session. Effective immediately, the following measures will be implemented for all Members of the House of Assembly:

\* pension contributions will be increased from the present 7% to 8% effective April 1st, 1998, and to 9% effective April 1st, 1999,

\* the benefit accrual rate will be adjusted to provide maximum benefit after 20 years of service, for new members, instead of the current 17 years, and

\* the stacking of Canada Pension Plan benefits, on top of MHA’s pensions, will end immediately. Mr. Speaker, after today, the only public employee group to retain stacking privileges in this Province will be teachers.

As is the case with all other plans, MHAs are being asked to share in the solution.

Mr. Speaker, we recognize that Newfoundland and Labrador is one of the highest taxed jurisdictions in North America. This must change. Last year, we introduced the HST, which reduced the combined federal-provincial sales tax from 19.84% to 15%. This was the single largest tax cut in our Province’s history.

The recent federal budget provided Canadians with personal income tax relief in several areas. Since provincial income tax is calculated as a percentage of the federal tax, these new reductions will lower personal income taxes by more than $30 million, of which $12.5 million comes from provincial revenues. We are pleased with and support these tax reductions.

We are also concerned that the payroll tax is a disincentive to employment. In principle, we support its elimination over time, but fiscal circumstances make it impossible to surrender the $46 million of net revenue that it generates.

However, we are committed to making first steps. Currently, the first $100,000 of annual payroll costs are exempt from the Province’s payroll tax. Mr. Speaker, I am pleased today to announce that, effective for the 1998 taxation year, the exemption will be raised to $120,000. This measure will benefit all businesses in the Province, particularly small business operators. In excess of 225 small businesses will be removed from the tax rolls and approximately $1 million will be put back into the hands of the business community.

Mr. Speaker, we must search for new, innovative reforms in health care, social programs, and education. We must invest for the long- term in prevention and early intervention. We must become less institutional, more integrated with the community, and more focused on the individual needs of people.

Mr. Speaker, the federal government must fairly share with the provinces the cost of universal health care. That is why, only days ago in Ottawa, the Newfoundland and Labrador delegation led the charge to increase federal health care funding at the Biennial Convention of the Liberal Party of Canada. A Newfoundland and Labrador resolution was passed that proposed that health care be the highest investment priority for any fiscal dividend from the federal government.

We repeat that call here today. Now that the federal deficit has been eliminated, the first priority of the federal government should be the restoration of health care funding.

In the meantime, we will do everything within our financial power to maintain stable health care funding and make further strategic investments for 1998-99.

Health Care Professionals

Mr. Speaker, we are addressing the shortage of medical professionals in our rural areas. In 1997-98, we:

\* raised the salaries of rural physicians,

\* increased compensation packages for doctors providing emergency room coverage,

\* provided $300,000 for the Nurse Practitioner Program, and

\* established Rural Primary Care Service and Teaching Units in Port aux Basques, Twillingate, and Happy Valley-Goose Bay.

This year, Mr. Speaker, we are making strategic new investments in institutions and community health, equipment, services and facilities.

Mr. Speaker, to maintain a healthy society, we must provide for appropriate education and services in the community, as well as in our institutions. We are, therefore, increasing the budgets for community health by $2 million.

Mr. Speaker, we acknowledge the increasing pressures on the delivery of acute and long-term care. Last summer, we increased funding for health care institutions by an additional $20 million. Today, we are announcing an additional $10 million for our health care institutions. This means there will be an additional $30 million to help stabilize hospital budgets in 1998-99.

We will work closely with our institutions over the course of this year to implement a long-term strategy to deal with the operating deficits of hospital boards and provide for better accountability.

Mr. Speaker, we are making strategic investments in equipment, services, and facilities to improve our health care system. This year, we will invest:

\* $2.8 million in our drug program,

\* $500,000 to restore the Non-Emergency Medical Transportation Assistance Program, which assists with the costs of those who

\* must access health care services not available in their area of the Province, and for those who are referred outside the Province for specialized health care services, and

\* an additional $3 million for new hospital equipment.

Mr. Speaker, last year, approval was given to the St. John’s Health Care Corporation to renovate St. Clare’s and the General Hospital, expand the Cardiac Surgery Ward at the General Hospital, and construct a new Janeway Children’s Health and Rehabilitation Centre. This will cost $130 million.

We must also improve facilities in other areas of the Province. This year, we are continuing with construction of a new hospital at Harbour Breton, the redevelopment of the James Paton Memorial Hospital in Gander, and, thanks to the generous contribution of the Voisey's Bay Nickel Company, a new hospital in Happy Valley-Goose Bay.

Mr. Speaker, we are announcing today a multi-year plan for additional health care facilities throughout the Province:

\* the Blue Crest Nursing Home and the hospital in Grand Bank will be replaced by a new multi-purpose facility for long-term and acute care,

\* the Carmelite House Nursing Home in Grand Falls-Windsor will be replaced by a new long-term care facility,

\* the cottage hospital in Old Perlican will be replaced by a new community health centre,

\* new multi-purpose health care centres will be built in Fogo and Bonne Bay to replace antiquated facilities,

\* a new hospital will be constructed for the Stephenville/Port au Port/Bay St. George area, and

\* planning and design work will commence later this year to address identified needs at the Dr. G. B. Cross Memorial Hospital in Clarenville.

These new expenditures, coupled with last year’s commitments, represent an investment of more than a quarter of a billion dollars in improved health care facilities in Newfoundland and Labrador.

This is not a wish list. What we are announcing today represents, in every case, facilities identified for replacement many years ago. Some are Commission of Government era hospitals, some are wooden old age homes. In every case, their replacement was deferred because of fiscal restraint. They can no longer be deferred. They are the top priorities of the Department of Health.

We will continue to review the need for new health care facilities and make appropriate investments from time to time as we can afford them.

Mr. Speaker, through increased investments in health professionals, institutional and community health budgets, equipment, services and new facilities, we are continuing to provide for the health care needs of the people of Newfoundland and Labrador.

Mr. Speaker, history will judge last year’s education referendum as the most significant change in the Province of the last 50 years - a defining moment when we turned the page on the past to shape our education system for the future.

Education reform is about providing our children with the best school system possible. This means clean air, good schools, learning materials, and the right number of teachers.

Achieving these objectives, Mr. Speaker, means investing in education. And that is what we propose to do.

Mr. Speaker, Government recognizes that some new school construction is necessary and that many of our existing schools are in need of repair. These repairs were deferred for years because of restraint. It is now time to make these needed repairs.

Air quality control problems will be addressed. That means clean air in every classroom, in every school in this province.

We are, therefore, announcing a significant investment in our education system. Today, we are making available $50 million toward school construction and upgrading over the next two years.

I am announcing today the formation of a new entity, the Newfoundland and Labrador Education Investment Corporation. Government, through the Corporation, will review capital investment plans submitted by school boards, determine priorities, and develop a multi-year plan for investment.

Mr. Speaker, in recent years, our capital investment in schools, because of fiscal restraint, has been reduced to as low as $4 million annually. The $50 million investment I am announcing today represents the largest example of Government’s commitment to reinvesting in education. However, we are investing in other areas as well.

Mr. Speaker, the number of teachers allocated in the Province has been determined by the number of students.

The numbers decreased last year by 4,600, and will decrease another 4,000 this year. Ordinarily, these declining enrollments would mean a reduction of 425 teaching units. As class sizes shrink, however, it becomes more difficult to provide quality education to our young people.

Determining the right number of teachers is a matter of art, not mathematics. We are, therefore, limiting the reduction in teaching units in 1998-99. As we announced nine days ago, we will "add back" about 200 of the 425 teachers that the existing formula would have eliminated.

Mr. Speaker, we have reviewed The Report of the Review of Special Education. Dr. Patricia Canning conducted a comprehensive examination of the special education needs of our children. We are responding to that report with new investments in special education.

Mr. Speaker, we are announcing today an additional 70 teaching units to help those children with special needs and disabilities. This represents an additional $3.3 million annual investment in our children. Teachers will be added for children with learning disabilities, emotional/behavioural disorders, traumatic brain injury, fetal alcohol syndrome, and autism.

We will also provide $250,000 for educational materials suited to children with learning disabilities, and a further $250,000 for early literacy programs.

The Departments of Education, Health, Justice and Human Resources and Employment will work together to provide individual care for special needs children, and support for their parents.

Mr. Speaker, good primary and secondary schooling is the necessary foundation for later learning. Post-secondary education is becoming a prerequisite for later employment.

Many students need further support to complete their post-secondary education. The Government of Canada recognized this need in their recent budget, announcing the Canada Millennium Scholarship program for the year 2000. For the next two years, however, no money is available.

Mr. Speaker, we have consulted with student leaders on the financial hardships facing students.

Today, I am happy to announce that the provincial government will provide $4 million for awards to students based on need and academic achievement. More than 4,000 awards of up to $1,000 each will be available over the next two years until the introduction of the Canada Millennium Scholarships.

Government has agreed to match private sector donations to the Memorial University Opportunity Fund. This year, we honour that commitment with another $3 million. This is in addition to the $6.3 million we committed to the Fund in last year’s budget.

The College of the North Atlantic has evolved over the years to keep pace with labour market demands, offering courses geared to the different regions of the Province. To ensure that it continues to provide a first-rate education to its students, the grant to the College will be maintained at its current level. In fact, with increased federal/provincial training purchases under the Labour Market Development Agreement, the College will receive approximately $2 million more to meet education and training needs.

With these increases, Government is demonstrating its commitment to the publicly-funded post-secondary education system in this Province.

The energy, commitment and vigour dedicated to education reform must now be directed to the reform of our social programs. New ideas and innovative measures are needed to bring meaningful change.

The Social Policy Advisory Committee held over 100 meetings with 1,500 individuals from 130 communities on a new direction for social policy in this Province. Their conclusion reflected the public assessment - the status quo is no longer acceptable.

The mandates of two departments will be changed. Last year, we announced phase one: the creation of the Department of Human Resources and Employment.

The second phase begins on April 1 this year with community services moving from the Department of Human Resources and Employment to an enlarged Department of Health and Community Services.

The new Department of Health and Community Services will integrate children and family health services through existing regional community health boards. These Boards will undertake new responsibilities for Child Welfare, Youth Corrections, and Family and Rehabilitative Services.

Mr. Speaker, we recognize that the 32,800 individuals and families on social assistance have the lowest levels of income in the province and, indeed, in this country. Therefore, we are increasing monthly allowances by 7% over the next three years, commencing with a 2% increase effective May 1st. Social assistance recipients are getting the same rate of increase that we have negotiated with our public sector unions.

In addition, we will dedicate $400,000 to a new Cost of Living Allowance for families with dependent children living on the Labrador Coast. This extra $150 a month will help purchase basic items such as food and fuel on the Labrador Coast, where the costs are much higher than in other areas of the Province.

Mr. Speaker, we must help those in need provide for themselves and their families. However, the best way to assist people is to help them find a job. Government must do all it can to encourage self-reliance. We must, therefore, take steps to remove the barriers to employment.

Currently, most families who receive additional income lose 50% of every dollar earned up to $200 - the maximum exemption being $100 per month. Effective June 1, 1998, families will be able to retain the first $150 earned, with no reduction in benefits.

Mr. Speaker, many single parents collecting social assistance have told us that they are often "worse off" financially by accepting employment at the minimum wage. Government must find ways to correct this. This year, in conjunction with the Single Parents Association of Newfoundland, we will conduct a $500,000 pilot project with 100 to 200 families to explore means of support that will enable them to maintain employment.

Government will also provide $4.4 million for wage subsidies for up to 1,200 people to obtain meaningful employment in the private and non-profit sectors.

Government recognizes the problems faced by young people as they try to make the difficult transition from school to work. This year, more than $7.5 million will be directed towards youth programs. These will target post-secondary students, youth "at risk" of becoming dependent on long-term income support, and youth seeking first jobs and work experience. Over 2,500 jobs for young people will be supported through wage subsidy initiatives. This includes $2.1 million for the Student Work and Services Program. These initiatives are in addition to the $4 million in new scholarships announced earlier.

Over the years, people with disabilities have made considerable progress in the workplace. We must ensure that these efforts continue. To this end, Government is finalizing an $8.2 million, 50:50 cost-shared agreement with the Government of Canada to provide employment and training support to those with disabilities. Employment programs and services currently offered to people with disabilities will continue to be available in 1998-99.

Through the Opening Doors Program, Government employs persons with disabilities in the Public Service. This year we are pleased to announce an expansion of these services. In cooperation with the Government of Canada, an additional $1 million will be used over the next two years to create new public sector employment opportunities for persons with disabilities.

In February, the disabled community in our Province lost a distinguished ambassador - Ms. Debbie Prim. She was a dedicated volunteer and an accomplished athlete. In her memory, Government will provide $88,000 to assist wheelchair athletes attending the 1999 Canada Winter Games in Corner Brook.

Mr. Speaker, to provide shelter, counselling and referral services for battered women and children, Government will establish core funding for two new Transition Homes - in Nain and on the Burin Peninsula.

Mr. Speaker, if we are to educate children properly, we must nourish their bodies as well as their minds. The School Children’s Food Foundation of Newfoundland and Labrador does valuable work with limited means to meet the nutrition needs of children throughout the Province.

Government is pleased this year to provide the Foundation with a $1 million endowment to expand its efforts. We invite school boards, school councils, community agencies, and the private sector to join us with their support.

Mr. Speaker, we must provide all children of this Province with equal opportunities, regardless of family income.

If children of low-income families have:

\* first-rate schools,

\* proper nutrition,

\* access to proper health services, and

\* an opportunity for advanced education

then they will break the cycle of dependence and poverty.

This is the goal of Government.

Mr. Speaker, when the National Child Benefit is implemented this July, it will be Canada’s first new social program in 30 years. This program will bring the federal and provincial governments together to improve the lives of millions of Canadian children.

Let us clearly understand how the National Child Benefit works:

\* The federal government will provide low income families with an increase in the Canada Child Tax Benefit. This increase, called the National Child Benefit, will provide an additional $605 annually for the first child of a family; $405 for the second child; and $330 for each additional child.

\* Provincial social assistance benefits to families with children will decrease by the same amount.

Mr. Speaker, let me emphasize: there will be no loss of income for social assistance families.  They will receive the same amount. Part will come from social assistance and the remainder from the National Child Benefit. For low-income working families not receiving social assistance, the National Child Benefit will increase the benefit level available to them.

The National Child Benefit frees up $10.15 million annually in provincial social assistance funds. The Province will reinvest every last penny in programs and services for low-income families. These include:

\* $1.15 million for additional Family Resource Centres,

\* $4.6 million for the improvement and expansion of licensed child care services in the province, including:

o additional child care subsidies

o the introduction of licensed family home child care, and

o the introduction of licensed infant child care,

\* $2.8 million to establish regional youth service networks, in partnership with existing community programs, and

\* $1.6 million to assist parents on social assistance who find work by:

o increasing the child care expense deduction, and

o extending full drug card benefits for families for a period of time after they are no longer eligible for social assistance.

New legislation governing child welfare services and the licensing of child care services will be introduced in this Session of the House. Community participation will be sought in planning and implementing these changes.

Mr. Speaker, these efforts, taken together, will allow families to gain greater independence and secure more employment opportunities.

Mr. Speaker, this year, Government will manage the largest ever highway construction program in the history of Newfoundland and Labrador - a total of $108 million in new expenditures on 453 kilometres of highway.

Mr. Speaker, this amount includes $36 million for the construction of the Trans-Labrador Highway:

\* 130 kilometres between Cache River and Churchill Falls will be upgraded,

\* 42 kilometres between Churchill Falls and Wabush will be resurfaced, and

\* the environmental assessment, engineering and planning for the section between Red Bay and Cartwright will be completed.

On top of these investments on the Trans-Labrador Highway, Government will spend an additional $72 million on provincial road construction and improvements. Under the Federal/Provincial Transportation Initiative, $56 million has been tendered this year for work on the Trans-Canada Highway and major trunk roads.

This year, for the first time, Government will take responsibility for the coastal Labrador ferry services. This transfer of responsibility from the federal government was a major part of the $350 million Labrador Transportation Initiative signed last spring. These funds have been dedicated by legislation for improvement of Labrador’s transportation infrastructure.

We will be making positive changes to the coastal Labrador ferry rates and schedules. There will be no rate increases for the first time in five years. In most cases, minimum rates for shipping freight and vehicles will be reduced. The rate charged to ship heavy equipment to Community Councils in Labrador will be cut in half. We will continue to work with communities on the Labrador Coast to make the service more responsive to their needs.

Mr. Speaker, the former MV Prince Edward will be integrated into the Fogo/Change Islands service. The ferry currently in use there, the MV Beaumont Hamel, will transfer to the Bell Island service to join the MV Flanders. These changes will provide a more efficient service to these communities. As well, $1 million in improvements will be made to their docking facilities.

Government is committed to investing in our communities and alleviating municipal debts. We will spend $26.6 million to improve municipal infrastructure in communities throughout the Province. Before year end, $3 million will be invested in the Newfoundland and Labrador Municipal Financing Corporation to assist with municipal debt restructuring.

As was the case last year, Mr. Speaker, Government remains committed to working with the appropriate municipal governments, the private sector, and the federal government toward the construction of a Regional Civic Centre for the St. John’s area.

Under the new Canada-Newfoundland and Labrador Comprehensive Economic Development Agreement, $15 million will be dedicated to export trade, strategic sector development, entrepreneurship, community economic development and technology.

An additional $7 million will be allocated under the Province’s own Strategic Enterprise Development Fund to support business opportunities in strategic growth sectors.

To ensure successful business and regional development, our human resources must also receive strategic investments. Through the Canada-Newfoundland and Labrador Labour Market Development Agreement, in excess of $100 million will be invested this year. This will ensure that human resource and employment development efforts will be linked with strategic development opportunities in all areas of the Province.

Government will focus on emerging growth sectors of the economy, including aquaculture, information technology, biotechnology, adventure tourism, telefilm, and small-scale manufacturing.

Mr. Speaker, 18 of the 20 Regional Economic Development Boards have developed their strategic economic plans.The Cabinet Committee on Rural Revitalization has met with 17 of them to determine the top five development priorities in each zone and work on real opportunities for growth.

These have included: snowmobile trails on the Northern Peninsula to extend the tourism season; a rural information technology Centre of Excellence in Clarenville; eel aquaculture in Robinsons; pharmaceutical applications for seaweed in Ile-aux-Morts; small-scale manufacturing in Bishop’s Falls; technology applications for mining in Labrador West; and, trade opportunities at Gander International Airport.

Mr. Speaker, Government is acting on its commitment to rural revitalization, providing opportunities for people in rural communities.

The federal government has announced that The Atlantic Groundfish Strategy will end in August. The federal government undertook this program because it was responsible for the collapse of groundfish stocks. These stocks have not yet recovered. The need and responsibility for a replacement program for TAGS is clear. We will continue to press the federal government, once again, to accept its responsibility and institute quickly an appropriate replacement program for TAGS.

Components of this replacement program should include early retirement, license buy-outs to reduce capacity in the harvesting sector, income replacement support, labour market adjustment measures, and economic diversification.

A replacement program is crucial for rural communities adjusting to the economic realities of the groundfish collapse.

Mr. Speaker, this Government has placed special emphasis on fisheries diversification, value-added initiatives, aquaculture development and quality assurance. In 1997, the value of fish products was $575 million, driven by a healthy shellfish sector. Ten thousand people were employed in harvesting; another ten thousand worked in processing.

This past year has seen the opening of the inshore-based northern shrimp fishery, a resource which has helped many of our communities severely impacted by the groundfish collapse. Government has been firm in discussions with the federal government that priority access to any further quota increases of northern shrimp off our coasts must be allocated to adjacent inshore harvesters. This new inshore fishery has the potential to generate in excess of $100 million annually.

This year, Government will invest $400,000 in new fisheries, with an emphasis on the commercialization of underutilized species. We will also invest in a new market promotion program.

For the first time in Newfoundland and Labrador’s history and, indeed, Canada’s, a new partnership model will be used to reach agreements on fish prices without the use of strikes or lockouts. Government will assist by providing $150,000 to implement recommendations of the Task Force on Crab/Fish Price Settlement Mechanisms.

The aquaculture industry is positioned to expand significantly over the next several years. Production is projected to increase from 1,600 metric tonnes in 1997 to approximately 3,000 tonnes in 1998. By the year 2000, aquaculture’s export value could reach $40 million and provide employment for 900 people in rural areas of our province.

This year, Government will invest $10 million in developing our aquaculture industry, including $9.5 million through the Economic Renewal Agreement. This will support industry-related research and development by completing the Aquaculture Research Facility at the Ocean Sciences Centre in Logy Bay and the Aquaculture Resource Centre in Bay D'Espoir.

A more sustainable, more diversified fishery is emerging. Government remains firmly committed to the revitalization of the fishing industry. The fishery will always play a critical role in the economy of our Province, especially in our rural communities.

Mr. Speaker, we are continuing to make investments in the growth of our forest industry. We are, therefore, pleased to announce an additional $500,000 for forest access roads, for a total of $2 million to be invested this year. These investments will provide jobs both in construction and sawmilling.

Silviculture will proceed on 11,400 hectares of land in the form of planting, thinnings, and site reclamation. In partnership with the federal government and industry, we will protect these investments in silviculture with $10-15 million in insect control programs.

Tourism offers new potential for prosperity. Through the Economic Renewal Agreement, we will invest $3.7 million this year on marketing and developing tourism infrastructure.

The Cabot 500 Year was a landmark for our tourism industry. Non-resident visitors increased by 22 % for a gain of nearly 69,000 tourists. Convention activity in the St. John’s area was up by 220 %. We will build confidently on this success. This year, $1.5 million is being allocated to plan new events for 1999 and 2000.

Soiree ‘99 is an invitation to our fellow Canadians and the world to celebrate Newfoundland and Labrador’s first 50 years in Confederation, and our deep and lasting loyalty to this great country.

Soiree ‘99 will coincide with the 1999 Canada Winter Games in Corner Brook. In preparation for the Games, an additional $445,000 will support lasting improvements to the Stephenville Training Centre and the Arts and Culture Pool in Corner Brook.

The Viking 2000 Celebrations will showcase early Norse settlers to our shores and their settlement at L’Anse Aux Meadows, the only authentic Norse site in North America.

Government will also dedicate $600,000 to the Heritage Foundation of Newfoundland and Labrador so that it can continue its good work throughout this Province.

In support of our artists, Government will provide again this year an additional allocation of $100,000 for the Art Procurement Program announced last year. Mr. Speaker, this brings the total allocation to $200,000.

Information technology is one of the fastest growing sectors in Newfoundland and Labrador today. Softworld is the information technology sector’s premiere event of the year, showcasing companies from around the world. This year, Newfoundland and Labrador will host 750 senior executives at Softworld 98 in St. John’s. It promises to be the most successful Softworld ever.

Working with the Scottish Software Federation, our local companies will promote Newfoundland and Labrador as a Gateway to Europe in the North American marketplace. Government is working with our industry leaders to maximize trade and partnering opportunities for local companies.

Last year, Government targeted the television and film industry as a new opportunity for economic growth with the establishment of the Newfoundland and Labrador Film Development Corporation. This is a highly competitive business, both nationally and internationally. Other jurisdictions have effectively utilized their tax systems to stimulate economic and employment growth in this field.

Government believes the tax system can be structured to stimulate the industry in Newfoundland and Labrador. After consultation with the Film Development Corporation and industry, the Government will, this year, move quickly to implement a competitive film tax credit in this Province.

Newfoundland and Labrador is now an oil-producing province. We are moving toward further development of the hydroelectric potential of the Churchill River system. And, we are moving toward developing the nickel deposit at Voisey’s Bay.

The value of our fishery, while still held back by the collapse of groundfish stocks, is increasing because of shellfish landings. Our forest industries are doing well. Tourism is expanding. Aquaculture is developing. Information and biotechnology industries are advancing. Manufacturing and small enterprises in our rural and urban areas are growing.

Mr. Speaker, our prospects have never looked better. However, prospects do not pay the bills. Voisey’s Bay has generated growth only indirectly, through mineral exploration. Hibernia royalties are welcome, but modest. And the new Churchill Falls Projects will not produce power until 2007.

Revenues from these projects will not reach the public treasury for some years to come. That means we must stay the course and manage our finances wisely.

The alternatives - to raise taxes, to make deeper cuts to essential services, or to borrow - are alternatives the people of this Province have rejected.

We will use our limited financial resources to provide better care for the sick and elderly, a first-rate education for our children, new opportunities for those with disabilities, and support for those with low and middle incomes to help them attain work and achieve independence.

Mr. Speaker, in closing, I remind us all that the Budget Speech is nothing more and nothing less than a public accounting of the finances of the people of this Province.

Every claim made for more expenditures is not a claim against the Government’s account, but rather a claim against the public’s account.

That is why we must remember that a budgeting exercise is fundamentally an exercise in making choices. The choices we have made today reflect our best judgment as to the values that the people of Newfoundland and Labrador give highest priority.

Mr. Speaker, we must balance the public’s account. So, too, must we balance the opportunity for fulfillment to those who are least advantaged amongst us.

Mr. Speaker, this is our message. It is possible to be firm, but fair - responsible, but responsive - in the pursuit of eliminating both our fiscal and social deficits.