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| **Province** | **Législature/Legislature** | **Session** | **Type de discours/ Type of speech** | **Date du discours/ Date** | **Locuteur/Speaker** | **Fonction du locuteur/ Function** | **Parti politique/ Political party** |
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**Nova Scotia: Budget speech, April 6, 1979.**

THE PREMIER: Mr. Speaker, at this time I am not going to move that the House resolve itself into a Committee to consider the Supply to be granted to Her Majesty, but I do move, seconded by the honourable Minister of Development that the message from His Honour the Lieutenant Governor of the Province of Nova Scotia, relating to the Estimates of the sums required for the Supply be referred to the Committee of the Whole House on Supply and propose, in accordance with the custom of this House to table the Estimates and copies of the resolutions and to make certain remarks concerning the Estimates.

Mr. Speaker, it is, indeed, a privilege and an honour to present to the House today the Estimates for the fiscal year 1979-80 and it is a particular privilege because it is an opportunity to reconfirm to Nova Scotians the policy of the government to develop an economic framework for the province based upon the resources of Nova Scotia and its existing strong enterprises and the resourcefulness of its people for the benefit of all Nova Scotians. The task of the government to give new and positive direction to the economy and to bring public spending under control will not be easy and it is essential that all hear when we speak of realities, and no one offer false hope or pretend otherwise.

Nova Scotia's revenues and the buoyancy of the Nova Scotia economy depend substantially on transfer payments from Ottawa. This does tend to make us extremely vulnerable to policy decisions made elsewhere in this country. While I recognize that this may continue to be the case for many years to come, it is clear to me that we must find ways to direct those transfers to strengthen our own economic base. Mr. Speaker, this certainly will not be easy. We know that. It will take immense effort on the part of the government, business and labour. We know that too. Our desire is to be an equal partner in this confederation and that means we must strive to find a way.

Therefore, the challenge facing this government is not ours alone, the challenge is for each and every Nova Scotian to work together to build and maintain the economic base so that Nova Scotia is no longer looked upon as an economic have-not.

Before speaking to the Budget in detail, Mr. Speaker, I think it is essential that it, and the broad intentions behind it, be defined in terms which cannot be misunderstood. The figures in these Estimates represent the money of the people of Nova Scotia, together with federal monies from the people of Canada. This is the people's money, it does not belong to this government, but rather it is held by government as a trust. (Applause)

Mr. Speaker, the previous administration of this province thought the people's money belonged to it. We have inherited the results of that kind of thinking, and the people of Nova Scotia now know that its product has been a staggering deficit of more than $75 million.

A Budget, Mr. Speaker, should be a straightforward statement of this province's financial position, and of the prospects the future holds. It should establish goals and the policies through which these goals will be achieved.

It must be a frank report to the taxpayer. It cannot equivocate and it must not hold out false hopes. The goals it sets and the methods of achieving these goals must be in accordance with the province's ability to pay.

A Budget must be a sincere expression of belief and action. This government has been given a mandate by the people of Nova Scotia to act responsibly, and we intend to do just that. (Applause)

Today, Mr. Speaker, retrenchment and restraint have become the watchwords of government across the country. The federal government is no exception, and when Ottawa pulls in its financial horns, Nova Scotia's economy cannot help but be affected.

Therefore, Mr. Speaker, we have committed ourselves to two immediate and distinct policy moves. First, we have established an office of Intergovernmental Affairs which will allow us to plan and maximize our economic and fiscal relationships with Ottawa, and just as importantly, with other governments. I will have more to say about this matter later on in this address.

Second, we are initiating action on the principles of accountability budgeting, as follows. Our commitment to the principle of fiscal responsibility is clearly demonstrated by the initiative we are taking in allocating scarce financial resources through the use of budgeting systems which will more clearly support the government's economic and social priorities.

The establishment of this system as an effective tool of government certainly will not come overnight. It will require the understanding and cooperation of my Cabinet colleagues and all members of the public service. This government, Mr. Speaker, is convinced, that without this process we will not have the flexibility required to meet new priorities and unforeseen problems.

At the same time, the process should improve the government's ability to assess the desirability, efficiency and effectiveness of the programs and activities of its departments and agencies.This budgetary process should, in many respects, formalize some aspects of the work now being undertaken by the Cabinet Task Force on Government Effectiveness.

With this province now spending in excess of a billion dollars a year, there is an evident need for this approach, but I should say again, Mr. Speaker, we should be prepared to measure the progress of budgetary accountability in terms of months and even years.

Now I would like to direct the attention of members of the House to a matter of transfer payments from Ottawa. We are concerned that the economy, as a whole, is becoming less buoyant. Along with that weakening in vitality, the rate of growth in federal transfer payments is declining. This is not due to a downturn in the economy alone. It also reflects specific measures taken by the federal administration to restrain its own expenditures.

I suppose one could say, Mr. Speaker, that the money tree is shedding its leaves. Now, what happens when the level of transfers is either held stable or reduced? This means that we, in Nova Scotia, must manage the money that we do receive with increased care. It demands that we stress the policy of budgetary accountability and ensure that every dollar is used to the best effect.

The answer, Mr. Speaker, is glaringly obvious. We will either have to consume less or produce more. Inevitably, the impact of reduced consumption is measured in terms of less work for those who produce the goods we consume and who provide the services we use. This leads to higher levels of unemployment and eventual economic stagnation.

The key to our future, then, must lie in producing more. This means that greater reliance must be placed on the private sector. It means something else too, Mr. Speaker. We as Nova Scotians can no longer count on the public sector to act as the prime engine of growth. Unless the private sector is vigorous enough to assume a leadership role in our provincial economy, Nova Scotia will face a long period of below-average prospects. Accordingly, the private sector must be allowed and encouraged to respond to the challenge and government must assist it in that response. (Applause)

In that respect, Mr. Speaker, I would like to inform the House that under the direction of the Department of Development, a comprehensive long-term strategy is now being devised. In the coming months, more information on this strategy will be made available.

We in Nova Scotia do have some significant advantages, but we also face major challenges in adapting our productive capabilities to a changing fiscal environment. The development of a new and vigorous private sector in this province cannot help but be influenced by a variety of factors which are inherent in our situation. They include changing patterns of international trade, changes in the way resources are used, and technological innovation. It is to factors like these that the comprehensive programs to be investigated by the Department of Development will be addressed.

Despite the devaluation of our dollar, Canada's balance of trade deficit during 1978 is approximately $5.5 billion and we have experienced deficits over the past four years, a position which is simply not sustainable over the long-term. In short, we face a challenging competitive environment in which to sell our goods and services. We will have to develop new areas of excellence that are competitive internationally as well as with the rest of Canada.

Mr. Speaker, Nova Scotia does possess valuable reserves of many of the resources necessary for success. We have coal, other minerals, fish stocks, agricultural land and our forests. But the fact is, in comparison with other provinces the development of our resources requires more effort for the same result. Consequently, we will need more intensive efforts to sell our manufactured goods and the skills that our people possess.

Mr. Speaker, the technological capacity of this province to adapt its economy to the new productive systems which will emerge over the next decade, in our opinion, is critical. While research and development spending in Nova Scotia is only slightly below the national average, the vast bulk of this effort takes place in government and university settings. Only four-tenths of one per cent of research development by Canadian private industry occurs in Nova Scotia.

A continuation of this trend could cripple us in our efforts to redress the province's balance of trade problem with the outside world. But we do have a significant technological resource in our own government sponsored laboratory. We must now begin to establish the structure which will allow it to achieve and develop the kind of technological advances and innovations we must have.

Mr. Speaker, unhappily, 1978 can be best categorized as another year of mediocre economic growth in which most of the countries of the western world failed to realize their true potential. Canada was no different. Our national growth rate was less than 3.5 per cent in real terms. Nova Scotia's growth rate was only marginally higher, although there were a number of gains in manufacturing, fishing and mining and there certainly was encouraging news from other sectors. Good crop yields allowed for a strong performance in agriculture and conditions in the forestry sector remained quite stable, while pulpwood showed a healthy increase.

Although manufacturing displayed a dismal performance during 1977, the declining value of the Canadian dollar is enabling this sector to make a rapid recovery and the position of the dollar also helped to enhance our exports which showed a substantial jump over 1977 figures.

Fish landings during 1978 showed an increase over 1977 in both quantity and value, and there is every reason to believe that this sector will continue to move towards its true potential as we begin to take full advantage of the 200-mile economic zone and hopefully our province and others become more involved in decisions affecting the industry.

The mining sector continued its good performance of 1977 with new mineral development and exploration helping to sustain an overall performance. The construction industry was held to a modest growth by the electricians' strike and a slowdown in residential building. But, capital investment in manufacturing and the primary and utility sectors showed strength.

Mr. Speaker, retail trade showed a better pace provincially than at the national level. Obviously, the temporary reduction in Health Services tax stimulated consumer buying, especially of durable goods such as automobiles, and there was a more rapid growth in personal per capita income which also helped. More emphasis on the local purchase of local goods, however is still required.

Mr. Speaker, I would add that it is particularly unfortunate that the federal Minister of Finance ignored the request of several provinces, including Nova Scotia, to continue the rebate on the provincial sales tax.

Two fundamental problems remained with us during 1978, however. They were and unfortunately still are, the inflation rate, which averaged 7.7 per cent and unemployment, which showed no improvement over the 10.7 per cent recorded in 1977.

Mr. Speaker, I now turn to the 1979 outlook and I have no intention of holding out any false hopes for 1979. As mentioned earlier, we are experiencing a decline in the growth of federal expenditures and we cannot deny that these federal monies are vitally important to our economic growth.

The fact is, Mr. Speaker, the honeymoon is over. We face a financial situation which is not simply difficult, it is critical. I do not want to spread alarm unnecessarily, but I do want the people of Nova Scotia to realize that we do face very serious problems. A continued softness in the economy of the western industrialized world will exert a dampening influence on our growth rate.

Our provincial economy in 1979 is likely to grow below potential. So, Mr. Speaker, it is incumbent upon this government to exercise what pressures and influences it can to counteract any economic slow down.

Earlier, Mr. Speaker, I alluded to the province's new office for Intergovernmental Affairs. I would now like to explain the reason for its formation and the hopes my Cabinet colleagues and I have for it.

At least 49 per cent of our total provincial income is derived from federal government sources. It represents just under three-quarters of a billion dollars on the current side of our Budget.

Remarkably, Mr. Speaker, although the Department of Finance has played an important role we have never had a central agency which can assist in coordinating negotiations with Ottawa concerning the receipt of this money in its various forms, and we have never had a central agency which could maintain a continuing contact with the federal government's program planning and implementation people while reporting back on Ottawa trends and activities to our own government departments.

This has forced us into taking a piecemeal approach to federal assistance programs and I have every reason to believe that we have missed opportunities to take full advantage of many of the federal government's financial assistance programs.

This lack has not been limited to our relations in Ottawa. It has also affected our relations with other provincial governments and, I might add, with the governments and agencies of other nations.

Nor is it simply a money matter, although this consideration is paramount in our view. We have suffered in terms of information exchange and, in a sense, in human relations.

Mr. Speaker, this is not in any way a criticism of those who have been involved in our intergovernmental relations to date. It is, however, a direct observation on a deficiency in our administrative structure to date. I am convinced it has been a deficiency which has cost us dearly. In light of this, the government moved through Order in Council on February 13th to create the Intergovernmental Affairs Office.

In brief, Mr. Speaker, the function of this office is to act as a central coordinating agency for the Executive Council in the field of Intergovernmental Affairs. It will undertake studies on administrative and policy matters which affect relations with other jurisdictions and will inform itself of those activities which may have an important bearing on our needs and policies.

Mr. Speaker, I want to assure the House that we are certainly not trying to set up some sort of provincial intelligence agency, although I must admit, that in a sense maybe we are. The main thrust of this program, however, is to maintain and develop contracts and information which will allow us to evaluate, to determine and to act when the good of this province can be served.

We are determined to take advantage of every Federal-Provincial program which will be helpful to us and available, and also to obtain and draw down all federal monies on time both to avoid losing the funds and to ensure these funds are used at the earliest opportunity.

Mr. Speaker, I will now briefly turn to fiscal 1978-79. In October of 1978, I made a preliminary estimate of the potential deficit for fiscal 1979. It was estimated at that time at about $55 million. Unfortunately, subsequent information uncovered by government brings the forecast deficit into the area of $76 million. Mr. Speaker, this is obviously unacceptable. It reflects a lack of restraint by the previous government which, certainly, I will not tolerate in my government. (Applause)

Various departments and agencies have been informed of the government's position in this regard and are now well aware that our operating policy is one of accountability budgeting.

Mr. Speaker, why do we have this deficit? We should examine it. The deficit, Mr. Speaker, has been made up of many over-expenditures, the most significant, however, being Sydney Steel Corporation, $34 million; Highways $5 million; Recreation grants $1 million; Tourism $1 million; Development $8 million; and the Energy Assistance program $13.5 million, none of these budgeted for by the previous government.

Also, Mr. Speaker, a revenue shortfall of $6.3 million and prior years' adjustment in tax sharing arrangements showed a negative of $1.8 million.

Mr. Speaker, in all candor, there was little we could do immediately to tackle the deficit. There were committed programs which -could not be stopped they were too far down the road.

Mr. Speaker, we are on the verge of our first fiscal year, and in a position to exercise our own financial controls, we will be able to take those timely steps which in due course will have their effect.

Let us turn now to Budget proposals for 1979-80. Before entering into details of those proposals, the House should know that I have asked the Committee of the Executive Council on Government Effectiveness to undertake with the Department of Finance and Treasury Board, a thorough review of existing accounting policies and procedures in order to develop a summary of options for improving all elements of the system to make financial information and reporting more pertinent and useful.

Mr. Speaker, the budget I am introducing today calls for total ordinary expenditures of $1,493,000,000.This represents a 4.7 per cent increase over forecast expenditures for the year just ended. (Applause) This is a responsible Budget, and in fact a Budget with the lowest percentage increase of this nature in the past decade. (Applause)

Now, Mr. Speaker, notwithstanding this small global increase, we have substantially increased our funding in those programs which provide essential services to the people of Nova Scotia. These increases occur primarily in health care, social services and education. They total in excess of $70 million, and the cumulative financial impact, including these increases, is more than $900 million, or about 61 per cent of total ordinary expenditures.

Mr. Speaker, this money is being used in programs which provide direct services to the people of Nova Scotia; services which are essential to meet urgent needs and, in the case of education, services which equip our young people with the skills to meet the future, and still we have cut the rate of escalation in government spending to 4.7 per cent. We had to trim substantially, however, from the original submissions of most departments in our review process. Some government programs have, of course, been hit harder than many others.

Budgetary constraints present a challenge to the public service, as well as to local governments and groups, to maximize program benefits from funds to be allocated under this Budget. But, Mr. Speaker, I stress again that the increases in Health, Social Services and Education are increases achieved without any increases in the general rate of taxation in Nova Scotia. Although this will result in a negative Budget impact of $17.6 million, which by the way closely parallels the power rate subsidy, we were determined in a time of inflation not to deprive Nova Scotians of any more disposable income, and not to add to the financial burdens of business. (Applause)

Certainly, Mr. Speaker, if taxes on industry were to be increased we would be in danger of harming our fragile cost competitiveness. and that would most assuredly not be in accord with our policy of assisting business and industrial growth.

Mr. Speaker, the only increases are in non-essential goods; the sale price of liquor, wines and beer and through a health services tax amendment which I will soon be introducing to cover tobacco. The rate of tax will be raised by four-tenths of one cent per cigarette, and equivalent increases will be implemented on other tobacco products. (Applause) I might mention, Mr. Speaker, that increase on tobacco will be effective as of 12:00 midnight, this day. .

There will also be a change in fees for domestic, dominion and foreign corporation fees. The net result of these changes will be $310,000 in additional revenue during the fiscal year.

Mr. Speaker, I would like to speak specifically, now, on some elements of this Budget.

It is significant to note that Fisheries' current expenditures have increased by $600,000 and,

Mr. Speaker, in keeping with our commitment to the Fishing Industry and our confidence in

its future, we have increased the Fisheries Development Fund to $50 million, a 100 per cent

increase. (Applause) That, Mr. Speaker, is recognition on this new Government's part of the role of this vital industry and in the future of the fishing industry for Nova Scotia.

The increase in the Department of Social Services has been set at $ I I million. The greater part of the increase is going to family benefits and municipal social services. However, we have also scheduled a $7.9 million from special reserve for the Old Age Pension Supplement, a supplement which is indexed to cost-of-living increases, (Applause), so that our total increase, in Social Services, is in the area of about $19 million.

Within the Department of Development, we have enhanced job creation capabilities. This year, Mr. Speaker, $15 million has been allocated to Task Force Nova Scotia for the creation of more than 8,000 jobs. (Applause) I think it would be recognized, Mr. Speaker, that that is some $4 million more than spent by the previous Administration in job creating in that division. I am pleased to announce that, even at this early date, the job creation program is ahead of schedule in key areas.

Mr. Speaker, we are participating in a $400,000 increase in the DREE sub-agreement grant for Tourism and the Department, itself, is undergoing cost-effective leadership under the Minister, the Honourable Roger Bacon. (Applause) Of particular significant is the close liaison now established between the Department and TIANS, the private sector's official arm which will be operating the Check-Inns Service this year.

Mr. Speaker, we have recognized that Tourism is an extremely valuable resource industry. The Department has established a grant program for eligible operators with a maximum available grant of $15,000. The Department and Public Works are also undertaking the capital project for a new entryway to the province at Caribou.

We have introduced legislation to create the new Department of Mines and Energy. It will have a significant role to play in Nova Scotia's financial future, particularly with regard to the restoration of coal as a primary energy source in the Province of Nova Scotia. (Applause)

In mentioning this, Mr. Speaker, I cannot overemphasize the Government's determination to see coal play an increasingly important role in our energy future. The Department of Mines is continually monitoring the negotiations between Devco and DREE for the increased development and exploitation of Cape Breton's coal reserves including the Prince Mine and the proposed new Donkin Mine.

The new Department of Mines and Energy will, of course, be responsible for the difficult but rewarding task of planning for the future - a future in which our reliance on foreign oil imports must be significantly reduced. And I advise the House that in the very near future details of the department's role in that regard will be announced.

Mr. Speaker, I have said repeatedly that we are approaching our financial obligations in a responsible way, one which recognizes the need for restraint and efficiency.

One of those priorities is the development of our technological capabilities. Because of this commitment we have increased our funding for the Nova Scotia Research Foundation. The increase amounts to $600,000 for a total current budget of $1.6 million. I know that the members of this House realize that the Foundation in its consulting work with, and sales to the private sector is in a position to recover monies. We feel it is important that it be encouraged to get on with the job of developing systems and expertise for Nova Scotia.

Mr. Speaker, I am happy to say that the appropriations for the Tidal Power Corporation have been provided at a level of $134,000, up from a $13,000 forecast 1978/79. The corporation's board is now actively involved in negotiations with Ottawa which hopefully may result in the early development of a pilot tidal power project in Annapolis County. The significance of this, Mr. Speaker, of course, is that experience in this project may hasten the day when major tidal power projects, like Fundy, can be undertaken in this region.

Mr. Speaker, the Sydney Steel Corporation continues to be a serious economic drain and you will note the 1978-79 $61 million deficit. Unfortunately, this trend will continue but as a result of increased productivity, cost reductions, the beginning of new contracts, the commencement of a $67.5 million construction program, and debt load reductions after the completion of business studies, Sysco has advised us that its projected cash requirements should be considerably diminished. (Applause)

Mr. Speaker, we have given Sysco new direction and will continue to take an intense interest in the progress made. Our aim is to strengthen management and the board of directors to the end that the plant's viability is increased.

Mr. Speaker, this is the first Budget of the new administration and in many ways it can be considered a transitional report to the people of Nova Scotia. We have not flinched from describing the difficulties before us but we have also confirmed with pride the vigor of our new policies. We feel that this Budget charts a responsible direction, one which the people of Nova Scotia have been looking for, for many years. Even though we are faced with an overall economic picture .which shows slow growth in both the provincial and national economy, we are confident that our policies will bear fruit in the future.

I should stress, Mr. Speaker, that when we speak of restraint we do not mean restriction. Quite the opposite, in fact. This is a Budget on which we intend to build. The policies which support it are predicated on the conviction that to build well, care must be taken. By the same token, however, we realize that we must build.

That process begins by recognizing the need for greater efficiencies and in that respect I would like to note that thew6rk of the Executive Council Committee on Government Effectiveness is now well advanced. We expect a report to Cabinet later this year, a report that will provide an improved framework for government organization and operations.

Mr. Speaker, I will very candidly admit that this budgetary exercise has at times been agonizing, as all members on the front bench and in the second row certainly will attest to, but I think the fact that we have not had to introduce any increases in the sales tax, other than the slight increase in cigarette tax, or in private and corporate taxes has made the work very worthwhile indeed.

In conclusion, as Minister of Finance, I would like to extend my personal thanks to the Treasury Board and to all Ministers and departments who have contributed to this budget's formulation. I know that through the proper development of this province's economy we will be able to serve our fellow Nova Scotians well. And it goes without saying that with the help and active participation in our economy of all of our citizens, we certainly have no need to fear the future in this province. (Applause)