

Finance

April 14, 2016

Budget Speech 2016 delivered by the Honourable Cathy Bennett, Minister of Finance and President of Treasury Board, at the First Session of the Forty-Eighth General Assembly of the House of Assembly:

2016 Budget Speech

Restoring Fiscal Confidence and Accountability

Introduction

Mr. Speaker, today, in our government's first budget, we are laying out a fiscal plan that allows our province to regain control of government finances.

It is a credible plan, with clear objectives, transparent goals, and targets to which we will hold ourselves accountable. It is critical that we do so.

The uncontrolled growth in expenditures, the dramatic fall in revenues and oil production... exasperated by poor decision making by the previous government – have produced a serious and unsustainable imbalance that must be corrected.

Without the actions outlined here today, we risk increasing our debt to unsupportable levels and we jeopardize our long-term economic growth.

For the well-being of future generations, we have no choice but to take bold actions beginning today.

The choices we have made were not easy and every Newfoundlander and Labradorian – wherever they live and whatever services they use – will have to be part of the solution.

Indeed, some will have to do more than others, to ensure we mitigate impacts on the most vulnerable in our communities. Something our government is determined to do.

Where We Are

Our government is committed to updating the people of Newfoundland and Labrador on our province's fiscal state on a regular basis.

On December 22, 2015, armed with the most current fiscal and economic information we had available we told the people of the province that the fiscal situation of the Province was worse than the \$1.1 billion deficit budgeted and that the forecasted deficit for 2015-16 could be almost \$2 billion.

Our government knew it was important that Newfoundlanders and Labradorians have a thorough understanding of the reality so we could begin to work together on solutions.

Since that time, due to further declines in offshore royalties, the deficit for 2015-16 is now expected to be \$2.2 billion.

The continued decrease in oil royalties has also increased our projected deficit for the upcoming year from \$2.4 billion to \$2.7 billion... if no action was taken.

We are part of a dynamic, yet volatile global economy that demands government be equally dynamic. We must shift our view of budgeting from an annual exercise to a monthly, weekly and even daily part of government business.

Immediate Actions

After updating the people of the province on the fiscal challenges we were facing, our government implemented a series of immediate actions designed to realize savings.

Restrictions were placed on hiring and the use of consultants discretionary travel and non-essential spending was eliminated and the reallocation of savings was restricted.

Line-by-Line Analysis

In addition to the immediate measures announced in December, the Treasury Board embarked on a comprehensive line-by-line review of the budgets of all government departments and entities.

This type of thorough, detailed and comprehensive analysis of every budget item helped us reduce unnecessary expenditures, find efficiencies and drive further savings for the people of Newfoundland and Labrador.

Mr. Speaker, because of our government's action and a detailed approach to managing expenses, no matter how small, in just over 120 days we have been able to achieve \$113 million in savings as a result of the comprehensive line-by-line review.

Savings come from reductions due to eliminating vacant positions, delayed recruitment, reduction in discretionary spending and reviewing operating and programing expenses in departments and bringing them in line with historical spending.

How We Got Here

Mr. Speaker, the fundamental problem of poor planning and mismanagement, as identified by the Auditor General and others, and the inability and inconsistency of the former administration to manage a fiscal plan, has left our province to deal with an unprecedented deficit; unprecedented borrowing requirements; and unprecedented fiscal pressures.

Specifically

- The former administration failed to plan for the loss of revenues from lower oil production. Spending was based on faith, not on facts. Facts like oil production was in decline. For years, many knew this province would experience peak oil production in 2007 based on proven recoverable reserves.
- They failed to plan for possible loss of revenues due to volatile oil prices.
- In 2008 oil price peaked at \$144. Since January, the average price of oil has been \$35 a barrel. \$140 oil is only a distant memory now.
- To solve the current deficit the price of oil would have to be \$148. Previous budgets made long-term decisions based on short-term and volatile revenues, decisions like tax breaks and other measures that could not be sustained.
- This year, we are forecasting the price of oil at \$40.
- Spending has not been managed. Over the past 10 years the previous government spent at a rate that was 20 to 36 per cent, per capita higher than other provinces.
- By planning six deficits in the past 12 years, while unpredictable oil royalties grew, the former administration created a culture of spending in the absence of good fiscal planning.

Quite frankly, they increased spending beyond what our province can afford.

- They failed to manage our debt. Since 2004, taking into account crown corporations, they doubled the total public sector debt to a record \$15 billion.

The result of the failures in planning and management have become structural and entrenched.

The previous government's willingness to mortgage our future has left our province facing the biggest deficit and highest net debt ever recorded in our history.

As our Premier has said, knee-jerk reactions have created mistakes that, unfortunately, Newfoundlanders and Labradorians are paying for now.

Band aid solutions will not fix the challenges we will face. In this fiscal year, debt expenses already exceed the estimates for the entire Department of Education and Early Childhood Development.

It is impossible for us to be satisfied that we will spend more on debt expenses than we do on educating our children.

Where we are headed

The Economy

The impacts of poor planning by the previous administration, coupled with commodity price decreases will and are impacting our economy.

While economic activity remained at high levels in 2015, many indicators recorded declines.

Real GDP fell by 2.3 per cent as oil production fell by 20.5 per cent due to lower output from all three projects – Hibernia, Terra Nova and White Rose.

Investment also declined by 8.1 per cent as higher spending on the Muskrat Falls development was offset by lower spending on Vale's nickel processing facility in Long Harbour, the Hebron project, and residential construction.

Employment fell by 1 per cent and the unemployment rate increased by 0.9 percentage points to 12.8 per cent in 2015.

Economic activity in the province had been expected to slow over the next few years due to the winding down of the development phases of the Hebron and Muskrat Falls projects.

The decline in commodity prices further weakened the economic outlook. Development of several projects in the resource sector has been deferred or delayed such as West White Rose Extension, Alderon iron ore and Bay du Nord due to low commodity prices.

As such, the economy of the province has entered a period of adjustment that is expected to last for several years. This year, while real GDP is forecast to grow due to a rebound in oil production, other important main economic indicators such as employment and real household disposable income are expected to decline.

Beyond 2016 the outlook points to further declines in economic activity.

Beyond 2016, economic growth is expected to be curtailed by a combination of factors, including declines in capital investment as major projects move beyond peak development and the requirement for further provincial deficit reduction measures.

Most main economic indicators are expected to be lower in 2021 than current levels. Several major economic indicators like employment and real compensation of employees will be lower by 15 per cent and over 22 per cent respectively when compared to 2015 levels.

Provincial deficit reduction measures are estimated to account for 40 to 50 per cent of predicted declines in these broad measures of economic activity.

While the short to medium term outlook is challenging, there remains significant long-term potential in the Newfoundland and Labrador economy, particularly in the energy sector.

There are substantial oil and gas resources in the waters off Newfoundland and Labrador. This is evidenced by the 2015 resource assessment of 11 parcels in the Flemish Pass.

This region alone, which covers less than two percent of the province's 1.5 million square kilometer offshore area, is estimated to have a resource potential of 12 billion barrels of oil and 113 trillion cubic feet of natural gas.

Land sale results in December 2014, and more recently in November 2015, show industry's confidence in the offshore potential.

In December 2014, the bid on one parcel in the Flemish Pass by ExxonMobil, Suncor Energy and ConocoPhillips was \$559 million, the highest bid ever on a land parcel in the Newfoundland and Labrador offshore area.

In November 2015, seven parcels were awarded in the Flemish Pass Basin with a total work commitment of \$1.2 billion.

Deepwater exploration and development hold many opportunities for future growth in oil production, and by extension, the provincial economy.

Our province's natural resources hold many opportunities and we are optimistic about those opportunities. However, we must act, plan and budget based on facts.

Nalcor

As the province's energy corporation, Nalcor belongs to every citizen of Newfoundland and Labrador.

Since its creation in 2007, taxpayers have invested over \$2.25 billion yet have received no dividends. For all corporations and their shareholders, this would be unacceptable.

The previous administration allowed Nalcor's organizational structure, compensation and benefits packages to grow beyond what taxpayers would consider reasonable, particularly given our current fiscal and economic circumstances.

Through Budget 2016, initial steps have been taken to identify operational savings at Nalcor approximating \$6.7 million.

However, due to prior year commitments by the former administration, the required equity the province will need to invest in Nalcor this year is \$1.3 billion, bringing the total investment by the people of the province to \$3.6 billion.

Further actions will be taken to maximize the return on investments made by our province. Like government departments and public entities, Nalcor will be expected to take a zero based budget approach to their administration and operations effective with Budget 2017.

The Nalcor Board will be directed to review their operational structure to achieve efficiencies and develop a plan to bring their compensation, benefits, and gender equity policies more in line with similar positions in other public sector bodies.

Work at the Muskrat Falls Powerhouse is significantly behind schedule.

Faced with these schedule delays and expected cost increases on the project - a concern to

all of us - government is doing and will continue to do everything possible to help get this project back on track.

Borrowing

But Mr. Speaker, those opportunities are in the future. As I've said earlier, based on the status quo, had we done nothing, the projected deficit for the province for 2016-17 would have been \$2.7 billion.

Given the actions being announced today, we have been able to cut that projected deficit by one-third.

The actual budgeted deficit for 2016-17 is now \$1.8 billion.

Our government needs to ensure that money can be borrowed, at the lowest cost, to pay for vital programs and services that Newfoundlanders and Labradorians require.

It is clear that our government's commitment to action in dealing with the fiscal situation is allowing Newfoundland and Labrador to secure long-term financing.

In spite of the challenges facing our province fiscally and the limits in the long-term bond market in Canada, our government has secured long-term financing since January of just under \$2 billion.

Stronger Fiscal Management

Today, Mr. Speaker our government is presenting the people of Newfoundland and Labrador with our credible plan forward. We are establishing clear targets for future years and laying the blocks for building a solid foundation for the future.

The path to surplus must be taken in consideration of the impacts our decisions have on the overall economy. With this in mind, we are planning, and holding ourselves accountable to return to a surplus position in seven years.

To ensure Newfoundland and Labrador is positioned to return to a surplus position in Budget 2022, the Provincial Government has implemented a series of fiscal targets as part of Budget 2016, including:

- Borrowing targets that over the seven year period will require \$8.2 billion in new debt, compared to \$17.6 billion if nothing had changed;
- The net debt as of March 31, 2023 will be targeted to be \$16.5 billion, compared to \$27.3 billion if we did not take definitive actions; and
- Instead of a deficit of \$1.9 billion if no action was taken we are targeting a small surplus in 2022-23.

In addition, our government has taken a prudent approach and we have budgeted \$125 million dollars in risk adjustment to protect against adverse impacts from commodity price

fluctuations and volume.

Newfoundland and Labrador is at a critical juncture and unprecedented circumstances require unprecedented responses.

The people of our province, every one of us, feels this burden together and we are all prepared to participate in the solutions.

Actions, in the face of adversity, define leadership. Our Cabinet feels strongly that during these fiscally challenging times, we intend to demonstrate that leadership.

That's why I'm here today, under the thoughtful leadership of our Premier, to announce that our first action as part of Budget 2016 will be to reduce cabinet ministers' salaries by 10 per cent.

How we get there

Engagement

When difficult decisions have to be made, strong leaders know the importance of listening to and engaging the public. That's exactly what our government did through the Government Renewal Initiative.

People across Newfoundland and Labrador embraced opportunities to address our province's financial challenges like never before and have responded in an unprecedented way to share their ideas.

More than 1,000 people participated in 26 sessions since January.

This included the general public, communities, the public service, labour unions, business and other groups.

As a result, there have been several thousand ideas offered online and hundreds of submissions have been received by email, phone, mail, and fax.

In March, we released the What We Are Hearing document, which provided valuable insight on the needs of the people of the province and assists government in addressing the province's fiscal challenges.

Some of the themes included:

- Introducing new or increasing existing taxes and fees;
- Sale of government assets, including land and buildings, as a way to cut costs and raise revenues;
- Health care reform to increase efficiency and access to health service; and
- Increasing efficiency throughout government departments by making better use of

technology.

In each session we specifically asked - what is the one thing you want government to remember when making decisions.

The answers included:

- Act now, don't delay.
- Have the guts to make tough decisions.
- Don't be restricted by promises made during the election.
- Offer alternative work arrangements.
- Leave politics out of decision making.
- Partner to deliver programming with the non-profit and private sector.
- Stop waste, treat money as if it were your own.

Our job, as a government, is to listen to those ideas, provide the evidence to support our actions and act.

Government Renewal Initiative

Beginning in January, the Government Renewal Initiative, which is a multi-year effort to re-engineer our programs, services and delivery systems to ensure they are viable now and into the future, was undertaken.

In addition to the public engagement efforts, to further address the deficit, all government departments, agencies, boards and commissions were asked to identify potential options for savings and present options to reduce expenditures by thirty per cent over three years.

Lead by the Government Renewal Secretariat, analysis of the options identified for savings lead to proposals that were submitted for consideration.

Each proposal was assessed on its own merits, taking into consideration a variety of things.

The Government Renewal Secretariat also assessed the cumulative impacts of the Government Renewal proposals across client groups, sectors and communities. This analysis also included impacts resulting from new revenue measures and fee increases, and helped to inform Cabinet's deliberations.

A full list of the decisions made through this phase of the Government Renewal Initiative can be found online on the Government of Newfoundland and Labrador website.

These decisions have resulted in \$130 million in savings in this year's budget, and will generate \$189 million in savings on an annualized basis.

Today's budget outlines the decisions resulting from both the Line by Line review and the Government Renewal Initiative.

Some of these decisions include:

- Facilitating the Newfoundland and Labrador English School Board to save \$1.2 million annually on office rental.
- Changing ferry schedules and increasing ferry fees for annualized savings of \$3.5 million. We continue to subsidize ferry operations at a rate of 91 per cent.
- Reducing the operational grant to the Research and Development Corporation by \$3.2 million.
- Reducing the regular operational grant to Memorial University by \$14 million.
- Reducing advertising budgets for a variety of departments and crown corporations.
- Saving approximately \$1.3 million annually by restructuring the court system. This will be achieved in consultation with the judiciary.
- Reducing the grant portion and increasing the loan portion of Student Financial Assistance for Newfoundland and Labrador students, including medical students, for annual savings of \$5.5 million.
- Identifying cash management opportunities in various entities that will allow surplus cash to be used to lower our borrowing.
- Increasing class size caps for Grades 4 to 12 saving \$8.8 million annually.
- Removing coverage in the Newfoundland and Labrador Prescription Drug Program for over the counter drugs and introducing limits to diabetic test strips that are consistent with national guidelines for annualized savings of \$5.5 million.
- Increasing the dividend being paid to government from NLC by an additional \$3 million by cutting expenses in the corporation.
- Reorganizing units within some departments, and closing some government offices. All affected locations will be informed of these decisions by no later than tomorrow, after which time all office locations will be made public.

In just over 120 days, the Government Renewal Initiative and our line-by-line review has saved \$243 million in 2016-17, annualizing to \$251 million.

Taking into account entities and accrual adjustments, the impact on the deficit is \$282 million in this fiscal year.

In preparing for Budget 2016, it was important to identify a combination of measures to reduce expenditures and increase revenue.

Revenue

A series of new or increased tax measures and fee changes are being implemented today.

During our consultation process, input from Newfoundlanders and Labradorians clearly pointed to increasing taxes and fees as a way to address the unprecedented fiscal situation.

Total revenue in 2016-17 will be \$647 million annualizing to \$882 million.

Effective April 15, tobacco taxes will increase by one cent per cigarette and by two cents per gram on fine-cut tobacco product, raising additional revenue of \$5.5 million.

Several tax changes will take effect July 1, 2016.

To increase revenues by \$204 million annually, it is necessary to increase Personal Income Tax rates for all income ranges. However, Newfoundland and Labrador rates remain competitive in Atlantic Canada.

The HST rate will increase 2 percentage points, generating, on an annual basis, \$224 million.

The Retail Sales Tax on Insurance Premiums is being re-introduced at a rate of 15 per cent and will generate annualized revenue of \$111 million.

The Insurance Companies tax will increase by 1 percentage point, increasing revenues annually by \$16.9 million.

Effective January 1, 2016, the Financial Corporations Capital Tax Rate and the general corporate income tax rate will increase 1 per cent and the Manufacturing and Processing Profits Tax Credit will be eliminated, generating additional annual revenues of \$31.8 million.

Another measure this government is implementing is fee changes – on an annualized basis, total fee changes are projected to raise an additional \$19.3 million, this includes the introduction of 50 new fees and the modification of a further 300.

Temporary tax measures

Our plan will ensure Newfoundland and Labrador will not face these fiscal challenges forever. That is why, through Budget 2016, we are implementing some temporary tax measures.

A Deficit Reduction Levy of up to \$900 annually, depending on taxable income will be implemented. Individuals with a taxable income of \$20,000 or less will be exempt. That levy will come into effect July 1, 2016. Revenue from the temporary tax will be \$74.8 million in 2016-17, annualizing to \$126 million.

In 2018 we will begin the phase out of this temporary tax.

Effective June 2, 2016, gasoline tax will temporarily increase by 16.5 cents per litre. This tax increase will be reviewed ahead of the fall 2016 supplemental budget.

The tax rate on diesel products will also increase, by 5 cents per litre and the tax rate on aviation fuel will go up by 1.8 cents per litre.

Taxes on home heating fuel will not change. Total projected annual revenue from these measures is \$142.8 million.

Tax Fairness

Increasing taxes is not something our government wants to do – but it must be done in light of the deficit created by a lack of planning by the former administration.

To ensure the impact of the tax burden is reduced for the most vulnerable, Budget 2016 includes \$63.7 million annualized for the delivery of enhanced benefits to help reduce the impact of additional measures on low income seniors, individuals and families, and persons with disabilities.

The Newfoundland and Labrador Income Supplement will be paid to those eligible in quarterly installments. Eligibility will be based on family net income. We are also investing \$12.7 million to enhance the existing Seniors' Benefit.

In addition, the Provincial Government is investing \$3 million to increase the monthly fuel allowance for eligible income support clients.

Tax Review

Tax increases must be balanced with tax competitiveness. During our mandate, government will be completing a comprehensive independent review of the tax system.

The Federal Government has also announced their intention to conduct a review of the Canadian tax system, looking at tax fairness. The Newfoundland and Labrador tax system review will take place after the federal government completes their review and after the 2017-18 provincial budget.

Investments

Our government is facing a financial challenge like no other and we are taking the actions necessary to get spending under control and increase revenue. However, we also know the importance of targeted, strategic investments.

That's why we are investing funds through Budget 2016 to diversify the economy.

Fisheries

The seafood industry is an economic mainstay and vital to our rural economy. We are investing \$2 million in a new Seafood and Aquaculture Innovation and Transition Program supporting technology and innovation in harvesting, processing, aquaculture and marketing with a focus on transitioning to ground fish.

As well, government is allocating \$100,000 to establish a Fisheries Advisory Council to provide industry stakeholders with the opportunity to offer advice on present or emerging issues in the fishing industry. The Council will play a key role in the creation of a strategic action plan on cod revitalization.

Forestry and Agrifoods

In Budget 2016, government will follow through on its commitment to develop a new food security and agriculture growth strategy and will support the Newfoundland and Labrador Federation of Agriculture maximizing opportunities for development by working to leverage federal funding.

The Provincial Government will also continue its commitment to Growing Forward 2, a five-year federal-provincial-territorial initiative.

Rural Broadband

Our government believes that high-speed internet is essential infrastructure in Newfoundland and Labrador. Through Budget 2016, we will be investing \$2 million for broadband infrastructure over the next two years.

Tourism

Recognizing the importance of tourism and culture and heritage to economic development, our government is investing \$13 million for tourism marketing as well as \$18.5 million to support culture and heritage initiatives.

We are also investing through Budget 2016 to improve social outcomes.

Education and Early Childhood Development

The Provincial Government will invest over \$13 million annually for the implementation of full-day Kindergarten beginning in September 2016, which includes hiring approximately 142 new teachers and providing additional student assistants.

\$277,000 has been allocated to implement the Premier's Task Force on Improving Educational Outcomes to examine the K-12 system and focus on improving outcomes for all children in Newfoundland and Labrador, including for Aboriginal children.

\$1.4 million is provided for an additional 27 teaching units for inclusive education.

Health

Health and Community Services accounts for the largest spending in government and we know there are efficiencies and savings to be found in the health and community services system. There are also still critical programs and services we must continue to invest in.

Budget 2016 provides:

- Approximately \$3.5 million for new service options for seniors requiring enhanced care. This funding will provide up to 100 subsidies to support the placement of select individuals with enhanced care needs in personal care homes.
- Approximately \$2.6 million for coverage of a number of new drug therapies under the Newfoundland and Labrador Prescription Drug Program, presently under review by the national and regional review agencies. This investment will also offer beneficiaries' of the program a range of new treatment options.

- \$2.5 million for further planning and design of a new facility to replace the Waterford Hospital.
- \$8.5 million to support the continued planning and design of the new Western Memorial Regional Hospital.
- \$2 million to plan for long-term care in the Western and Central regions.

Justice and Public Safety

Through an investment of \$1 million over two years, renovations will be made to expand the capacity of the Family Court in St. John's, resulting in more cases being heard and fewer delays.

We are investing \$100,000 for an external review of the Office of the Chief Medical Examiner. This external review is intended to identify where any potential deficiencies lie within the Office of the Chief Medical Examiner with an aim of improving the system.

Seniors , Wellness and Social Development

Budget 2016 commits \$500,000 to establish an Office of the Seniors' Advocate.

Infrastructure Planning

We recognize the need to balance affordability with strategic spending, that is why this year we are investing \$570 million on infrastructure.

Included are transportation projects, health care initiatives, school infrastructure – both K to 12 and post-secondary and Newfoundland and Labrador Housing projects.

We will also invest in priority municipal infrastructure projects, as well as leverage federal and municipal dollars to fund water and wastewater treatment, water and sewer projects, municipal buildings, street improvements, and recreational facilities.

All these projects will support jobs in our province as well. This is an important element of infrastructure spending.

The Provincial Government has also chosen to defer some infrastructure projects based on further analysis.

Having a plan to invest our money wisely, through strategic infrastructure projects as an example, allows us to keep more people employed and that has a positive impact on our economy.

Workforce of the Future

The sheer magnitude of the financial challenge that we are facing is immense. We must, and the people of our province expect us, to look at every avenue for savings.

We are eliminating approximately 450 Full-Time Equivalents in the Agencies, Boards and

Commissions.

It is hard to pinpoint the exact number of people that will be impacted as a Full-Time Equivalent is not a position. Planning work on the exact impacts continues in the Agencies, Boards and Commissions.

In core government, we are eliminating approximately 200 positions; of that 125 people will be impacted directly. Approximately 30 per cent of those are management or non-union positions.

As is always the case, the final number of people impacted will not be known until the conclusion of the process.

Upcoming retirements present an opportunity and we continue our commitment to using attrition as a preferred means to reduce the workforce. We want to minimize job losses and keep people working.

Our government will not be offering early retirement incentives as a method of workforce reduction. We must focus public money on delivering critical public services.

Medium and Long-term Actions

Given the seriousness and scope of the current and forecasted fiscal situation, a new approach is required that moves beyond the traditional single year budget efforts.

Budget 2016 contains decisive actions, and will be followed by more actions in a supplemental budget later this fall in conjunction with the Fall Fiscal update.

In the medium-term, our government will be looking at several measures to find efficiencies and generate revenue for our province, including:

- A government procurement initiative to replace the current Public Tendering Act that will help government achieve the best value for services.
- A real estate asset management plan to ensure we review government's real estate portfolio and determine how best to enhance its public value.
- A community grants approach to set multi-year funding models for groups and allow collaboration with private donors to leverage more funding.
- A continued focus on improving health care outcomes, through better management, achieving efficiencies, reducing waste, and taking advantage of technology.

We will also move forward with Phase 2 of the Government Renewal Initiative. We have identified a number of policy options to further reduce expenditures, including:

- Government and departmental reorganization;
- Efficiencies through major program review and redesign;
- Consolidation of functions within the public sector; and
- Partnerships with the non-profit and private sector.

Legacy Fund

Our government promised the people of Newfoundland and Labrador better management and real leadership.

That commitment is built on the realization that we have to carefully plan for the difficult times.

This government is planning for the future; we are putting the provisions in place so that future generations will never have to weather a financial storm like the one we inherited from the previous administration.

Our government will establish a Diversified Wealth Fund once we have moved back to surplus. We will put the necessary framework in place by bringing forward legislation during our mandate. The legislation will be designed to prevent any future governments from leaving our province in the fiscal situation we find ourselves in today.

Financial Accountability and Transparency

As we continue toward reshaping Newfoundland and Labrador's fiscal future, we must ensure we build a solid performance-based planning and monitoring framework which provides greater financial accountability and transparency.

My Treasury Board colleagues and I will be working meticulously to enhance financial accountability and oversight of Departments, Agencies, Boards and Commissions as well as Crown Corporations.

The objective is to enhance accountability for achieving key performance indicators while ensuring multi-year fiscal objectives, as laid out in Budget 2016, are achieved.

Immediately following the announcement of Budget 2016, our government will continue the planning process for our supplemental budget later this year when we will announce more actions identified through the Government Renewal Initiative. And further actions will also be identified as part of Budget 2017 next year.

In preparing for Budget 2017, we will be implementing a zero-based budgeting approach.

Meaning, we will be building all departmental and entity budgets from the ground up. We will be ensuring departments and entities have adequate funding to deliver core programs and services that are important and provide value for taxpayers while at the same time ensuring we can clearly measure key performance outcomes and strive for greater efficiency.

Our government will be expanding the role, as well as composition, of the government-wide audit committee. The expanded role will allow for greater public confidence in government management processes.

We will restore fiscal confidence and accountability.

We will do what Newfoundlanders and Labradorians are expecting us to do:

- We will eliminate government waste;
- We will stop excess spending;
- We will be more efficient; and,
- We will expect that public money is treated responsibly. And we will act when we suspect it is not.

Conclusion

Our government has a plan for the future of our province – one that will achieve fairness for all generations of Newfoundlanders and Labradorians.

Short-term thinking and short-term planning is something I will not do. We will not sit idly by and hope for things to improve.

Our plan is driven by the vision for long-term sustainability for our province and our people – something that can only be achieved through decisive and strategic short, medium and long-term actions.

Led by our Premier, backed by the strength and skill of the Cabinet and Caucus, we will gather the facts, analyze the data, make plans and execute and evaluate our performance. We will hold ourselves accountable. We will get results.

Today marks a bold step forward, and we have much more work to do.

Mr. Speaker, I can assure the people of the province we will not stop until we have our province back on stable financial footing and we have restored confidence in the fiscal future of this great province we are proud to call home.

2016 04 14

3:15 p.m.