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## **STATEMENTS**

## **EXHIBITS**

## OUR PLAN IS WORKING

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

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

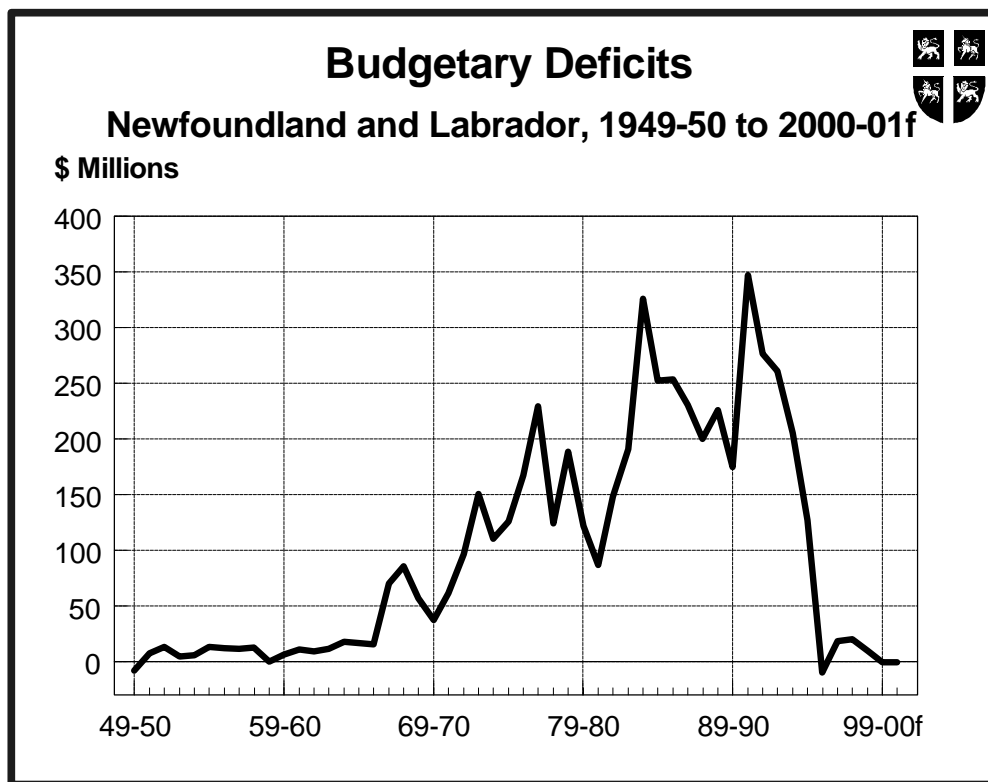
Mr. Speaker, last year's budget projected a deficit of \$20 million. That goal has been met. The deficit target for 1998-99 remains at \$10 million. The Budget will be balanced in 1999-2000. These targets are being met without any new cuts, layoffs, or taxes.

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

- the budget must be balanced,
- extra money must go to education, health care, and those in need, and
- the tax burden must be reduced.

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





## BUDGET PLAN

### *1997 Economic Performance*

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

- a 5.7% increase in retail sales. Much of this can be attributed to the introduction of the HST - which represents the single largest tax cut in this province since we joined Confederation,
- a 9.3% increase in capital spending, which included the construction of the Whiffen Head transshipment terminal and the completion of the Hibernia Platform,

- a 12.6% increase in the volume of fish landings, and a 15.7% increase in their value,
- a 9.4 % increase in the value of mineral shipments, led by strong growth in iron ore production and the start-up of several new mines,
- a 3.8% increase in newsprint shipments,
- a 5.2% increase in total exports,
- a 22% increase in the number of tourists, and a 220% increase in convention activity in the St. John's area, boosted by the success of the Cabot 500 celebrations, and
- earlier than expected oil production at Hibernia.

At the end of 1997, year-over-year employment had increased 4.8% from 182,000 people to 190,800. Our unemployment rate dropped 28 percentage points year-over-year. While the unemployment numbers are still far too high, this is significant progress. All these statistics indicate that our economic prospects are improving.

### ***Economic Outlook***

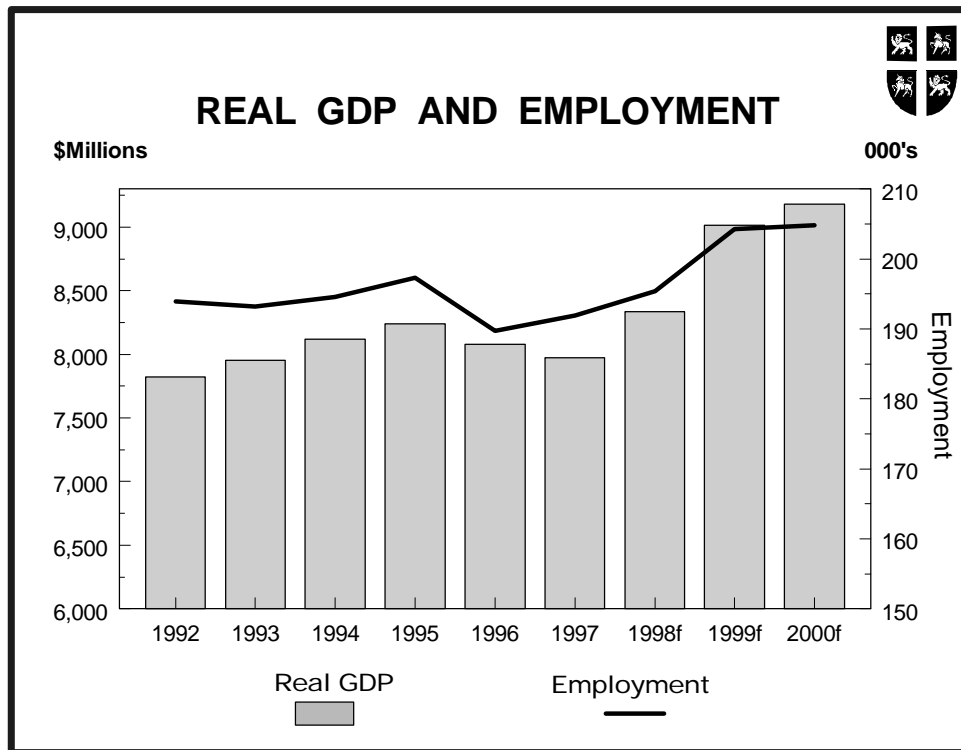
Mr. Speaker, we can look to the future with optimism. Resource development spending will continue. Manufacturing and exports of oil and fish products will increase.

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

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

NEWFOUNDLAND AND LABRADOR		
Main Economic Indicators		
(percentage change)		
	<u>1997</u>	<u>1998</u>
<b>Gross Domestic Product</b>		
Nominal	-1.9	4.1
Real	-1.3	4.5
<b>Personal Income</b>		
Nominal	-1.8	1.9
Real	-3.7	0.7
<b>Retail Sales</b>		
Nominal	5.7	0.6
Real	3.9	-0.1
<b>Capital Investment</b>		
Nominal	9.3	11.6
Real	8.4	8.8
<b>Consumer Price Index</b>	2.0	1.2
<b>Employment</b>	1.1	2.0
<b>Unemployment Rate</b> (percent)	18.8	17.8

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



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

### ***Fiscal Outlook***

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

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

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

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

<b>SUMMARY OF 1997-98 FINANCIAL POSITION</b>			
(\$Millions)			
	<b>Budget</b>	<b>Revised</b>	
	<b><u>1997-98</u></b>	<b><u>1997-98</u></b>	<b><u>Variance</u></b>
<b>Current Account</b>			
Gross Expenditure	3,136.7	3,143.2	(6.5)
Related Revenue	<u>215.8</u>	<u>172.7</u>	<u>(43.1)</u>
Net Expenditure	2,920.9	2,970.5	(49.6)
Provincial & Federal	<u>3,031.4</u>	<u>3,079.7</u>	<u>48.3</u>
<b>Current Account Surplus</b>	<u>110.5</u>	<u>109.2</u>	<u>(1.3)</u>
<b>Capital Account</b>			
Gross Expenditure	214.5	251.2	(36.7)
Related Revenue	<u>113.7</u>	<u>121.9</u>	<u>8.2</u>
Net Expenditure	<u>100.8</u>	<u>129.3</u>	<u>(28.5)</u>
<b>Contingency Reserve</b>	30.0	-	30.0
<b>Total Budgetary</b>	<b><u>20.3</u></b>	<b><u>20.1</u></b>	<b><u>0.2</u></b>



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

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

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

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

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

<b>ESTIMATED BUDGETARY POSITION</b>		
(\$Millions)		
	<b>Estimates</b>	<b>Revised</b>
	<b><u>1998-99</u></b>	<b><u>1997-98</u></b>
<b>Current Account</b>		
Gross Expenditure	3,166.3	3,143.2
Related Revenue	<u>226.6</u>	<u>172.7</u>
Net Expenditure	2,939.7	2,970.5
Provincial & Federal Revenues	<u>3,063.1</u>	<u>3,079.7</u>
<b>Current Account Surplus</b>	<u>123.4</u>	<u>109.2</u>
<b>Capital Account</b>		
Gross Expenditure	242.2	251.2
Related Revenue	<u>138.8</u>	<u>121.9</u>
Net Expenditure	<u>103.4</u>	<u>129.3</u>
<b>Contingency Reserve</b>	30.0	-
<b>Total Budgetary Requirement</b>	<u><u>10.0</u></u>	<u><u>20.1</u></u>

### ***Public Service***

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

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

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

### ***Public Sector Pensions***

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

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

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

### ***Teachers' Pension Plan***

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

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

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

### ***MHA Pensions***

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

- pension contributions will be increased from the present 7% to 8% effective April 1st, 1998, and to 9% effective April 1st, 1999,
- the benefit accrual rate will be adjusted to provide maximum benefit after 20 years of service, for new members, instead of the current 17 years, and
- the stacking of Canada Pension Plan benefits, on top of MHA's pensions, will end immediately. Mr. Speaker, after today, the only public employee group to retain stacking privileges in this Province will be teachers.

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

### ***Tax Reform***

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

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

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

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

## **OUR SOCIAL PRIORITIES**

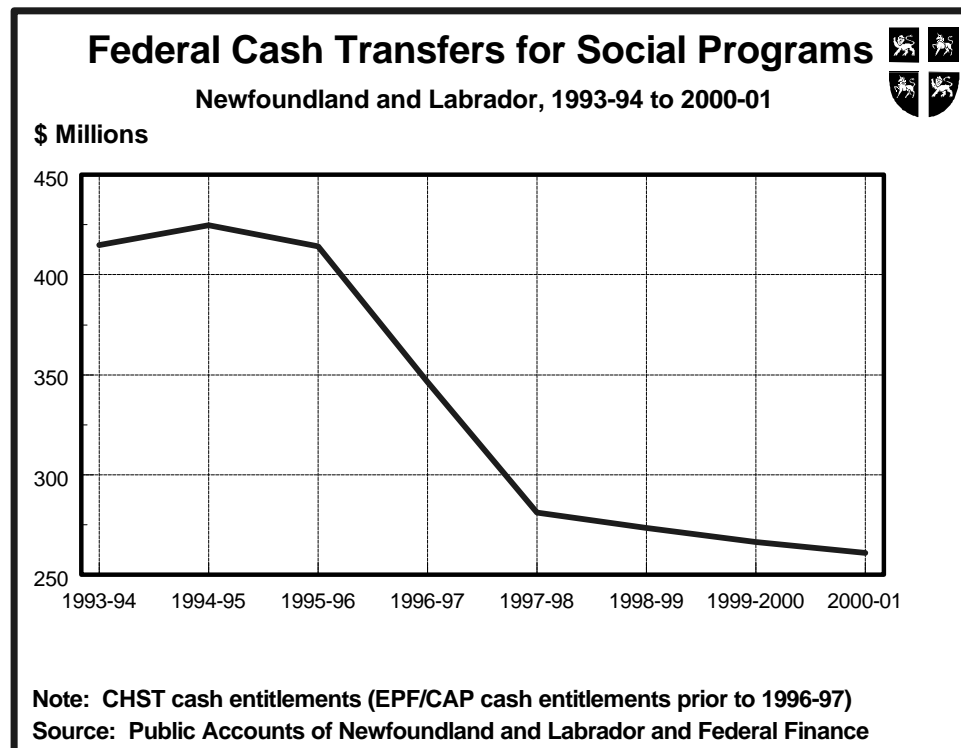
Mr. Speaker, we must search for new, innovative reforms in health care, social programs, and education. We must invest for the long-term in prevention and early intervention. We must become less institutional, more integrated with the community, and more focused on the individual needs of people.

## **HEALTH CARE**

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

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

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



### ***Health Care Professionals***

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

- raised the salaries of rural physicians,
- increased compensation packages for doctors providing emergency room coverage,
- provided \$300,000 for the Nurse Practitioner Program, and
- established Rural Primary Care Service and Teaching Units in Port aux Basques, Twillingate, and Happy Valley-Goose Bay.

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

### ***Prevention and Early Intervention***

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

### ***Managing Our Health Care Dollars***

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

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

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



- \$2.8 million in our drug program,
- \$500,000 to restore the Non-Emergency Medical Transportation Assistance Program, which assists with the costs of those who must access health care services not available in their area of the Province, and for those who are referred outside the Province for specialized health care services, and
- an additional \$3 million for new hospital equipment.

### ***Modern Health Care Facilities***

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

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

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

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

- the Carmelite House Nursing Home in Grand Falls-Windsor will be replaced by a new long-term care facility,
- the cottage hospital in Old Perlican will be replaced by a new community health centre,
- new multi-purpose health care centres will be built in Fogo and Bonne Bay to replace antiquated facilities,
- a new hospital will be constructed for the Stephenville/Port au Port/Bay St. George area, and
- planning and design work will commence later this year to address identified needs at the Dr. G. B. Cross Memorial Hospital in Clarenville.

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

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

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

Mr. Speaker, through increased investments in health professionals, institutional and community health budgets, equipment, services and new

facilities, we are continuing to provide for the health care needs of the people of Newfoundland and Labrador.

## **EDUCATION**

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

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

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

### ***Schools***

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

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

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

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

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

### ***Teachers***

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

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

Determining the right number of teachers is a matter of art, not mathematics. We are, therefore, limiting the reduction in teaching units

in 1998-99. As we announced nine days ago, we will “add back” about 200 of the 425 teachers that the existing formula would have eliminated.

### ***Special Needs Students***

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

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

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

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

### ***Post-Secondary Scholarships***

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

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

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

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

### ***Memorial University of Newfoundland***

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

### ***College of the North Atlantic***

The College of the North Atlantic has evolved over the years to keep pace with labour market demands, offering courses geared to the different regions of the Province. To ensure that it continues to provide a first-rate education to its students, the grant to the College will be

maintained at its current level. In fact, with increased federal/provincial training purchases under the Labour Market Development Agreement, the College will receive approximately \$2 million more to meet education and training needs.

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

### **BRINGING OPPORTUNITY AND INDEPENDENCE TO MORE FAMILIES**

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

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

#### ***A New Focus***

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

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

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

### ***Meeting Basic Needs***

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

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

### ***Getting a New Start***

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



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

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

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

### ***Youth Employment***

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

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***Helping Those with Disabilities***

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

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

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

***New Transition Homes***

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

***School Children's Food Foundation***

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

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

***National Child Benefit***

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

If children of low-income families have:

- first-rate schools,
- proper nutrition,
- access to proper health services, and
- an opportunity for advanced education

then they will break the cycle of dependence and poverty.

This is the goal of Government.

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

Let us clearly understand how the National Child Benefit works:

- The federal government will provide low income families with an increase in the Canada Child Tax Benefit. This increase, called the National Child Benefit, will provide an additional \$605 annually for the first child of a family; \$405 for the second child; and \$330 for each additional child.
- Provincial social assistance benefits to families with children will decrease by the same amount.

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

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

- \$1.15 million for additional Family Resource Centres,
- \$4.6 million for the improvement and expansion of licensed child care services in the province, including:
  - additional child care subsidies
  - the introduction of licensed family home child care, and

- the introduction of licensed infant child care,
- \$2.8 million to establish regional youth service networks, in partnership with existing community programs, and
- \$1.6 million to assist parents on social assistance who find work by:
  - increasing the child care expense deduction, and
  - extending full drug card benefits for families for a period of time after they are no longer eligible for social assistance.

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

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

## **DEVELOPING OUR INFRASTRUCTURE**

### ***Roads***

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

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

- 130 kilometres between Cache River and Churchill Falls will be upgraded,
- 42 kilometres between Churchill Falls and Wabush will be resurfaced, and

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

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

### ***Ferry Services***

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

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

Mr. Speaker, the former *MV Prince Edward* will be integrated into the Fogo/Change Islands service. The ferry currently in use there, the *MV Beaumont Hamel*, will transfer to the Bell Island service to join the *MV Flanders*. These changes will provide a more efficient service to these

communities. As well, \$1 million in improvements will be made to their docking facilities.

### ***Local Government***

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

### ***St. John's Civic Centre***

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

## **GROWING THE ECONOMY**

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

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

To ensure successful business and regional development, our human resources must also receive strategic investments. Through the Canada-

Newfoundland and Labrador Labour Market Development Agreement, in excess of \$100 million will be invested this year. This will ensure that human resource and employment development efforts will be linked with strategic development opportunities in all areas of the Province.

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

### ***Rural Revitalization***

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

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

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

### ***Post-TAGS***

The federal government has announced that The Atlantic Groundfish Strategy will end in August. The federal government undertook this



program because it was responsible for the collapse of groundfish stocks. These stocks have not yet recovered. The need and responsibility for a replacement program for TAGS is clear. We will continue to press the federal government, once again, to accept its responsibility and institute quickly an appropriate replacement program for TAGS.

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

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

### ***Fisheries & Aquaculture***

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

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

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

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

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

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

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

### ***Forestry***

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

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

### ***Tourism***

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

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

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

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

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

### ***Heritage Foundation***

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

### ***Art Procurement Program***

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

### ***Softworld '98***

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

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

### ***Film Tax Credit***

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

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

### **EARNING OUR WAY**

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

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

Manufacturing and small enterprises in our rural and urban areas are growing.

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

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

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

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

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

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

That is why we must remember that a budgeting exercise is fundamentally an exercise in making choices. The choices we have

made today reflect our best judgement as to the values that the people of Newfoundland and Labrador give highest priority.

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

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

*STATEMENT I*  
**NEWFOUNDLAND AND LABRADOR**  
**SUMMARY OF BORROWING REQUIREMENTS**  
**1998-99 and 1997-98 (Revised)**

	<u>1998-99 Estimates</u>		<u>1997-98 Revised</u>	
	(\$000)	(\$000)	(\$000)	(\$000)
<b>BUDGETARY REQUIREMENTS</b>				
Current Account:				
Gross Expenditure (Note 1) . . . . .	3,166,250		3,143,203	
Related Revenues. . . . .	<u>226,610</u>		<u>172,736</u>	
Net Expenditure . . . . .	2,939,640		2,970,467	
Provincial and Federal Revenues (Note 2). . . . .	<u>3,063,085</u>		<u>3,079,660</u>	
Financial Contribution . . . . .		(123,445)		(109,193)
Capital Account:				
Gross Expenditure . . . . .	242,181		251,229	
Related Revenues. . . . .	<u>138,749</u>		<u>121,929</u>	
Net Expenditure . . . . .		103,432		129,300
Other:				
Contingency Reserve. . . . .		<u>30,000</u>		<u>-</u>
<b>TOTAL BUDGETARY REQUIREMENTS . . . . .</b>		<u><b>9,987</b></u>		<u><b>20,107</b></u>
<b>NON-BUDGETARY TRANSACTIONS</b>				
Debt Retirement:				
Redemptions (See Appendix II) . . . . .	322,000		419,713	
Sinking Funds (See Appendix II) . . . . .	<u>44,052</u>		<u>43,941</u>	
Total Debt Retirement. . . . .		366,052		463,654
Retirement of Pension Liabilities . . . . .		<u>279,000</u>		<u>30,000</u>
<b>TOTAL NON-BUDGETARY TRANSACTIONS . . . . .</b>		<u><b>645,052</b></u>		<u><b>493,654</b></u>
<b>TOTAL BORROWING REQUIREMENTS . . . . .</b>		<u><b>655,039</b></u>		<u><b>513,761</b></u>

**Note 1:** Excluded from the 1997-98 gross current expenditures is the payment approximating \$350 million made to establish the Labrador Transportation Initiative Fund.

**Note 2:** Excluded from the 1997-98 Revised Provincial and Federal Revenues is a revenue amount approximating \$350 million relating to an agreement with the Federal Government to transfer to the Province responsibility for Coastal Labrador Marine Services.



*STATEMENT II*  
**COMPARATIVE SUMMARY OF CURRENT AND RELATED REVENUES**  
**1998-99 and 1997-98 Revised**

	1998-99 Estimates	1997-98 Revised
	(\$000)	(\$000)
<b>PROVINCIAL:</b>		
Taxation:		
Personal Income Tax . . . . .	627,040	543,870
Sales Tax . . . . .	450,000	444,860
Gasoline Tax . . . . .	119,500	119,000
Payroll Tax . . . . .	73,100	69,600
Tobacco Tax . . . . .	69,000	67,000
Corporate Income Tax . . . . .	77,900	78,069
Natural Resources Taxes and Royalties . . . . .	29,825	26,700
Other . . . . .	28,915	28,320
	<u>1,475,280</u>	<u>1,377,419</u>
General Revenues:		
Newfoundland Liquor Corporation . . . . .	81,200	81,200
Lottery Revenues . . . . .	78,000	78,000
Vehicle and Driver Licences . . . . .	49,490	50,500
Registry of Deeds, Companies and Securities . . . . .	11,600	11,525
Fines and Forfeitures . . . . .	6,280	6,305
Other . . . . .	24,381	30,935
	<u>250,951</u>	<u>258,465</u>
Expenditure Programs - Related Revenues:		
Recoveries - Sinking Fund Surpluses . . . . .	10,300	11,700
Interest Income . . . . .	11,056	15,927
Other . . . . .	143,725	91,244
	<u>165,081</u>	<u>118,871</u>
<b>TOTAL: PROVINCIAL REVENUES . . . . .</b>	<u><b>1,891,312</b></u>	<u><b>1,754,755</b></u>
<b>GOVERNMENT OF CANADA:</b>		
Fiscal Transfer Payments:		
Equalization Payments . . . . .	896,000	995,764
Canada Health and Social Transfer (CHST) . . . . .	272,100	280,000
Sales Tax Transitional Assistance . . . . .	127,000	127,000
Term 29 Award . . . . .	40,000	40,000
Public Utilities Income Tax Transfer Act (PUITTA) . . . . .	-	(742)
Statutory Subsidies . . . . .	1,754	1,754
	<u>1,336,854</u>	<u>1,443,776</u>
Cost Shared Programs:		
Resource . . . . .	19,726	16,259
Offshore Fund . . . . .	4,946	4,067
Human Resources Development . . . . .	6,785	7,660
Native Peoples . . . . .	6,199	6,096
Other . . . . .	23,873	19,783
	<u>61,529</u>	<u>53,865</u>
<b>TOTAL: GOVERNMENT OF CANADA REVENUES . . . . .</b>	<u><b>1,398,383</b></u>	<u><b>1,497,641</b></u>
<b>TOTAL: CURRENT AND RELATED REVENUES . . . . .</b>	<u><u><b>3,289,695</b></u></u>	<u><u><b>3,252,396</b></u></u>

*STATEMENT III*

**SUMMARY OF CURRENT AND CAPITAL ACCOUNT EXPENDITURES**

**1998-99 and 1997-98 Revised**

	1998-99			1997-98
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	\$	\$	\$	\$
<b>General Government Sector</b>				
Consolidated Fund Services . . . . .	574,525,800	33,724,600	540,801,200	542,232,100
Executive Council . . . . .	26,927,300	2,744,600	24,182,700	20,798,400
Finance . . . . .	42,680,200	71,016,800	(28,336,600)	22,055,700
Government Services and Lands . . . . .	25,549,500	5,943,300	19,606,200	19,508,300
Legislature . . . . .	10,137,400	157,800	9,979,600	10,574,300
Public Service Commission . . . . .	1,240,300	-	1,240,300	1,191,300
Works, Services and Transportation . . . . .	267,183,500	126,040,000	141,143,500	142,346,400
<b>Resource Sector</b>				
Development and Rural Renewal . . . . .	30,107,700	24,125,400	5,982,300	7,090,700
Environment and Labour . . . . .	10,646,500	4,924,000	5,722,500	5,301,500
Fisheries and Aquaculture . . . . .	18,042,800	7,606,500	10,436,300	9,883,800
Forest Resources and Agrifoods . . . . .	43,148,200	8,337,000	34,811,200	51,042,200
Industry, Trade and Technology . . . . .	20,628,600	4,553,100	16,075,500	14,152,300
Mines and Energy . . . . .	9,119,100	388,500	8,730,600	8,075,100
Tourism, Culture and Recreation . . . . .	25,036,200	4,778,300	20,257,900	26,361,500
<b>Social Sector</b>				
Education . . . . .	698,106,400	22,889,600	675,216,800	688,570,700
Health and Community Services . . . . .	1,086,936,300	19,817,000	1,067,119,300	1,030,470,800
Human Resources and Employment . . . . .	286,195,300	8,838,300	277,357,000	277,802,900
Justice . . . . .	111,373,600	10,199,400	101,174,200	97,986,700
Municipal and Provincial Affairs . . . . .	116,113,400	9,274,700	106,838,700	117,487,500
Newfoundland and Labrador Housing Corporation . . . . .	4,732,800	-	4,732,800	6,835,000
<b>TOTAL . . . . .</b>	<u>3,408,430,900</u>	<u>365,358,900</u>	<u>3,043,072,000</u>	<u>3,099,767,200</u>

**AMOUNT TO BE VOTED 1998-99**

Gross Current and Capital Expenditure . . . . .	3,408,430,900
Contingency Reserve . . . . .	30,000,000
Less: Expenditures Approved by Statute:	
Interest . . . . .	497,196,600
Pensions and Gratuities . . . . .	54,400,400
Debt Management Expenses . . . . .	4,082,500
Issues under Guarantee . . . . .	500,000
Salaries (Auditor General and Comptroller General) . . . . .	175,400
	<u>556,354,900</u>
Amount to be Voted by Supply Bill . . . . .	<u>2,882,076,000</u>

STATEMENT IV  
SUMMARY OF CURRENT ACCOUNT EXPENDITURES  
1998-99 and 1997-98 Revised

		1998-99		1997-98
	Gross	Related	Net	Revised
	Expenditure	Revenue	Expenditure	(Net)
	(\$000)	(\$000)	(\$000)	(\$000)
<b>General Government Sector</b>				
Consolidated Fund Services . . . . .	573,938	32,744	541,194	542,939
Executive Council . . . . .	26,927	2,744	24,183	20,798
Finance . . . . .	42,680	71,017	(28,337)	19,056
Government Services and Lands . . . . .	25,232	4,643	20,589	19,676
Legislature . . . . .	10,137	157	9,980	10,574
Public Service Commission . . . . .	1,240	-	1,240	1,191
Works, Services and Transportation . . . . .	142,509	25,440	117,069	113,190
<b>Resource Sector</b>				
Development and Rural Renewal . . . . .	22,048	10,221	11,827	11,397
Environment and Labour . . . . .	10,647	4,924	5,723	5,302
Fisheries and Aquaculture . . . . .	13,913	4,887	9,026	8,986
Forest Resources and Agrifoods . . . . .	40,548	8,337	32,211	48,715
Industry, Trade and Technology . . . . .	19,279	3,541	15,738	13,826
Mines and Energy . . . . .	9,119	388	8,731	8,075
Tourism, Culture and Recreation . . . . .	22,632	3,730	18,902	23,620
<b>Social Sector</b>				
Education . . . . .	672,738	19,862	652,876	646,965
Health and Community Services . . . . .	1,061,844	13,817	1,048,027	1,016,358
Human Resources and Employment . . . . .	286,195	8,838	277,357	277,803
Justice . . . . .	111,374	10,200	101,174	97,987
Municipal and Provincial Affairs . . . . .	68,517	1,120	67,397	77,174
Newfoundland and Labrador Housing Corporation . . . . .	4,733	-	4,733	6,835
<b>TOTAL . . . . .</b>	<u>3,166,250</u>	<u>226,610</u>	<u>2,939,640</u>	<u>2,970,467</u>

*STATEMENT V*

**SUMMARY OF CAPITAL ACCOUNT EXPENDITURES**

**1998-99 and 1997-98 Revised**

		1998-99		1997-98
	Gross	Related	Net	Revised
	Expenditure	Revenue	Expenditure	(Net)
	(\$000)	(\$000)	(\$000)	(\$000)
<b>General Government Sector</b>				
Consolidated Fund Services . . . . .	587	980	(393)	(707)
Finance . . . . .	-	-	-	3,000
Government Services and Lands . . . . .	317	1,300	(983)	(168)
Works, Services and Transportation . . . . .	124,674	100,600	24,074	29,156
<b>Resource Sector</b>				
Development and Rural Renewal . . . . .	8,060	13,905	(5,845)	(4,307)
Fisheries and Aquaculture . . . . .	4,130	2,720	1,410	898
Forest Resources and Agrifoods . . . . .	2,600	-	2,600	2,327
Industry, Trade and Technology . . . . .	1,350	1,012	338	326
Tourism, Culture and Recreation. . . . .	2,404	1,049	1,355	2,742
<b>Social Sector</b>				
Education . . . . .	25,369	3,028	22,341	41,606
Health and Community Services . . . . .	25,093	6,000	19,093	14,113
Municipal and Provincial Affairs . . . . .	47,597	8,155	39,442	40,314
<b>TOTAL . . . . .</b>	<u>242,181</u>	<u>138,749</u>	<u>103,432</u>	<u>129,300</u>

**Note: For details refer to Appendix III.**

STATEMENT VI

**SUMMARY OF RELATED REVENUES AND EXPENDITURES**

**BY MAIN OBJECT AND SECTOR**

**1998-99 and 1997-98 Revised**

	General Government Sector 1998/99 (\$000)	Resource Sector 1998/99 (\$000)	Social Sector 1998/99 (\$000)	Total 1998/99 (\$000)	% of 1998/99 Total %	Total 1997/98 Revised (\$000)
<b>Current:</b>						
Salaries . . . . .	106,024	55,420	94,128	255,572	8.1	238,492
Employee Benefits . . . . .	100,284	588	1,062	101,934	3.2	108,494
Transportation and Communications . . . . .	9,580	10,879	8,282	28,741	0.9	28,845
Supplies . . . . .	28,389	4,281	8,929	41,599	1.3	43,205
Professional Services . . . . .	6,706	4,184	38,567	49,457	1.6	50,691
Purchased Services . . . . .	52,182	16,824	15,938	84,944	2.7	82,375
Property, Furnishings and Equipment . . . . .	388	1,222	659	2,269	0.1	3,708
Allowances and Assistance . . . . .	4,279	213	318,167	322,659	10.2	316,737
Grants and Subsidies . . . . .	4,188	42,959	1,677,844	1,724,991	54.5	1,712,388
Debt Expenses . . . . .	498,161	-	34,568	532,729	16.8	532,465
Information Technology . . . . .	12,482	1,616	7,257	21,355	0.6	25,803
<b>Gross Current Expenditure . . . . .</b>	<u>822,663</u>	<u>138,186</u>	<u>2,205,401</u>	<u>3,166,250</u>	<u>100.0</u>	<u>3,143,203</u>
Federal Revenue Sources . . . . .	(3,098)	(23,829)	(34,602)	(61,529)	27.2	(53,865)
Provincial Revenue Sources . . . . .	<u>(133,647)</u>	<u>(12,199)</u>	<u>(19,235)</u>	<u>(165,081)</u>	<u>72.8</u>	<u>(118,871)</u>
<b>Total Current Related Revenues . . . . .</b>	<u>(136,745)</u>	<u>(36,028)</u>	<u>(53,837)</u>	<u>(226,610)</u>	<u>100.0</u>	<u>(172,736)</u>
<b>Net Current Expenditure . . . . .</b>	<u>685,918</u>	<u>102,158</u>	<u>2,151,564</u>	<u>2,939,640</u>		<u>2,970,467</u>
<b>Capital:</b>						
Salaries . . . . .	8,738	80	165	8,983	3.7	6,741
Employee Benefits . . . . .	-	-	1	1	0	1
Transportation and Communications . . . . .	1,365	5	23	1,393	0.6	1,286
Supplies . . . . .	1,349	5	4	1,358	0.6	662
Professional Services . . . . .	2,280	125	507	2,912	1.2	3,186
Purchased Services . . . . .	121,819	5,933	7,243	134,995	55.7	105,502
Property, Furnishings and Equipment . . . . .	4,832	516	7,569	12,917	5.3	18,352
Loans, Advances and Investments . . . . .	500	7,630	100	8,230	3.4	7,808
Grants and Subsidies . . . . .	400	3,805	30,134	34,339	14.2	68,556
Debt Expenses . . . . .	897	-	36,156	37,053	15.3	39,135
Expenditure by Sector Before Recharges . . . . .	<u>142,180</u>	<u>18,099</u>	<u>81,902</u>	<u>242,181</u>	<u>100.0</u>	<u>251,229</u>
Voted in Other Departments and Divisions . . . . .	8,126	445	16,157	24,728		13,246
Recharged to Other Departments and Divisions . . . . .	<u>(24,728)</u>	<u>-</u>	<u>-</u>	<u>(24,728)</u>		<u>(13,246)</u>
<b>Gross Capital Expenditure . . . . .</b>	<u>125,578</u>	<u>18,544</u>	<u>98,059</u>	<u>242,181</u>		<u>251,229</u>
Federal Revenue Sources . . . . .	(61,000)	(6,186)	(11,183)	(78,369)	56.5	(87,258)
Provincial Revenue Sources . . . . .	<u>(41,880)</u>	<u>(12,500)</u>	<u>(6,000)</u>	<u>(60,380)</u>	<u>43.5</u>	<u>(34,671)</u>
<b>Total Capital Related Revenues . . . . .</b>	<u>(102,880)</u>	<u>(18,686)</u>	<u>(17,183)</u>	<u>(138,749)</u>	<u>100.0</u>	<u>(121,929)</u>
<b>Net Capital Expenditure . . . . .</b>	<u>22,698</u>	<u>(142)</u>	<u>80,876</u>	<u>103,432</u>		<u>129,300</u>
<b>Total Net Expenditure . . . . .</b>	<u>708,616</u>	<u>102,016</u>	<u>2,232,440</u>	<u>3,043,072</u>		<u>3,099,767</u>

*EXHIBIT I*

**SELECTED ECONOMIC STATISTICS**

**1994 to 1997**

	1997	% Change	1996	% Change	1995	% Change	1994
Population as of July 1 (000's) . . . . .	561.9	-1.3	569.6	-1.0	575.4	-0.9	580.5
Gross Domestic Product at Market Prices (\$ Millions) .	n/a	n/a	10,394	-0.3	10,425	6.2	9,816
Total Personal Income (\$ Millions). . . . .	n/a	n/a	10,254	-1.4	10,397	0.4	10,359
Per Capita Personal Income (\$). . . . .	n/a	n/a	18,003	-0.4	18,069	1.3	17,844
Labour Force, Annual Average (000's). . . . .	236.2	0.3	235.5	-2.5	241.5	-1.2	244.5
Employment, Annual Average (000's) . . . . .	191.9	1.1	189.7	-3.9	197.3	1.4	194.6
Unemployment Rate, Annual Average (%). . . . .	18.8	-3.1	19.4	6.0	18.3	-10.3	20.4
Wages and Salaries (\$ Millions) . . . . .	4,706	-2.6	4,831	-0.7	4,863	1.9	4,771
Consumer Price Index(1992=100) . . . . .	108.2	2.1	106.0	1.5	104.4	1.5	102.9
Total Volume of Fish Landings (000's of							
Metric Tonnes) . . . . .	204	12.6	182	37.9	132	3.2	128
Total Value of Fish Landings (\$ Millions). . . . .	295	15.7	255	-22.6	330	63.8	201
Newsprint Shipments (Thousands of Metric Tonnes) . .	741	3.8	714	-2.9	735	-0.3	737
Iron Ore Shipments (Millions of Metric Tonnes) . . . .	21.8	9.0	20.0	0.0	20.0	-1.5	20.3
Gross Value of Manufacturing Shipments (\$ Millions) .	1,657	-3.9	1,725	5.2	1,639	15.2	1,423
Private and Public Capital Investment (\$ Millions) . . .	2,505	9.3	2,292	-19.0	2,829	-2.7	2,906
Dwelling Starts (Number). . . . .	1,696	-16.6	2,034	18.8	1,712	-23.7	2,243
Retail Trade (\$ Millions) . . . . .	3,643	5.7	3,447	-0.9	3,478	2.0	3,409
New Motor Vehicle Sales (Number) . . . . .	20,985	29.5	16,199	-5.3	17,112	-15.4	20,225

Note:     Some data are preliminary.  
             Some percent changes are based on unrounded data.

Source:   Statistics Canada; Economics and Statistics Branch,  
             Department of Finance

*EXHIBIT II*

**ESTIMATED PROVINCIAL AND FEDERAL REVENUES**

**1998-99 and 1997-98 Revised**

	1998-99 Estimates	1997-98 Revised
	(\$000)	(\$000)
<b>PROVINCIAL TAX SOURCES:</b>		
Personal Income Tax . . . . .	627,040	543,870
Sales Tax . . . . .	450,000	444,860
Gasoline Tax . . . . .	119,500	119,000
Payroll Tax . . . . .	73,100	69,600
Tobacco Tax . . . . .	69,000	67,000
Corporate Income Tax . . . . .	77,900	78,069
Natural Resources Taxes and Royalties . . . . .	29,825	26,700
Insurance Companies Tax . . . . .	20,515	20,000
Corporate Capital Tax . . . . .	6,600	6,500
Forest Management Tax . . . . .	1,800	1,820
<b>TOTAL: Provincial Tax Sources . . . . .</b>	<b>1,475,280</b>	<b>1,377,419</b>
<b>OTHER PROVINCIAL SOURCES:</b>		
Newfoundland Liquor Corporation . . . . .	81,200	81,200
Lottery Revenues . . . . .	78,000	78,000
Vehicle and Driver Licences . . . . .	49,490	50,500
Registry of Deeds, Companies and Securities . . . . .	11,600	11,525
Fines and Forfeitures . . . . .	6,280	6,305
Inland Fish and Game Licences . . . . .	4,290	3,940
Water Power Rentals . . . . .	3,800	3,800
Crown Lands . . . . .	2,995	8,735
Registry of Bills and Sales . . . . .	2,070	2,040
Forestry Royalties and Fees . . . . .	2,245	2,245
Mining Permits and Fees . . . . .	1,590	2,335
Other . . . . .	7,391	7,840
<b>TOTAL: Other Provincial Sources . . . . .</b>	<b>250,951</b>	<b>258,465</b>
<b>TOTAL: PROVINCIAL SOURCES . . . . .</b>	<b>1,726,231</b>	<b>1,635,884</b>
<b>GOVERNMENT OF CANADA:</b>		
Equalization Payments . . . . .	896,000	995,764
Canada Health and Social Transfer (CHST) . . . . .	272,100	280,000
Sales Tax Transitional Assistance . . . . .	127,000	127,000
Term 29 Award . . . . .	40,000	40,000
Public Utilities Income Tax Transfer Act (PUITTA) . . . . .	-	(742)
Statutory Subsidies . . . . .	1,754	1,754
<b>TOTAL: GOVERNMENT OF CANADA . . . . .</b>	<b>1,336,854</b>	<b>1,443,776</b>
<b>TOTAL: PROVINCIAL AND FEDERAL REVENUES . . . . .</b>	<b>3,063,085</b>	<b>3,079,660</b>

*EXHIBIT III*

**CURRENT AND CAPITAL REVENUES**

**PROVINCIAL AND FEDERAL SOURCES**

**1994-95 to 1998-99**

	1998-99 Estimates		1997-98 Revised		1996-97 Audited		1995-96 Audited		1994-95 Audited	
	(\$000)	%	(\$000)	%	(\$000)	%	(\$000)	%	(\$000)	%
Current Revenues :										
Provincial Sources	1,891,312	57.5	1,754,755	54.0	1,899,378	57.3	1,918,140	57.0	1,729,180	53.2
Federal Sources	1,398,383	42.5	1,497,641	46.0	1,416,767	42.7	1,446,680	43.0	1,523,486	46.8
<b>Total: Current Revenues</b>	<u>3,289,695</u>	<u>100.0</u>	<u>3,252,396</u>	<u>100.0</u>	<u>3,316,145</u>	<u>100.0</u>	<u>3,364,820</u>	<u>100.0</u>	<u>3,252,666</u>	<u>100.0</u>
Capital Revenues :										
Provincial Sources	60,380	43.5	34,671	28.4	22,554	21.6	30,652	25.0	21,470	15.9
Federal Sources	78,369	56.5	87,258	71.6	81,747	78.4	91,867	75.0	113,641	84.1
<b>Total: Capital Revenues</b>	<u>138,749</u>	<u>100.0</u>	<u>121,929</u>	<u>100.0</u>	<u>104,301</u>	<u>100.0</u>	<u>122,519</u>	<u>100.0</u>	<u>135,111</u>	<u>100.0</u>
Current and Capital Revenues :										
Provincial Sources	1,951,692	56.9	1,789,426	53.0	1,921,932	56.2	1,948,792	55.9	1,750,650	51.7
Federal Sources	1,476,752	43.1	1,584,899	47.0	1,498,514	43.8	1,538,547	44.1	1,637,127	48.3
<b>Total: Current and Capital Revenues</b>	<u>3,428,444</u>	<u>100.0</u>	<u>3,374,325</u>	<u>100.0</u>	<u>3,420,446</u>	<u>100.0</u>	<u>3,487,339</u>	<u>100.0</u>	<u>3,387,777</u>	<u>100.0</u>



EXHIBIT IV

**EXPENDITURE SUMMARY**

**1998-99 Estimated**

<u>Head</u>	Total		Current		Capital	
	Gross (\$000)	Net (\$000)	Gross (\$000)	Net (\$000)	Gross (\$000)	Net (\$000)
Consolidated Fund Services . . . . .	574,525	540,801	573,938	541,194	587	(393)
Executive Council. . . . .	26,927	24,183	26,927	24,183	-	-
Finance . . . . .	42,680	(28,337)	42,680	(28,337)	-	-
Government Services and Lands . . . . .	25,549	19,606	25,232	20,589	317	(983)
Legislature . . . . .	10,137	9,980	10,137	9,980	-	-
Public Service Commission. . . . .	1,240	1,240	1,240	1,240	-	-
Works, Services and Transportation . . . . .	267,183	141,143	142,509	117,069	124,674	24,074
Development and Rural Renewal. . . . .	30,108	5,982	22,048	11,827	8,060	(5,845)
Environment and Labour . . . . .	10,647	5,723	10,647	5,723	-	-
Fisheries and Aquaculture . . . . .	18,043	10,436	13,913	9,026	4,130	1,410
Forest Resources and Agrifoods . . . . .	43,148	34,811	40,548	32,211	2,600	2,600
Industry, Trade and Technology . . . . .	20,629	16,076	19,279	15,738	1,350	338
Mines and Energy. . . . .	9,119	8,731	9,119	8,731	-	-
Tourism, Culture and Recreation . . . . .	25,036	20,257	22,632	18,902	2,404	1,355
Education . . . . .	698,107	675,217	672,738	652,876	25,369	22,341
Health and Community Services . . . . .	1,086,937	1,067,120	1,061,844	1,048,027	25,093	19,093
Human Resources and Employment . . . . .	286,195	277,357	286,195	277,357	-	-
Justice . . . . .	111,374	101,174	111,374	101,174	-	-
Municipal and Provincial Affairs. . . . .	116,114	106,839	68,517	67,397	47,597	39,442
Newfoundland and Labrador Housing Corporation . . .	4,733	4,733	4,733	4,733	-	-
<b>TOTAL. . . . .</b>	<u>3,408,431</u>	<u>3,043,072</u>	<u>3,166,250</u>	<u>2,939,640</u>	<u>242,181</u>	<u>103,432</u>

**EXPENDITURE SUMMARY**

**1997-98 Revised**

Consolidated Fund Services . . . . .	585,665	542,232	585,388	542,939	277	(707)
Executive Council. . . . .	22,752	20,798	22,752	20,798	-	-
Finance . . . . .	40,784	22,056	37,784	19,056	3,000	3,000
Government Services and Lands . . . . .	23,022	19,508	22,940	19,676	82	(168)
Legislature . . . . .	10,728	10,574	10,728	10,574	-	-
Public Service Commission. . . . .	1,192	1,191	1,192	1,191	-	-
Works, Services and Transportation . . . . .	249,082	142,346	137,850	113,190	111,232	29,156
Development and Rural Renewal. . . . .	29,251	7,090	21,861	11,397	7,390	(4,307)
Environment and Labour . . . . .	10,259	5,302	10,259	5,302	-	-
Fisheries and Aquaculture . . . . .	14,074	9,884	11,336	8,986	2,738	898
Forest Resources and Agrifoods . . . . .	57,036	51,042	52,549	48,715	4,487	2,327
Industry, Trade and Technology . . . . .	18,407	14,152	16,914	13,826	1,493	326
Mines and Energy. . . . .	8,334	8,075	8,334	8,075	-	-
Tourism, Culture and Recreation . . . . .	34,550	26,362	28,036	23,620	6,514	2,742
Education . . . . .	707,674	688,571	665,113	646,965	42,561	41,606
Health and Community Services . . . . .	1,050,175	1,030,471	1,031,162	1,016,358	19,013	14,113
Human Resources and Employment . . . . .	286,133	277,803	286,133	277,803	-	-
Justice . . . . .	107,532	97,987	107,532	97,987	-	-
Municipal and Provincial Affairs. . . . .	130,947	117,488	78,505	77,174	52,442	40,314
Newfoundland and Labrador Housing Corporation . . .	6,835	6,835	6,835	6,835	-	-
<b>TOTAL. . . . .</b>	<u>3,394,432</u>	<u>3,099,767</u>	<u>3,143,203</u>	<u>2,970,467</u>	<u>251,229</u>	<u>129,300</u>

*EXHIBIT V*  
**PUBLIC SECTOR DEBT**  
**1994 to 1998**

	Five Years ending March 31				
	1998*	1997	1996	1995	1994
	(Millions of dollars)				
<b>Provincial Direct Debt:</b>					
Payable in Canadian Dollars .....	2,065.0	2,070.0	2,010.7	1,884.1	1,888.3
Due Government of Canada .....	673.3	711.1	762.5	796.9	828.0
Payable in U.S. Dollars .....	1,649.5	1,624.6	1,730.8	1,781.8	1,729.4
Payable in Japanese Yen .....	76.8	78.1	227.0	289.6	242.5
Payable in Swiss Francs .....	544.5	690.6	822.2	892.7	712.0
<b>Total Direct Debenture Debt.....</b>	<b>5,009.1</b>	<b>5,174.4</b>	<b>5,553.2</b>	<b>5,645.1</b>	<b>5,400.2</b>
Treasury Bills .....	390.0	390.0	390.0	390.0	286.0
<b>Total Provincial Direct Debt .....</b>	<b>5,399.1</b>	<b>5,564.4</b>	<b>5,943.2</b>	<b>6,035.1</b>	<b>5,686.2</b>
<b>Crown Corporation and Other Debt:</b>					
Utility .....	1,215.8	1,438.8	1,441.9	1,362.1	1,335.6
Housing .....	137.9	153.2	166.3	165.5	163.6
Municipal .....	618.7	664.2	705.4	735.1	738.4
Other .....	120.5	154.2	93.3	121.8	99.3
<b>Total Crown Corporation and Other Debt .....</b>	<b>2,092.9</b>	<b>2,410.4</b>	<b>2,406.9</b>	<b>2,384.5</b>	<b>2,336.9</b>
<b>Deduct Sinking Funds held for</b>					
<b>Redemption of Debt:</b>					
Direct Debt .....	1,050.7	1,029.3	1,013.4	1,087.7	994.2
Guaranteed Debt .....	459.0	559.5	481.0	441.0	421.6
<b>Total Sinking Funds.....</b>	<b>1,509.7</b>	<b>1,588.8</b>	<b>1,494.4</b>	<b>1,528.7</b>	<b>1,415.8</b>
<b>Total Public Sector Debt (Note 1).....</b>	<b>5,982.3</b>	<b>6,386.0</b>	<b>6,855.7</b>	<b>6,890.9</b>	<b>6,607.3</b>

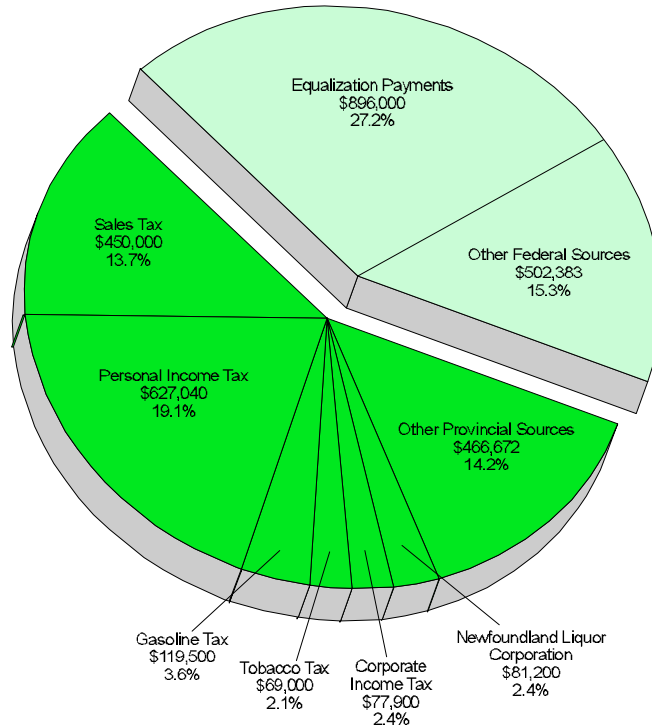
\* Forecast

**Note 1:** For 1994-97, debt payable in foreign currencies is shown at the Canadian dollar equivalent using exchange rates in effect on March 31 of each year. For the 1998 Forecast, foreign currency debt is converted to the Canadian dollar equivalent using exchange rates in effect on March 13, 1998.

*EXHIBIT VI*

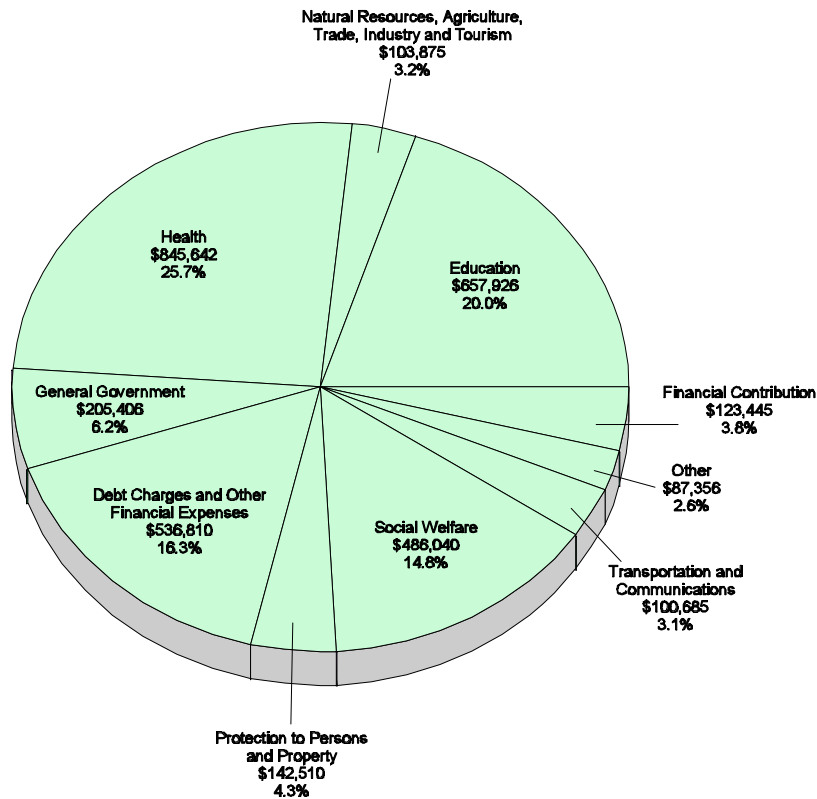
**SUMMARY OF CURRENT REVENUES (By Source)**

**WHERE THE MONEY COMES FROM**



Percentage Of Total		Source	Amount (\$000)	
Revised 1997-98	Estimate 1998-99		Estimate 1998-99	Revised 1997-98
		Provincial:		
16.7	19.1	Personal Income Tax	627,040	543,870
13.7	13.7	Sales Tax	450,000	444,860
3.7	3.6	Gasoline Tax	119,500	119,000
2.5	2.4	Newfoundland Liquor Corporation	81,200	81,200
2.1	2.1	Tobacco Tax	69,000	67,000
2.4	2.4	Corporate Income Tax	77,900	78,069
12.9	14.2	Other Provincial Sources	466,672	420,756
<u>54.0</u>	<u>57.5</u>	Total: Provincial	<u>1,891,312</u>	<u>1,754,755</u>
		Government of Canada:		
30.6	27.2	Equalization Payments	896,000	995,764
15.4	15.3	Other Federal Sources	502,383	501,877
<u>46.0</u>	<u>42.5</u>	Total: Government of Canada	<u>1,398,383</u>	<u>1,497,641</u>
<u>100.0</u>	<u>100.0</u>	Total	<u>3,289,695</u>	<u>3,252,396</u>

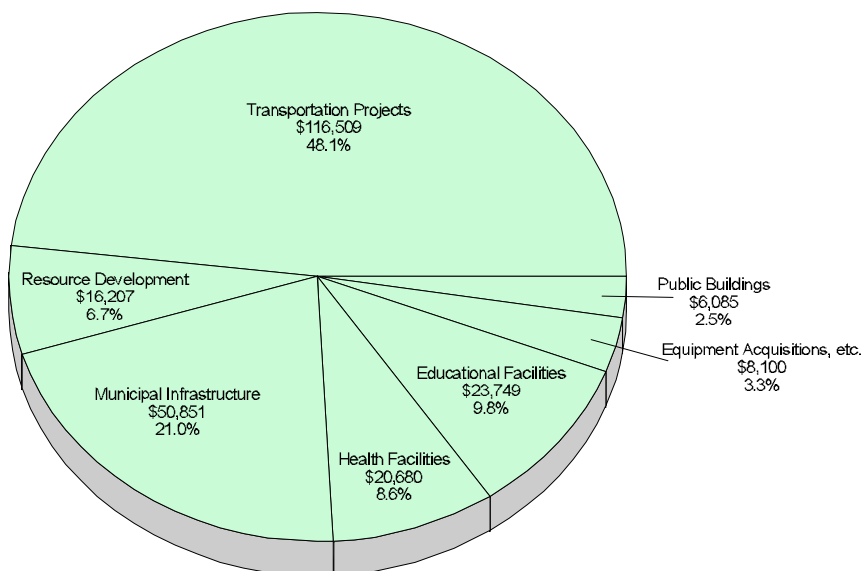
EXHIBIT VII  
SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function)  
**WHERE THE MONEY GOES**



Percentage of Total		Function of Expenditure	Amount (\$000)	
Revised 1997-98	Estimate 1998-99		Estimate 1998-99	Revised 1997-98
		<b>Expenditure:</b>		
20.0	20.0	Education	657,926	651,129
25.3	25.7	Health	845,642	822,103
16.6	16.3	Debt Charges and Other Financial Expenses	536,810	538,599
14.7	14.8	Social Welfare	486,040	478,645
3.5	3.2	Natural Resources, Agriculture, Trade, Industry and Tourism	103,875	115,553
6.4	6.2	General Government	205,406	208,347
4.2	4.3	Protection to Persons and Property	142,510	136,661
3.0	3.1	Transportation and Communications	100,685	96,519
2.9	2.6	Other	87,356	95,647
96.6	96.2	<b>Total: Expenditures</b>	<b>3,166,250</b>	<b>3,143,203</b>
3.4	3.8	<b>Financial Contribution</b>	<b>123,445</b>	<b>109,193</b>
100.0	100.0	<b>Total:</b>	<b>3,289,695</b>	<b>3,252,396</b>

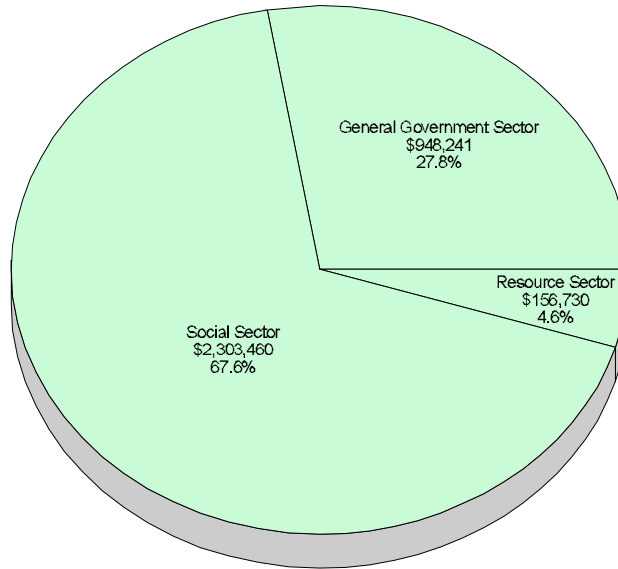
*EXHIBIT VIII*

**SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES  
(By Function)**



Percentage of Total		Category of Capital Expenditure	Amount	
			(\$000)	
Revised 1997-98	Estimate 1998-99		Estimate 1998-99	Revised 1997-98
Expenditure:				
40.7	48.1	Transportation Projects	116,509	102,292
9.3	6.7	Resource Development	16,207	23,258
22.0	21.0	Municipal Infrastructure	50,851	55,357
4.6	8.6	Health Facilities	20,680	11,590
16.3	9.8	Educational Facilities	23,749	40,941
5.2	3.3	Equipment Acquisitions, etc.	8,100	13,100
1.9	2.5	Public Buildings	6,085	4,691
100.0	100.0	Total: Expenditure	242,181	251,229
Source of Financing:				
34.7	32.4	Government of Canada Revenues	78,369	87,258
13.8	24.9	Provincial Revenues	60,380	34,671
51.5	42.7	Financial Requirement	103,432	129,300
100.0	100.0	Total: Sources	242,181	251,229

*EXHIBIT IX*  
**SUMMARY OF GROSS GOVERNMENT EXPENDITURES**  
**CURRENT AND CAPITAL**  
**(By Sector)**



**(TOTAL EXPENDITURE: \$ 3,408,430,900)**

**GROSS GOVERNMENT EXPENDITURE**

	Estimate 1998-99 (\$000)	Percentage of Total %
Sector Expenditure		
General Government .....	948,241	27.8
Resource .....	156,730	4.6
Social .....	2,303,460	67.6
<b>Total: Expenditure .....</b>	<b>3,408,431</b>	<b>100.0</b>

**GENERAL GOVERNMENT SECTOR**

	Estimate 1998-99 (\$000)	Percentage of Total %
Consolidated Fund Services .....	574,525	16.9
Executive Council .....	26,927	0.8
Finance .....	42,680	1.2
Government Services and Lands .....	25,549	0.7
Legislature .....	10,137	0.3
Public Service Commission .....	1,240	0.1
Works, Services and Transportation ....	267,183	7.8
<b>Total: General Government Sector .....</b>	<b>948,241</b>	<b>27.8</b>

**SOCIAL SECTOR**

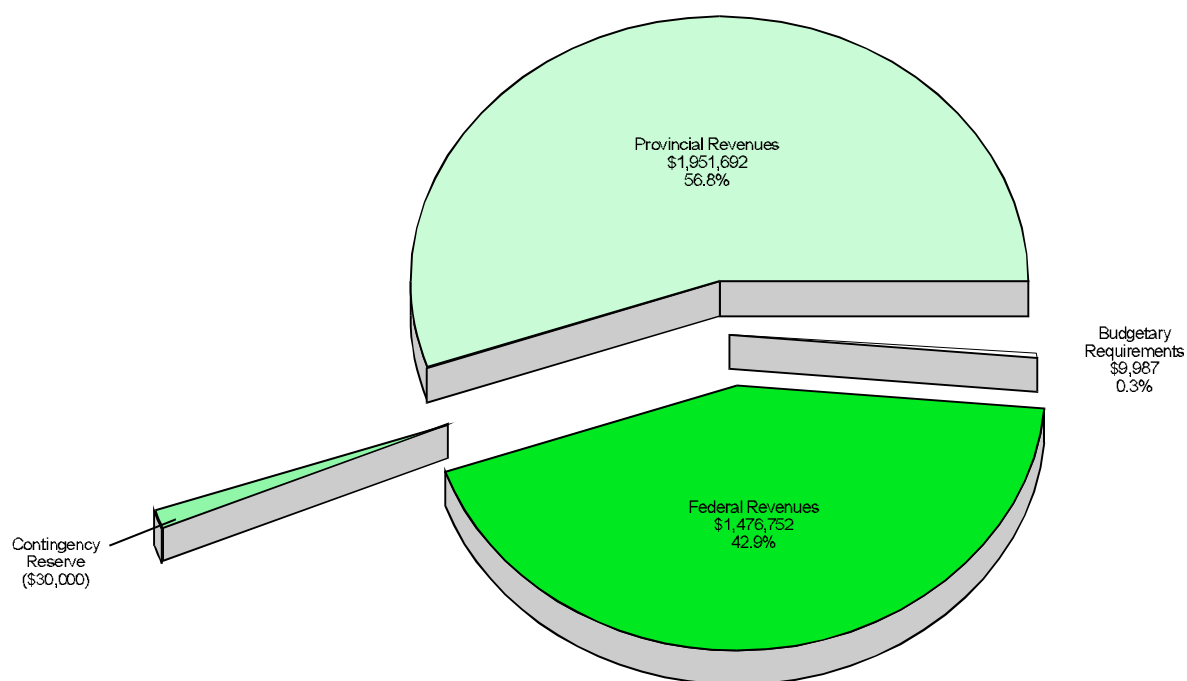
	Estimate 1998-99 (\$000)	Percentage of Total %
Education .....	698,107	20.5
Health and Community Services ....	1,086,937	31.9
Human Resources and Employment	286,195	8.4
Justice .....	111,374	3.3
Municipal and Provincial Affairs ...	116,114	3.4
Newfoundland and Labrador		
Housing Corporation .....	4,733	0.1
<b>Total: Social Sector .....</b>	<b>2,303,460</b>	<b>67.6</b>

**RESOURCE SECTOR**

	Estimate 1998-99 (\$000)	Percentage of Total %
Development and Rural Renewal .....	30,108	0.9
Environment and Labour .....	10,647	0.3
Fisheries and Aquaculture .....	18,043	0.5
Forest Resources and Agrifoods .....	43,148	1.3
Industry, Trade and Technology .....	20,629	0.6
Mines and Energy .....	9,119	0.3
Tourism, Culture and Recreation .....	25,036	0.7
<b>Total: Resource Sector .....</b>	<b>156,730</b>	<b>4.6</b>

*EXHIBIT X*

**SUMMARY OF BUDGETARY FINANCING SOURCES**  
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount	
			(\$000)	
<u>Revised 1997-98</u>	<u>Estimate 1998-99</u>		<u>Estimate 1998-99</u>	<u>Revised 1997-98</u>
		Revenue Sources:		
52.7	56.8	Provincial	1,951,692	1,789,426
<u>46.7</u>	<u>42.9</u>	Federal	<u>1,476,752</u>	<u>1,584,899</u>
			<u>3,428,444</u>	<u>3,374,325</u>
<u>0.6</u>	<u>0.3</u>	Budgetary Requirements:	<u>9,987</u>	<u>20,107</u>
<u>100.0</u>	<u>100.0</u>	Total: Sources	<u>3,438,431</u>	<u>3,394,432</u>
		Contingency Reserve	<u>(30,000)</u>	<u>-</u>
		Gross Current and Capital Expenditures:	3,408,431	3,394,432

*EXHIBIT XI*

**SUMMARY OF SALARY COSTS BY DEPARTMENT**

**1998-99 and 1997-98 (Revised)**

<b>DEPARTMENT</b>	<b>1998-99 Estimates \$</b>	<b>1997-98 Revised \$</b>
Consolidated Fund Services . . . . .	500,000	800,000
Executive Council . . . . .	13,616,100	11,785,900
Finance* . . . . .	11,794,900	9,542,700
Government Services and Lands . . . . .	16,421,000	15,204,400
Legislature . . . . .	4,484,800	5,083,100
Public Service Commission . . . . .	824,100	750,800
Works, Services and Transportation . . . . .	67,121,600	59,938,400
Development and Rural Renewal . . . . .	6,105,000	5,950,600
Environment and Labour . . . . .	6,337,800	6,234,500
Fisheries and Aquaculture . . . . .	4,596,100	4,413,000
Forest Resources and Agrifoods . . . . .	21,012,600	19,341,000
Industry, Trade and Technology . . . . .	3,049,400	2,833,100
Mines and Energy . . . . .	5,082,400	4,606,900
Tourism, Culture and Recreation . . . . .	9,316,300	9,870,000
Education . . . . .	9,070,300	8,401,200
Health and Community Services . . . . .	6,274,800	6,173,800
Human Resources and Employment . . . . .	19,297,200	18,248,900
Justice . . . . .	54,504,300	51,036,000
Municipal and Provincial Affairs . . . . .	5,146,200	5,018,700
<b>TOTAL . . . . .</b>	<u>264,554,900</u>	<u>245,233,000</u>
Less: Capital Account Salary Expenditure . . . . .	<u>8,982,700</u>	<u>6,740,700</u>
Total: Current Account Salary Expenditure . . . . .	<u><u>255,572,200</u></u>	<u><u>238,492,300</u></u>

\* Includes Pay Equity payments (\$3,827,500, 1998-99 Estimates; \$2,564,600, 1997-98 Revised).



*EXHIBIT XII*

**ESTIMATED INTEREST AND DEBT RETIREMENT 1998-99**

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	\$	\$	\$
<b>Payable in Canadian Dollars:</b>							
1982/2002	5K	50,000,000	14 $\frac{3}{4}$	2	7,375,000	1,000,000	
1983/2003	5L	125,000,000	12 $\frac{7}{8}$	2	16,093,800	2,500,000	
1984/2004	5N	100,000,000	13 $\frac{1}{2}$	2	13,500,000	2,000,000	
1986/2001	EC3	66,407,000	7 $\frac{1}{2}$	2	4,980,500	1,328,100	
1986/2006	5Q	100,000,000	11	2	11,000,000	2,000,000	
1987/2007	5S	42,300,000	10.79	2	4,564,200	846,000	
1987/2007	EC4	15,447,000	9	2	1,390,200	308,900	
1987/2010	5R	100,000,000	9 $\frac{3}{8}$	2	9,375,000	2,000,000	
1988/2008	5T	100,000,000	11 $\frac{1}{4}$	2	11,250,000	2,000,000	
1989/2012	5U	125,000,000	11	2	13,750,000	2,500,000	
1989/2014	5V	150,000,000	10 $\frac{1}{8}$	1 $\frac{1}{2}$	15,187,500	2,250,000	
1991/2001	5W	9,456,000	10 $\frac{1}{2}$	-	992,900		
1991/2021	5X	140,544,000	10.95	-	15,389,600		
1992/1998	EC5	150,000,000	9 $\frac{1}{8}$	-	13,687,500		150,000,000
1993/2003	EC6	150,000,000	8 $\frac{3}{4}$	2	13,125,000	3,000,000	
1995/1999	J12	42,000,000	FLOATING	-	1,680,000		42,000,000
1995/2025	6B	100,000,000	9.15	$\frac{3}{4}$	9,150,000	750,000	
1996/2001	6D	100,000,000	7.6	-	7,600,000		
1996/2004	5Z	98,895,000	9.55	-	9,444,500		
1996/2026	6C	150,000,000	8.45	$\frac{3}{4}$	12,675,000	1,125,000	
1997/2007	6E	150,000,000	5.90	-	8,850,000		
Anticipated 1998/1999					13,950,000		
					215,010,700	23,608,000	192,000,000
<b>Payable in United States Dollars:</b>							
1987/2007	AF	100,000,000	11 $\frac{3}{8}$	2	16,507,500	2,800,000	
1989/2019	AG	150,000,000	9	1 $\frac{1}{2}$	18,900,000	3,195,000	
1990/2020	AH	150,000,000	9 $\frac{1}{8}$	$\frac{1}{2}$	20,737,500	1,065,000	
1990/2020	AJ	150,000,000	10	$\frac{1}{2}$	21,000,000	1,035,000	
1991/2021	AK	200,000,000	9	$\frac{1}{2}$	25,560,000	1,400,000	
1992/2022	AM	200,000,000	8.65	$\frac{1}{2}$	24,566,000	1,400,000	
1993/2023	AN	200,000,000	7.32	$\frac{3}{4}$	20,788,800	2,100,000	
1994/2001	J11	23,500,000	FLOATING	-	2,035,600		
					150,095,400	12,995,000	
<b>Payable in Japanese Yen:</b>							
1994/1999	J9	4,700,000,000	4.8	-	3,045,600		
1994/2001	J10	2,300,000,000	4.95	-	1,541,200		
					4,586,800		

*EXHIBIT XII*

**ESTIMATED INTEREST AND DEBT RETIREMENT 1998-99 (Cont'd)**

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption
			%	%	\$	\$	\$
<b>Payable in Swiss Francs:</b>							
1985/2000	S3	150,000,000	5 $\frac{7}{8}$	-	8,385,000		
1990/1999	S6	125,000,000	7 $\frac{1}{2}$	-	9,750,000		130,000,000
1991/2003	S7	150,000,000	7	2	10,920,000	2,191,700	
1997/2002	S8	150,000,000	3 $\frac{3}{4}$	-	5,070,000		
					34,125,000	2,191,700	130,000,000
					403,817,900	38,794,700	322,000,000
<b>Canada Pension Plan: (20 Year Term)</b>							
1978/79	3A	36,622,000	9.35-10.16	-	2,393,300		
1979/80	3A	40,070,000	9.98-12.74	-	4,242,100		
1980/81	3A	42,645,000	11.61-13.46	-	5,416,800		
1981/82	3A	52,973,000	13.66-17.51	-	8,173,600		
1982/83	3A	52,104,000	12.01-16.53	-	7,645,000		
1983/84	3A	50,738,000	10.92-12.14	-	5,882,300		
1984/85	3A	47,146,000	12.08-14.06	0.004	6,303,100	177,500	
1985/86	3A	50,570,000	10.58-12.57	0.011	5,806,900	543,100	
1986/87	3A	59,659,000	9.04-10.17	0.012	5,735,200	744,900	
1987/88	3A	43,829,000	9.12-11.07	0.014	4,280,400	604,700	
1988/89	3A	41,635,000	9.62-10.39	0.015	4,196,400	616,800	
1989/90	3A	45,188,000	9.15-10.31	0.016	4,475,100	706,300	
1990/91	3A	40,432,000	9.78-11.33	0.017	4,385,400	685,700	
1991/92	3A	40,858,000	9.81-10.04	0.017	4,052,800	684,800	
1992/93	3A	28,770,000	9.17- 9.45	0.017	2,695,300	493,900	
					75,683,700	5,257,700	
<b>TOTAL</b>					479,501,600	44,052,400	322,000,000

**EXCHANGE RATES USED IN CONVERSION**

U.S..... Average of Quarterly Forecasts : 1.4100 Cdn.  
Yen..... 0.0135 Cdn.  
S.F. .... 1.0400 Cdn.

*EXHIBIT XIII*

**DETAILS OF CAPITAL EXPENDITURES**

**ESTIMATES 1998-99**

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE \$	RELATED REVENUE \$	NET EXPENDITURE \$
<b>CONSOLIDATED FUND SERVICES</b>				
1.2.01	Recoveries on Loans, Advances and Investments .....	-	979,100	(979,100)
1.3.01	Various Facilities - Rental Purchase .....	87,500	-	87,500
1.4.02	Issues Under Guarantee (Statutory) .....	500,000	1,000	499,000
<b>TOTAL</b>		<b>587,500</b>	<b>980,100</b>	<b>(392,600)</b>
<b>GOVERNMENT SERVICES AND LANDS</b>				
4.1.05	Land Management .....	317,000	1,300,000	(983,000)
<b>TOTAL</b>		<b>317,000</b>	<b>1,300,000</b>	<b>(983,000)</b>
<b>WORKS, SERVICES AND TRANSPORTATION</b>				
2.2.05	Salt Storage Sheds .....	300,000	-	300,000
2.2.06	Alterations - Leased Accommodations .....	75,000	-	75,000
2.3.03	Heavy Equipment .....	2,000,000	125,000	1,875,000
3.2.01	Administrative Support - Road Construction .....	449,500	-	449,500
3.2.02	Pre - Engineering - Road Construction .....	650,000	-	650,000
3.2.03	Improvement and Construction - Provincial Roads .....	16,000,000	4,000,000	12,000,000
3.2.04	Highways - Transportation Initiative .....	35,000,000	35,000,000	-
3.2.05	Regional Roads - Transportation Initiative .....	21,000,000	21,000,000	-
3.2.06	Trans Labrador Highway .....	36,000,000	36,000,000	-
3.2.08	Land Acquisition .....	2,500,000	-	2,500,000
3.3.01	Alterations and Improvements to Existing Facilities .....	4,350,000	2,475,000	1,875,000
3.3.02	Development of New Facilities .....	800,000	1,000,000	(200,000)
3.3.03	Advanced Planning - Studies .....	500,000	-	500,000
3.3.04	Realty Services .....	40,000	-	40,000
4.1.03	Airstrips .....	1,000,000	1,000,000	-
4.2.03	Ferry Terminals .....	1,500,000	-	1,500,000
4.2.04	Ferry Vessels .....	2,409,700	-	2,409,700
5.2.02	Park Development - C.A. Pippy Park Commission .....	100,000	-	100,000
<b>TOTAL</b>		<b>124,674,200</b>	<b>100,600,000</b>	<b>24,074,200</b>
<b>DEVELOPMENT AND RURAL RENEWAL</b>				
3.1.07	Comprehensive Labrador Agreement Initiatives .....	1,060,000	1,405,100	(345,100)
4.1.02	Strategic Enterprise Development Fund .....	7,000,000	12,500,000	(5,500,000)
<b>TOTAL</b>		<b>8,060,000</b>	<b>13,905,100</b>	<b>(5,845,100)</b>
<b>FISHERIES AND AQUACULTURE</b>				
2.1.03	Fisheries Facilities .....	100,000	-	100,000
2.2.02	Middle Distance Fishing Vessel .....	630,000	-	630,000
3.2.02	Economic Renewal Agreement .....	3,400,000	2,720,000	680,000
<b>TOTAL</b>		<b>4,130,000</b>	<b>2,720,000</b>	<b>1,410,000</b>
<b>FOREST RESOURCES AND AGRIFOODS</b>				
2.1.05	Resource Roads Construction .....	2,000,000	-	2,000,000
4.1.04	Land Development .....	300,000	-	300,000
4.1.05	Green Plan .....	300,000	-	300,000
<b>TOTAL</b>		<b>2,600,000</b>	<b>-</b>	<b>2,600,000</b>

*EXHIBIT XIII*

**DETAILS OF CAPITAL EXPENDITURES**

**ESTIMATES 1998-99**

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE \$	RELATED REVENUE \$	NET EXPENDITURE \$
<b>INDUSTRY, TRADE AND TECHNOLOGY</b>				
3.1.03	Industrial Infrastructure - Offshore Fund .....	1,350,000	1,012,500	337,500
<b>TOTAL</b>		1,350,000	1,012,500	337,500
<b>TOURISM, CULTURE AND RECREATION</b>				
3.1.06	Support for Cultural Activities .....	200,000	-	200,000
3.1.07	Historic Sites Development .....	10,000	10,000	-
4.1.02	Park Development .....	250,000	-	250,000
4.1.03	National Parks .....	5,000	2,500	2,500
5.1.02	Community Sports Facilities .....	644,000	-	644,000
7.1.02	Economic Renewal Agreement .....	1,295,100	1,036,100	259,000
<b>TOTAL</b>		2,404,100	1,048,600	1,355,500
<b>EDUCATION</b>				
2.1.09	Newfoundland and Labrador Education Investment Corporation .....	16,250,000	-	16,250,000
3.1.06	Skills Training Projects - Offshore Fund .....	4,036,500	3,027,400	1,009,100
3.2.02	Physical Plant and Equipment - Memorial University .....	4,462,000	-	4,462,000
3.3.02	Physical Plant and Equipment - Provincial College .....	500,000	-	500,000
4.2.02	Provincial Information and Library Resources .....	120,000	-	120,000
<b>TOTAL</b>		25,368,500	3,027,400	22,341,100
<b>HEALTH AND COMMUNITY SERVICES</b>				
4.3.01	Furnishings and Equipment - Health Care Facilities .....	4,500,000	-	4,500,000
4.3.02	Hospital Facilities .....	20,083,100	6,000,000	14,083,100
4.3.04	Long Term Care Facilities .....	509,600	-	509,600
<b>TOTAL</b>		25,092,700	6,000,000	19,092,700
<b>MUNICIPAL AND PROVINCIAL AFFAIRS</b>				
3.2.01	Municipal Infrastructure .....	35,684,600	-	35,684,600
3.2.02	Canada-Newfoundland Infrastructure Program .....	7,496,200	5,430,400	2,065,800
3.2.03	Water and Sewer Servicing - Coastal Labrador .....	3,816,100	2,124,600	1,691,500
4.1.03	Disaster Assistance for Infrastructure .....	500,000	500,000	-
4.1.04	Joint Emergency Preparedness Projects .....	100,000	100,000	-
<b>TOTAL</b>		47,596,900	8,155,000	39,441,900
<b>TOTAL: CAPITAL ACCOUNT EXPENDITURES</b>		242,180,900	138,748,700	103,432,200