

# THE RIGHT INVESTMENTS FOR OUR CHILDREN AND OUR FUTURE

## BUDGET OVERVIEW

### The Economy

- Economic Performance 2009
  - Real GDP declined 8.9%.
  - Employment fell by 2.5% and the unemployment rate increased to 15.5%.
  - Retail sales grew by 2.6% - the strongest performance in the country, with Newfoundland and Labrador being one of only two provinces to record sales growth.
  - Labour income increased by 4.2% - the second best performance among provinces.
  - Housing starts of 3,057; the second highest in 20 years.
  - Capital investment growth ranked fourth among provinces.
  - Personal income growth of 3.9% and disposable income growth of 4.7%.
  - Population of 508,925 as of July 1, 2009, an increase of 0.5% and the largest percentage increase since 1983.
  - Non-resident travel and tourism visitors increased 0.7% to 483,200 with expenditure growth of 1.4% to \$375 million.
  
- 2010 Economic Outlook
  - Real GDP forecast growth of 4.0%.
  - Employment growth of 2.3% to 219,900.
  - Unemployment rate forecast to decline 0.6 percentage points to 14.9%.
  - Personal income and disposable income growth of 3.9% and 3.3% respectively, aided by wage gains and employment growth.
  - Retail sales growth of 5.0%.
  - Increase in population of 0.5% due to positive net migration.
  - Capital investment expected to increase by 23.0% to \$6.2 billion.
  - Housing starts expected to increase 1.5% to 3,102. Residential construction spending of \$1.6 billion, an increase of 3.5%.
  - Value of mineral shipments expected to increase about 60%, to \$3.1 billion.
  - Total overnight tourist visits expected to increase by 1.3%.

### Fiscal Framework

- Review of 2009-10
  - Deficit of \$294.9 million, a decrease of approximately 60% from Budget 2009, primarily due to strengthened oil prices.
  
- Forecast for 2010-11
  - \$194.3 million deficit forecast.
  - Program expenses expected to increase, however debt servicing costs expected to decrease.

- Taxation
  - Total tax reductions of \$48.5 million this year, total of over \$1.2 billion since 2007. Additional revenue of \$6 million from tobacco tax increase.
  - Age Amount non-refundable tax credit increased from \$3,681 to \$5,000.
  - Low Income Seniors' Benefit increased from \$803 annually to \$900.
  - Effective July 1, 2010, personal income tax rates will be reduced as follows:
    - From 12.8% to 12.5% on the second income bracket, and
    - From 15.5% to 13.3% on the third income bracket.
  - Dividend tax credit for dividends from large corporations increased from 9.75% to 11.0% effective July 1, 2010.
  - Effective April 1, 2010, the small business corporate income tax rate will be reduced from 5% to 4%.
  - Effective 12:01 a.m., March 30, 2010, the tobacco tax rate will increase by one cent per cigarette and by two cents per gram of fine-cut tobacco.

### ***Investments in Children and Youth***

- \$1.3 billion in education spending.
- Total budget of \$167 million for the Department of Child, Youth and Family Services, which includes funding to improve service delivery by hiring 27 new personnel.
- An investment in technology including \$400,000 to design the first phase of a new computerized case management system for social workers and managers and \$3.1 million to set up more than 600 staff in 52 locations on the government technology network.
- \$21.8 million to help cover the cost of residential services for at-risk children and youth.
- Funding of \$36,000 to undertake a survey of foster families to understand the challenges they face and how best to address them.
- Increased funding of \$30,600 for the Foster Families Association to support their operations.
- Investment of \$507,500 to commence extensive consultations to develop an Early Childhood Learning Framework.
- \$150,200 for speech language pathology services for preschoolers in the rural Avalon region and in Clarendville.
- Investments for improvements in the K-12 Education system:
  - \$2.2 million to advance the Excellence in Mathematics strategy through new curriculum, textbooks and resources for students and teachers;
  - \$1.9 million to 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
  - \$383,900 this year (\$550,000 annually) to increase the number of hours for student assistants by more than 25,000 hours per year.

- Investments for K-12 Infrastructure:
  - \$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
  - An additional \$14.3 million to address repair and maintenance issues throughout the five school districts, for a total of \$34.3 million this year.
  
- An additional investment of \$73 million in funding for the continuation of various K-12 infrastructure projects.
  
- Additional \$250,000 to the Provincial Information and Library Resources Board to address the need for repairs and maintenance.
  
- Investments in Post-Secondary Infrastructure:
  - \$18 million 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, a total combined investment of \$88.3 million; and \$7.5 million to continue upgrading existing residences;
  - Additional \$3.2 million to Memorial University for its deferred maintenance plan and laboratory upgrades;
  - Investment of \$3.4 million in Memorial and College of the North Atlantic in accordance with the directions of the white paper on post-secondary education;
  - \$11.5 million for the construction of the new College of the North Atlantic Labrador West campus;
  - \$3.3 million for continuation of roof and ventilation upgrades for the College's Prince Philip Drive campus;
  - \$2.5 million for building upgrades and improved ventilation for the College's Seal Cove campus; and
  - \$13 million for construction of the new academic building at Memorial's Corner Brook campus.
  
- Additional investments for 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 to continue to increase the autonomy for Memorial's Corner Brook campus.
  
- An additional \$2 million to the School of Graduate Studies at Memorial University for fellowships.

- Additional investment this year of \$5 million for Memorial University and \$1 million at the College of the North Atlantic to extend the tuition freeze for 2010.
- Initiatives to promote Newfoundland and Labrador as the province of choice for young people and others include:
  - \$2.3 million under the Labour Market Agreement to commence implementation of a new strategic adult literacy plan;
  - A comprehensive Labour Market Review; and
  - \$4 million to continue implementing the recommendations of the Skills Task Force report. This includes \$1 million for the College of the North Atlantic to upgrade equipment and trades shops, \$2.9 million for skilled trades training capacity, and \$100,000 to support the work of the industry coordinating committee.

### ***Investments in Infrastructure***

- Infrastructure program of \$1 billion this year, with the program to grow to more than \$5 billion over the next several years.
- Infrastructure investment includes a total of \$105.1 million for repairs and maintenance across all sectors: transportation and works, public housing, health care and education.
- Provincial investment of \$177.7 million, supplemented by \$57.9 million in federal funding for a total investment of \$235.6 million in road and bridge projects including:
  - 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;
  - 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.
- \$5 million to maintain and upgrade ferry terminals, \$12.5 million to refit existing vessels and \$55 million to advance construction of new vessels to replace the aging fleet under the Vessel Replacement Strategy.
- Allocation of \$50.3 million in 2010-11 toward the purchase of four new water bomber aircraft, as previously announced.
- Increased funding to municipalities for fire truck acquisition to \$2.5 million (\$7.6 million over the next four years). As well, investment of \$1 million this year (\$2.5 million over the next four years) to assist municipalities in upgrading and replacing critical firefighting equipment.
- Provincial funding of \$135.5 million for municipal infrastructure projects, which will leverage federal funding of \$53.4 million, raising the cost-shared value to \$188.9 million, nearly 22% higher than last year. Combined with municipal contributions this brings the total combined investment to \$225 million.

- \$35.5 million for alteration, improvement and new development of public buildings. This includes funding to continue with the exterior renovations and window replacement at Confederation Building and funding to begin redevelopment of the Sir Richard Squires Building in Corner Brook.
- \$15.9 million to continue with the redevelopment of the RNC Headquarters at Fort Townshend.
- \$3.6 million to replace the Crabbes River Bridge along the T’Railway Provincial Park.
- \$1.6 million to begin a series of major infrastructure improvements at the Salmonier Nature Park.

### ***Investments in Diversification***

- More than \$126 million in funding for initiatives under the Departments of Finance, Business and Innovation, Trade and Rural Development including:
  - \$61 million in tax credits and incentives;
  - \$11 million in the Regional/Sectoral Diversification Fund;
  - \$2 million in the Aerospace and Defence Development Fund;
  - \$1 million for the Innovation Enhancement Fund plus \$1 million in the Commercialization Fund, both under the Innovation Strategy;
  - \$1 million in the Oil and Gas Manufacturing and Services Export Development Fund as part of a two-year \$3 million commitment;
  - \$4.9 million under the five-year Oceans of Opportunity Strategy to advance the ocean technology sector; and
  - Other programs including the Small and Medium-sized Enterprise Fund, the Business Attraction Fund, and the Business and Market Development Program.
- \$8 million investment in the Ocean Sciences Centre by the Research and Development Corporation.
- Investments in Aquaculture:
  - \$9 million to construct aquaculture biosecurity infrastructure including new wharves on the Connaigre Peninsula;
  - \$1.25 million from the Community Development Trust to enhance biosecurity in the salmonid aquaculture sector;
  - \$7.5 million this year and \$8.8 million in total for the Centre for Aquatic Animal Health and Development in St. Alban’s;
  - A further \$500,000 for aquaculture laboratory equipment for this St. Alban’s facility;
  - \$600,000 for aquaculture wastewater treatment facilities; and
  - Investing \$6.6 million to provide aquaculture capital equity to developers.
- Investments to advance the Fishing Industry:
  - \$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;
  - \$250,000 for a Fishing Industry Safety Council; and
  - \$100,000 for communications in support of the sealing industry.
- \$300,000 for continuing development and implementation of a provincial Coastal and Ocean Management Strategy and Policy Framework.
  - Investments in the Forestry sector:
    - \$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; and
    - Investment of \$7.5 million under the Forest Industry Diversification Fund to continue diversifying the sawmill sector.
  - \$2 million commitment over four years, for the provincial government to work with the federal government on a large-scale land development initiative to assist industry with its expansion plans.
  - Investments to promote the Mining sector:
    - \$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;
    - Continuing support for the Mineral Incentive Program; and
    - \$235,000 investment to develop a Provincial Minerals Strategy in consultation with stakeholders and the public.
  - An investment of an additional \$160,000 to participate at international oil and gas exhibitions.
  - Approximately \$12 million under the Energy Plan to advance petroleum resource marketing, geoscience data acquisition, data management, energy efficiency and conservation, and energy innovation.
  - 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.
  - Funding of \$500,000 to 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.

### ***Investments in Labrador***

- Investment of more than \$158 million in Labrador through the Northern Strategic Plan.
- \$88.6 million in cost-shared funding to continue the widening and hard-surfacing of Phase I and to complete Phase III of the Trans-Labrador Highway.

- Investment of \$3.2 million to construct a weigh scale facility on the Labrador West end of the Trans-Labrador Highway which includes the creation of six weigh-scale inspector positions.
- \$1.4 million this year to continue the year-round marine service pilot project across the Strait of Belle Isle.
- Investment of an additional \$200,000 this year for winter trail grooming which includes \$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.
- 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.
- \$430,000 to expand the transition house in Nain and provide operational funding for a proposed shelter in Rigolet.
- Funding of \$1.2 million to construct four new housing units in Nain.
- \$138,000 will be provided to support completion of a comprehensive land-use plan being developed jointly by the province and the Nunatsiavut Government.
- \$602,500 for continued implementation of the Labrador Inuit Land Claims Agreement, including \$80,000 in funding for public hearings on a draft land use plan for the Labrador Inuit Settlement Area.

### ***Investments in Poverty Reduction***

- Total investment of \$134 million this year, a total of \$482.7 million since 2006.
- \$2.5 million to increase the income thresholds under the Newfoundland and Labrador Prescription Drug Program Access Plan, a total investment of \$139.6 million.
- \$310,000 to enhance the Family Justice Services Division.
- \$519,000 for the continuation of the Family Violence Intervention Court.
- \$2.4 million in funding for the Supportive Living Community Partnership Initiative, doubling the amount of \$1.2 million provided last year.
- \$125,000 to provide community-based supports for Inuit women in Labrador to receive guidance on how to make the most of the Poverty Reduction Strategy, the Aboriginal Training Initiative, Victim Services and emerging economic activities.
- \$100,000 in sustaining funding for the Newfoundland Aboriginal Women's Network.

- Investment of \$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.
- \$17.6 million and leveraging additional federal funds to modernize more than 2,300 housing units.
- An additional \$1.4 million to raise the Housing Corporation's annual maintenance budget to \$10.2 million.
- Providing \$1.2 million to raise the heating allowance for the Housing Corporation's low-income tenants.
- \$70,000 in additional funding for transitional employment support services for victims of violence and \$44,000 in additional funding for Women's Centres.
- \$200,000 for the continuation of the Home Heating Oil Tank Storage Replacement Assistance Program.

### ***Investments in Health and Well-Being***

- Total investment of \$2.7 billion, a record investment for health operations and more than 10% greater than last year.
- Investments in cancer treatment and prevention 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;
  - \$240,000 to begin implementation of the new Colorectal Cancer Screening Program;
  - \$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.
- Investments in health care infrastructure total \$208.9 million.
- Investments for new construction and redevelopment total \$125.1 million and includes:
  - \$7.9 million for redevelopment of the Central Newfoundland Regional Health Centre in Grand Falls-Windsor;
  - \$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;



- \$6.3 million for site preparation for the installation of a 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.
- Total investment of \$31.6 million for repairs and renovations to existing health care facilities throughout the province.
- \$52.2 million investment (almost \$180 million over the last six years) to purchase new medical equipment including:
    - \$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.
- Other investments to improve access to health care include:
    - \$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 to provide community occupational therapy services to enhance safety, independence and quality of life for clients serviced by Central Health.
- Funding of \$606,000 to enhance the Medical Transportation Assistance Program to allow for reimbursement of mileage for private vehicle use when total use over a 12 month period is more than 5,000 kilometres.
- Other health care investments include:
    - \$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;
    - \$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.
- Investment of over \$1.1 million to establish new dialysis sites in Labrador City and Port Aux Basques.
  - An investment of \$797,700 to expand coverage for insulin pump therapy to include people aged 18 to 25 in addition to the \$1.4 million for individuals up to the age of 18.
  - Additional investments for health care include:
    - \$159,000 to support provincial breastfeeding initiatives as outlined in the Breastfeeding Strategic Plan;
    - \$246,000 for the addition of four nurses in Neonatal Intensive Care; and
    - \$800,000 to continue funding the human papillomavirus (HPV) immunization program for adolescent females.
  - Investments for Mental Illnesses and Addictions:
    - \$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;
    - \$2 million to help establish a residential treatment centre in Grand Falls-Windsor for children and youth with addictions;
    - \$2 million for the planning and development of an adult residential addictions treatment centre in Harbour Grace;
    - Funding to hire a new psychologist to enhance the eating disorders treatment program at Eastern Health, \$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.
  - Investments in long-term care and community support systems including:
    - \$27.3 million to 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 to begin construction for a new 250-bed long-term care facility in Carbonear, as well as the redevelopment of ambulatory care at the Carbonear General Hospital;
    - \$3 million to complete construction of the new 236-bed long-term care facility in Corner Brook;
    - \$8 million to allow construction to start on a new long-term care facility in Lewisporte;
    - \$2.1 million to complete the long-term care facility in Happy Valley-Goose Bay;
    - \$1.7 million to provide a new protective care community residence in Bonavista; and
    - \$115,000 to expand nurse practitioner services in Burin to assist residents living in long-term care facilities.

- An investment of \$8.9 million to allow for an increase in the home support hourly subsidy rate by an additional 75 cents on July 1, 2010.
- \$3.2 million to increase the personal care home subsidy rate from \$1,644 to \$1,717, and to approve 100 new portable subsidies to address the current waitlist.
- An additional \$200,000 under the Provincial Wellness Grants Program for community-based agencies.
- Investments in 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.
- Increasing capital grants by \$300,000 for recreation and sport facilities, bringing the total to \$1.3 million.
- \$350,000 for an Advancing Sport Development program for young athletes vying for the Newfoundland and Labrador Games and the Canada Games.