

- . In 1991-92, federal transfers to Newfoundland will total over \$1.4 billion or about \$2,500 per person.
- . In 1992-93, the limit on EPF will account for only about 0.2 per cent of provincial revenue.
- . In 1991-92, major federal transfers will continue to account for over 45 per cent of Newfoundland's revenues.

Overall, the national economy is expected to begin to grow again in the second half of this year under the Economic Recovery Plan.

The Newfoundland government recognized the wisdom of the tough but necessary measures in the federal budget. Premier Wells said:

"I'm kind of relieved, to be honest. I would say it will not cause us to make significant changes to our own budget."

Finance Minister Hubert Kitchen said:

"[The budget] is a very reasonable one given the times in which we live.... [The budget will have] minimal impact on the province's fiscal position this year."

Treasury Board President Winston Baker welcomed Michael Wilson's announcement that Goods and Services Tax revenue will be targeted to deficit reduction:

"I think that's a good move, it's something that's got to be done."

Mr. Baker added concerning the federal budget's effect on the provincial government's ability to address its deficit problem:

"Yesterday we had a \$200 million deficit problem. Today we still have a \$200 million deficit problem that will have to be addressed in our budget so in that sense there's no impact."

Provincial Ministers have reason to show confidence in the overall economic outlook for Newfoundland in 1991. The reason is Hibernia. In January, the Conference Board of Canada predicted that:

"The Newfoundland economy will post the strongest growth in Canada this year on the basis of the Hibernia