

SECURING A SUSTAINABLE FUTURE

BUDGET OVERVIEW

The Economy

- Economic Performance 2007
 - Real GDP increased by 7.9% driven by exports of oil and minerals and consumer and government sector spending.
 - The unemployment rate fell to 13.6%, a reduction of 1.2 percentage points and the lowest rate in 26 years.
 - Personal income growth of 4.3% and personal disposable income growth of 5%.
 - Retail sales growth of 9.5%.
 - Increased residential construction investment of 9.9% with 2,652 housing starts.
 - Net in-migration of almost 2,000 people in last half of 2007.
- 2008 Expectations
 - Real GDP forecast to decline by 2% due to lower offshore oil production.
 - Capital investment expected to increase by 15%. Combined investment in oil and gas projects estimated to be \$1 billion for 2008.
 - Housing starts stable at 2,657 for the year.
 - Employment expected to increase by 1.5%, adding another 3,300 jobs, and the unemployment rate is expected to decline to 12.4%, a further decrease of 1.2 percentage points.

Fiscal Framework

- Review of 2007-08
 - Surplus of almost \$1.4 billion, the largest in the history of the province.
 - Reduction in net debt from \$11.6 billion to \$10.3 billion.
- Forecast for 2008-09
 - \$544 million surplus forecast, the fourth consecutive surplus.
 - Net capital investments of \$483 million.
 - Net investments in resource projects and other areas totaling \$329 million.
 - Reduction in net debt from \$10.3 billion to \$10 billion.

Budget Plan for 2008-09

- Revenue Plan
 - Oil royalties forecast to be \$1.7 billion.
 - Equalization entitlements estimated to be \$18 million.

- Taxation and Fees
 - Effective July 1, 2008, the personal income tax rates will decrease by 1% in each bracket to 7.7%, 12.8% and 15.5% respectively. When fully annualized, this will put \$75 million back into the hands of taxpayers. When added to the reductions last year, this brings the total reduction in the personal income tax burden over the past two years to \$230 million.
 - Retail Sales Tax on insurance premiums has been eliminated effective January 1, 2008, with a cost of \$94 million this year, and an annualized cost of \$75 million thereafter.
 - Effective January 1, 2008, the payroll tax exemption threshold will increase to \$1 million, removing 308 employers from the tax rolls and lowering tax for 578 others. This measure will put \$6.5 million back into the hands of employers; money that can be used to create new jobs.
 - Effective May 1, 2008, annual motor vehicle registration fees will be reduced from \$180 to \$140 for passenger vehicles, light trucks, vans and light commercial vehicles - a \$10 million annual benefit for the people of the province. The 10% discount for online renewal is maintained.
 - Seniors' Benefit income threshold increased to \$25,275 – \$31,930 and the benefit amount increased to \$776 *for single seniors* to match the benefit for senior couples.
 - Annualized value of tax and fee reductions in Budget 2008 is \$179 million. Total savings of \$342 million including the tax and fee reductions from Budget 2007.

Securing a Sustainable Future

Working

- \$5.3 million for Opportunities Newfoundland and Labrador to inform students and job seekers about existing and emerging employment opportunities, training and career supports, and the benefits of working in the province. Initiatives include:
 - \$1.38 million to implement a Youth Retention and Attraction Strategy to encourage young people to stay, live and work in the province.
 - \$380,000 to strengthen the capacity to develop and disseminate labour market information required to better identify and meet human resources needs.
 - \$87,000 to increase the province's capacity to effectively manage the labour supply and forecast upcoming requirements due to the impact of emerging major project developments, a growing economy and retirements.
 - \$75,000 for recruitment initiatives such as hosting regular job fairs throughout the province and beyond.
 - \$430,000 to enhance community based employment and labour market programs.
 - \$338,000 to develop a national and international awareness campaign to promote the labour market opportunities in Newfoundland and Labrador.
 - \$1.25 million to meet the higher demand for post-secondary training and job trainer supports under the Supported Employment Program for persons with disabilities.

- Investment of \$1.1 million to establish six additional Career / Work Centres in new areas.
 - \$141,000 to develop an online International Registry to help people identify local job opportunities while enabling employers to find the employees they need.
 - An investment of \$80,000 to foster effective labour market partnerships through the Strategic Partnership Initiative.
- \$150,000 investment to establish a Division of Disabilities to help identify initiatives for individuals with disabilities to overcome barriers.
 - \$340,000 to expand the Opening Doors Program to provide meaningful employment opportunities for an additional eight individuals.
 - Implementation of a Multiculturalism Policy to promote a greater appreciation of the benefits of immigration.
 - Aboriginal Literacy Development Consultant position created in Labrador to develop culturally-relevant curriculum, an investment of \$60,000.
 - Investment of \$12.4 million to deliver on the commitment to nurture family growth through a payment of \$1,000 for each child born or adopted plus a parental supplement of \$100 per month for 12 months.

Learning

- \$70 million more to be invested in the Department of Education to bring the total budget to \$1.1 billion.
- \$500,000 in additional funding to school districts for discretionary substitute teacher leave.
- \$2.4 million to implement recommendations of an independent report to simplify and improve the Individual Support Services Plan (ISSP)/Pathways Action Plan.
- \$3.56 million investment to help school districts with planning for school programming and teacher needs, including an allocation for specialist teachers, principals and assistant principals and the creation of instructional education officers.
- \$1 million to increase the number of school secretary hours.
- \$1.6 million increase in the program budget for the Centre for Distance Learning and Innovation.
- \$89 million allocated for new school construction, maintenance and repair projects.

- \$750,000 this year and a further \$750,000 next year to upgrade high school fabrication suites in support of the Futures in Skilled Trades and Technology program.
- \$200,000 will be invested to create additional job opportunities for apprentices with government boards and agencies and \$95,000 will be allocated to introduce on-line delivery of apprenticeship programs.
- \$1 million to modernize and refurbish the College of the North Atlantic's industrial trade shops.
- \$1.11 million to expand several programs at Memorial University's Faculties of Business and Engineering and at the Marine Institute.
- \$500,000 to begin the implementation of a new governance structure for increased autonomy for Sir Wilfred Grenfell College.
- \$5 million investment this year and \$56 million over four years to continue the tuition freeze at Memorial University and College of the North Atlantic, benefiting almost 25,000 students.
- Funding of \$25.35 million for key infrastructure requirements including continued work on the Labrador West campus of College of the North Atlantic, residences at Memorial University and Sir Wilfred Grenfell College and a new academic building at Sir Wilfred Grenfell College.

Innovating

- \$1.5 million to form the Newfoundland and Labrador Research and Development Council which will develop and deliver a province-wide research and development strategy.
- Over \$4 million in support of ocean technology sector development, which will include the release of a provincial ocean technology sector strategy to increase the level of private sector activity in ocean technology.
- \$1 million to ensure the Ocean Science Centre has access to a stable, high quality water supply.
- \$200,000 to study issues related to the provision of a fibre optic link for Labrador.

Improving Infrastructure

- \$673 million on infrastructure increasing the province's six year infrastructure to an investment of more than \$3 billion, creating an estimated 6,500 person-years of employment throughout the province.

- \$182 million in road improvements, including \$73 million for the Provincial Roads Improvement Program and an aggressive upgrading program for the national highway system.
- Through an annual investment of \$84.3 million (an increase of \$34.4 million), new cost-sharing ratios will be implemented for all municipalities for all types of infrastructure:
 - Municipalities with population over 7,000 – 70/30
 - Municipalities with population between 3,000 and 7,000 – 80/20
 - Municipalities with population under 3,000 – 90/10
- Funding to develop a municipal infrastructure investment strategy including:
 - \$4 million to begin eliminating untreated sewage outfalls.
 - \$7 million for strategic projects such as the Corner Brook water treatment facility and the Happy Valley-Goose Bay sewage treatment facility.
 - \$5.5 million to proceed with implementation of the provincial solid waste management strategy.
 - \$1.7 million for fire fighting equipment.
- Reduction of provincial ferry rates of \$1.6 million for commercial travelers and freight to achieve road equivalency, \$33.9 million to start construction of two new provincial ferries under the Vessel Replacement Plan, and investment of \$7.5 million to upgrade ferry terminals and wharves.
- Investment of \$30 million in 2008-09 to begin the replacement of 6 water bombers.
- \$6 million investment in capital funding under the Multi-Barrier Strategic Action Plan for Drinking Water Safety to purchase units required for the development of innovative methods of providing potable drinking water. Funding of approximately \$1 million this year and in subsequent years for the operation and maintenance of these systems.
- \$1 million to help municipalities eliminate barriers to regional co-operation such as disproportionate debt loads and costs of regionalizing service delivery.
- Funding for a five-year pilot project in regional governance to test the practicality of delivering municipal services over a broad geographic area.

Growing Industries

- Budget 2008 includes \$13 million of a \$35 million three-year Energy Plan commitment.
- \$215 million investment for the energy corporation to support the financing required for major projects.

- \$100 million in equity to Newfoundland and Labrador Hydro to improve the company's financial profile by reducing its level of debt.
- Additional \$2.75 million for site maintenance and upgrades as well as the establishment of a new management structure for the Bull Arm Site Corporation.
- \$4.5 million investment in the Ramea Wind-Hydrogen Power Generation Demonstration Project in order to purchase two, or possibly three, wind turbines.
- \$1 million this year (\$3 million over three years) for new geological mapping.
- \$500,000 over the next two years to develop and launch an online Mineral Exploration Approval Management System.
- \$9.6 million investment under the Regional Sectoral Diversification Fund including carryovers.
- \$12 million in funding available under the Small and Medium-sized Enterprise Fund.
- \$1 million Business and Market Development Program.
- Funding of \$3 million under the Commercialization Program.
- \$2 million for the Innovation Enhancement Program.
- \$28 million for the Business Attraction Fund.
- \$2 million is available in 2008-09 under the Oil and Gas Manufacturing and Services Export Development Fund.
- Allocating \$10 million in provincial funding to add to the \$4 million in federal funding under the Community Development Trust for forest industry initiatives.
- Establish a \$10 million Farm Loan Guarantee Program to provide farmers with enhanced access to capital.
- \$1 million for agricultural research and development initiatives to promote technological advances in livestock and crop production.
- Investment of \$2.95 million for the cranberry industry.
- \$5.4 million to establish an Aleutian Disease Management Program for the fur industry.

- \$5 million for the Fishing Industry Renewal Strategy including \$2 million for the Fisheries Technology and New Opportunities Program.
- Further investment of \$4 million for the Aquaculture Capital Equity Investment Program for a total commitment of \$13.5 million.

Strengthening Labrador

- Second year of the five-year, \$300 million Northern Strategic Plan.
- Investment of \$66.5 million for the Trans Labrador Highway and local roads, including Phase I hard surfacing cost shared with the Federal Government.
- \$2.1 million for a new depot in the Cartwright Junction area.
- \$200,000 for coastal Labrador to re-route trails away from water crossings and to re-cut overgrown areas on the trail system.
- \$275,000 for the purchase of a winter trail groomer for Postville.
- \$200,000 in increased funding for the Air-Foodlift Subsidy Program for a total of \$600,000.
- \$200,000 investment to expand eligibility for the Northern Allowance to all income support clients who maintain a residence in Coastal Labrador.
- Funding to examine ways to implement the National Aboriginal Women's Summit's recommendations.

Respecting our Natural and Cultural Heritage

- \$2 million over three years for the Newfoundland and Labrador Green Fund including Climate Change and Energy Efficiency initiatives.
- \$3.3 million in 2008-09 (\$15.3 million over five years) for a scientific research and action program under the Caribou Strategy.
- Additional \$1 million investment in the tourism marketing budget for a total of \$12 million.
- \$425,000 to increase tourism research capacity.
- Funding of \$150,000 to continue the extension of the tourism season on the Discovery Trail and to extend the tourism season on the Viking Trail.

- \$100,000 to maintain the East Coast Trails Network.
- Investment of \$100,000 for ongoing cultural research into projects such as the Status of the Artist and archeology.
- Additional \$300,000 for the Newfoundland and Labrador Arts Council, meeting the commitment to double their budget over three years.
- Investment of \$250,000 to help with hosting the North Atlantic Fiddle Convention, the East Coast Music Awards and other events.
- Additional investment of \$225,000 over two years to celebrate the 100th anniversary of the voyage to the North Pole of Captain Bob Bartlett of Brigus.
- \$500,000 for the 10th Labrador Winter Games to be held in Happy Valley-Goose Bay.

Partnering with Volunteers

- \$650,000 allocation to the Office of the Volunteer and Non-Profit Sector.

Lifting from Poverty

- Investment of \$12 million this year (\$17.3 million annualized) for a total of more than \$100 million annually in the Poverty Reduction Strategy.

Examples include:

- \$1.7 million to support youth at risk including:
 - \$605,000 for a Youth Addiction Prevention and Early Intervention Program.
 - \$401,600 to support residential and transition services for youth through a supportive board and lodgings model.
 - \$530,000 for the expansion of the Community Youth Network to four additional sites.
 - \$125,000 to develop a new pilot program to help disengaged youth reconnect to learning and return to school.
 - \$60,000 to increase the high school incentive allowance for families in receipt of income support whose children turn 18 while attending high school.
- \$1 million to improve access to healthy food and community activities including:
 - Addressing the wait list and enhancing the food supplements for Healthy Baby Clubs through an investment of \$300,000.
 - \$500,000 to expand the Kids Eat Smart initiative to include more schools.
 - Increased funding of \$100,000 for the Jumpstart program.
 - \$100,000 to invest in a new Community Collaboration Facilitator.

- \$1.5 million for the extension of the Make Work Pay Workplace Connections initiative to cover all income support clients who join the labour market, including the provision of additional supports to enable income support clients with disabilities to find work.
- \$2.4 million to index basic income support benefits effective April 1, 2008.
- Expanding the Employment Transition Project for single parents through an investment of \$128,000.
- \$470,000 investment in community-based workplace skills training and a micro-lending program.
- \$1.4 million to improve access to housing, particularly for seniors and those working for low wages, addressing the wait list for Newfoundland Labrador Housing's Rent Supplement Program and changing the Rent Geared to Income formula to decrease rent for tenants in not-for-profit housing.
- \$40,000 to increase operating grants to eight Status of Women's centres.
- \$279,000 to establish a Family Violence Treatment Court pilot project.
- \$1.5 million in improvements to Income Support benefits.
- Funding of \$254,900 to expand the Child, Youth and Family Civil Legal Aid Project to the Western region.
- \$126,300 for civil legal aid support for persons required to make a court appearance under the Mental Health Act.

Protecting People

- \$1.6 million to strengthen the RNC and RCMP.
- \$300,000 for Memorial University to design and implement an emergency mass communication system to be used in the event of a crisis.
- \$1.3 million for Legal Aid to expand services in Labrador and address other operational issues.
- \$410,000 in increased funding for the Violence Prevention Initiative.

Improving Health Care

- Total spending of \$2.3 billion.
- Commitment of an additional \$266 million annualized for health operations.
- \$133.5 million in capital spending including:
 - \$79.1 million investment in new and redeveloped health infrastructure.
 - \$52 million for the purchase of equipment and new technology to replace aging and outdated health equipment such as digital mammography units, CT scanners, MRIs, an interventional angiography suite and digital x-ray equipment. This is in addition to the \$14 million investment approved in February.
 - Commitment to begin planning for the purchase of a PET Scanner.
- \$33.5 million to address high priority repairs and renovations in health facilities.
- \$4 million to expand Memorial University's Faculty of Medicine. This initial investment of \$2 million capital and \$2 million operating begins the implementation of a commitment to increase the number of doctors trained in the province.
- \$2.1 million for new incentives to promote the recruitment and retention of nurses including:
 - \$2,500 bursaries for third and fourth year nursing students who enter into one-year return in service agreements.
 - Relocation allowances averaging \$5,000 to cover 50% of moving costs, to a maximum of \$10,000.
 - Signing bonuses of \$3,000 for difficult-to-fill positions.
 - Special assistance to secure clinical placements.
- \$1.5 million to begin to address the need for new workers in health care related service areas by expanding the Schools of Nursing and Social Work at Memorial University, the Centre for Nursing Studies and the Western Regional School of Nursing.
- \$400,000 to place additional nurse practitioners in emergency rooms.
- \$1.1 million this year (\$2.2 million annualized) for continued implementation of short-term acute home care and short-term end of life services to support home care.
- \$6 million to increase the hourly rate for home support, the fifth increase in the past three years.
- \$5.8 million for the four Regional Health Authorities for initiatives including the expansion of orthopedic services in Corner Brook, the consolidation of clinical and business information systems at Central Health, and the addition of portable oxygen to the benefit list under the Special Assistance program.

- Additional \$26.7 million for the Regional Health Authorities to offset cost increases from inflation and increased utilization of current programs including home support and services to children, youth and families.
- Establish six new Infection Control practitioners in hospitals.
- \$400,000 to support a Quality Network to assess processes including quality assurance initiatives, infection control programs, patient safety, risk management programs and best practices within the four Regional Health Authorities.
- \$15 million in funding for initiatives to meet the needs of seniors and others who require long-term care and community support services.
- \$1.1 million for two new prescription medications to treat kidney cancer.
- \$8 million investment to purchase a new air ambulance to update the existing fleet.
- \$1.7 million for further enhancements to services and programs for persons with mental health and/or addictions issues.
- \$6.9 million for further implementation of the electronic health record.