BUDGET SPEECH 2010

The Right Investments
For Our Children and Our Future

Delivered by

HONOURABLE THOMAS W. MARSHALL, Q.C.
Minister of Finance and
President of Treasury Board

At the

THIRD SESSION OF THE FORTY-SIXTH GENERAL ASSEMBLY
OF THE HOUSE OF ASSEMBLY

Monday, March 29, 2010
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INTRODUCTION

Mr. Speaker, we have no greater responsibility, we have no finer purpose, we have no higher priority, than to ensure our children’s future is rich with opportunity and secure.

It is my honour today to deliver our government’s seventh budget and walk you through the investments we are making to give the children of Newfoundland and Labrador the brilliant future each and every one of them deserves.

How far we have come since we set out on this journey in 2003!

For some back then, self-reliance was just a pipe dream. But for this government, self-reliance was a dream worth pursuing, a noble ambition, and an objective we knew we could achieve by working together as Newfoundlanders and Labradorians.

Mr. Speaker, what progress we have made toward that goal. The signs of progress are unmistakable and our optimism is unshakable, even during the worst recession to hit the world in decades.

We’ve been weathering the storm, strong and confident. Because of real leadership and the right choices, Newfoundland and Labrador is farther along the road to self-reliance today than we have ever been in our history.

This is not a time to slam on the brakes. Our seventh budget is about moving forward.

These are sound investments that will advance us ever closer to our goal of self-reliance.

These are responsible investments that will grow our economy, strengthen our communities, diversify our industries and improve the lives of our people.

These are the right investments for today, the right investments for our children, the right investments for our future.

“THE RIGHT INVESTMENTS – FOR OUR CHILDREN AND OUR FUTURE”
THE ECONOMY

Mr. Speaker, 2009 was a difficult year for most economies throughout the world, but the global recession bottomed out in the first half of 2009 and most economies are now in recovery. Gross domestic product (GDP) in most major industrialized economies, and the global economy as a whole, declined last year as losses early in the year were too substantial to be offset by later gains. With the U.S. being Canada’s, and Newfoundland and Labrador’s, largest trading partner, the recession there weakened export markets last year.

Economic Performance 2009

Newfoundland and Labrador’s export sector felt the effects of the recession. Resource-based industries such as the fishery, forestry and mining experienced market downturns last year.

- It is estimated that real GDP declined by 8.9% due mainly to natural declines in oil production as well as recession-related output cuts in mineral, newsprint and fish production.

- Employment fell by 2.5% as impacts from the recession resulted in job losses in many resource industries and, as a result, the unemployment rate increased to 15.5%.

- While GDP and employment declined in Newfoundland and Labrador during the recession, the province’s domestic economy weathered the downturn better than many others. Several economic indicators fared very well in a provincial context.
  - Labour income increased by 4.2% — the second best performance among the provinces.
  - Housing starts, while down marginally from a 19-year high in 2008, turned in the second best performance in the country.

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Capital investment growth ranked fourth among the provinces, with Newfoundland and Labrador being one of only four provinces to record positive investment growth last year.

- Although the export sector suffered from the fallout of the global recession, domestic demand performed well. Consumer confidence remained solid throughout last year.

- Retail sales grew by 2.6% — the strongest performance in the country and one of only two provinces to record sales growth.

- Personal income grew by 3.9% while disposable income increased by 4.7%, aided by tax cuts.

- The recent strength in domestic demand and continued optimism about the development of projects such as the Hebron oil project contributed to net immigration and an increase in the province’s population. On July 1, 2009 the province’s population was estimated to be 508,925, an increase of 0.5% or 2,484 people over the previous year. This was the largest percentage increase in the provincial population since 1983.

- Despite the recession, the number of non-resident travel and tourism visitors to the province increased 0.7% to 483,200 and expenditures grew 1.4% to $375 million.

2010 Economic Outlook

Mr. Speaker, the past year was a tumultuous one for most economies around the world. Governments around the world have unleashed major fiscal and monetary stimulus initiatives, which appear to be working. A recovery has taken hold in most industrialized countries and global growth is expected to return, however, some countries will be slower to recover than others.

Investment in Newfoundland and Labrador is set to rise to unprecedented levels over the next two years as activity on major projects ramps up. In fact, we believe that Newfoundland and Labrador could recover from this recession much quicker.

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than in any previous recession. As a result, real GDP is forecast to increase by 4.0% in 2010 as an anticipated rebound in mineral exports and increased construction activity on major projects more than offset natural declines in oil production.

- Employment is expected to grow 2.3% to average 219,900 and the unemployment rate is forecast to decline 0.6 percentage points to 14.9%.

- Personal income and disposable income are expected to grow 3.9% and 3.3%, respectively, both aided by wage gains and employment growth.

- Retail sales are expected to increase 5.0%, reflecting employment and income growth as well as high levels of consumer confidence.

- The population is expected to increase 0.5% as positive net migration continues.

- Capital investment is expected to rise 23.0%, driven mainly by expenditures in the oil and gas industry and on Vale Inco’s nickel processing facility. The province is expected to lead the country in investment growth in 2010.

- Housing starts are expected to increase 1.5% to 3,102. Residential construction spending is expected to increase 3.5% to $1.6 billion.

- First oil from the first of three satellite developments linked to the White Rose oilfield is expected in 2010.

- Development of the Hebron oilfield will continue to be advanced and a Development Plan Application is expected to be submitted in late 2010.

- The value of mineral shipments is expected to increase about 60%, to $3.1 billion, as a result of higher production volumes and prices for iron ore, nickel and copper, and mineral exploration expenditures are expected to increase to $59 million.

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• The latest outlook from the Conference Board of Canada predicts total overnight tourist visits to the province to increase 1.3%.

Mr. Speaker, while some sectors in the province will benefit from the global recovery, others will continue to be impacted by a slower recovery in the United States.

• Newsprint shipments are expected to decrease about 10% to 238,000 tonnes.

• Newfoundland and Labrador manufacturers which sell into the U.S. market, forest product producers in particular, could be negatively impacted by a slower recovery in that country.

• Fish landings are expected to be on par with 2009 levels. Improvement in market prices will largely depend on the strength of the global economic recovery; however, aquaculture production is expected to continue to see growth in 2010, driven mainly by growth in Atlantic salmon and steelhead trout production.

• These sectors of the economy affect rural Newfoundland and Labrador and need government stimulation to replace reduced private demand.

Beyond 2010

Mr. Speaker, beyond 2010, the economic outlook remains positive. While GDP growth will vary depending on major project timelines and oil production, other economic indicators, such as employment and income, are expected to continue to increase. In addition, the unemployment rate is expected to resume its downward trend, and continued consumer optimism is expected to produce stronger consumer spending.

"THE RIGHT INVESTMENTS – FOR OUR CHILDREN AND OUR FUTURE"
Main Economic Indicators
(Percentage Change)

<table>
<thead>
<tr>
<th></th>
<th>2009e</th>
<th>2010f</th>
<th>2011f</th>
<th>2012f</th>
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</thead>
<tbody>
<tr>
<td>Real Gross Domestic Product</td>
<td>(8.9)</td>
<td>4.0</td>
<td>3.1</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Personal Income</td>
<td>3.9</td>
<td>3.9</td>
<td>5.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Retail Sales</td>
<td>2.6</td>
<td>5.0</td>
<td>3.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Housing Starts (number)</td>
<td>3,057</td>
<td>3,102</td>
<td>3,121</td>
<td>3,047</td>
</tr>
<tr>
<td>Consumer Price Index</td>
<td>0.3</td>
<td>2.2</td>
<td>2.3</td>
<td>2.6</td>
</tr>
<tr>
<td>Employment</td>
<td>(2.5)</td>
<td>2.3</td>
<td>1.5</td>
<td>0.7</td>
</tr>
<tr>
<td>Unemployment Rate (percent)</td>
<td>15.5</td>
<td>14.9</td>
<td>14.4</td>
<td>13.9</td>
</tr>
</tbody>
</table>

Development of major projects over the medium term will contribute significantly to increased employment and incomes in the province. Employment related to construction on major projects is expected to increase by nearly 4,000 to 6,200 person years in 2010, including spin-offs, and is expected to grow by a further 1,500 to approximately 7,700 in 2011. Investment in infrastructure in the province, by the province and for the province will create an additional 7,740 person years of employment in all regions of the province.
Strength in domestic demand and continued optimism about the development of major projects are factors which have led to recent net in-migration and an increase in the province’s population. The population is expected to continue to trend upwards over the medium term, even though there may be fluctuations in population on a quarterly basis. Overall, the positive economic outlook is expected to lead to modest population growth in the province over the medium term.

**FISCAL FRAMEWORK**

**Review of 2009-10**

Mr. Speaker, the Public Accounts for 2008-09 were recently released and indicate a fourth consecutive surplus at $2.4 billion. The cumulative value of those surpluses is $4.1 billion since 2005-06. The province’s Net Debt had a corresponding decrease of $3.9 billion from a high of almost $12 billion at March 31, 2005 to $7.9 billion at March 31, 2009.

When we delivered Budget 2009, we knew 2009-10 would be challenging. We had a plan already firmly in place to strengthen the economy of Newfoundland and
Labrador – tax reductions, strategic spending, debt reduction and investment in provincial infrastructure. In 2009-10, to ensure we weathered the economic storm, we committed to stay the course.

At the time of Budget 2009, we had forecast a deficit of $749.5 million. I am pleased to report that we expect the revised deficit will be reduced by approximately 60% to $294.9 million. The primary reason for the improvement is strengthened oil prices during the year compared to the budget forecast.

![Statement of Operations 2009-10](image)

**Forecast for 2010-11**

Mr. Speaker, global economic recovery is still fragile. While some of the sectors of the Newfoundland and Labrador economy are already seeing the benefits of a return to growth, a number of sectors which impact rural parts of the province continue to be negatively impacted by persistent weakness and uncertainty, particularly in the United States.

As a government, we feel it is necessary to continue with our efforts to stimulate as the world returns to normal and more broadly based levels of economic activity.

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This is not the time to retreat. We want to keep the momentum going in the right direction.

In order to achieve this goal and not cut programs and services that are crucial to Newfoundland and Labrador families, the province is forecasting a deficit of $194.3 million for 2010-11. We will continue to invest in infrastructure. We will continue to invest in programs and services. And, as an added stimulus, we will again reduce taxes.

<table>
<thead>
<tr>
<th>Statement of Operations 2010-11</th>
<th></th>
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<tbody>
<tr>
<td>($ millions)</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>2009-10 Revised</td>
<td>2010-11 Estimate</td>
</tr>
<tr>
<td>Fiscal Revenue</td>
<td>6,393.0</td>
</tr>
<tr>
<td>Net Income of Government Business Enterprises</td>
<td>185.3</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>6,578.3</td>
</tr>
<tr>
<td><strong>Net Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Program Expenses</td>
<td>5,969.9</td>
</tr>
<tr>
<td>Debt Servicing Expenses</td>
<td>903.3</td>
</tr>
<tr>
<td>Total Net Expenses</td>
<td>6,873.2</td>
</tr>
<tr>
<td>Deficit</td>
<td>(294.9)</td>
</tr>
</tbody>
</table>

Revenues will grow in 2010-11, primarily the result of an expected increase in oil prices, despite natural declines in production, but also broad increases over most other revenue sources reflecting general growth in the economy. Oil prices in 2009-10 averaged $US68.53 and are forecast to rise to an average of $US83.48 in 2010-11.
Program expenses will also increase, offset somewhat by a decrease in debt servicing costs, the result of a substantial recovery of the value of pension assets.

Mr. Speaker, since our government came into office, we have focused on making the tax system competitive and fairer for all residents of Newfoundland and Labrador. We have implemented and enhanced a Low Income Tax Reduction; we have reduced tax rates at each tax bracket; we have indexed the tax system; we have enhanced the Low Income Seniors’ Benefit and eliminated the sales tax on insurance premiums. These measures have put money back in the hands of families and consumers and ensured that we do not place an undue burden on those families with lower incomes.

I am pleased to announce that we will do more in this budget. The Age Amount for those 65 years of age and older will increase from $3,681 to $5,000 and the maximum Seniors’ Benefit will also increase from $803 annually to $900.

An examination of the national pension system is also occurring and we are participating in that process with other provincial jurisdictions and the Federal...
Government. It is expected that any changes which may result from that process will come forward during the year.

Mr. Speaker, I am also pleased to announce that effective July 1, 2010, the personal income tax rates applicable to the second and third income brackets will decrease to 12.5% and 13.3% respectively from the current levels of 12.8% and 15.5%. Newfoundland and Labrador is headed for a period of strong economic growth within an environment of professional and skilled labour shortages. We are investing to attract and retain the professional and skilled labour to meet the employment demand forecasted for the province. In order to compete nationally and internationally for business investment and labour, it is imperative that we maintain the competitiveness of our tax system. This measure fulfills our commitment to maintain the lowest tax rates in Atlantic Canada. In addition, the Dividend Tax Credit for dividends received from large corporations will increase from 9.75% to 11.0% enhancing our competitiveness and encouraging investment.

Small business is the backbone of any economy and generates significant employment for people in all parts of the province. I am pleased to announce that effective for tax years beginning after March 31, 2010, the rate of Corporate Income Tax applicable to profits earned by small business will be reduced from 5% to 4%. This will benefit approximately 4,800 small businesses in the province.

Finally, Mr. Speaker, effective midnight tonight, the rate of tobacco tax applicable to cigarettes and fine cut tobacco will increase by 1 cent per manufactured cigarette and 2 cents per gram of fine cut tobacco.
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INVESTMENTS IN CHILDREN AND YOUTH

Mr. Speaker, directly or indirectly, every initiative in this budget is about children. Everything we do has their best interests at heart and their bright future in view.

Some children in this province are especially vulnerable and need our help. Last year, we established a new Department of Child, Youth and Family Services and made child protection a primary focus. This year, as we work to transition staff and services, we are providing the new department with a total budget of $167 million. This budget includes funding to hire 27 new personnel whose support will enable our social workers to get back to the basics of case management and frontline service delivery.

With a long-term goal of creating a continuum of appropriate placement options for at-risk children and youth, we are providing funding this year to undertake a survey of foster families to understand the challenges they face and how best to address them. We are also increasing our funding to the Foster Families Association to support their operations. Last year, we provided $1.3 million to enhance the foster care rate structure, and we are confident our approach over time will help us grow the number of foster homes in our communities which is a key component of the continuum.

To enhance children’s learning as one component of early development, our government will commence extensive consultations in order to help develop an Early Childhood Learning Framework. These consultations on the proposed framework components will be held with parents, educators and community partners. Budget 2010 includes funding of $507,500 to begin this important process.

We have identified a growing need for speech language pathology services for preschoolers in the rural Avalon region and in Clarenville, so this year, we are investing $150,200 to improve access.
We are making significant investments to improve **K-12 education** this year:

- With $2.2 million, we will advance the Excellence in Mathematics strategy through new curriculum, textbooks and resources for students and teachers;

- With $1.9 million, we will extend the class size cap to Grades 6 and 9 and thus complete the implementation of capped class sizes fully throughout Grades K-9; and,

- Through an investment of $383,900 in 2010-11, with an annual cost of $550,000, we will increase student assistant hours by more than 25,000 a year to support inclusive classrooms by assisting students with special needs, including those with autism and severe behavioural issues.

Even greater, in dollar terms, will be our investments in **K-12 infrastructure** this year, building on the record investments we have made throughout our tenure. We are providing:

- $500,000 to commence planning for a new high school in the west end of St. John’s;

- $500,000 to commence redevelopment of Exploits Valley High in Grand Falls-Windsor;

- $1.2 million for an extension and skilled trades suite at New World Island Academy;

- $1.5 million for the construction of additional classrooms and other upgrades at St. Paul's Intermediate in Gander;

- $2.5 million to construct an extension and upgrade Roncalli Elementary in St. John’s;

- Funding to support a commitment to build a new school to replace Virginia Park Elementary in St. John’s; and,

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• An additional $14.3 million to address repair and maintenance issues throughout our five school districts, bringing the total allocation for 2010-11 to $34.3 million.

Maintenance issues also challenge our libraries, so we will provide an additional $250,000 in 2010-11 to the Provincial Information and Library Resources Board to address the need for repairs and maintenance.

Our sizeable investments in new infrastructure for education are not confined to the K-12 system. This year, we will be investing significantly in post-secondary infrastructure.

• We will allocate $18 million this year to begin construction of a 500-bed residence at Memorial University’s St. John’s campus and a 200-bed residence at the Corner Brook campus, at a total combined investment of $88.3 million. Furthermore, $7.5 million is allocated for upgrades to the existing residences in 2010-11.

• We will provide another $3.2 million to Memorial this year for its deferred maintenance plan and laboratory upgrades for a total budget of $7.2 million.

• We will invest $3.4 million in Memorial and College of the North Atlantic in accordance with the directions of the white paper on post-secondary education.

• We will also leverage federal funding for several additional infrastructure projects with provincial investment of over $30 million, including:
  o $11.5 million for the construction of the new College of the North Atlantic’s Labrador West campus;
  o $3.3 million for continuation of roof and ventilation upgrades for the College’s Prince Philip Drive campus;
  o $2.5 million for building upgrades and improved ventilation for the College’s Seal Cove campus; and,
o $13 million for construction of the new academic building at Memorial’s Corner Brook campus.

Other investments at Memorial University include:

- $294,500 to continue a doctoral level training program in clinical psychology;
- $800,000 to support the marketing of the university nationally and globally; and,
- $2 million as we continue to follow through on our commitment to increase autonomy for Memorial’s Corner Brook campus.

Also, Mr. Speaker, the Provincial Government will allocate an additional $2 million to the School of Graduate Studies at Memorial University for fellowships, in support of the school remaining competitive in Canadian and international markets.

Through our unprecedented investments to improve student aid and make post-secondary education more affordable, Newfoundland and Labrador has become a national leader in post-secondary accessibility. We have frozen tuition fees at Memorial University and College of the North Atlantic in each of our last six budgets. With an additional investment this year of $5 million at Memorial University and $1 million at the College, we will extend the tuition fee freeze yet again in 2010.

Our government is undertaking many other initiatives to promote Newfoundland and Labrador as the province of choice for young people and others to study, work and stake their future.

- Through an allocation of $2.3 million under the Labour Market Agreement, we will commence implementation of a new strategic adult literacy plan.
- We will undertake a comprehensive Labour Market Review to help us more accurately target the more than $250 million we are now administering to develop the labour market.

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• We are also providing $4 million to continue implementing the recommendations of the Skills Task Force report. This includes $1 million for College of the North Atlantic to upgrade equipment and trades shops where our young people are preparing for exciting opportunities right at our doorstep; $2.9 million for skilled trades training capacity; and $100,000 to support the work of the industry coordinating committee.

We want our young people to stay, and this is an example of how we are working to make it happen.

INVESTMENTS IN INFRASTRUCTURE

Mr. Speaker, even the greatest recession to hit the world in decades has not stopped our progress. When the recession hit, we were ahead of the game. We already had an aggressive Infrastructure Strategy in place, and in the face of a recession, we stepped up our efforts even further. We took this approach, not merely because most other jurisdictions in the world were preparing to take stimulus measures of their own, but moreover because we had proven that responsible infrastructure spending is a sound investment in growth, prosperity and long-term sustainability. Infrastructure initiatives inspire investors to spend, encourage entrepreneurs to diversify, and empower employers to hire. Reliable infrastructure is the foundation of every resilient economy, and we spend wisely when we invest to make it strong. Roads and highways, wharves and bridges, ferries and terminals, schools and hospitals, long-term care centres, municipal works and public housing – this is infrastructure we require. In rural regions and larger centres throughout Newfoundland and Labrador, we believe in our future. We are determined to invest in securing the foundations and strengthening the pillars in all our regions because we intend to stay here and prosper here in Newfoundland and Labrador for generations to come. The infrastructure investments we began when we took office and advanced last year must continue, progressively, strategically and responsibly, guided by our long-term plan.

Public infrastructure is by definition the property of the people of Newfoundland and Labrador, and taxpayers are right to demand good value for the infrastructure investments we make on their behalf. We expect contractors to sharpen their pencils and provide bids that are reasonable and competitive; and as they do, the
tenders will be let, the funding will roll out, the work will proceed, and communities throughout this province will reap the benefits of the aggressive infrastructure investments I am announcing today.

Last year, the Premier announced an unparalleled increase in infrastructure spending to $800 million in the 2009-10 fiscal year and a plan to grow infrastructure spending to more than $4 billion over the next several years. By year’s end, we had let tenders for $1.3 billion worth of projects.

This year, we will invest approximately $1 billion in infrastructure projects, an investment that will generate some 7,740 person years of employment and will benefit all regions of the province – a new record for infrastructure spending.

This investment includes $105.1 million for repairs and maintenance across all sectors: transportation and works, public housing, health care and education. Every one dollar invested in maintenance saves us five dollars down the road. This is the responsible approach: we are right to take it, and we will be stronger because we did.

Total infrastructure spending is expected to grow to $5 billion over the next several years.

To build on our investments in roadwork in recent years, we will provide $177.7 million in provincial funding for road and bridge expenditures throughout the province. This Provincial Government investment will be supplemented by an additional $57.9 million in Federal Government funding for a total investment this year of $235.6 million for road and bridge projects throughout Newfoundland and Labrador, the vast majority directly benefiting our rural communities province-wide. This investment includes:

- The Provincial Roads Improvement Program and improvements to the Trans-Canada Highway / National Highway System;

- Funding for the Conception Bay South Bypass extension, Team Gushue Highway extension and completion of the Torbay Bypass;

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- Funding to begin replacement of the Sir Ambrose Shea Lift Bridge in Placentia;

- Funding to begin replacement of the Kenmount Road (Donovan’s) overpass; and,

- Trans-Labrador Highway projects that I will spell out shortly.

This will truly be yet another banner year for roadwork across Newfoundland and Labrador.

The **provincial ferry system** is an important extension of transportation connections to isolated and island communities throughout the province, benefiting local residents, businesses and tourists alike. This year, we are allocating $5 million to maintain and upgrade our ferry terminals, $12.5 million to refit existing vessels and $55 million to advance construction of new vessels to replace the aging fleet under our Vessel Replacement Strategy. Two medium-size vessels are now under construction, and the propulsion system has been purchased for a third vessel on which construction will soon begin. Our government has also appointed the consultant that will design a fourth new large-size provincial ferry to replace the Captain Earl W. Winsor on the Fogo Island and Change Islands run.

Mr. Speaker, I am delighted to announce that our government will proceed with the construction of **six new ferries** – five for the south coast of the Island and one for the south coast of Labrador – and they will be constructed right here in Newfoundland and Labrador. Construction of these new vessels will create employment and opportunity within our province’s marine services and shipbuilding industries and provide an even more reliable service to the people of our isolated and island communities.

We are also allocating $50.3 million in 2010-11 toward the purchase of four new **water bomber aircraft**, as previously announced. This year, we will take possession of the first two of these aircraft and will start reaping the benefits of their state-of-the-art forest fire suppression capabilities.

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I am pleased to announce that we are increasing our funding to municipalities for fire truck acquisition to $2.5 million this year, and $7.6 million over the next four years; and we are also doubling our funding for critical firefighting equipment upgrades and replacement to $1 million this year, and $2.5 million over the next four years – a clear demonstration of our support for this province’s 6,200 volunteer firefighters.

**Municipal infrastructure** projects represent direct investments in our communities and our people. This year, our provincial contribution to municipal infrastructure projects will total $135.5 million. That funding will, in turn, leverage another $53.4 million in federal funding, raising the cost-shared value to $188.9 million, nearly 22% higher than it was last year. When the municipal contributions are factored in, the total investment in municipal infrastructure in the province this year is anticipated to be approximately $225 million – the largest annual investment in municipal infrastructure in our province’s history.

We are investing $35.5 million for alteration, improvement and new development of **public buildings**. This includes, among other projects, funding to continue with exterior renovations and window replacement at Confederation Building, and funding to begin redevelopment of the Sir Richard Squires Building in Corner Brook.

We are investing $15.9 million to continue with the redevelopment of the **Royal Newfoundland Constabulary Headquarters** at Fort Townshend.

Under goals outlined in the province’s Social Housing Plan, “Secure Foundations”, we are investing $27 million for **Newfoundland and Labrador Housing Corporation** infrastructure projects, affordable housing and increased maintenance funding.

We will also invest $3.6 million to replace the Crabbes River Bridge along the T’Railway Provincial Park and $1.6 million to begin a series of major infrastructure improvements at the Salmonier Nature Park.
INVESTMENTS IN DIVERSIFICATION

Mr. Speaker, diversification is the key to long-term economic sustainability and self-reliance in Newfoundland and Labrador. The more opportunities we capture, the broader the foundation on which our economy is grounded. Through the departments of Finance, Business and Innovation, Trade and Rural Development, our government provides funding for programs that help private sector enterprises expand and help local and regional economies grow stronger. Many of those we help find new markets, attract new investors, make more sales and hire more employees. This year, we will invest more than $126 million in programs like these in a continuing effort to diversify and strengthen our economy. Here are some examples of investments we will be making this year:

- $61 million in tax credits and incentives;

- $11 million in the Regional/Sectoral Diversification Fund to take full advantage of our strengths and capture regional investment opportunities in a wide range of sectors;

- $2 million in the Aerospace and Defence Development Fund designed to support the growth of this industry in Newfoundland and Labrador;

- $1 million in the Innovation Enhancement Fund plus $1 million in the Commercialization Fund, both initiatives launched under our Innovation Strategy;

- $1 million in the Oil and Gas Manufacturing and Services Export Development Fund as part of a two-year, $3 million commitment for this Energy Plan initiative, which assists companies in the province’s oil and gas supply sector to diversify their markets and take advantage of new export opportunities; and,

- $4.9 million under the five-year Oceans of Opportunity Strategy to advance our ocean technology sector.

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• Other programs include the Small and Medium-sized Enterprise Fund, the Business Attraction Fund and the Business and Market Development Program.

We will release our five-year **Air Access Strategy** this year, which will focus on improving access to air transportation in our province by encouraging greater capacity and more direct and frequent flights.

This year will also see the completion of a comprehensive **investment attraction strategy**. This multi-year plan will be designed to provide coordinated, strategic oversight of activities and initiatives throughout the Provincial Government that support the attraction of new investment to the province across a number of sectors.

Last year, we established the **Research and Development Corporation (RDC)** to support academic and industrial research and development in Newfoundland and Labrador. RDC is starting its first year of operations with a landmark $8 million investment in the Ocean Sciences Centre, and it is also continuing to deliver the Industrial Research and Innovation Fund. RDC will launch new initiatives to enhance the province’s R&D capacity in energy, ocean technology and other sectors with the potential to significantly impact Newfoundland and Labrador’s economy. When the breakthroughs are made, we will be there to reap the benefits.

Innovation and ingenuity are driving growth in many of our industries, including one that is making waves all around the province. To advance the momentum of our **aquaculture** industry:

• We will provide $9 million this year to construct aquaculture biosecurity infrastructure including new wharves on the Connaigre Peninsula to ensure the health and safety of fish on farm sites;

• We will provide $1.25 million from the Community Development Trust to enhance biosecurity in the salmonid aquaculture sector through alternatives to the dumping of waste products generated through fish processing;

• We will provide $7.5 million this year towards the construction of an $8.8 million Centre for Aquatic Animal Health and Development in St. Alban’s;

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• We will provide a further $500,000 for aquaculture laboratory equipment for this St. Alban’s facility;

• We will provide $600,000 for aquaculture wastewater treatment facilities; and,

• We are investing $6.6 million to provide aquaculture capital equity to developers.

Our fishing industry is tremendously important to our province and to our government. To advance our fishing industry, we will provide:

• $1 million to the Canadian Centre for Fisheries Innovation to support fisheries and aquaculture R&D;

• $2 million for the Fisheries Technology and New Opportunities Program to make our fishing industry even more competitive;

• $250,000 for a Fishing Industry Safety Council; and,

• $100,000 for communications in support of our sealing industry.

We are also investing $300,000 for continuing development and implementation of a provincial Coastal and Ocean Management Strategy and Policy Framework to address issues such as climate change, aquatic invasive species and the establishment of new Coastal Management Areas.

To support the agriculture sector, our government is currently developing a new agriculture strategy to identify the best approach to make this primarily rural industry more competitive, and to increase local food production and value-added processing opportunities. To increase local food production, more suitable land needs to be developed. To assist industry with its expansion plans, the Provincial Government is working with the Federal Government on a large-scale land development initiative. Budget 2010 contains a $2 million commitment over four years for the provincial portion of this initiative.

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In the **forestry** sector:

- We will allocate $30.6 million over the next two years to invest in additional forest management responsibilities and purchase timber rights from Corner Brook Pulp and Paper, not only supporting integrated sawmill operations, but also strengthening Corner Brook Pulp and Paper in the process.

- We will invest $7.5 million under the Forest Industry Diversification Program to continue diversifying our sawmill sector.

The forestry sector has encountered challenges, of which we are all well aware. In **central Newfoundland**, as in the Stephenville region, where major forest enterprises have folded, diversification is the path to a prosperous, sustainable future. In both of these regions, people are known for their resourcefulness and ingenuity, so it comes as no surprise to any of us that these regions are resilient, with optimism that their future will be bright. Progress will come in steps, and there remains much work to be done, but we continue to stand shoulder-to-shoulder with the displaced workers and their representatives, with the councils, the businesses and the people of the affected communities to offer our strong and continuing support for measures to move these regions forward. The Ministerial Task Force and the Community Development Committee we established with the stakeholders of central have focused on stabilizing the area with investments in excess of $100 million to promote growth, diversification and strength. We also took the unprecedented step of committing more than $40 million in severance and other entitlements to ensure the workers are not disadvantaged by the closure of the mill and its operations. Every step of the way, we are standing by the people of central Newfoundland as we move forward.

One sector hit by the recession that is already rebounding with incredible strength is the **mining** sector. We will promote even more activity in the mining sector:

- By providing $2.1 million for a three-phase work program to assess the potential market value of the Julienne Lake iron ore deposit in Labrador West; and,
• By continuing to support the Mineral Incentive Program at a level higher than it was two years ago before the global recession hit.

• We are also investing $235,000 to develop a Provincial Minerals Strategy in consultation with stakeholders and the public, reviewing all aspects of mineral policy with a view to maximizing activity and optimizing wealth.

Our energy sector is growing by leaps and bounds. Nalcor Energy, the province’s energy corporation, is well on its way to becoming a leader of national and international stature, a mature partner of some of the biggest energy corporations in the world. Newfoundland and Labrador is finally coming into its own as a major player in the energy sector. Under our Premier’s leadership, the province through Nalcor has become an equity partner in not just one but three offshore oil projects: the White Rose Extension, the Hibernia Southern Extension and Hebron. Nalcor is also working on our behalf as we prepare to develop the Lower Churchill. To enable Nalcor Energy to operate with maximum effectiveness, we are allocating $164 million this year to allow Nalcor to take full advantage of the opportunities ahead on our behalf.

We are investing an additional $160,000 to participate at international oil and gas exhibitions where we show off our successes, showcase our strengths, forge new partnerships and bring new opportunities home.

Under our province’s Energy Plan, we are also investing approximately $12 million to advance petroleum resource marketing, geoscience data acquisition, data management, energy efficiency and conservation, and energy innovation.

We are providing a one-time funding amount of $500,000 this year that will ensure Aboriginal groups that are potentially affected by the proposed Labrador-Island Transmission Link have the financial capacity to participate in the environmental assessment review process currently being conducted on this project.

Our government is also committed to the remediation of contaminated sites, and will invest a total of $10 million to address environmental and safety issues associated with the former mine in Buchans and the former United States military station in Hopedale.
INVESTMENTS IN LABRADOR

Mr. Speaker, many of the initiatives I have already outlined will benefit the people of Labrador in important and enduring ways. But there are also other initiatives I would like to highlight now.

We were absolutely delighted a few months ago to celebrate the historic opening of Phase III of the Trans-Labrador Highway, forming the first continuous link from Labrador West to Southern Labrador. This is an achievement Labradorians will be marking for generations to come. To date, approximately $185 million has been invested in the Trans-Labrador Highway, but there is more work to come. This year, $88.6 million in cost-shared funding is being invested to continue the widening and hard-surfacing of Phase I and to complete Phase III.

To protect the integrity of this major transportation artery and ensure a safe and enjoyable driving experience for motorists, we will invest $3.2 million this year to construct a weigh-scale facility on the Labrador West end of the Trans-Labrador Highway and will create six weigh-scale inspector positions.

Another significant milestone Labradorians celebrated this year is the introduction of a year-round marine service across the Strait of Belle Isle. We will provide approximately $1.4 million this year to continue this pilot project. We encourage residents, investors and tourists alike to make plans to take full advantage of this exciting winter service.

In many areas of Labrador, snowmobile trails serve as vital winter highways. We will invest an additional $200,000 this year for winter trail grooming to maintain a quality and safe winter trail system in Labrador. We will invest $120,000 to construct a groomer garage in North West River, $60,000 to continue with trail cutting and re-routing, and $20,000 for new signage along the Labrador transportation trail system.

We will provide $378,000 for three additional RCMP officers, two of whom will enhance the Relief Unit in Happy Valley-Goose Bay to increase regular patrols to Postville, the only community on the north Labrador coast without a full-time detachment.

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We will invest $430,000 to expand the transition house in Nain and provide operational funding for a proposed shelter in Rigolet.

In northern Labrador, the demand for new housing is great and every new unit is a significant advance. I am delighted to announce that, in recognition of the need for additional units for coastal Labrador, we have approved funding of $1.2 million this year to construct four new housing units in Nain.

In total, under the Northern Strategic Plan, we are making an investment this year of more than $158 million to foster a bright and prosperous future for Labrador.

**INVESTMENTS IN POVERTY REDUCTION**

Mr. Speaker, Newfoundland and Labrador is nationally recognized as a leader in poverty reduction because of the actions we have taken since launching our Poverty Reduction Strategy in 2006. This year, as we prepare to consult on our second Action Plan, we are continuing to invest in new poverty reduction initiatives.

- To support a healthy population, we will invest $2.5 million to increase the income thresholds for eligibility under the Newfoundland and Labrador Prescription Drug Program Access Plan. With our minimum wage progressively rising in recent years, fewer are meeting the income thresholds, so we will raise the thresholds so more can qualify for coverage of the medications they need.

- To enhance the services for families experiencing separation and/or divorce outside the court process, we will allocate $310,000 for the Family Justice Services Division.

- We will also provide $519,000 to extend the pilot project that established a Family Violence Intervention Court. This specialized court focuses on providing treatment intervention to moderate-risk offenders and support to victims so the cycle of family violence can be broken.

- To support social infrastructure, we will provide $2.4 million in funding for the Supportive Living Community Partnership Initiative, doubling the amount
provided last year, in order to enhance significantly the support for community-based initiatives that help individuals with complex needs overcome homelessness.

- Women can make a profound difference as role models and leaders in Aboriginal communities, but some face challenges because of poverty, violence, low self-esteem and lack of community support. This year, we are allocating $125,000 to provide community-based supports for Inuit women in Labrador. At workshops in the five Inuit communities on Labrador’s north coast, Aboriginal women will receive guidance on how they and their neighbours can make the most of the Poverty Reduction Strategy, the Aboriginal Training Initiative, Victim Services and emerging economic activities.

- We will also provide sustaining funding of $100,000 to the Newfoundland Aboriginal Women’s Network, which enables Mi’kmaq women in central and western Newfoundland to become more self-sufficient and deal with issues ranging from poverty and violence to health concerns and illiteracy.

- To complement the strategy’s goals, we are investing $6.8 million this year in the federal-provincial Affordable Housing Program to build an additional 230 rental housing units for seniors, persons with disabilities, and persons requiring supportive services in partnership with the private and non-profit sectors;

- We are investing $17.6 million and leveraging additional federal funds to modernize more than 2,300 Newfoundland and Labrador Housing units, a 291% increase in funding under this program since just three years ago;

- We are investing an additional $1.4 million to raise the Housing Corporation’s annual maintenance budget to $10.2 million; and,

- We are also providing $1.2 million to raise the heating allowance for the Housing Corporation’s low-income tenants.

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In total, we are investing $134 million in Poverty Reduction Strategy initiatives this year, for a total investment since 2006 of $482.7 million in poverty reduction.

**INVESTMENTS IN HEALTH AND WELL-BEING**

Mr. Speaker, a year ago this month, Madame Justice Margaret Cameron released the report of the Commission of Inquiry on Hormone Receptor Testing, a report our government commissioned to investigate serious errors in cancer diagnosis and treatment. Last week, the Minister of Health and Community Services provided an update to the people of the province on the status of implementation of the recommendations contained in the report. We are pleased that 39 of the 60 recommendations have been completed or are substantially complete. By working together, the Provincial Government and Regional Health Authorities will continue to ensure that quality and patient safety are first and foremost in our minds each and every day. The residents of our province deserve no less. Our government will provide another update on the implementation of Justice Cameron’s recommendations next March.

In last year’s budget, we invested $21.4 million to further enhance laboratory services, cancer care and health information management in the province, bringing our total new investment in these core areas since 2007 to more than $75 million. Our initiatives responded directly to the findings and recommendations of Justice Cameron and the Task Force on Adverse Health Events, and they helped us make our health care system stronger and more accountable to the people it serves. We are determined to respond to all of the issues and recommendations Justice Cameron has made and to improve quality in our health care system.

Our continued investment in cancer treatment and prevention is helping to improve the lives of patients and their families. Our investments this year include:

- $5 million to continue implementing the recommendations of the Cameron report;
- $3.2 million to cover the cost of 10 new drug therapies under the Newfoundland and Labrador Prescription Drug Program, including cancer drugs;

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- $240,000 to begin implementation of the new Colorectal Cancer Screening Program we announced ten days ago;

- $197,000 in operational funding for a radiopharmacist and a program director to begin planning for the new Positron Emission Tomography, or PET, scanner at Eastern Health; and,

- $119,800 to enhance an accredited stem cell transplant program for patients in the province.

Our total investment in health this year is $2.7 billion, a record investment. Funding for health operations is more than 10% greater than last year. The true measure of the value of our investment is not the dollar amounts but the difference our investments make.

We are making a difference in people's lives by investing in strategic health care infrastructure throughout the province. Budget 2010 provides total funding for health care infrastructure of $208.9 million. This funding will provide for new construction and redevelopment of existing facilities; it will provide for repairs and renovations; and it will provide for the purchase of new medical equipment. Here's how it breaks down.

For new construction and redevelopment this year, we are investing a total of $125.1 million, including:

- $7.9 million for redevelopment of the Central Newfoundland Regional Health Centre in Grand Falls-Windsor, with a total project cost estimated at approximately $30 million;

- $11.8 million for continued construction of a new hospital in Corner Brook;

- $9 million for the continued construction of a new regional hospital in Labrador West;

- $7.9 million for continued construction of the Newfoundland and Labrador Interdisciplinary Research Centre in Genetics in St. John’s;

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$6.3 million for site preparation for the installation of the new PET scanner in St. John's;

$5 million to start construction of a new health care clinic in Flower's Cove; and,

$3.2 million for the ongoing redevelopment of the James Paton Memorial Hospital in Gander.

For repairs and renovations of existing health care facilities throughout the province this year, we are investing a total of $31.6 million.

Over the last six years our government has invested almost $180 million in new medical equipment throughout our province. This year, with an investment of $52.2 million, we are providing:

- $4.4 million for a new MRI machine at St. Clare’s Mercy Hospital;

- $3.5 million for the replacement of CT scanners at the Carbonear General Hospital and the Janeway Children’s Hospital and Rehabilitation Centre;

- Approximately $3 million for the purchase of new and replacement laboratory equipment around the province;

- $2.7 million for the provincial cardiac care program; and,

- $2.1 million for the purchase of new ultrasound machines around the province.

But there is more. We are also determined to improve access to health care by reducing wait times for services, including diagnostic procedures. This year, we will invest:

- $1.2 million to enhance surgical services at Western Memorial Hospital;
$208,000 to enhance cardiology services at Western Memorial Hospital;

$1.1 million to decrease wait times for surgery by increasing the number of positions in operating rooms in the Eastern Health region;

$413,000 to enhance hyperbaric medicine at the Health Sciences Centre;

$348,400 to help reduce wait times for CT services in St. John’s;

$366,600 to operate MRI services in central Newfoundland;

$114,400 to enhance services for patients with cystic fibrosis, including a physiotherapist to support the Adult Medicine Program and funding for nurse practitioner services;

$110,100 to improve physiotherapy services in Grand Bank;

$89,500 for respiratory therapy services at the Captain William Jackman Hospital in Labrador City; and,

$80,000 for community occupational therapy services to enhance safety, independence and quality of life for clients serviced by Central Health.

Ensuring that health care programs and services are available closer to home for residents living in Newfoundland and Labrador continues to be a priority for our government. The Medical Transportation Assistance Program is designed to help residents who incur substantial costs when traveling for insured specialized services not available in their region or within the province. This year, effective October 1, 2010, with an investment of $606,000, we will enhance this program by allowing the reimbursement of mileage at a rate of $0.16 per kilometre for use of private vehicles when use totals more than 5,000 kilometres within a 12-month period.

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We will make other investments as well, including:

- $101,000 to increase ambulance staffing levels in the Western Health region;
- $500,000 for the planning, design and redevelopment of a new primary health care centre to serve the nearly 3,200 residents who live in the area north of Marystown on the Burin Peninsula;
- $300,000 to hire diabetic education staff in Sheshatshiu, Natuashish, Flower’s Cove, Roddickton, Happy Valley-Goose Bay and southern Labrador;
- $137,400 to hire three licensed practical nurses to work in St. Anthony, Happy Valley-Goose Bay and Labrador West;
- $200,000 to support a pilot project reviewing safety and security issues within transition houses throughout the province; and,
- The creation of the new position of Aboriginal Health Liaison to help develop a holistic and collaborative Provincial Aboriginal Health Policy Framework.

Since 2004, our government has established new dialysis sites in Burin, Carbonear, Gander, St. Anthony and Happy Valley-Goose Bay. This year, we will invest over $1.1 million to establish new dialysis sites in Labrador City and Port aux Basques.

There are 450 people with diabetes throughout the province who are using insulin pump therapy. Currently, our government provides funding for this therapy to children and young people up to the age of 18 at a cost of $1.4 million. With an additional investment this year of $797,700, we are expanding coverage for insulin pump therapy to include people aged 18 to 25.

Examples of other investments include:

- $159,000 to support provincial breastfeeding initiatives as outlined in the Breastfeeding Strategic Plan;
• $246,000 for the addition of four nurses to ensure patient safety and quality of care in Neonatal Intensive Care and prevent diversions out of the province; and,

• $800,000 to continue funding the human papillomavirus, or HPV, immunization program for adolescent females.

Our government is working to ensure that those suffering from mental illnesses and addictions have effective treatment options available to them.

• We have already committed to build two new treatment facilities:
  
  o Firstly, this year, we are providing $2.4 million for continued planning and construction of a new residential treatment centre in St. John’s for children and youth with complex mental health needs and behavioural issues; and,

  o Secondly, we are providing $2 million to help establish a residential treatment centre in Grand Falls-Windsor for children and youth with addictions.

• There are also adults in our province who have more severe and persistent addictions issues and may require longer-term residential treatment, so this year we are providing $2 million for the planning and development of an adult residential addictions treatment centre in Harbour Grace that will complement the Humberwood Treatment Facility in Corner Brook, which provides short-term treatment.

• We are also providing:
  
  o Funding to hire a new psychologist to enhance the eating disorders treatment program at Eastern Health;

  o $118,600 to address the growing needs in geriatric mental health service;
$300,000 to support new community-based projects with a focus on mental health, addictions and other issues; and,

$482,900 to enhance child psychiatry services at the Janeway Hospital.

Mr. Speaker, our government understands that, with an aging population, Newfoundland and Labrador must strengthen its long-term care and community support systems. In Budget 2010, we are investing a total of $60 million to improve these services and enhance supports across the province.

- $27.3 million of that total will continue the development of long-term care facilities at the site of the old Janeway Apartments in Pleasantville to accommodate 460 residents;

- An initial investment of $4 million will pave the way for a new 250-bed long-term care facility in Carbonear, which will also benefit from a redevelopment of ambulatory care at the Carbonear General Hospital;

- $3 million will complete construction of the new 236-bed long-term care facility in Corner Brook that, together with the four protective community bungalows already completed, represents an investment of $68.5 million;

- $8 million will allow construction to start on a new long-term care facility in Lewisporte;

- $2.1 million will complete the long-term care facility in Happy Valley-Goose Bay;

- $1.7 million will provide a new protective care community residence in Bonavista, Mr. Speaker, with specialized care and accommodations for 12 residents with mild to moderate dementia; and,

- Some $115,000 will expand nurse practitioner services in Burin to assist residents living in long-term care facilities.

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An investment of $8.9 million will allow for an increase in the **home support** hourly subsidy rate by an additional 75 cents on July 1.

We will increase the **personal care home subsidy** rate from $1,644 to $1,717 through an investment of $3.2 million, and we will address the waitlist for portable subsidies by approving 100 new subsidies.

Mr. Speaker, we are promoting the health of our people, not only when we are strengthening the system that cares for them when they are ill, but also when we are encouraging healthy lifestyle choices that promote **wellness**. Through our Healthy Aging Strategy, our Recreation and Sport Strategy and our Provincial Wellness Plan, we are encouraging people of all ages to improve their health by getting active.

We will continue to promote the Wellness Plan in communities throughout the province this year by providing an additional $200,000 under the **Provincial Wellness Grants Program** for community-based agencies, and our focus this year will be on improving access and increasing opportunities for children to be physically active.

Other initiatives to encourage **active lifestyles**, particularly among children and youth, include:

- $200,000 for community-based after school programs;
- $150,000 to lease space for provincial recreation and sports organizations;
- $131,000 to help organizations develop programs promoting healthy eating and physical activity; and,
- $50,000 for the Aboriginal Sport and Recreation Circle to promote physical activity and athlete development for Aboriginal people.

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We are also increasing our capital grants for recreation and sport facilities by $300,000 bringing the total to $1.3 million in order to redevelop the aging recreational infrastructure in many rural communities. We believe rural residents, particularly children and youth, ought to be able to engage in active, healthy recreational activities at facilities near home.

We will also invest $350,000 for an Advancing Sport Development program for young athletes vying for the Newfoundland and Labrador Games and the Canada Games, because we know that they too, like so many young people in Vancouver and Whistler this winter, can achieve any dream they set out to achieve.

CONCLUSION

Start to finish, Mr. Speaker, this budget is about children: their dreams, their best interests, their province and their future.

Our seventh budget builds on the investments we have been making since 2003 and takes us giant strides forward along the road to self-reliance.

We are investing in infrastructure to stimulate growth.

We are investing in diversification to broaden our foundation.

We are investing in our rural communities and in Labrador because all regions ought to benefit from opportunity.

We are investing in poverty reduction because everyone deserves a fighting chance to achieve personal self-reliance.

We are investing in health and wellness because that is our solemn duty.

We are investing in our children to give them the future they so richly deserve.

Self-reliance does not mean isolation. It simply means never having to settle for less than we are capable of achieving.

"THE RIGHT INVESTMENTS – FOR OUR CHILDREN AND OUR FUTURE"
We believe our children are capable of achieving extraordinary goals, and there is no reason they should ever feel they have to leave home in order to do it.

This is home, and we are blessed with all the opportunities we need to prosper and thrive here for generations to come.

This budget is about making the most of all those opportunities by making the best decisions, the right decisions. The right investments for today. The right investments for our children. The right investments for our future.

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