

Spending Program

- Government will achieve a surplus on its Current Account Budget.
- The Current Account surplus is forecast at \$61,350,300; Capital Account net expenditures are forecast at \$76,121,700.
- The projected gross Current Account expenditure is estimated to be \$3,207,351,600; the gross Capital Account expenditure is projected at \$200,453,000 for a total Current and Capital Account expenditure of \$3,407,804,600.
- The Province will have a budgetary borrowing requirement of \$44.8 million in 1996-97.
- The structural deficit has decreased slightly to \$87 million from \$90 million last year.
- The Budget contains a contingency reserve of \$30,000,000 to guard against unfavourable budget variances which may arise during the year.

Health Care

- The Health Care sector's operating budget has been increased by \$2.2 million to \$903.3 million.
- This increased funding will be directed towards cardiac surgery and for community based health programs.
- Government has committed to maintaining this level of funding for three years.

Other Budgetary Initiatives

- No increases in retail sales tax, gasoline or other consumption taxes.
- No increase in corporate income tax.
- No general increase in personal income tax.
- A high income surtax levied on taxable income in excess of \$60,000 will be introduced commencing in the 1996 taxation year.
- Effective June, 1996, the rate of the financial corporations capital tax applied to banks and trust companies will be increased from 3 percent to 4 percent.
- There are no unilateral wage rollbacks or benefit reductions for public sector employees.
- Over 20 Boards, Agencies and Commissions will be abolished in 1996-97.
- Significant restraint measures on all Government funded operations will continue during 1996-97. Total current and capital account gross expenditures will decrease by \$80,964,000 compared to the 1995-96 revised spending levels.
- Newfoundland and Labrador Hydro will continue to remit dividends to the Province.
- Continued restructuring and reorganization to achieve efficiency of Government operations without impeding service to the public.
- Health and Education reforms and restructuring will remain high priority items.
- Salary costs, supplies, travel and telephone expenses in Government Departments will decrease by 6%; Purchased Services will decrease 9%; Professional Services will be reduced by 10% and Property, Furnishings and Equipment expenditures will be lowered by 29%.

Economic Initiatives

- Although Government spending must be reduced, Government will continue to pursue policies that will promote economic development.
- The Province has one of the most competitive corporate income tax systems in the country. Sales tax harmonization and EDGE incentives will continue to create new business ventures and employment.
- The Canada-Newfoundland Economic Renewal Agreement will provide \$100 million to the Province over the next 5 years.
- \$23 million of this Agreement will be spent in 1996-97 to encourage growth in key sectors such as aquaculture, advanced technology and tourism initiatives.
- The 1997 celebration of John Cabot's voyage will provide a tourism investment opportunity of international significance.

Employment Initiatives

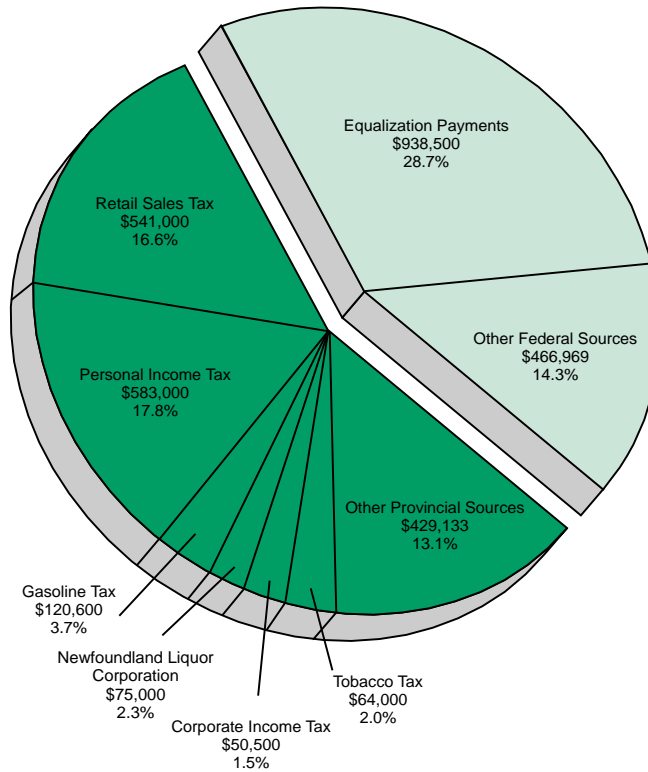
- A 35% increase in funding to \$895,000 for Women's Employment Programs.
- Funding for the Youth Employment Strategy will be virtually unchanged at \$1,634,100. The program provides for educational, training and work opportunities for youth.
- A 13% increase in funding to \$1,700,000 for a wage subsidy program to encourage employers to hire recent graduates, the unemployed and the underemployed.
- An increase to \$7,487,000 for the Employment Program in the Department of Social Services, compared to \$6,807,000 in 1995-96.
- \$7,500,000 will be provided to the Strategic Initiative Program designed to provide meaningful employment opportunities for individuals. This is a reduction of 4% over last year.

Capital Projects

- \$25,000,000 for the municipal capital works projects through the Newfoundland Municipal Financing Corporation.
- \$40,000,000 under the Canada-Newfoundland Infrastructure Program for cash flow requirements for 1996-97.
- \$73,123,000 earmarked for transportation projects.
- A 100% increase to \$8,000,000, specifically earmarked for highway improvements in Labrador.
- Funding of \$10,005,000 for educational facilities in 1996-97.
- Funding of \$7,308,000 for capital improvements in the health care system.
- The Enterprise Loan Fund has been reduced from a 1995-96 Budget of \$14,650,000 to \$8,100,000.

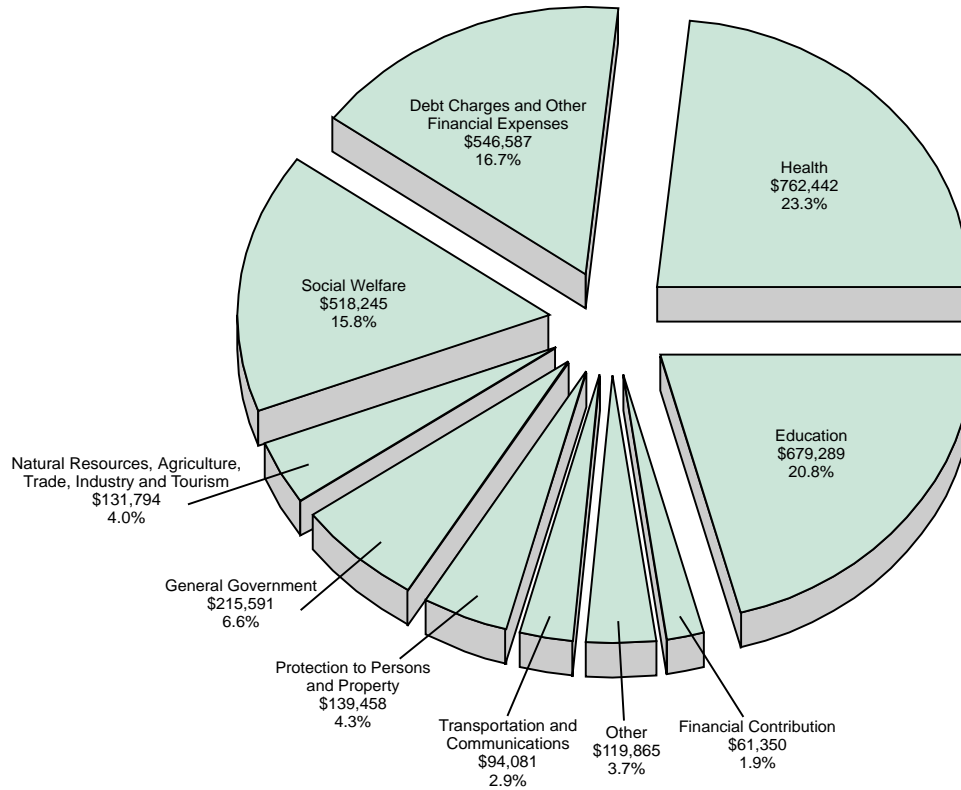
EXHIBIT VI

**SUMMARY OF CURRENT REVENUES (By Source)
WHERE THE MONEY COMES FROM**



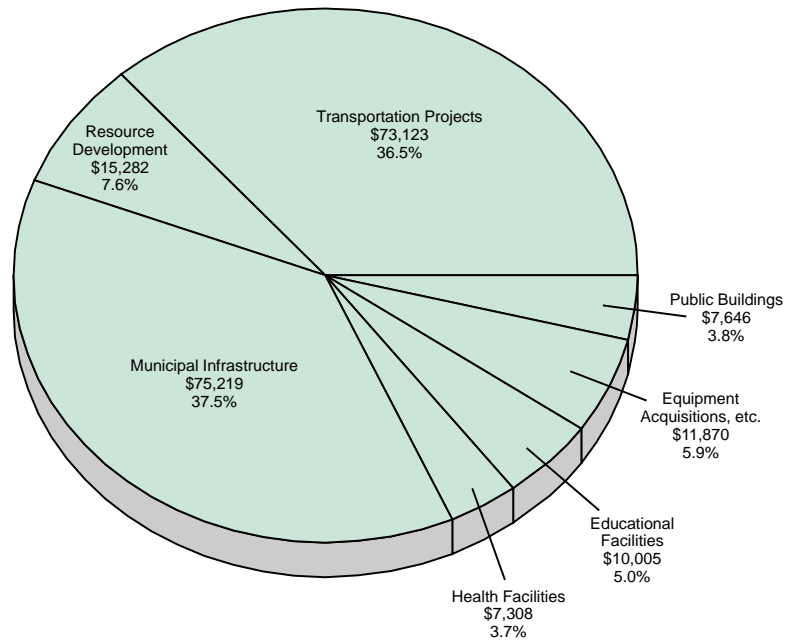
Percentage of Total		Source	Amount (\$000)	
Revised 1995-96	Estimate 1996-97		Estimate 1996-97	Revised 1995-96
Provincial:				
16.8	16.6	Retail Sales Tax	541,000	565,424
16.4	17.8	Personal Income Tax	583,000	553,632
3.6	3.7	Gasoline Tax	120,600	121,947
2.4	2.3	Newfoundland Liquor Corporation	75,000	81,450
1.9	1.5	Corporate Income Tax	50,500	62,794
1.9	2.0	Tobacco Tax	64,000	65,575
14.0	13.1	Other Provincial Sources	429,133	470,754
<u>57.0</u>	<u>57.0</u>	Total: Provincial	<u>1,863,233</u>	<u>1,921,576</u>
Government of Canada:				
27.0	28.7	Equalization Payments	938,500	911,598
16.0	14.3	Other Federal Sources	466,969	539,220
<u>43.0</u>	<u>43.0</u>	Total: Government of Canada	<u>1,405,469</u>	<u>1,450,818</u>
<u>100.0</u>	<u>100.0</u>	Total	<u>3,268,702</u>	<u>3,372,394</u>

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



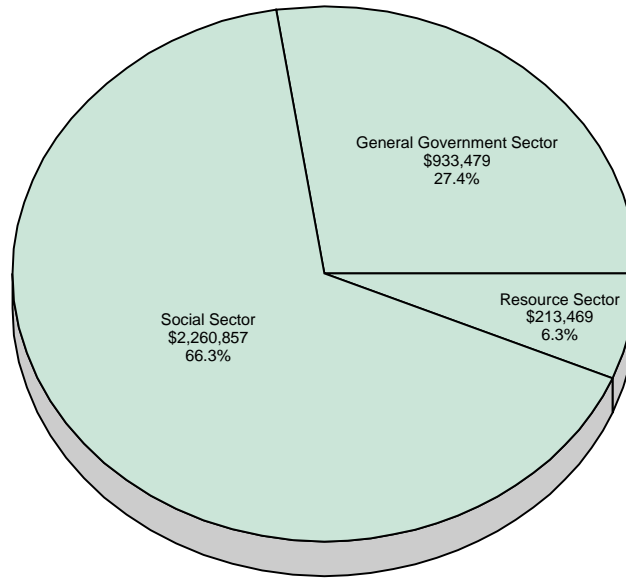
Percentage of Total		Function of Expenditure	Amount (\$000)	
Revised 1995-96	Estimate 1996-97		Estimate 1996-97	Revised 1995-96
		Expenditure:		
20.6	20.8	Education	679,289	693,794
22.6	23.3	Health	762,442	761,501
16.2	16.7	Debt Charges and Other Financial Expenses	546,587	547,785
15.2	15.8	Social Welfare	518,245	511,937
3.6	4.0	Natural Resources, Agriculture, Trade, Industry and Tourism	131,794	122,673
6.1	6.6	General Government	215,591	205,639
4.3	4.3	Protection to Persons and Property	139,458	143,807
2.8	2.9	Transportation and Communications	94,081	96,165
3.9	3.7	Other	119,865	131,613
<u>95.3</u>	<u>98.1</u>	Total: Expenditures	<u>3,207,352</u>	<u>3,214,914</u>
<u>4.7</u>	<u>1.9</u>	Financial Contribution	<u>61,350</u>	<u>157,480</u>
<u>100.0</u>	<u>100.0</u>	Total:	<u>3,268,702</u>	<u>3,372,394</u>

EXHIBIT VIII
SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES
(By Function)



Percentage of Total		Category of Capital Expenditure	Amount (\$000)	
Revised 1995-96	Estimate 1996-97		Estimate 1996-97	Revised 1995-96
Expenditure:				
32.5	36.5	Transportation Projects	73,123	88,881
10.9	7.6	Resource Development	15,282	29,824
29.1	37.5	Municipal Infrastructure	75,219	79,832
6.8	3.7	Health Facilities	7,308	18,494
5.6	5.0	Educational Facilities	10,005	15,387
8.9	5.9	Equipment Acquisitions, etc.	11,870	24,490
6.2	3.8	Public Buildings	7,646	16,947
<u>100.0</u>	<u>100.0</u>	Total: Expenditure	<u>200,453</u>	<u>273,855</u>
Source of Financing:				
32.8	45.6	Government of Canada Revenues	91,343	89,903
11.1	16.4	Provincial Revenues	32,988	30,282
56.1	38.0	Financial Requirement	76,122	153,670
<u>100.0</u>	<u>100.0</u>	Total: Sources	<u>200,453</u>	<u>273,855</u>

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



(TOTAL EXPENDITURE: \$ 3,407,804,600)

GROSS GOVERNMENT EXPENDITURE

	Estimate 1996-97 (\$000)	Percentage of Total %
Sector Expenditure		
General Government	933,479	27.4
Resource	213,469	6.3
Social	2,260,857	66.3
Total: Expenditure	<u>3,407,805</u>	<u>100.0</u>

GENERAL GOVERNMENT SECTOR

	Estimate 1996-97 (\$000)	Percentage of Total %
Consolidated Fund Services	616,303	18.1
Executive Council	21,292	0.6
Finance	41,603	1.2
Government Services and Lands	23,273	0.7
Legislature	10,853	0.3
Public Service Commission	1,887	0.1
Works, Services and Transportation ...	218,268	6.4
Total: General Government Sector	<u>933,479</u>	<u>27.4</u>

SOCIAL SECTOR

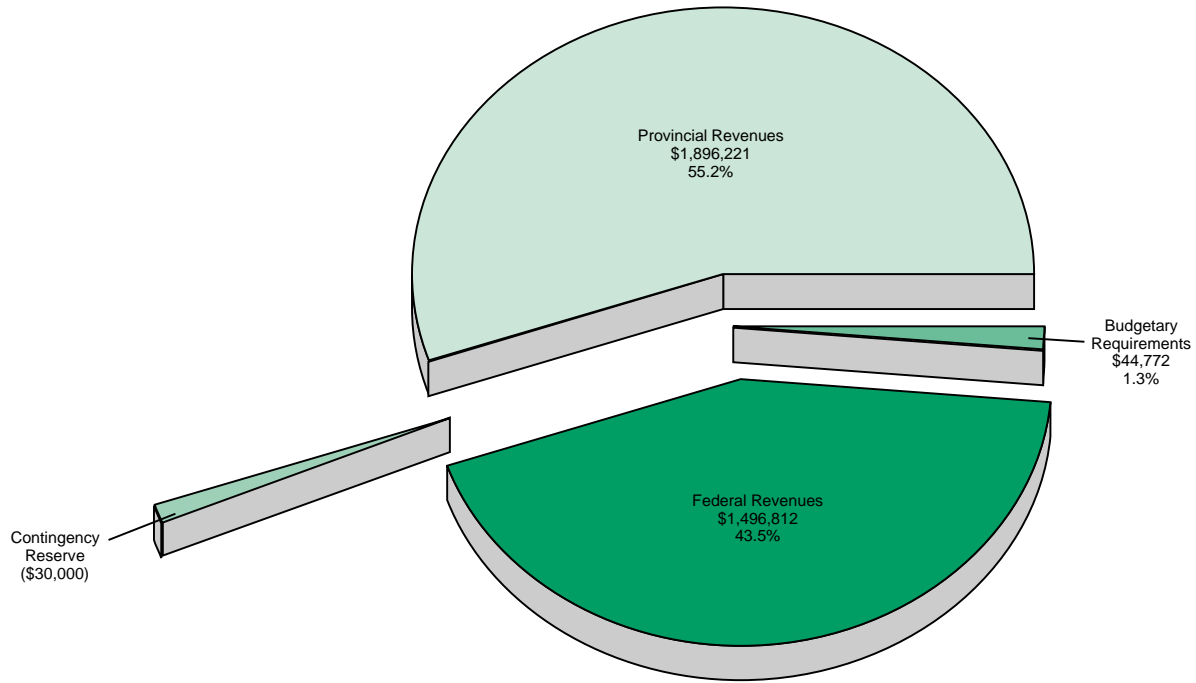
	Estimate 1996-97 (\$000)	Percentage of Total %
Education	714,994	21.0
Health	915,108	26.8
Justice	108,629	3.2
Municipal and Provincial Affairs ...	145,184	4.3
Newfoundland and Labrador Housing Corporation	8,200	0.2
Social Services	368,742	10.8
Total: Social Sector	<u>2,260,857</u>	<u>66.3</u>

RESOURCE SECTOR

	Estimate 1996-97 (\$000)	Percentage of Total %
Development and Rural Renewal	61,900	1.8
Environment and Labour	12,096	0.4
Fisheries and Aquaculture	12,905	0.4
Forest Resources and Agrifoods	52,693	1.5
Industry, Trade and Technology	28,889	0.9
Mines and Energy	10,167	0.3
Tourism, Culture and Recreation	34,819	1.0
Total: Resource Sector	<u>213,469</u>	<u>6.3</u>

EXHIBIT X

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



Percentage of Total		Category of Financing	Amount (\$000)	
Revised 1995-96	Estimate 1996-97		Estimate 1996-97	Revised 1995-96
55.9	55.2	Revenue Sources:		
44.1	43.5	Provincial	1,896,221	1,951,858
		Federal	1,496,812	1,540,721
			<u>3,393,033</u>	<u>3,492,579</u>
	1.3	Budgetary Requirements:	44,772	-
		Total: Sources	<u>3,437,805</u>	<u>3,492,579</u>
		Less : Budgetary Contribution	-	(3,810)
		Contingency Reserve	(30,000)	-
<u>100.0</u>	<u>100.0</u>	Gross Current and Capital Expenditures:	<u>3,407,805</u>	<u>3,488,769</u>