

Budget 2011

Standing Strong:

For Prosperity. For Our Future.
For Newfoundland and Labrador.

highlights

**STANDING STRONG: FOR PROSPERITY.
FOR OUR FUTURE.
FOR NEWFOUNDLAND AND LABRADOR.**

BUDGET OVERVIEW

The Economy

- Economic Performance 2010
 - Real GDP growth of 5.6%, the highest among all provinces;
 - Investment grew by 32% to over \$6.5 billion;
 - Real exports are estimated to have increased by 4% due to a significant increase in mineral output, particularly iron ore and higher oil production;
 - Number of tourists increased by more than 7% to a record 518,500;
 - Employment grew by 3.3% to reach 219,400, recouping all the losses experienced during the 2009 recession;
 - Retail sales grew by 3.7% to \$7.4 billion;
 - Housing starts increased by 18% to 3,606, the highest level in 30 years; and,
 - Population of 509,739 as of July 1, 2010, an increase of 0.3%.
- 2011 Economic Outlook
 - Real GDP forecast growth of 3%;
 - Capital investment expected to increase by 27.2% to \$8.3 billion;
 - Employment growth of 3% to an average of 226,000;
 - Personal income and disposable income growth of 5.5% and 5.4% respectively, both aided by wage gains and employment growth;
 - Retail sales growth of 4.2%; and,
 - Increase in population of 0.3% due to positive net migration.

Fiscal Framework

- Review of 2010-11
 - Surplus of \$485 million, the fifth surplus in six years. Cumulative value of surpluses almost \$4.6 billion; and,
 - Net debt expected to be \$8.2 billion, a decrease of 31% since 2004-05.
- Forecast for 2011-12
 - \$59 million surplus forecast;
 - Debt expenses forecast to be 10.2% of revenues;
 - Net debt as a percentage of GDP expected to decrease to 26.7%, from a high of 70.2%; and,
 - Growth in net program expenses of 4.9%.
- Taxation
 - Effective October 1, 2011, a new Residential Energy Rebate of 8% equal to the provincial portion of the Harmonized Sales Tax (HST);
 - Commencing with the 2011 taxation year, a new non-refundable child care tax credit, based on child care expenses currently deductible from income;
 - A new, non-refundable, Volunteer Firefighters' Tax Credit; and,

- An increase in the payroll tax exemption threshold to \$1.2 million from \$1.0 million, retroactive to January 1, 2011.

Standing Strong on Energy

- \$348 million investment in Nalcor to support energy development investments, including the Lower Churchill project.

Standing Strong on Infrastructure

- Infrastructure program of more than \$1 billion this year, with the multi-year infrastructure strategy currently valued in excess of \$5 billion.
- Provincial investment of \$216.4 million in roads and bridges for a total federal-provincial investment this year of \$251.6 million including:
 - Funding to repair roads damaged by Hurricane Igor, a portion of which is recoverable from the Federal Disaster Financial Assistance Program;
 - Funding for new projects under the Provincial Roads Program throughout the province, including \$2 million for brush cutting;
 - Funding for various road and bridge projects along the Trans-Canada Highway;
 - Funding to continue construction of the Team Gushue Highway and the CBS By-Pass from Kelligrews to Seal Cove;
 - Funding to continue work to replace the Sir Ambrose Shea Lift Bridge in Placentia;
 - Funding to replace the Kenmount Road overpass; and,
 - Funding to complete the Torbay By-Pass.
- \$38.7 million investment in public buildings, which includes \$1 million for energy efficiency improvements in public buildings, supplemented by an additional \$2 million from the Newfoundland and Labrador Green Fund.
- Total investment of \$56.4 million in marine infrastructure including \$39.3 million to continue the Vessel Replacement Strategy, \$12.1 million for ferry vessel refits, and \$5 million for maintenance and upgrades to wharves at ferry terminals.

Standing Strong on Innovation

- Renewed commitment to the Innovation Strategy with a \$3 million investment to expand the Commercialization and Innovation Enhancement Programs.
- A further \$8 million to help address gaps in broadband availability in under-served areas and to further develop an advanced internal telecommunications network.
- \$3 million annually (\$9 million over the next three years) to extend the Aerospace and Defence Development Fund.

- \$19 million available from the province's Research and Development Corporation to strengthen R&D activities in the province through targeted investments.
- More than \$128 million investment for a comprehensive set of business development programs and services for small and medium-sized businesses including:
 - \$71 million in tax credits and incentives;
 - \$29 million allocated to the Business Attraction Fund;
 - \$12.8 million for investment in the Small and Medium-sized Enterprise Fund;
 - \$6.1 million for the Ocean Technology Sector Strategy;
 - \$5 million in the Regional/Sectoral Diversification Fund;
 - \$2 million in the Oil and Gas Manufacturing and Services Export Development Fund;
 - \$1.7 million for the Air Access Strategy; and,
 - \$1 million for the Business and Market Development Program.
- Investments to promote the development of the mining sector:
 - Continued investment of \$2.9 million in the Mineral Incentive Program to provide prospector grants and junior exploration assistance; and,
 - \$1.2 million to support geoscience data collection, storage and distribution.
- \$1.1 million over three years for the Forest Research and Innovation Fund to foster innovation and identify new opportunities for growth.
- Investments in agriculture include:
 - \$250,000 to begin implementing the new five-year Agriculture and Agrifoods Action Plan entitled "Our Farms, Our Food, Our Future". This includes \$150,000 for the development of new entrants initiatives and \$100,000 to assist new entrants with legal land survey costs; and,
 - \$500,000 to purchase new equipment for the province's Animal Health Laboratory in recognition of the importance of food security and food safety.
- Investments in initiatives for the aquaculture sector include:
 - \$344,000 to improve biosecurity;
 - \$300,000 to continue waste water treatment initiatives on the Connaigre Peninsula;
 - \$535,000 to complete construction of the Centre for Aquaculture Health and Development;
 - More than \$9 million for wharf infrastructure including provincial funding of \$6.3 million for the completion of wharves at Pool's Cove and Hermitage and construction of new wharves at Belleoram and Harbour Breton, and \$2.8 million funded through Transport Canada's Port Divestiture program to upgrade wharves at St. Alban's and Milltown;
 - An additional \$4.7 million in the Aquaculture Capital Equity Investment Program, for a total investment this year of \$8 million; and,
 - \$100,000 for the clean-up of abandoned aquaculture sites.

- Investments in the fisheries sector include:
 - \$300,000 to extend the Coastal and Oceans Management Program;
 - \$6.6 million over three years for the Fisheries Technology and New Opportunities Program;
 - \$100,000 to address seafood trade concerns and impacts;
 - Extending the Fishing Industry Workforce Adjustment Program for another three years with a total investment of \$3.1 million; and,
 - \$150,000 for the demolition and site restoration of abandoned fisheries infrastructure.
- A total of \$200,000 allocated for sealing industry advocacy and development, a \$100,000 increase over previous years.

Standing Strong on Child Care

- Two-year pilot project focused on the development of child care spaces in family homes. Highlights include:
 - Increased start-up grants from \$2,500 to \$5,000 to become a regulated family child care provider, and infant start-up grants of \$7,500 for homes that care exclusively for children up to the age of two; and,
 - Ongoing stimulus grant to infant care homes of \$200 a month per infant space.
- Commencing with the 2011 taxation year, a new non-refundable child care tax credit, based on child care expenses currently deductible from income.

Standing Strong on Education

- Total of \$4.8 million over three years including an initial commitment of \$1.3 million to move forward with a range of initiatives in the Early Childhood Learning Strategy, *Learning from the Start*.
- An investment of approximately \$11 million under the 21st Century Learning Strategy to purchase additional computers and interactive whiteboards for schools.
- \$94.5 million investment for new and continued K-12 infrastructure including funding for new projects:
 - Planning for the extension and redevelopment of Roncalli Elementary in St. John's;
 - Planning for the extension and renovation of the former Regina High School to create a new intermediate school in Corner Brook;
 - Planning for the extension and renovation of Holy Spirit High in Conception Bay South;
 - Planning for the extension and renovation of Gander Academy;
 - Planning for the refurbishment of Holy Heart Regional High in St. John's;

- Planning work to provide new capacity to address growing enrolment in the Portugal Cove-St. Phillip's area, and in the areas of Torbay, Flatrock, Pouch Cove and Bauline; and,
 - Planning to address capacity issues at schools in the rapidly growing Conception Bay South area.
- Additional investment this year of \$6.4 million to maintain the tuition freeze at Memorial University and College of the North Atlantic for the 2011-12 academic year, a total cumulative investment of \$138.8 million over the last seven years.
 - Investments in post-secondary infrastructure:
 - \$19.8 million in new funding for Memorial University over three years for maintenance projects, a total of \$36 million through to 2013-14;
 - \$7.7 million for Memorial University over the next two years for laboratory upgrades, a total of \$13.5 million since 2009;
 - \$3.2 million in new funding for College of the North Atlantic for repairs and maintenance over the next three years; and,
 - \$7 million over the next three years allocated to College of the North Atlantic for laboratory and shop modernization, in addition to \$2 million in funding provided under the Skills Task Force.
 - \$15.4 million over three years to provide additional incentives to employers to hire apprentices, especially from under-represented groups.
 - \$400,000 this year in interim funding to implement the first stages of the Provincial Strategy for the Inclusion of Persons with Disabilities.

Standing Strong on Poverty Reduction

- Total investment approaching \$140 million this year, cumulative investment of more than \$620 million since 2006.
- \$1.5 million (\$6.1 million annually) to develop an Adult Dental Health Care Program.
- Additional \$2.4 million in funding for the Supportive Living Community Partnership Program, for a total of \$4.8 million, double the amount that was available in 2010-11.
- Expansion of the Housing Corporation's Rent Supplement Program from \$6 million in 2010-11 to \$7 million in 2011-12 and \$8 million the following year.
- \$1 million over the next two years in the Positive Actions for Student Success (PASS) program, which currently supports over 250 disengaged or at-risk young people across the province so they stay in school.

- An additional \$115,400 for the Murphy Centre in St. John's to expand access to its academic programs.
- An additional \$225,000 for the Housing Corporation's Education Incentive Program.
- Eliminating the clawback of income tax refunds for income support clients.
- Funding to expand the Employment Transitions Program to two new locations.

Standing Strong on Labrador

- Total spending in Labrador of over \$3 billion since 2004.
- Investments in Labrador include:
 - \$68.2 million provincially plus another \$3.5 million in federal funding in order to complete the widening and continue the hard-surfacing of Phase I of the Trans-Labrador Highway;
 - \$3.4 million provincially and will lever an additional \$1.5 million in federal dollars to complete a highway realignment at Pinware River on the Trans-Labrador Highway in southern Labrador;
 - \$2 million to complete a new weigh scale inspection facility near Wabush;
 - \$6.3 million over the next three years to support ongoing remediation efforts at the former military site in Hopedale;
 - \$230,000 investment in the Air Foodlift Subsidy program;
 - \$1.2 million to construct four public housing units for low-income residents in Hopedale;
 - \$1.5 million to reduce the cost of registering oil tanks for residents on the north coast from \$4,400 to \$1,800, a 60% savings;
 - Continued funding to provide for subsidies totalling over \$20 million annually to reduce the cost of electricity and home heating for residents in coastal Labrador communities;
 - \$1 million for implementation of a three-year Labrador Caribou Management Initiative;
 - \$2.1 million for a new Inland Fish and Wildlife Enforcement Division including \$1.3 million to expand the Inland Fish Enforcement Program into Labrador;
 - \$357,000 to support justice programs in Natuashish and Sheshatshiu;
 - \$100,000 to update the Aboriginal Consultation Policy;
 - \$100,700 to continue land use planning in the Labrador Inuit Settlement Area;
 - Funding for the Northern Development Ministers' Forum taking place in Happy Valley-Goose Bay;
 - \$656,000 over the next three years to support Memorial University's Native Liaison Office;
 - Investment of \$3.6 million to complete construction of the College of the North Atlantic Labrador West campus;
 - \$892,000 to complete the construction of K-12 schools at Port Hope Simpson and L'Anse au Loup, a total investment of \$25.4 million;

- An additional \$200,000 in the Labrador Travel Subsidy Program for athletes;
- Enhancement of the Medical Transportation Assistance Program by allowing for the prepayment of 50% of the cost of economy airfare for medical travel for residents throughout the province; and,
- \$23.7 million this year toward the construction of the new \$90 million regional health care facility in Labrador West.

Standing Strong on Health Care

- Investments to enhance access and expand services to support those with autism including:
 - \$2.2 million this year for the expansion of the Applied Behavior Analysis (ABA) program to Grades 1 and 2 with an investment of \$2.9 million in the next year to expand to Grade 3;
 - \$297,000 to add seven positions to enhance the diagnosis of autism and also decrease wait times for speech language and occupational therapy services for children with autism and other diagnoses; and,
 - \$255,000 for the development of a regional office of the Autism Society of Newfoundland and Labrador in Western Newfoundland and the expansion of two therapeutic programs.
- Other investments to reduce wait times and enhance access to care including:
 - \$1.8 million to create a new Access and Clinical Efficiency Division to reduce wait times for key health services;
 - \$1.1 million to implement the recommendations of the Patient Flow Study;
 - \$734,000 to eliminate patient fees for interfacility transfers for road and air ambulance services;
 - \$700,000 to reduce the private vehicle expense threshold under the Medical Transportation Assistance Program from 5,000 kilometres to 2,500 kilometres retroactive to October 1, 2010, as well as the prepayment of 50% of the cost of economy airfare for medical travel for residents; and,
 - Six new drug therapies will be covered under the Newfoundland and Labrador Prescription Drug Program.
- \$3.1 million for dialysis enhancements in Burin, St. John's, Stephenville, St. Anthony and Labrador City as well as the establishment of satellite dialysis in Harbour Breton.
- \$1 million investment to develop an interactive, web-based e-mental health service; to enhance tele-mental health services; and to create a provincial public awareness campaign to decrease the stigma and discrimination attached to mental illness and addictions.
- \$3.2 million to increase rural capacity to address mental health and addictions issues including:
 - \$2.2 million to place five full-time mental health and addiction counselors in Nain, Hopedale, Makkovik and Natuashish, plus \$195,300 to place mental

- health and addictions intake workers at Labrador West and Happy Valley-Goose Bay;
 - \$402,900 for the addition of two rural case managers for adults in Placentia and Bonne Bay and two rural case managers for youth to be located in Corner Brook and Grand Falls-Windsor;
 - \$180,000 will be provided to the Canadian Mental Health Association to establish and staff regional offices in Stephenville and Grand Falls-Windsor;
 - \$140,000 will be provided to Consumer Health Awareness Network of Newfoundland and Labrador (CHANNAL) to hire four peer support positions for the community mental health system in the central and western regions; and,
 - Funding to enable Choices for Youth to advance its “Moving Forward” program.
- Investments in long-term care and community support systems including:
 - \$2.6 million to increase the current home support hourly subsidy rate;
 - \$2.4 million to increase the personal care home subsidy rate and create new portable subsidies;
 - \$1.1 million to increase the monthly maximums for home support subsidies;
 - \$792,000 for the creation of a Small Personal Care Home Subsidy Program to address cost pressures some of the smaller homes are facing;
 - \$250,000 to review the current home support program;
 - \$3 million to increase bed capacity at the new long-term care facility in Corner Brook;
 - \$189,300 to accommodate a higher level of care for individuals with mild dementia residing at the Protective Care Residence in Corner Brook; and,
 - \$250,000 to implement new legislation regarding the protection of adults.
- Investments to improve access to health care professionals include:
 - \$3.6 million for physicians who assume significant clinical and administrative leadership roles within the Regional Health Authorities;
 - \$1.2 million to increase funding for the medical/dental student and resident bursary program; and,
 - \$700,000 to improve accommodations for medical students in rural areas of the province.
- \$1.9 million allocated over three years to maintain the Medical Laboratory Sciences Program with a new offering of 15 seats at the College of the North Atlantic’s campus in Grand Falls-Windsor. In addition, \$1.9 million to maintain the Licensed Practical Nursing (LPN) program at the college.
- Investments in health care infrastructure total \$272.2 million including a \$200.6 million investment for new and continuing construction and redevelopment including:
 - \$4.5 million to begin planning for the replacement of the Waterford Hospital in St. John’s;

- \$1.7 million for construction of a protective care community residence in Clarenville;
 - \$600,000 to begin planning for the redevelopment of the Green Bay Community Health Centre;
 - \$90,000 to start construction of a new building to replace the existing medical centre in Glovertown;
 - \$56.2 million to advance the new long-term care facility in St. John's;
 - \$23.7 million toward the construction of a new regional health care facility in Labrador West;
 - \$20 million to advance the new 250 bed long-term care facility in Carbonear;
 - \$18.5 million to advance the construction of a new hospital in Corner Brook;
 - \$12.1 million for the redevelopment of the North Haven Manor in Lewisporte;
 - \$6.8 million for the continued redevelopment of the Central Newfoundland Regional Health Centre in Grand Falls-Windsor; and,
 - \$5.5 million to advance the redevelopment of the James Paton Memorial Regional Hospital in Gander.
- A further \$17.8 million to expand the PET/CT cyclotron project, increasing the total project cost to approximately \$29.8 million.
 - \$4.1 million annually for key investments to enhance the health and wellness of residents including:
 - \$477,700 for the expansion of the Janeway Lifestyles Program which provides services for children to achieve healthy weights and address other risk factors for chronic disease;
 - \$225,000 for a school-based tobacco prevention campaign targeting elementary and junior high students, continuation of a social media campaign that focuses on youth and young adults with smoking prevention and cessation messages, and an increase in funding to the Newfoundland and Labrador Lung Association for the operation of the Smokers' Helpline; and,
 - \$64,900 in increased funding for the provincial Mother Baby Nutrition Supplement Program.

Standing Strong on Safety

- An additional \$9.2 million for the Department of Child, Youth and Family Services, for a total new investment of \$33 million in just two years.
- Initiatives to keep families safe from violence include:
 - \$360,000 to increase safety and security at ten transition houses;
 - \$100,000 to increase the capacity of ten Regional Coordinating Committees for violence prevention activities;
 - An additional \$10,000 to enable the Newfoundland and Labrador Sexual Assault Crisis and Prevention Centre to expand services province-wide;
 - An additional \$46,000 in the province's eight Status of Women Councils to help women access services and programs related to social issues including safety, as well as economic well-being; and,

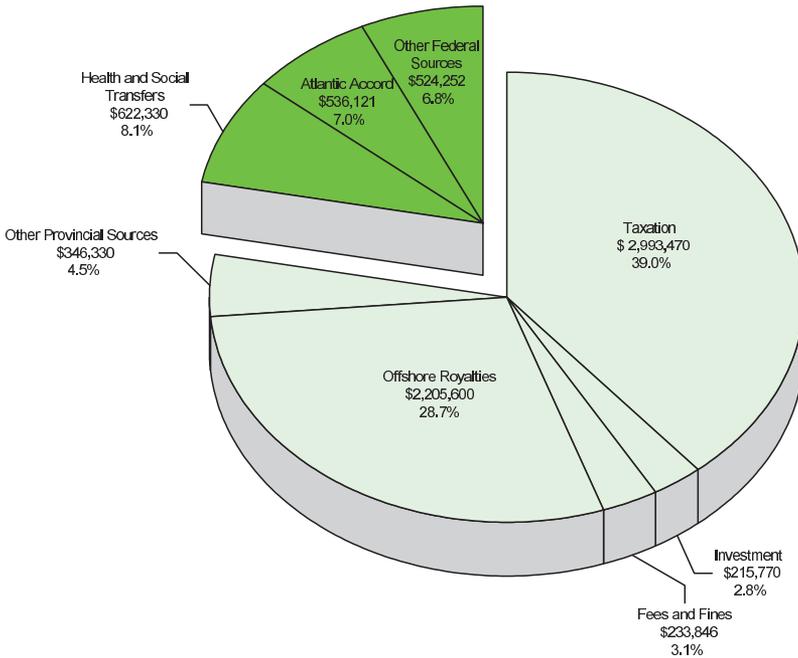
- \$529,000 for the continuation of the Specialized Family Violence Court in St. John's.
- Funding an additional crime analyst associated with the RCMP to be located in the Trinity-Conception District.
- \$108,300 for an RNC officer for the Child Exploitation Prevention Unit in Corner Brook.
- To keep workers safe from accidents:
 - An additional \$2.8 million, cost-shared by the province, the federal government and industry, is being provided to the Canada-Newfoundland and Labrador Offshore Petroleum Board to support its operations and implementation of the recommendations for Phase I of the Offshore Helicopter Safety Inquiry; and,
 - A total of \$650,000 over three years to support Memorial University's purchase and installation of two simulators, a Helicopter Ditching Trainer and a Freefall Lifeboat Simulator.
- Investments to keep communities safe from damage:
 - \$510,000 to maintain tailings dams at Baie Verte, Daniel's Harbour, Springdale and South Brook; and,
 - \$100,000 for coastal vulnerability mapping to prepare for storm surges, flooding, coastal erosion and landslides associated with climate change.
- An investment of \$4.9 million in fire protection services. This includes \$3.9 million to purchase new fire trucks and firefighting vehicles, and a continued investment of \$1 million for new equipment for fire departments.
- A new, non-refundable, Volunteer Firefighters' Tax Credit. This will provide up to \$1.4 million to volunteer firefighters throughout the province.

Standing Strong on Cooperation

- Investment of \$1.4 million to implement tourism initiatives including:
 - \$300,000 to continue to develop and support multi-seasonal tourism products and to focus on regions offering great promise for growth: Labrador and the Twillingate-New World Island area;
 - \$450,000 to replace snowmaking infrastructure at Marble Mountain; and,
 - \$500,000 for infrastructure upgrades to the Visitor Information Centre in Argentina.
- Total funding of \$5.1 million in 2011-12 to build on investments under the cultural strategy including:
 - \$2.8 million toward the restoration of the Colonial Building;

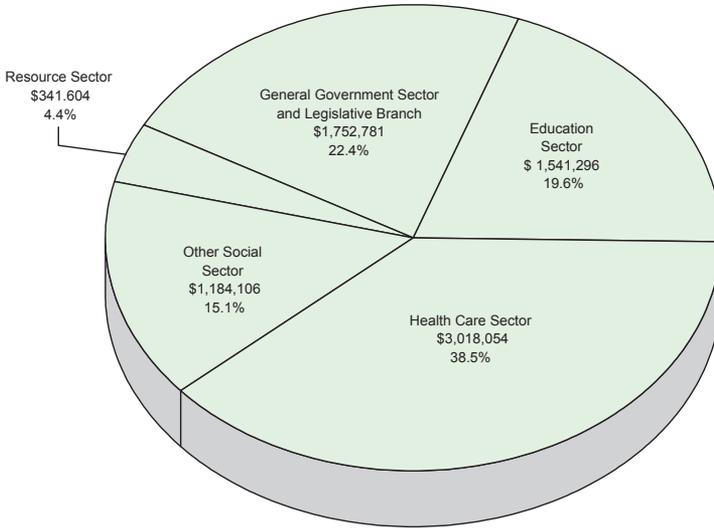
- \$375,000 to revitalize the presentation of live performances at the regional Arts and Culture Centres and community presentation venues;
 - \$200,000 to the Cultural Economic Development Program for increased support to community-heritage groups and volunteers, and increased operational funding for key heritage attractions;
 - \$150,000 to the Newfoundland and Labrador Arts Council;
 - Investment in Provincial Historic Sites programming; and,
 - \$1.5 million in 2011-12 and an additional \$1.5 million in 2012-13 has been allocated for season three of Republic of Doyle.
- \$400,000 to erect a monument to Cougar Flight 491.
 - Through the Immigration Strategy, an investment of \$150,000 over three years to support grants and subsidies for settlement and integration projects.
 - Increase in the Municipal Operating Grants by providing a one-time increase of \$4.6 million in 2011-12.
 - 50% will go to municipalities with fewer than 1,000 people;
 - 30% will go to municipalities with 1,000 to 3,000 people;
 - 20% will go to municipalities with 3,001 to 7,000 people; and,
 - 10% will go to municipalities with over 7,000 people.
 - \$14 million investment to continue the Provincial Solid Waste Management Strategy.
 - A further \$30 million in block funding for recreational and multi-purpose facilities to be spent over the construction life of the projects.
 - Provincial funding of \$140.8 million for municipal infrastructure projects. Combined with federal cost-shared programs and municipal contributions, the total investment is estimated at \$219 million.
 - New, three-year investment of \$12 million in the Residential Energy Efficiency Program.
 - \$24 million over the next three years, a total investment of \$36 million, for a three-year extension of the Provincial Home Repair Program.
 - Effective October 1, 2011, a rebate equivalent to the 8% provincial component of the HST for residential energy generated by home heating fuel, electricity, and other energy sources, estimated to cost \$38 million.

SUMMARY OF REVENUE (By Source) WHERE THE REVENUE COMES FROM



Percentage of Total		Source	Amount (\$000)	
Revised 2010-11	Estimate 2011-12		Estimate 2011-12	Revised 2010-11
36.8	39.0	Provincial:		
2.9	2.8	Taxation	2,993,470	2,888,950
3.1	3.1	Investment	215,770	223,193
30.0	28.7	Fees and Fines	233,846	242,416
4.7	4.5	Offshore Royalties	2,205,600	2,347,600
<u>77.5</u>	<u>78.1</u>	Other Provincial Sources	346,330	368,815
		Total: Provincial	<u>5,995,016</u>	<u>6,070,974</u>
		Government of Canada:		
7.6	8.1	Health and Social Transfers	622,330	597,508
8.2	7.0	Atlantic Accord 1985	536,121	641,861
6.7	6.8	Other Federal Sources	524,252	520,589
<u>22.5</u>	<u>21.9</u>	Total: Government of Canada	<u>1,682,703</u>	<u>1,759,958</u>
<u>100.0</u>	<u>100.0</u>	Total	<u>7,677,719</u>	<u>7,830,932</u>

SUMMARY OF EXPENSES (By Area) WHERE THE EXPENSES GO



Percentage of Total		Area of Expense	Amount (\$000)	
Revised 2010-11	Estimate 2011-12		Estimate 2011-12	Revised 2010-11
18.6	19.6	Expense:		
37.8	38.5	Education Sector	1,541,296	1,403,808
14.8	15.1	Health Care Sector	3,018,054	2,853,507
4.7	4.4	Other Social Sector	1,184,106	1,117,863
		Resource Sector	341,604	353,787
		General Government Sector and Legislative Branch	1,752,781	1,817,915
<u>24.1</u>	<u>22.4</u>	Total Expense	<u>7,837,841</u>	<u>7,546,880</u>
<u>100.0</u>	<u>100.0</u>			

