

APPENDIX I

MULTI-YEAR FINANCIAL PLANNING

Government has developed a three year financial plan to reach a balanced budget by 1999-2000. The plan reflects notional expenditure targets for each department, as well as overall borrowing requirements. Government is planning to make a significant contribution to the unfunded pension problem over the next three years. The overall financial objectives are outlined in Table I. Table II presents the notional departmental spending targets over the forecast period.

TABLE I
NEWFOUNDLAND AND LABRADOR SUMMARY OF BUDGETARY AND BORROWING REQUIREMENTS

	1996-97	1997-98	1998-99	1999-00
	Revised	Estimates	Forecast	Forecast
	(\$000)	(\$000)	(\$000)	(\$000)
BUDGETARY REQUIREMENTS				
CURRENT ACCOUNT:	3,205,893	3,136,740	3,121,734	3,086,611
Gross Expenditure	<u>172,443</u>	<u>215,819</u>	<u>176,543</u>	<u>169,778</u>
Related Revenues	3,033,450	2,920,921	2,945,191	2,916,832
Net Expenditure	<u>3,134,960</u>	<u>3,031,400</u>	<u>3,076,000</u>	<u>3,060,000</u>
Provincial and Federal Revenues	101,511	110,479	130,809	143,168
Financial Contribution				
CAPITAL ACCOUNT:				
Gross Expenditure	239,167	214,518	197,372	192,681
Related Revenues	<u>108,466</u>	<u>113,728</u>	<u>86,256</u>	<u>80,049</u>
Net Expenditure	130,701	100,790	111,116	112,632
OTHER:				
Contingency Reserve	<u>0</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
TOTAL BUDGETARY REQUIREMENTS				
/(CONTRIBUTION)	<u>29,191</u>	<u>20,311</u>	<u>10,307</u>	<u>(536)</u>
NON-BUDGETARY TRANSACTIONS				
DEBT RETIREMENT:				
Redemptions	272,005	159,821	192,000	193,000
Sinking Funds	<u>46,076</u>	<u>45,831</u>	<u>48,000</u>	<u>51,000</u>
Total Debt Retirement	318,081	205,652	240,000	244,000
Retirement of Pension Liability	<u>0</u>	<u>196,000</u>	<u>113,000</u>	<u>123,000</u>
TOTAL NON-BUDGETARY TRANSACTIONS	<u>318,081</u>	<u>401,652</u>	<u>353,000</u>	<u>367,000</u>
TOTAL BORROWING REQUIREMENTS	<u>347,272</u>	<u>421,963</u>	<u>363,307</u>	<u>366,464</u>

TABLE II
NET CURRENT AND CAPITAL ACCOUNT EXPENDITURES BY DEPARTMENT

	1996-97	1997-98	1998-99	1999-00
	Revised	Estimates	Forecast	Forecast
GENERAL GOVERNMENT				
Consolidated Fund Services (1)	<u>551,551,900</u>	<u>540,959,700</u>	<u>574,727,000</u>	<u>612,764,000</u>
Executive Council	20,930,900	19,503,000	19,100,000	18,000,000
Finance (2)	34,367,200	(5,193,500)	10,700,000	8,400,000
Government Services and Lands	19,854,400	19,560,700	18,400,000	17,800,000
Legislature	7,091,100	6,881,600	7,100,000	6,900,000
Auditor General	2,102,100	1,937,000	1,900,000	1,800,000
Electoral Office	1,256,000	371,400	380,000	1,200,000
Public Service Commission	1,402,900	1,281,200	1,300,000	1,200,000
Works, Services & Transportation (3)	<u>131,490,900</u>	<u>141,647,700</u>	<u>139,000,000</u>	<u>136,000,000</u>
Total General Government Sector (excluding Consolidated Fund Services)	<u>218,495,500</u>	<u>185,989,100</u>	<u>197,880,000</u>	<u>191,300,000</u>
RESOURCE				
Development and Rural Renewal	5,453,700	7,102,500	6,300,000	6,300,000
Adjustment (4)	10,000,000			
Environment and Labour	6,546,600	5,638,200	5,500,000	5,200,000
Fisheries and Aquaculture	10,282,600	10,525,300	8,800,000	8,400,000
Forest Resources and Agrifoods	43,206,200	38,727,100	34,800,000	31,800,000
Industry Trade and Technology (5)	14,903,500	19,902,300	17,700,000	15,800,000
Mines and Energy	8,570,300	8,037,200	8,400,000	7,600,000
Tourism, Culture and Recreation	<u>28,896,600</u>	<u>25,127,000</u>	<u>18,700,000</u>	<u>16,600,000</u>
Total Resource Sector (6)	<u>127,859,500</u>	<u>115,059,600</u>	<u>100,200,000</u>	<u>91,700,000</u>
SOCIAL				
Education	688,133,100	662,299,500	659,000,000	635,000,000
Adjustment (7)	46,900,000			
Health	911,177,700	913,272,400	925,000,000	922,000,000
Human Resources and Employment	372,547,600	382,335,700	397,500,000	386,000,000
Justice (8)	112,447,300	98,879,400	94,700,000	94,100,000
Municipal and Provincial Affairs	123,437,500	116,080,800	103,700,000	95,100,000
Newfoundland and Labrador Housing (9)	<u>11,600,000</u>	<u>6,835,000</u>	<u>3,600,000</u>	<u>1,500,000</u>
Total Social Sector	<u>2,226,243,200</u>	<u>2,179,702,800</u>	<u>2,183,500,000</u>	<u>2,133,700,000</u>
TOTAL	<u>3,164,150,100</u>	<u>3,021,711,200</u>	<u>3,056,307,000</u>	<u>3,029,464,000</u>

NOTES :

- (1) Consolidated Fund Services include interest costs and management expenses for servicing the public debt as well as funding of pension plans for employees of Government and its agencies.
- (2) 1996-97 revised for Finance includes special payments of \$9 million to the Municipal Financing Corporation and \$3 million for a fund to facilitate privatization/divestiture activities. Net expenditures also reflect an annual increase of \$15 million in revenues from Nfld Hydro, with an additional \$15 million in 1997-98 from 1996-97.
- (3) For Works, Services and Transportation 1997-98 reflects increased funding for roads programs. The provision includes cashflows for committed capital projects as well as a small unallocated provision for projects to be determined.
- (4) A special payment of \$10 million was made in 1996-97 for the Enterprise Development Fund for strategic business development opportunities. This is included in the estimates of the Department of Development and Rural Renewal.
- (5) The increased funding level for Industry, Trade and Technology in 1997-98 reflects increased cashflow under several Federal/Provincial agreements (ie. Offshore Development Fund, Strategic Investment and Industrial Development, Economic Renewal, etc.).
- (6) The decline in Resource Sector funding in part reflects the conclusion of several Federal/Provincial agreements in the forecast period. Government hopes to be successful in negotiating new agreements.
- (7) This expenditure increase reflected in Education for 1996-97 is due to the paydown of school board debt, additional funding for the acquisition of computers, a special payment to MUN's Opportunity Fund and the occurrence of 27 pay periods for teachers.
- (8) Increased funding is reflected in 1996-97 for Justice for payments arising from claims.
- (9) The decline in the Province's grant to Newfoundland and Labrador Housing Corporation reflects the possible devolution of social housing programs from CMHC to the Province.

Appendix II

Supplementary Revenue Details

Schedule of Fee Changes

In preparing the Budget, Government departments were challenged to ensure that the programs and services they provide are essential and affordable. In assessing affordability, a consideration is to ensure that, where appropriate, those who benefit directly from a service pay a reasonable share of the cost of delivering that service. Therefore, some fees increases are being made and certain new fees are being introduced to help better achieve cost recovery, as well as to contribute to the overall regulatory costs of Government.

Government Services and Lands

<i>Government Services Branch</i>	1996-97	1997-98
Boiler pressure vessel		
Contractor licence renewal	\$ 80	\$ 150
Initial contractor licence (without manual)	80	150
Initial contractor licence (with manual)	80	300
Registration of fittings	30	250
Registration of welding procedures	60	150
Propane installers certificates		
Category A exam	20	50
Category C exam	20	100
Category D exam	20	50
Renewal certificates	10	50
Propane plant licence	0	64
Amusement ride	125	300

<i>Vital Statistics</i>	1996-97	1997-98
Marriage certificate	0	20
Marriage licence	20	50
Search (three years)	4	20

<i>Motor Registration Division</i>	1996-97	1997-98
Snowmobile registration (one time)	5	20
Transfer of ownership (all categories)	11	15

Government Services and Lands (Cont'd)

<i>Motor Registration Division (Cont'd)</i>	1996-97	1997-98
Duplicate vehicle registration	\$ 8	\$ 15
Special permits	0	300
Temporary dealer identification plates	1	0
Dealer plate	80	120
Taxi registration	80	120
Replacement identification plates/stickers/markers	15	20
Commercial vehicle registration		
Minimum	120	140
Maximum	2,555	2,938
Passenger vehicle registration	120	140
 <i>Commercial and Corporate Affairs Branch</i>	 1996-97	 1997-98
Mechanics lien on-line searches	0	1
Registry daily user fees (maximum of \$1,000 per year)	0	5
Bill of Sale		
Search	8	10
Up-to-date search	8	20
Same-day search	8	20
Registration	25	30
Companies		
Copy of document	5	10
Certified copy	5	20
Certificate of continuance	5	10
Change of company name	50	100
 <i>Lands Branch</i>	 1996-97	 1997-98
Air photo reproductions (colour/non-colour contact prints, laser copies, enlargements)	various	various new
Newfoundland maps at 1:250,000 scale (book)	28	35
Geodetic surveys	15	20
Generic Terms for Canada's Geographic Names	12	15

Environment and Labour

	1996-97	1997-98
Pesticide fees		
Operator licence	\$ 0	\$ 100
Applicator licence	0	50
Vendor licence	0	50
Exam	0	20
Certificate of approval for water and wastewater systems (based on the capital cost of the project)	0	200-1,000
Registration of projects for environmental assessment	0	200
Application fee for the Grievance Mediation Program	0	100
Environmental assessment of major projects (greater than \$15 million)	0	recover cost
Collective Agreement publication	0	recover cost
Labour Relations Annual Report	0	recover cost

Forest Resources and Agrifoods

	1996-97	1997-98
Stumpage fee for sawmill operators (per thousand board feet)	11	16
Soil and lab fees		
Commercial farmers	various	7
Non-commercial farmers	various	20
Veterinary fees (non-emergency after-hours calls for farmers and for all calls from non-farmers)	various	various new

Mines and Energy

	1996-97	1997-98
Annual rental fees (per hectare)		
Mining leases	40	80
Quarry leases	40	80
Quarry permits	40	80

Municipal and Provincial Affairs

	1996-97	1997-98
Appeals - development application decisions	\$ 0	\$ 100
Urban and Rural Planning Act		
Removal Orders under the Municipalities Act		
Permit for the storage, sale and use of fireworks	0	30
Permit/licence for persons qualified to inspect, repair or service fixed fire extinguishing systems and smoke and fire alarms	0	30

Justice

<i>Supreme Court</i>	1996-97	1997-98
Letters of Probate for estates under \$1,000	50	60
Letters of Probate for estates greater than \$1,000 (for every incremental \$1,000)	4	5
Letter of Guardianship	50	60
Exemplification of Letters of Administration	20	30
Originating document	50	60
Execution Order	20	30
Notice of Appeal	50	60
Attachment Order	20	30
Order of the Court	10	20
Certificate	20	30
Allow and sign advertisements	20	30
Photocopies (per page)	.50	1
Certificate of Readiness	20	60
Certified copy	20	30

<i>Sheriff's Office</i>	1996-97	1997-98
Search certificates (all searches will now be performed by Sheriff's Office staff)	50	75
Combine current fees for filing, Sheriff's Commission, and release fees into one registration fee (maximum of \$1,500 or 1% of money judgements)	n/a	75

Justice (Cont'd)

<i>Civil Law</i>	1996-97	1997-98
Property conveyances of a dissolved company	\$ 0	\$ 750

<i>Fines Administration</i>	1996-97	1997-98
Administrative fee on traffic fines	5	7

<i>Royal Newfoundland Constabulary</i>	1996-97	1997-98
Disclosure document (per set)	0	25
Certificate of Conduct	0	25
Accident letters	0	50
Identification services (fingerprinting, etc.)	0	25
Charges for the towing and storage of vehicles to fully recover costs	0	variable

<i>Royal Canadian Mounted Police</i>	1996-97	1997-98
Disclosure document (per set)	0	25
Certificate of Conduct	0	25
Accident letters	0	50
Identification services (fingerprinting, etc.)	0	25
Vehicle towing and storage charges to fully recover costs	0	variable

Education

	1996-97	1997-98
Industrial Training		
Certificate of qualifying examination	0	150
Certificate replacement	0	35
Examination	20	50
Examination re-write	0	35
Practical examination	0	recover cost
Certificate renewal	0	40

Education (Cont'd)

	1996-97	1997-98
Private training institutions		
Approval of training program (includes updates and revisions)	\$ 0	\$ 1,000
Programs developed with public tax dollars and supplied to a private training institution	0	250
Registration of a new private training institution	0	1,000

Tourism, Culture and Recreation

	1996-97	1997-98
Entrance fees	0	to be announced
Cape St. Mary's Interpretation Centre		
Grand Falls Logging Exhibit		
User fees for the Provincial Archives (photocopying, microfilm, certified copies, registration for users)	0	to be announced
Commercial access and operating permits to Reserves	0	to be announced

Fisheries and Aquaculture

	1996-97	1997-98
Processing licence fees (new schedule following consultation with industry)	0	to be announced

Finance

	1996-97	1997-98
Petroleum products wholesaler's licence	0	to be announced

Appendix III

PRE-BUDGET CONSULTATIONS

On January 23, 1997 the Government of Newfoundland and Labrador released the pre-Budget document *Making Choices*, which provided background material for the Province's second pre-Budget consultation process. The document gave an overview of our sources of revenue, the programs and services we provide, our public debt and fiscal position, the economic challenges we currently face, and our outlook for the future. The document also raised important issues and questions for the consultation process. The Government of Newfoundland and Labrador reaffirmed its commitment to consultation because we believe the views of Newfoundlanders and Labradorians are important and we benefit from their advice. The people of this Province will continue to have the opportunity to participate in making choices with Government for our future.

People were encouraged to participate in the process through several means. A small committee made up of local MHAs and chaired by the Minister of Finance held a number of meetings across the Province. Individuals and groups were given the opportunity to make presentations followed by a brief question and answer period. These meetings were held in late January and early February with 115 presentations being made at Corner Brook, Wabush/Labrador City, Happy Valley-Goose Bay, Grand Falls-Windsor, Clarenville, Marystown, Gander and St. John's.

A toll-free 1-800 number was set up for individuals to obtain the consultation document, request other information, or leave comments. The document was accessible through an Internet site. People could also respond through E-mail, a dedicated fax line, by mail, or by returning a completed questionnaire from the document. To facilitate the involvement of individuals with disabilities, the consultation document was available in alternate formats including audio cassette, computer file format, and braille.

The overall response to the process was quite satisfactory. The diversity of the participants and genuine interest that many people displayed demonstrated the worthwhile nature of the process. It is clear that many Newfoundlanders and Labradorians care greatly about our Province. The suggestions of the participants aided Government in making the choices for this Budget.

Many respondents recognized that the Province is in a difficult financial situation. Many agreed that Government is limited in the options which it can realistically pursue to improve our fiscal position. People frequently identified a common group of essential services that Government should provide, and often discussed a similar set of financial issues. In general, participants held a wide range of views on many non-essential services but tended to agree on most essential services.

TAXES AND FEES Most participants indicated they were at the point where they could not afford further tax increases. It was suggested that if extra revenues had to be raised Government look to so-called “sin” taxes on liquor or tobacco, or increase revenues from fees paid by service users. Non-business groups typically put forward that the business community should pay more taxes, particularly large, profitable corporations. The business community held an opposing view, stating their members were already paying more than their fair share of taxes. In general, there was no broad support for significant tax increases.

SPENDING Many people recognized that Government will have to reduce expenditures. Most people suggested that this be done in a manner that would minimize job losses, although, most respondents also recognized that some job losses would be unavoidable. Some suggested that Government provide a wide range of services on a cost recovery basis. A frequent theme was that all expenditures be carefully reviewed and efficiencies sought. Government’s program review exercise was referenced in many responses, with people complementing Government for this undertaking. A number of people said that they would reserve judgement on the exercise until the results were released.

BORROWING The issue of borrowing was often raised in conjunction with issues such as the total public debt, our economic prospects, and the need to maintain essential services. Many people were dismayed at our level of debt and the resources devoted to servicing that debt. Others downplayed the magnitude of the situation. Some participants did not see our low credit rating as major concern, stating that Government must do what is necessary to provide essential services - including borrowing whatever is needed. Many people suggested that the Province may be in a position to borrow based upon future revenues from large resource projects. In contrast, a number of people stated that any borrowing whatsoever would be unacceptable, often further stating that Government must live within its means and work toward paying down the accumulated debt. Overall, participants felt that the Government must carefully manage our deficit position - generally indicating that Government has to balance deficit reductions against the responsibility of providing essential services.

HEALTH CARE Health care was consistently viewed as the Government's most important service. Many people also felt that our health care system is under considerable pressure and that further cuts imposed on the system would threaten services. A number of people applauded the Government's three year funding commitment to health care. Many people stated that we must become more efficient and innovative in the delivery of health care services. The move toward greater community-based programs was identified as one option that should be pursued. Community-based care was also viewed as a way to maintain acceptable levels of care in rural areas.

EDUCATION Many respondents emphasized the important role the education system has in the future of the province. People supported Government in its efforts to reform our school system. There was recognition that our education system can become more efficient, particularly in light of the sharp decline in enrolments. Government's role in post-secondary education also was addressed by participants. Opinions on financing post-secondary education varied considerably from proposals to eliminate some tuition fees to other suggestions that users pay a larger share of the actual costs. Overall, the education system was viewed as an integral part of communities, as an asset that must be managed and utilized effectively. Likewise, many participants urged that our public libraries be viewed as community resources and that acceptable funding levels be maintained.

SOCIAL SERVICES The provision of social assistance programs to people in need also was viewed by many as an essential function of Government. Some participants asserted that there was considerable abuse of the social assistance program and that great effort should be made to ensure we provide benefits only to those people truly in need. A number of people felt that social assistance benefits were not adequate to cover basic needs, while others felt that benefits were too generous in certain instances. A number of participants proposed greater coordination between different Government departments to develop better social programs. It was suggested that several departments now provide services to the same people, and that a coordinated approach would result in a more efficient system. The need for stronger links between employment programs and social assistance was cited. A number of participants made reference to the Social Policy Advisory Committee and stated that the recommendations of that group should play an important role in shaping social programs in this Province.

JUSTICE Our policing system received considerable attention during the consultation process. Adequate policing was recognized as an essential service and identified as one of great interest to communities. Many participants showed support for the RCMP, stating a preference that the Royal Newfoundland Constabulary not replace the RCMP in many areas because of the satisfactory

longstanding relationship that has been built up with the Mounties. Other people stated that if it could be demonstrated that the Constabulary would be equally effective at a lower cost then that force should be given more responsibilities in the Province. In general, people indicated that the effectiveness of police services should not be compromised for budgetary reasons.

GOVERNMENT Participants repeatedly stressed the need for efficient Government. Many people stated their belief that Government could become more efficient while maintaining essential services. Some respondents indicated the public remains to be convinced that there is, still, not too much bureaucracy in Government. Others said Government should concentrate on providing essential services, while becoming more selective in the provision of services that are not core responsibilities. Public-private partnering was cited as one means to achieve this goal. Some participants urged a cautious approach to the privatization of service delivery, emphasizing the need to ensure quality services are maintained.

OUR ECONOMY Many participants stated that Government must foster a positive economic climate conducive to business growth and job creation. People recognised that the development of our natural resources holds great promise and Government should ensure the maximum benefits are derived for the people of the Province.

CONCLUSION The people of Newfoundland and Labrador told Government to become more efficient at delivering essential services without compromising their quality and to focus on core responsibilities, particularly social programs. People recognised that important and difficult choices have to be made now, in order to put the Province in the position to make the most of our opportunities. Many people expressed optimism about the Province's future, encouraging Government to make the right choices now.

Questionnaire Results

The Pre-Budget consultation document *Making Choices* asked the people of Newfoundland and Labrador to respond to a series of questions. The results of the questionnaire are presented below. The questionnaire was intended as a means for the people of the Province to bring their views forward to Government. The questionnaire was not a survey, its results cannot be said to represent public opinion. The results simply represent the opinions of those who responded.

Question 1 The idea that Government should consult with the public before preparing the Budget is a good one, and it should become a feature of the annual budget process.

<i>Strongly Agree = 1</i>	2	3	4	<i>Strongly Disagree = 5</i>
55%	14%	12%	6%	13%

Question 2 Right now it is more important to make progress toward balancing the budget - progress towards not spending more than we take in and not adding to our debt - than it is to maintain all our present programs and services by borrowing more money.

<i>Strongly Agree = 1</i>	2	3	4	<i>Strongly Disagree = 5</i>
39%	16%	20%	11%	14%

Question 3 Although taxes on average families are already high, they should be increased to reduce our projected deficits and prevent some severe cuts.

<i>Strongly Agree = 1</i>	2	3	4	<i>Strongly Disagree = 5</i>
10%	8%	11%	18%	53%

Question 4 If taxes have to be increased, I would prefer to see:

A) small increases in many taxes adding up to the amount needed,

<i>Strongly Agree = 1</i>	2	3	4	<i>Strongly Disagree = 5</i>
23%	18%	17%	8%	34%

Question 4 Continued b) or, larger increases in only a few taxes, such as,

	<i>Strongly Agree =1</i>	2	3	4	<i>Strongly Disagree = 5</i>
Personal Income Tax	9%	7%	12%	10%	62%
Gasoline Tax	9%	4%	15%	18%	54%
Liquor & Tobacco Taxes	61%	9%	11%	2%	17%
Business Profit & Payroll Taxes	38%	14%	17%	13%	18%
Fees, Licenses & Fines	35%	15%	24%	9%	17%

Question 5 Government should have more and higher fees for services not everyone uses, particularly commercial services, so the people benefiting pay more of the cost.

<i>Strongly Agree =1</i>	2	3	4	<i>Strongly Disagree = 5</i>
42%	22%	18%	7%	11%

Question 6 Government spending must be reduced because our projected deficits are too high and we cannot increase taxes to make up the difference.

<i>Strongly Agree =1</i>	2	3	4	<i>Strongly Disagree = 5</i>
44%	18%	19%	9%	10%

Question 7 Rather than cutting all services across the board, Government should establish priorities and provide a greater level of funding for some services than others.

<i>Strongly Agree =1</i>	2	3	4	<i>Strongly Disagree = 5</i>
56%	26%	12%	4%	2%

Question 8 One way Government could reduce spending is to have some services delivered by the private sector rather than Government, as long as service quality would be maintained.

<i>Strongly Agree =1</i>	2	3	4	<i>Strongly Disagree = 5</i>
46%	22%	15%	6%	11%

Question 9

There are 3 ways to address budgetary shortfalls - raise taxes, cut spending or increase our debt load. To deal with a shortfall of \$100 million, what amount would you choose for each one of these options [the three should total 100]?

Overall Average Response	
Raise Taxes	\$23 million
Cut Spending	\$58 million
Increase Debt	\$19 million

Question 10 A three year budget plan should lead to more efficient program and service delivery and better management of the Province's finances.

<i>Strongly Agree = 1</i>	2	3	4	<i>Strongly Disagree = 5</i>
41%	25%	21%	5%	8%

WHO RESPONDED

Region	
Labrador	7%
West Coast / Northern Peninsula	6%
Central / South Coast	15%
Eastern / Burin Peninsula	10%
Avalon Peninsula	62%

Age Group	
Under 19 years	10%
19 - 24 years	2%
25 - 44 years	42%
45 - 64 years	43%
65 years & over	4%

INCOME	Under \$25,000	\$25,000 - \$49,000	\$50,000 - \$75,000	Over \$75,000
	9%	33%	32%	24%

FAMILY SIZE	1	2	3	4	5	6	7+
	21%	10%	19%	31%	12%	3%	2%