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| Terre- Neuve et Labrador | 45e | 4e  | Discours du budget | 26 avril 2007 | Thomas W. Marshall | Ministre des finances | PC |

Our government was elected at a time of great challenge to implement a bold new approach to economic development. With an eight-year blueprint to guide us, we embarked on a journey towards self-reliance. We worked hard to spend public money more effectively and we worked even harder to generate new wealth through economic development to secure strong social programs promoting our people's health, safety and self-reliance. Those were the two prongs of our approach. Nearly four years later, our successes demonstrate that ours is an approach that works.

Now, more than ever before, we are in a position of strength to seize control of our circumstances and become masters of our own house. We know that, to effectively control our destiny, we must achieve a greater degree of financial autonomy. We are doing this by focusing on five key fundamentals for economic growth. Investing in a healthy business climate. Investing in infrastructure. Investing in developing our resources. Investing in developing new strengths through innovation. And investing in our people by giving them the skils to seize the opportunities ahead. That is how we are turning our vision into action and, through action, producing results.

We should not be afraid to take a strong stand. We have the resources, the people, the ingenuity and the opportunity to build the kind of future of which we have always dreamed. And now we also have the confidence. We will move forward independently to strengthen Newfoundland and Labrador's financial autonomy and fiscal capacity to meet our own obligations by diversifying and g rowing our own economy, reducing Newfoundland and Labrador's burden of debt on our children, pursuing a fair fiscal balance between levels of government, and reducing our dependence on equalization payments. We as a people will enter into agreements only when they are in our own best interests. We will set our own course. We will define our own future. Our time has arrived, and we will seize the day boldly, with confidence, conviction and a solid commitment to cooperate among ourselves in the spirit of harmony to usher in a new day of promise and prosperity for Newfoundland and Labrador.

Mr. Speaker, last year, for the first time in our history, our province achieved a surplus on a fully consolidated basis while budgeting another. The projected surplus of $6.2 million for 2006-07 was, at midyear, expected to become a deficit, but at year end I am pleased to report an estimated surplus for 2006-07 of $76.0 million.

Revenue

Ours is the only administration since Confederation to table back-to-back surpluses on a fully consolidated basis. Achieving this surplus took careful fiscal management. Revenues for the year were down overall, primarily because of a longer than expected shutdown in production at Terra Nova, and were only partially offset by a rise in oil prices and other revenue gains. In response to the Terra Nova shutdown, our government took a conscious decision to keep expenditures in check. As a result, we improved our fiscal position by $69.8 million.

The most significant fiscal challenge facing Newfoundland and Labrador is the burden

of debt we inherited, the highest per capita net debt in Canada, more than double the national average. High debt loads mean high interest payments, whether for a family or for a government. Reducing debt frees up money to spend on programs and other priorities. In 2006-07, our government was able to reduce the provincial net debt by $70 million. Through sound fiscal management, we reduced our net debt as a percentage of GDP from 54.4% in 2005-06 to just 50.0% in 2006-07. Most significantly, we were able to reduce our debt expenses as a percentage of revenue from 17.1 % in 2005-06 to just 14.2% in 2006-07, which in turn frees up additional money for debt reduction or new programs. We have moved responsibly to address unfunded public pension plan liabilities to further strengthen our province's fiscal position.

Mr. Speaker, I am pleased to report that, for only the second time in our province's history, we are budgeting a surplus on a fully consolidated basis. We will be the first administration since Confederation to record three consecutive fully consolidated surpluses. We project that our surplus at the end of this year will be $261.2 million, driven in part by resource sector gains. Any surplus will go towards financing infrastructure investments and reducing debt.

Equalization and Atlantic Accord amounts for the 2006-07 fiscal year are fixed. Total income from the 1985 and 2005 Accords will rise by approximately 50% to $494.3 million. Without the 2005 Accord negotiated by our Premier, we would be receiving $305.7 million less than we are getting this year. Our Equalization payments this year will drop by nearly a third to $477.4 million.

The recent federal budget has given the province a choice: stay with the current, inadequate, equalization program, which does not provide access to new equalization benefits that other provinces enjoy, or choose a new program which contains a cap on entitlements and a cap on the determination of whether we are eligible for the 2005 Accord. The choice the province eventually makes will depend on a financial assessment of those choices at the appropriate time. Neither of these choices fulfills the commitment made to the people of Newfoundland and Labrador to remove nonrenewable resource revenues from the equalization formula.

As our revenue position strengthens, we remain committed to responsible fiscal management to ensure we strengthen rather than erode the gains we are making and become increasingly more self-reliant. In keeping with this vision, we will increase program expenses this year over what we budgeted last year by a responsible 5.6%.

We will also continue to reduce the province's net debt by $66 million. Our debt servicing costs will be reduced by $51 million, freeing up money that would otherwise be siphoned off in interest payments. Our net debt as a percentage of GDP will fall from 50.0% last year to 44.9% this year, and our debt expenses as a percentage of revenue will fall from 14.2% last year to just 11.8% this year.

Our plan is to continue this responsible approach in the years that follow to ensure we are increasingly strong, less reliant on the whims of others and more reliant on ourselves.

Mr. Speaker, despite setbacks last year for the Terra Nova Project, our offshore oil industry continues to grow and mature. Forecasting revenues from the offshore continues to be a challenge, as we have no control over oil prices, production levels and exchange rates, the major factors used to estimate royalties and taxes. Oil prices for the next fiscal year are expected to remain robust. Production from our three offshore projects is expected to increase over last year's levels. Additionally, we expect the White Rose Project to achieve payout, thereby increasing the province's share of the revenues from this project. We are forecasting that total direct revenues from offshore projects will be over one and one quarter billion dollars this fiscal year, including over one billion dollars in royalties.

Mineral prices are also expected to remain strong. This year, we are projecting mining tax and royalties from our mineral operations to exceed $200 million, more than double last year's revenues.

We must remain cognizant of the fact that our financial position can be influenced significantly by changes in resource prices. Our estimates were determined based on advice provided by independent authorities, but these estimates could fluctuate significantly.

Mr. Speaker, over the past three years, an estimated 3,400 person-years of employment have been created in Newfoundland and Labrador. We are ready to do more.

Since 2003, we have implemented a full suite of initiatives to promote a businessfriendly investment climate in Newfoundland and Labrador. Progress is being made. Our economy is growing. Nevertheless, one major deterrent to investor and consumer confidence remains, and that is our relatively high level of personal taxation. It is clear that cutting taxes creates economic growth. I am delighted today to announce that, with the tax measures in this year's budget, our government is transforming Newfoundland and Labrador from the province with the highest personal income tax rates in Atlantic Canada to the province with the lowest personal income tax rates in Atlantic Canada. Our offshore revenues will provide an opportunity to leave more money in the pockets of the people who earned it. In a sense, it is a dividend from our offshore resources, one that will help stimulate economic growth, and result in increased employment and higher incomes.

Never before in our history did we have the ability to address our high personal tax levels in a meaningful way. This initiative will greatly enhance our competitiveness and attractiveness and will spur consumer spending and investment that will boost our businesses and expand our economy.

Effective July 1 of this year, Personal Income Tax rates will be reduced significantly, with the third tax bracket dropping from 18.02% to 16.5%; the second tax bracket dropping from 16.16% to 13.8%; and the first tax bracket dropping from 10.57% to just 8.7%.

Also effective July 1, we are eliminating the surtax on the Personal Income Tax, which will further reduce taxes on middle and high income earners.

Thirdly, effective July 1, and annually thereafter, we will be indexing the Personal Income Tax system to inflation to ensure taxpayers do not move into higher tax brackets simply because of normal inflationary pressures that raise their salaries. Indexation will ensure that various tax credits, brackets and also the special benefits for low-income families maintain their true economic value over time.

As a fourth measure, we are heeding the advice of the province's business community and alleviating tax pressure on smaller companies by increasing the small business threshold under the Corporate Income Tax from $300,000 to $400,000, effective for 2007.

Finally, the Retail Sales Tax rate which is applicable to the private sale of used motor vehicles will be reduced from 15% to 14% effective midnight tonight.

These five tax initiatives represent an annualized reinvestment in the Newfoundland and Labrador economy of over $154 million. By putting this money back in the hands of our province's consumers and investors, we are promoting economic activity which will in turn generate not only new revenues but also new jobs and growth.

Our government will also immediately commence discussions with the federal government to harmonize the provincial Financial Corporations Capital Tax with the federal Part 6 tax base in order to lower compliance costs for taxpayers and do our part to provide a consistent policy across the country.

Even with today's reductions, our rates remain high relative to Canadian standards, but the reductions are a major step in the right direction. These tax reductions will assist in building a stronger more diversified economy as we prepare for the time when we no longer have the benefit of offshore oil. We are committed to using our offshore resources, and whatever Atlantic Accord payments that have not been stripped away, to reduce debt, to provide a fairer tax burden, and to improve economic opportunity.

These are all issues which are consistent with the national interest, and consistent with the principles of the Atlantic Accord.

Not only high taxes but also fees can serve as an impediment to growth. In light of the Fees Review we commissioned in last year's budget, we are reducing or eliminating over 170 fees, an initiative that represents an annualized reinvestment in our economy of another $3.4 million.

Our Red Tape Reduction Initiative has reduced regulatory requirements by 8%.

To complement this streamlining of regulations, our Department of Government Services will be improving customer service by taking full advantage of advances in information technology and management. Fee reductions will encourage on-line usage of electronically delivered services at the Registry of Companies and Deeds and the Motor Vehicle Registration Division. Through electronic service delivery the department will also be expanding ease of access province wide to information and government programs. Budget 2007 also provides approximately $1.2 million in additional funds to improve service delivery in key areas of public health and safety administered by the Department of Government Services. These include technical positions for environmental health, environmental protection, boilers and pressure vessels, elevating devices and amusement rides, electrical programs and highway enforcement.

To better enable the province to compete for national and international business opportunities, we are creating a $25 million Business Attraction Fund within the Department of Business. This fund will provide loans and equity to global investors that establish their business operations in Newfoundland and Labrador.

We will complement this investment with a $7 million non-repayable fund to address challenges faced by investors establishing in our province.

Newfoundland and Labrador has been a global trading state for centuries, but the key to truly maximizing the benefits from trade in the years to come is careful strategic planning. This year, under our Export Development Strategy, we are providing an additional $500,000 to finance critical initiatives to make local exporters more successful in securing the markets they need to grow their enterprises. These initiatives will include access to market intelligence; export readiness assessment and training services; a new pilot program for government to work with larger firms who have existing market penetration to help them grow that market or expand the diversity of products they are selling into that market; market access supports to assist clients on overseas trade missions; and export promotion assistance to sell our strengths in international markets.

Some of our ongoing initiatives have been extremely effective in helping home enterprises expand and succeed. To build on these successes, we are investing $8 million in our Small and Medium Enterprise Fund. We are also absolutely delighted with the uptake from our Regional/Sectoral Diversification Fund which, since 2005, has invested some $9.1 million in 174 rural and regional development projects worth more than $42 million. Budget 2007 provides $5 million plus $2.78 million in carryovers to allow us to continue to invest in success in rural Newfoundland and Labrador. Since November 2003, our government's business investments have helped companies across the province create employment for over 1,900 people.

Newfoundland and Labrador appreciates the benefits that flow to all of us when our businesses succeed, and that is why we are busy cultivating a business climate where enterprises can operate competitively, industries can reach new plateaus of success, innovators can harness the power of their imagination, and entrepreneurs can realize their dreams.

Mr. Speaker, the need to invest revenue in infrastructure to promote sustainable growth is one of the principal reasons we are fighting so hard to achieve what we were promised under the Equalization Program. We will proceed this year by strengthening investments in highway, marine and air transportation infrastructure, public buildings, municipal capital works and the like. Our investment this year will total some $440 million, and that spending will generate an estimated 5,700 person-years of employment. This spending is part of the six-year Infrastructure Strategy we announced in 2006.

A particular focus for our government this year is Labrador. Under our recently released Northern Strategic Plan for Labrador, we are making unprecedented investments in a host of initiatives benefiting all corners and communities of the Big Land. A major component of this plan is the Labrador Transportation Strategy, in anticipation of which we are making a major commitment this year of $17 million for construction of Phase III of the Trans-Labrador Highway. Last year, we also made a commitment to apply a sealed surface on Phase I of the highway and budgeted $15 million, to be cost-shared 50-50 with the federal government. Once again, we are putting forward our $7.5 million share and challenging the federal government to match it. Let me make it clear, however, that our government will proceed with hard-surfacing this year with or without a federal contribution.

To implement the Northern Strategic Plan over the next five years, we will invest $55 million for new initiatives bringing our total investment in new and existing initiatives to support the plan's goals to over $250 million. Among the major investments proceeding this year is an energy rebate to address one of the most pressing issues for rural isolated communities in Labrador. The rebate, at an annual investment of $1.6 million, will reduce the cost of basic electricity consumption needs of Labrador rural isolated residential customers to a level on par with the Labrador Interconnected Rates. Customers in the Labrador Straits area will receive a similar rebate to achieve the same goal.

Last year, our government invested $60 million in road work initiatives, and this year, we will increase our investment in the Provincial Roads Improvement Program to $66.5 million. Early announcements are enabling tendering and construction work to proceed sooner. In addition, we will increase the summer road maintenance program by $2.5 million to approximately $17.5 million, bringing our total investment in summer and winter maintenance to $48.6 million. We will allocate $10 million to start the Torbay ByPass and extend the Team Gushue Highway, subject to cost-sharing with respective governments. Having already achieved a significant expansion of the National Highway System in this province, we will invest $15.5 million as our share of funding to upgrade our Trans-Canada Highway portion of the national system. This year, with the initiatives just mentioned and more besides, we are increasing our total investment in provincial roads to more than $160 million. This roads program will generate an estimated 2,100 person-years of employment, and a substantial amount of that investment will be spent in rural Newfoundland and Labrador.

To ensure we properly protect the road work we are commissioning, we will strengthen our enforcement of weight restrictions for commercial vehicles by increasing highway monitoring both in Labrador and on the island and investing over $1 million to install Weigh-In-Motion technology to supplement the work of our provincial weigh scales operations. We will also make use of cutting-edge technology by purchasing an Automated Road Analyzer, a device that pinpoints road deterioration so we can catch problems before they worsen and target our repair monies strategically.

Many of our rural communities rely on marine transportation services. We are investing in their future by upgrading our intraprovincial ferry system. We will invest an additional $1 .3 million for a total of $10.3 million to refit government -owned ferry \€ssels. We will invest $5 million for maintenance and construction of terminals and wharves. And we will invest another $15 million under our Vessel Replacement Strategy so construction can commence on two new ferry vessels for which design work is nearly complete. We have also reduced rates on intraprovincial ferry routes.

Economic opportunities are advanced by the improvements we make to infrastructure at the municipal level. In recent years, fourteen of our larger towns and cities have seen their annual Municipal Operating Grants lowered in phases by $3.6 million under a planned $5 million reduction. With the improvement in our fiscal situation, we are now canceling the third phase of this reduction, enabling those fourteen municipalities to invest the retained $1.4 million in their respective municipal priorities.

Municipalities are increasingly looking to their neighbours to find new ways of addressing common challenges through cooperation. While some have found ways to regionalize or share common services for the benefit of their residents, others have come to recognize they can provide more efficient and effective services to their residents as merged municipal entities. While we are not prepared to force any municipalities in this direction, neither do we believe in placing needless barriers in their way. So we are investing $2 million this year to help equalize the debt of towns that seek to work cooperatively at the municipal level.

Mr. Speaker, numerous rural Newfoundland and Labrador communities are perfectly positioned to harness natural resources in ways that will promote economic diversification and growth. Most of our natural resources - fish, forests, agricultural lands, pristine ecosystems, tourism sites, minerals, hydro sites and onshore oil- are located primarily in rural or remote areas. Every strategy to capitalize more effectively on these resources is, by its nature, a rural renewal strategy.

Rural renewal is the product of a special kind of tenacity that simply refuses to give up when challenges are tough. More than a decade after the closure of the ground fishery, our government refused to give up on the hope of a bright future for our fishing industry and decided instead to meet the chalenge head on. Our significant investments in aquaculture over the past two years have paid off on our province's south coast with the announcement of a major aquaculture initiative with significant employment and spin-off benefits for this rural region. This year, we are continuing to advance our aquaculture sector by investing $12.5 million as part of our three-year Aquaculture Capital Investment Program. This initiative is complemented by another $1.9 million to help provide wastewater treatment systems in support of fish health protocols, and a further $1.2 million toward the establishment of an aquaculture research facility at St. Alban's, where an innovative approach to the fishing industry has breathed new life into this community. Also, in last year's budget, we announced an investment of $2.0 million over four years in support of commercialization of cod farming. A review of the factors necessary for commercialization of cod aquaculture has been completed, and a request for proposals for a commercial-scale cod aquaculture demonstration farm has been issued.

This year's budget contains $500,000 to continue this initiative.

Last year, we projected the creation of 150 full-time equivalent jobs for the aquaculture industry in the next two years, but less than one year later, we have witnessed the creation of 200 direct full-time equivalent jobs in this province and approximately 100 indirect jobs. We have only just begun to harness the potential of aquaculture to create employment and business opportunities in rural coves and inlets throughout rural Newfoundland and Labrador, and our strong financial investment in aquaculture this year will be instrumental in making Newfoundland and Labrador a leader in rural renewal through aquaculture growth.

Our fishing industry continues to offer tremendous promise, but progress depends on our willingness to work together to address challenges that remain. Everyone seems to agree: changes are needed; but a major impediment to change has been the division of responsibilities for fisheries between the provincial and federal governments. This year, in consultation with the industry, our two levels of government developed a Fisheries Renewal Strategy to reinvigorate the sector. We are bringing our total renewal undertaking to an estimated $140 million to address the challenges in the industry.

Among our province's most successful and promising rural sectors is our agricultural industry. With targeted investments over the past three years, we have increased the rate of growth in agrifoods production value from 1 % to 5%. This year, we will promote continuing growth and diversification in this sector by investing $2.8 million dollars from last year, with an additional $4 million new dollars for a total investment of $6.8 million in the Agriculture and Agrifoods Development Fund, devoting $2 million to continue the provincial Agrifoods Assistance Program, and continuing funding for the Fruit and Vegetable Storage Program and the initiative to provide off-farm access roads and electrical services.

A key consideration in renewable resource industries is sustainability. The ground fishery taught us hard lessons about the relationship between sustainability and longterm economic security - lessons we can apply to other sectors. Last year, we announced a $1 million increase in each of the next three years for silviculture initiatives to replenish our forest resources, and a $1 million increase in forest insect control and fire suppression funding. We also provided $800,000 in new funding last year and are providing an additional $865,000 this year to expand the province's forest inventory. Our new Sustainable Development Act will apply sustainable development principles to all sectors to ensure we take proper care of the resources and ecosystems that sustain us. We will invest in protecting sensitive ecosystems against pollution damage by funding an oil spill prevention initiative. We will invest $10.1 million over three years to address the immediate safety and envirormental issues at the former Baie Verte and Rambler mine sites. To better protect our wildlife, we will expand funding to study our island caribou herds, commence a study of caribou predation and invest more than $900,000 to leverage funding to engage in other cooperative wildlife research. We will also add five new positions to bolster the successful Inland Fisheries Enforcement Program that we initiated in 2004 when the Government of Canada backed out of its constitutional responsibility for enforcement on inland waterways.

Our natural areas are sources of economic wealth if we capitalize on their capacity to generate eco-friendly tourism, which is in reality only a fancy term for describing an activity that has been traditional in Newfoundland and Labrador for generations. Through our provincial parks system, we have been able to preserve our natural ecosystems while at the same time enjoying the high-quality recreational experiences they have to offer. We are increasing our investment in the provincial parks system by $1 million to expand the parks renewal strategy from a three-year commitment to a four-year $4.0 million initiative. Additional funding will mean service improvements to make our parks even more attractive, encourage increased usage, and allow us to provide the range of services and amenities demanded by the modern traveler. These initiatives will be particularly important in bringing tourism-related economic and employment opportunities to our rural areas where most parks are situated.

Recognizing the great potential that tourism offers to rural communities, this year, we are investing an additional $1 million fortourism marketing initiatives. Starting in 2004, this government has nearly doubled the tourism marketing budget from $6 mi Ilion to $11 million.

If there is one thing besides our beautiful scenery that attracts tourists to our shores, it is our distinctive culture. Having launched Newfoundland and Labrador's first Strategic Cultural Plan last year, we are ready this year to build on those initiatives by bringing the budget of the Newfoundland and Labrador Arts Council up to $1.65 million, including a Cultural Outreach Officer in Labrador. We are also maintaining funding for the Newfoundland and Labrador Film Development Corporation's Film Equity Program at $2 million. To protect and commemorate our rich heritage, we are increasing funding to operate community museums and preserve our built heritage. And we are beginning to invest to prepare for the anniversary of the founding of Cupids by John Guy in 1610, nearly 400 years ago.

All of these initiatives are examples of endeavours supported by our government to turn resource opportunities into growth opportunities in our communities. Newfoundland and Labrador will achieve actual and sustainable self-reliance only if we do a much better job of putting our resource wealth to work for the principal benefit of our own people and communities.

Our government is concluding work on Newfoundland and Labrador's first comprehensive Energy Plan; block funding of $12 million is being committed this fiscal year to begin implementation of the initiatives contained in the plan; and additional funding will be allocated in future budgets to support the continued roll out of the plan.

As work proceeds in the mining sector in western and northern Labrador and at sites on the island, we are working to promote further growth in this industry and ensure our province reaps the benefits of these non-renewable resource initiatives. Last year, we invested a record $2.5 million in the Mineral Incentive Program, 55% more than in the year before. Every dollar spent under the junior exploration assistance component of the program leverages $3 in private sector investment for grassroots exploration. We estimate that mineral exploration companies spent $98 million on exploration in the province last year, 100% more than in the previous year, with expenditures forecast to reach $116 million in 2007. We are sustaining our record investment in the Mineral Incentive Program, which is playing a key role in sustaining that momentum. We will also invest $1 million to foster exploration of our mineral and onshore petroleum resources by improving the collection of geoscience data.

Mr. Speaker, in many of our natural resource sectors, we clearly see the capacity of scientific research and technology applications to advance economic development opportunities. But research and technology can also generate economic opportunities in other sectors, sometimes in completely unexpected ways. Innovators harness the capacity of the human imagination to invent new ways of manipulating the world around us to advance health care, communications, environmental protection and so forth. While these scientific pursuits have intrinsic value, they can also have tremendous economic value, as Newfoundlanders and Labradorians are proving in outstanding ways. This past year, we launched our province's first Innovation Strategy to promote ingenuity and commercialize the products of research for economic gain.

Two Innovation Strategy programs have proven to be successful in capturing the benefits of innovative work. The launch of the Innovation Enhancement Program and the Commercialization Program in August 2006 fulfilled a commitment of government's Innovation Strategy, but more importantly a long standing gap in programming, both for the business community and for regional innovation efforts. The Commercialization Program helps bridge the difficult gap faced by new start-ups and smaller companies in moving from promising new technologies to true commercial activity. Interest in the Commercialization Fund has been strong. Nine approvals have been completed for a total investment of $2.3 million. The Innovation Enhancement Program is supporting public sector institutions, not for profit groups, community organizations and industry associations involved in activities that are enhancing the innovative capacity of the province.

Five projects valued at $538,000 have been approved to date, and proposals with a total value of almost three times that amount are now being evaluated for approval. This year, we will continue to support these important economic development in itiatives.

Research and development expenditures in Newfoundland and Labrador are the lowest in Canada. We will never become masters of our own destiny by allowing others to determine the extent to which we can move forward. Over the next couple of years, our government will significantly increase expenditures on R&D. To accomplish this, with an initial investment of $300,000, we will launch a Newfoundland and Labrador Research and Development Strategy, an unprecedented collaborative effort that will draw on the research strengths of the College of the North Atlantic and the Grenfell and St. John's Campuses of Memorial University and marry them with the market-oriented goals of the Innovation Strategy. R&D is one of the most important vehicles we as Newfoundlanders and Labradorians can use to harness our strengths and ingenuity effectively to become masters of our own house. As part of this new R&D Strategy, our government will establish a new Crown entity, headed up by the new position of Chief Science Advisor, to oversee and direct R&D initiatives across multiple sectors throughout Newfoundland and Labrador in concert with our post-secondary institutions. Complementing this venture will be a new Premier's Advisory Committee on Science and Research comprising professionals with recognized expertise in basic research, applied research, education, business, venture capital and the like. This coordinated effort will achieve three far-reaching goals: first, to ensure public policy on environmental and economic issues is firmly evidence-based; second, to foster commercialization and competitiveness through the incubation of new technologies; and third, to position Newfoundland and Labrador's academic institutions, enterprises and Government as global leaders in sustainable development through science and innovation. Facilitating the work of this Crown corporation will be a key priority of our government. If providing additional resources can significantly accelerate our progress in achieving R&D leadership, then our government is prepared to make those investments to ensure we will be ready sooner to lead on this front. In recognition of the research strengths of the College of the North Atlantic and the Grenfell and St. John's Campuses of Memorial University, we will nurture in our province an entrepreneurial drive that draws upon the inventiveness and ingenuity of our brightest and best.

One of the most exciting research and development initiatives of our government is the Newfoundland and Labrador Centre of Excellence for Environmental Science, Research and Technology, which is based in Corner Brook. With a particular focus on sustainable natural resources, applied research and commercialization activities, the Centre of Excellence will bring together innovators who are ready to position Newfoundland and Labrador as an international leader in climate -friendly green technology. Work on this initiative will proceed this year with an investment of $1.25 million. The CEE will be a cluster of both existing and potential new program activities related to disciplines such as sustainable forestry, freshwater ecology and other elements of the environmental sector. For the upcoming budget year, $795,000 will be allocated to the Sir Wilfred Grenfell Campus of Memorial University to begin a graduate science program, establish a policy centre, and provide supports for a sustainable forestry cluster as well as project administration. Additionally, the College of the North Atlantic campus at Corner Brook will receive $455,000 to offer a new geomatics advanced diploma program and to support its existing geospatial research facility.

The Institute for Biodiversity and Ecosystem Science, or IBES, lends research support to the Centre of Excellence and plays a vital role in ensuring government research priorities for ecosystem conservation and sustainable use are addressed by the academic community. To that end, this year's budget provides $737,000 to enable I BES to playa greater role in focusing international research capacity on issues of importance to Newfoundland and Labrador, and by promoting our province as a natural laboratory.

The ocean that washes up along our thousands of kilometres of coastline has long been considered a sea of opportunity, but as science and technology progress, we are beginning to recognize new advantages that offer economic opportunity. With that in mind, we undertook to develop an Ocean Technology Sector Strategy to position Newfoundland and Labrador as a national and international centre of excellence in ocean technology by building ocean-related strengths and activities into competitive niche products, services and expertise. Recognizing the significant gap in ocean observing capacity at the principal North American gateway between Labrador and Maine, the Premier engaged with his United States counterparts to develop a Northwest Atlantic Ocean Observing System in order to create growth opportunities for local ocean technology companies engaged in maritime surveillance, remote sensing, radar systems and other communications technologies. The Premier also signed a Memorandum of Understanding in March formalizing the relationship between

Newfoundland and Labrador and Ireland in the area of ocean technology. With these new initiatives, we sit at the apex of an ocean technology triangle with vital new linkages in both the US and Europe.

To further capitalize on opportunities to demonstrate leadership in ocean science and technology, we are providing $1 million to establish at the Marine Institute of Memorial University a new School of Ocean Technology. The School will draw together experts in ocean technology, enable these experts to share research and incubate new technologies, provide an excellent training ground for students and greatly enhance Newfoundland and Labrador's international reputation as a world leader in ocean technology.

The province's new focus on research and development blends well with key initiatives promoting growth in several natural resource sectors. Our $283,800 investment in a comprehensive forest research program will promote sustainable forest management. Our investment in geoscience data initiatives will promote economic advances in our energy and mining sectors. We will also provide $1.85 million over three years to our offshore regulator towards an enhanced information management system that will provide for more effective management of the province's oil and gas resources. Our investment of a further $300,000 in a five-year investigation of cod stock dynamics will promote stock rebuilding and conservation. Our cod aquaculture demonstration project, our three-year fishing industry R&D initiative, our caribou predation pilot study, our caribou recovery strategy and our other wildlife initiatives will harness the power of research in an effort to achieve tangible gains. Through our Environment and Conservation department, which will administer the new Sustainable Development Act, we will provide $600,000 this year to coordinate and implement a Sustainable Development Round Table, and commence development of Strategic Environmental Management Plans. Through R&D, we will protect our environment while at the same time generating new opportunities to reap the benefits of demonstrating leadership in world -class, leading -edge economic ventures.

Mr. Speaker, we are promoting economic opportunities not only through investments in our business climate, infrastructure, natural resources and innovation, but also through our investments in the skills of our people so they are equipped to seize the opportunities before them.

We are making significant investments to ensure we have an educated, highly-qualified, skilled workforce to meet the labour market demards associated with increased economic activity from major projects, new construction and investments in infrastructure. In this year's Budget, we are investing $3.9 million to enhance career and employment services; and among other things, this will enable us to expand these services in rural areas through five new Career Information Resource Centres; implement employment and business development projects in rural areas; expand the Graduate Retention Program to help an additional 100 graduates a year; and hire ten Career Information Officers to work with teachers, guidance counselors and students in the K-12 system.

We are also taking steps to ensure education, skills training and work experience opportunities are increasingly accessible. Our government last year commissioned a Skills Task Force which brought together business, labour, government, education and other community leaders to identify the skill sets we are lacking, and determine the best ways to ensure our graduates and workers are ready to seize opportunities.

The task force report will be released shortly and action to implement its recommendations will begin immediately.

While this work progresses and in support of its objectives, we are investing $2.8 million in this year's Budget to improve the responsiveness of the skills training and apprenticeship system in the province.

These measures will expand skilled trades and technology offerings at the College of the North Atlantic, support national apprenticeship standards, strengthen the participation of women, Aboriginal persons and youth in the apprenticeship system, hire more apprentices in the public sector, enhance our power engineering program, establish an Industrial Coordinating Committee to identify industry skill set needs, help improve the recruitment of women in the forestry sector, and establish scholarships to promote further education.

At all ages, education is the key to unlocking doors to opportunity and self-reliance. This year, for the first time in our province's history, our investment in education will exceed one billion dollars.

Since 2003, we have eliminated school fees, established commissions to examine teacher allocations and the Individual Support Services Plan / Pathways, and invested strongly in infrastructure, equipment, busing and curriculum. Last year alone, our new investments in K-12 education surpassed $40 million.

This year, we are raising our investment in the K-12 system by a further $41 million. This investment will include $14.8 million for new school construction, maintenance, repairs and innovations to ensure our children benefit from proper, safe and healthy learning environments. With an investment of $583,500, we will enhance computer technology support; and with an investment of $1 million, we will finance improved software. Laboratory safety will be enhanced with an investment of $1.65 million, and the public libraries that support young people and their families in the community will benefit from an investment of $385,000.

Last year, we eliminated school fees. This year, with an investment of $12.8 million, we will extend the provision of free textbooks in core courses to include all students from Kindergarten to Grade 12. While this is a substantial part of our Poverty Reduction Strategy, this initiative will apply to all students, regardless of their family income.

At the post-secondary level, we are making an additional $20.4 million investment in Memorial University.

Some $15.3 million of Memorial's total funding will allow work to proceed on a new academic building for the university's Sir Wilfred Grenfell Campus in Corner Brook and the construction of two new student residences, one at Corner Brook and one at St. John's. Among this funding, $400,000 will finance a new Safety and Emergency Response Training Centre at the university, $500,000 will advance distance education in which the university has long been a leader, $200,000 will better support the international students we attract to our province, and $800,000 will erable the university to better promote itself nationally and internationally in campaigning for new students, faculty, and research funding as it works with our government to help Newfoundland and Labrador achieve leadership in R&D. An investment of $1.3 million will also enable the university to demonstrate environmental leadership by reducing emissions.

Sir Wilfred Grenfell College is a tremendous asset to the province's western region and has the potential to make an even greater contribution to the economic and social growth of the province. Based on the information and recommendation of a recent feasibility study into the governance structure of Sir Wilfred Grenfell College, our government will work with the Memorial University Board of Regents to implement the recommendations of the study, including granting the College full university status and a separate executive, senate and budget while maintaining a common Board of Regents.

The College of the North Atlantic will benefit from an additional investment of $8.3 million, which will enhance equipment and facilities for key program areas, create new programming in the area of Early Childhood Education and improve accessibility at the Burin Campus.

We are proud that, since 2003, we have maintained a tuition freeze for students of Memorial and the College of the North Atlantic. Our tuition rates are the lowest in Canada for Canadian students. In keeping with the policies we announced in our White Paper on Public Post-secondary Education, we are again this year extending the tuition freeze.

Even with this freeze, however, students continue to amass significant debt, and many graduates are deeply indebted just as they are attempting to establish careers, homes and families. It is clearly in our province's best interests to help our students avoid falling deeply in debt and assist our graduates to escape indebtedness so they can achieve a greater measure of self-reliance. Our government worked closely with students and graduates to find out what initiatives they believe will be most effective in addressing this debt problem. Their advice made eminently good sense; we have listened; and this year, we are delighted to announce the allocation of $14.4 million for a two-component Student Loan Debt Relief program. Under one component, beginning in the fall of this year, students will receive up -front needs-based grants to offset their borrowing costs. Some 8,000 students are expected to benefit under this component. Under the second component, we will reduce the interest on provincial student loan debts to prime making ours the lowest rate on student loans in the country, a measure that will benefit some 46,000 students and graduates in repayment. We are excited about these initiatives because they represent real investments in the young women and men who are taking the initiative to advance themselves and develop the skills they need to make enormous contributions to their province.

Mr. Speaker, as we work to promote economic growth in our society, we must never lose sight of our primary obligation as citizens to look out for those among us who are vulnerable. It is by our commitment to social justice that our character is most truthfully measured. Our government has made major strides since 2003 with initiatives that advance personal self-reliance, health and the security of those who are vulnerable.

This year, we will raise the bar even higher through significant new initiatives that advance the security, health and autonomy of our people.

With an annualized investment of $2 million, we will increase the Low Income Tax Reduction threshold from $12,000 to $13,000 for individuals and from $19,000 to $21,000 for families, effective January 1, 2007.

With an annualized investment of $4.2 million, we will increase the Low Income Seniors' Benefit threshold for senior couples by about $10,000 to ensure more seniors can avail of the program. Some 3,800 senior couples will receive a cheque for $768 as a result of this initiative.

Our government's Poverty Reduction Strategy has been hailed across the country as a model that others should follow. In introducing the strategy in last year's budget, we provided annualized funding of more than $60 million for a suite of initiatives to alleviate and prevent poverty, and we are determined to continue leading the country in efforts to reduce poverty. To that end, we are increasing our investment this year by an additional $28.9 million to support new initiatives to help our most vulnerable citizens rise from poverty to achieve a greater measure of self-reliance. Our combined $91 million commitment to the Poverty Reduction Strategy this year supports a broad mix of policies and programs that will result in improved access to services, a stronger social safety net, improved earned incomes, a strong focus on the needs of children and families, and a better educated population.

Through an investment of $9.8 million, we will increase supports to enable persons with disabilities to participate fully in society. Adults with disabilities who reside with their own family members will begin receiving board and lodging supplements totaling $362 a month or $4,344 a year that until now were available only to those lodging with non-relatives. We will also increase labour market participation of persons with disabilities, increase their access to student summer employment, provide disability related supports in the workplace, and extend our Opening Doors Program to Crown corporations to provide more opportunities for persons with disabilities within our public service.

We will also help low income families by increasing the Newfoundland and Labrador Child Tax Benefit rate by $5 a month, increasing the Mother Baby Nutrition Supplement rate by $15 a month, and increasing the private child care allowance to $400 for the first child and to $200 for additional children, giving parents greater freedom to secure employment. We will develop an enhanced home visiting model, built on the Healthy Beginnings Program currently provided by public health nurses, to give additional support for parenting and early childhood development.

To advance the status of women in poverty, we will improve access to legal services particularly for family law matters, increase grants to the province's eight women's centres, and research ways of increasing access to employment supports for victims of violence.

We will expand the Community Youth Network to six new areas of the province and increase funding for existing centres, support an Adult Alternative Justice Program emphasizing offender accountability and victim needs, and enable Newfoundland Labrador Housing to provide lower rental rates for senior tenants and to increase support for eight Community Centres providing tenants with social, health and career development opportunities.

Over the next year, we will also increase the province's minimum wage to $8.00 an hour in two increments: by 50 cents an hour on October 1 and by another 50 cents an hour on April 1 of next year. With the implementation of these increases, Newfoundland and Labrador will be on par with Atlantic Canada and other Canadian jurisdictions with respect to the minimum wage. Our government also recognizes the need to plan for future increases in a predictable and incremental manner and provide stakeholders with the time necessary to prepare. That is why our government will undertake consultations with stakeholders to review the minimum wage in the province and to have it concluded early in 2008.

Another way we can promote self-reliance is through our investments in housing. In this budget, we are making an unprecedented additional investment in housing programs and projects and giving housing a higher priority than it has been given in decades.

We are ready to announce two early initiatives flowing from the Social Housing Review Study. The first is the development of a provincial housing strategy. Over the coming weeks a work plan will be formed, and consultations in support of the strategy development process will be launched in the coming months. In addition, we will be making significant increases to Housing's Modernization and Improvement Program. Over the past fifteen years, the Newfoundland Labrador Housing Modernization and Improvement Program has not received adequate funding to maintain the Crown corporation's aging and deteriorating properties, which to be frank is a shame. As a property owner, the province has a financial obligation to protect its investment in these properties and a moral obligation to ensure its tenants have decent accommodations. Over the next five years, we will increase funding for the Modernization and Improvement Program by $27.5 million, more than doubling the resources available to modernize and improve the social housing stock we currently have throughout our province. This is a sound investment in social housing that is long overdue.

Another initiative, the Provincial Home Repair Program, formerly known as RRAP, has since 1976 helped over 45,000 private low-income homeowners throughout our province to remain in their homes by providing funding to help with repairs and maintenance for their dwellings. Over the course of the next six years, we will be increasing the provincial contribution by another $24 million, thereby doubling the provincial contribution for this program. This funding commitment will help us address the 4,000 applications now on the wait list.

Under the existing federal-provincial Affordable Housing Agreement, Newfoundland Labrador Housing is currently considering proposals submitted by both private and non-profit sector groups that could potentially construct an additional 150 rental housing units throughout the province. Under the new Housing Trust Fund, $6.8 million will be allocated to develop a series of housing initiatives within the province during 2007-08. Approximately $4.3 million of these funds will develop an additional 90 accessible, supportive or senior housing units pri marily in rural areas, bringing the total new affordable housing units in our province to 240. Other projects under the Affordable Housing Trust include six new two-bedroom units in Stephenville to offset property losses in last year's flood and up to ten two-bedroom units in St. John's.

I am also delighted to announce that we will be constructing a new Newfoundland Labrador Housing regional office building in Corner Brook to bring the administrative and maintenance functions that are now separated in leased spaces at a significant distance from each other to a common site under one roof, thereby streamlining operations and enhancing client services in the Corner Brook region.

Mr. Speaker, no function of the provincial government is more important to our people than the provision of health and community services. Our geography may be a challenge, but for our government it will not act as a barrier to hinder the provision of health and community services to the people of Newfoundland and Labrador. One of the challenges driving increases in health spending is the dispersal of our people along thousands of kilometres of coastline and hundreds of thousands of square kilometres of land. We pride ourselves on our public health and community services system and invest nearly fifty cents of every program dollar to ensure it serves the many needs of our citizens, young and old, wherever they may live. This year, we are increasing our investment in health and community services, bringing expenditures to an unprecedented $2.2 billion.

To promote physical fitness and healthy living, we are proceeding with a number of initiatives to benefit young and old. This year, we will launch our Recreation and Sport Strategy and Action Plan, which is designed to promote the many benefits of sport and physical activity - health benefits, social benefits, educational and economic benefits alike. With incremental funding this year of $2.39 million, this strategy will encourage and enable more and more Newfoundlanders and Labradorians to take greater responsibility for their health through positive engagement in recreation and sport pursuits with a strong fitness component.

We are dedicating $100,000 this year to support the sharing of school facilities with community user groups, to enable school boards to improve their access while protecting these valuable resources for our children's instruction.

In recognition of the need to replace or renovate health care infrastructure, we will spend almost $68 million this year for ongoing and new projects including renovations to the forensic and developmentally delayed units at the Waterford Hospital in St. John's, design and site work for a new health centre in Lewisporte, work toward a St. John's centre for clinical research, and a new office building for health and community services staff in Happy Valley-Goose Bay. We will continue with long -term care facilities in Clarenville, Corner Brook and Happy Valley-Goose Bay, along with continuation of the Humberwood Provincial Addictions Centre in Corner Brook, the Grand Bank health centre, redevelopment of the James Paton Memorial Hospital in Gander, further work for a new health centre in Labrador West, and planning for a health centre at Flower's Cove.

We are also investing $22.3 million for new diagnostic and capital equipment, which represents a $12.3 million increase above the base funding. This investment will purchase two new linear accelerators to expand radiation treatment capacity at the Dr. H. Bliss Murphy Cancer Centre, cardiac cath lab equipment and monitors, a Bi Planar Angiography machine, a new x-ray machine for the Carbonear General Hospital, a CT Scanner for diagnostic imaging at Western Memorial Regional Hospital and a CT scanner for Sir Thomas Roddick Hospital in Stephenville.

In keeping with its commitment to improve access to health services, we are investing $2 million to extend the hours of operation for the MRI units in St. John's and Corner Brook, improve pre-hospital care in St. John's, enhance mammography and CT services at Carbonear and expand endoscopy services at Gander and Grand Falls Windsor.

Other measures will enable Eastern Health to open additional beds in Bonavista and St. Lawrence, implement a new bilateral cochlear implant service and engage a new medical flight team for the provincial air ambulance service; they will enable Central Health to provide enhanced social work services on Fogo Island and at the Grand FallsWindsor dialysis unit and cover additional operating costs at the new cancer centres in Gander and Grand Falls-Windsor, they will enable Western Health to meet the growing demand for dialysis services and provide an enhanced stroke care program; and they will enable Labrador-Grenfell Health to implement a respiratory therapy service at one of its facilities, provide an enhanced laboratory service at St. Anthony, and provide enhanced intervention services for children in Labrador.

In order to address the wait list of 200 children and the wait time in some areas of up to a year for preschool therapeutic speech language pathology services, we will provide $396,100 to create five new positions.

This year, we are dedicating $1.6 million to strengthen the province's mental health and addictions services, including $800,000 to implement the new Mental Health Care and Treatment Act, and also $800,000 to continue implementing our Mental Health Policy Framework with specific initiatives such as an anti-stigma campaign, additional addictions counselors and mental health case managers, and supportive care for clients. We are also investing $575,000 to address problem gambling. And we are providing $228,800 to establish a new Eating Disorders Program, which will operate through Eastern Health five days a week as an outpatient day treatment program.

We will also invest in our health care professionals by supporting an eight-week orientation for graduate nurses in frontline practice through an investment of $1 million cost-shared with the Regional Integrated Health Authorities.

Promoting public health is a priority initiative identified in last year's budget. To follow through on our 2006 commitment to hire 39 public health nurses over two years, we are committing $1.6 million for the cost of positions approved last year and13 new positions across the province. We are providing $1.5 million to continue providing vaccines for pneumonia, meningitis and chicken pox that were originally financed under the Federal Trust Fund.

Poor dental health can have significant health consequences for young people, but dental work can be very expensive. This year, we are investing $2.3 million to expand dental health services to include young people from 13 to 17 in low-income families and also to provide sealants for children.

With an investment of $1.4 million, we will provide insulin pumps and supplies for children with Type I diabetes, an initiative that will benefit some 100 children and another 30 who are diagnosed annually.

Every year for the past three years, our government increased the budget for the provincial drug program, adding effective new therapies while expanding the number of people covered through the introduction of a new low-income drug program. This year, we will expand the Newfoundland and Labrador Prescription Drug Program to include coverage of new drug therapies for primary pulmonary hypertension, psoriasis, ankylosing spondilitis and advanced metastatic breast cancer. We are also moving ahead this year with a major initiative to reform the Prescription Drug Program in ways that will effectively address high drug costs while ensuring people in comparable situations are treated equitably. This program will benefit, in particular, individuals with multiple sclerosis, diabetes, arthritis and cancer.

Mr. Speaker, this past year, two major reports drew our attention to significant weaknesses in our child protection and justice systems. A report on the circumstances surrounding the tragic death of Zachary Turner made significant recommendations for reform. A report by the Right Honourable Antonio Lamer identified significant weaknesses in our criminal justice system. The issues are different, but they both involve protecting the rights and well-being of those who are especially vulnerable. This year, we will continue to address the recommendations of both reports.

Protecting the health, safety and well-being of children and youth is a priority of this government. Our government acted swiftly following the release of the Turner Review and Investigation to put an action plan in place to address recommendations to strengthen child, youth and family services in the province.

Following a thorough review of the report's recommendations and the completion of an independent operational and organizational review, our government is committed to making improvements. Through a $6.5 million investment this year, and $9 million annualized, we will work to strengthen the Child, Youth and Family Services system by targeting professional development and training, including the development of a new orientation program; adding new positions to the system, including social workers and support staff; hiring additional lawyers to support the legal requirements of the program; undertaking the necessary legislation, program and policy reviews; implementing operational and organizational changes, including improvements to the Client Referral and Management System; introducing quality assurance initiatives; and enhancing our monitoring, evaluation and planning for system charges for the future to ensure best practices are implemented across the system.

We are equally determined to restore public confidence in the integrity of our justice system by following through on the recommendations of Judge Lamer. To better prevent wrongful convictions and protect the interests of clients of our justice system in response to the recommendations of the Lamer Inquiry Report, we are creating 59 new positions in policing, legal aid, the Crown Attorney's office, court services, civil law and operations. Our initiatives will be phased in beginning immediately, with an initial investment in 2007-08 of $2.1 million, an incremental $2.3 million in 2008-09, and an annualized investment of $4.1 million.

We will continue to invest in the strength of our police forces, whose work promotes safety and security in our communities. We are investing approximately $1.5 million this year, and $2 million on an annualized basis, in the Royal Newfoundland Constabulary. We are investing $3.4 million in the RCMP this year to create an additional 22 positions, including 12 regular members, 7 public service employees, 2 civilian members and a community justice forum coordinator.

To bolster infrastructure associated with community protection and justice, we will invest $11.3 million for the construction of the Corner Brook Courthouse, which we announced last year. We will invest $500,000 to plan and design renovations and additions to the RNC Headquarters and Annex in St. John's. We are also investing $500,000 to initiate planning for an adult correctional facility in our province.

In a heavily-forested jurisdiction such as ours, we cannot afford to be improperly protected from the threat of fires. This year, we will invest $19.9 million to begin the process of upgrading our water bomber fleet under a multi-year strategy valued at over $100 million.

In conclusion, Mr. Speaker, this year's budget is all about following through on a sound vision with strategic action. As the government of this province since 2003, we have assessed the challenges facing our province. We have explored the opportunities. We have secured in our sights a vision of a Newfoundland and Labrador where promise leads to prosperity, where self-confidence leads to self-reliance. We have set to work developing strategic plans - action plans - to take our vision from the drawing board to the real world, where each strategy is applied, appraised, adjusted and advanced to ensure the action produces real results. We have laid the foundations, sector by sector, region by region, strength by strength, to ensure that we are fully prepared to move forward to success on every front. We have brightened our business climate and bolstered our infrastructure. We have charted a course forward for each natural resource sector and pushed past the limits of old ways of thinking through innovative investments in new ways of achieving. We have invested in people skills; given old and young alike the tools to achieve greater personal self-reliance; promoted healthier lifestyles, improved health and community services; and strengthened public protections for our citizens. We have taken responsible action to implement our vision, and we have produced tangible results. Our fiscal situation has never been stronger. Our employment situation has never been brighter. And the work has only just begun. We are clearly on the right track to self-reliance. The evidence justifies our bold new approach. This fall, the choice before our people will be crystal clear: backward to decline, or forward to self-reliance. We will stand proudly before our people with confidence in our choices, and we will ask once again for their cooperation as we move forward to complete the job we started together. We are continuing with this year's budget to take powerful strides forward on a great many fronts, and in the years to

come, we will progress even farther toward our goal of a Newfoundland and Labrador where opportunity abounds and self-reliance is secure and sustainable. That is our vision. These are our actions. And success will be our result. We will be masters of our own house.