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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** |
| Nouvelle-Écosse / Nova-Scotia | 52 | 2 | Discours du Budget/ Budget Speech  | 02-04-1980 | Joel Matheson | Minister of Finance  | PC |

**Nova Scotia: Budget speech, April 2, 1980**

HON. JOEL MATHESON: Mr. Speaker, pursuant to notice given on March 28th, I have the honour, Mr. Speaker, by command, to announce a message from His Honour the Lieutenant Governor of the Province of Nova Scotia, which is:

The Lieutenant Governor of the Province of Nova Scotia transmits Estimates of sums required for the Public Service of the province, for the year ending March 31 st, 1981, and in accordance with the provisions of the British North America Act, 1867, he recommends them to the House of Assembly." signed, J.E. Shaffner, Lieutenant Governor.

These measures, Mr. Speaker, will positively benefit all sectors of the Nova Scotia economy and at the same time provide direct and indirect assistance to all Nova Scotians during these times of high interest rates and inflationary pressure.

Before I proceed to expand upon specific measures contained in the Budget designed to meet the broad goals and objectives, I will now briefly review the economic conditions and outlook within which these budgetary provisions were cast.

The overall economic performance of the Province of Nova Scotia in 1979, as measured by its Gross Domestic Product at market prices, was $6.3 billion. While this 11.8 per cent growth in provincial output reflects a modest improvement over the previous year's growth, in view of more rapid price escalations in 1979 as compared to 1978, the real value of that growth was not to a level satisfactory to this government.

In identifying the major factors contributing to the growth of the Nova Scotia economy it is important to reflect on the dependence of the province upon the economic vitality of other countries, particularly the United States.

Low economic growth, fluctuations in exchange rates and high interest rates both in Canada and in other countries, have a significant influence on Nova Scotia's economic performance. Prospects for 1980 indicate that we can expect no major improvements on a national level until, at the very earliest, late in the year.

The population of Nova Scotia continued to grow at a fairly stable rate in recent years. Labour force growth has expanded at a healthy rate primarily reflecting the increased numbers of young people employed and the growing participation of women in the work community. Over the past four years, employment growth has closely followed the expansion of the province's labour force, with the rate of unemployed remaining relatively constant.

Most new jobs have occurred in service-producing rather than goods-producing industries. As we focus with greater clarity on the development potential we have in the province, it becomes clear that improved skills in management and in the labour force generally are essential. Upgrading programs will be implemented to maximize this development potential. Personal income per capita in Nova Scotia increased at almost the national average per capita growth rate in 1979. Any discussion of income, however, warrants immediate reference to price increases for the same period.

Nova Scotia was fortunate that its Consumer Price Index rose by less than that for Canada. A province the size of Nova Scotia is restricted, however, in isolating itself in the short-run from the inflationary pressures which are testing the considerable fiscal resources of the Governments of Canada and the United States. Yet, Mr. Speaker, it is obvious that our future development could be adversely affected by the high cost of energy from whichwe must service our prospective industrial and domestic consumption. The government in this Budget has taken fiscal initiatives to deal with these problems. (Applause)

Capital investment in Nova Scotia in the years ahead will playa large part in determining our prospects for the future. The cost and availability of money will, undoubtedly, have a direct bearing on the joint efforts of government and the private sector.

Mr. Speaker, the danger of growing inflationary pressures in Canada must be viewed with grave concern. The high cost of imported goods and petroleum products in this country has a built-in factor of inflation which regressively deteriorates the real income of Canadians, particularly those on fixed incomes. The social stresses emanating from such a dilemma cannot be ignored and require the committed efforts of governments and citizens alike to bring about its effective resolution.

The medicine for dealing with inflationary pressures, can, however, have an adverse impact, more severe than the disease itself. I refer here specifically to the tremendous escalation in interest rates we have all experienced over the past year. High interest costs have virtually choked off the building and purchasing of homes in Canada and discourage in a serious way the long-term development of this country's economic potential.

The current level of high interest rates are not acceptable. The social and economic fabric of Nova Scotia and indeed, Canada, cannot withstand the continued violation of its growth prospects for the future.

In reviewing the general overall economic performance of the resource sector in Nova Scotia in 1979, one is impressed by the strength and stability of this sector throughout the year. That being said, the matter of immediate concern is, that while the level of the Canadian dollar stimulates export sales, the cost of energy, interest and capital have an accumulative and discouraging effect.

Lumber production continued strong throughout the year, although the province's spruce budworm infestation is an area of concern to the future of our forest industry. Farm income in Nova Scotia showed a modest gain in 1979, although falling behind national growth for the same period.

The fishing industry continues to expand to meet the potential afforded by the 200mile fishing limit. Fish prices have remained strong and the value of fish landings in 1979 is expected to surpass the level experienced in the previous year. We must maintain our impetus in this industry. .

The mining industry in Nova Scotia performed well in 1979 and prospects for the current year follow in that trend. As coal continues to playa larger role in the province's program for the generation of electricity, the outlook for the future is promising.

Gypsum mining followed the decline of housing construction in Canada and the United States in 1979, and the outlook for 1980 is no better.

Housing starts in Nova Scotia also slowed considerably in 1979 following a substantial decline in the previous year. Because of continued high interest rates, it is not expected that a reversal of this trend, either at the national or provincial level, will occur in the coming year.

Considerable oil and natural gas exploration activity will continue off Sable Island throughout 1980. Our confidence in future drilling success is evident through steps being taken by the government in this session of the Legislature to ensure that its governing legislation is in place and ready to meet the requirements of the province, when the need arises.

The manufacturing sector of the provincial economy performed exceptionally well in 1979, escalating in value by almost 19 per cent over activity recorded in 1978. Transportation equipment, textiles, paper and printing industries were the leading forces behind last year's growth, and real gains are expected again for the year ahead.

The province's service sector also turned in a healthy performance last year, largely as a result of a surprising show of strength in retail sales in the province.

The tourism industry remained stable throughout 1979, reflecting an increase of Canadian visitors, attributable in part to the success of the International Gathering of the Clans.

Mr. Speaker, an area of grave concern for all of the people of Nova Scotia continues to be Sysco. When the previous government assumed office and took control of Sysco in 1970, the plant was in a profitable position. Since 1970, there has been a gradual decline in the operation with a steady increase in both borrowings and the direct grants from the consolidated funds of the province. The present Sysco debt stands at $278 million. The proposal of our government regarding Sysco has been placed in the hands of those in Ottawa who can make the necessary decisions. The position of our government is as follows:

(1) We are prepared to honour our commitment for our capital portion of the modernization program on a standard DREE cost-sharing arrangement, which would mean that if the federal government puts in $50 million we would be putting in an additional amount of approximately $12 million;

(2) It is our contention that unless the $278 million dollar debt burden of the Sysco operation is restructured, the plant cannot become competitive. At the present time, the cost of servicing the debt represents approximately 60 per cent of the operating losses.

Mr. Speaker, it is imperative that our proposal be acted upon with expedition by the federal government. Further delay may result in very serious consequences to the industry at this most critical time. We are prepared to do our share, Mr. Speaker. The next move is up to the federal government.

Mr. Speaker, I am extremely pleased to report that the 1979-80 fiscal year will be much better than was foreseen one year ago this month. As you will note from the Summary of the Estimates, it is now forecast that there will be a surplus of $31 million before debt retirement. This improved position has resulted from a combination of cost controls and increased revenues. The government was able, as additional revenues increased, to direct $9 million more than budgeted to the Department of Health and an additional $5 million more for highway maintenance. Approximately $11 million was allocated to the Department of Social Services for additional special assistance and increased payment to municipalities. As well, an additional $14 million was used by the Department of Municipal Affairs for extraordinary Special Assistance payments and implementation of the new grant program to municipalities.

 .

The main reason for the increased revenues for the past fiscal year was the result of expansion in the lumber industry, manufacturing sector, fishing industry and mining activity. As well, Mr. Speaker, there was a substantial increase over our projections in consumer spending. Ordinary revenues, including tax sharing adjustments, are now expected to be $1.427 billion, or $56 million higher than our 1979-80 Budget. These higher revenues resulted primarily from the expanded performance of our provincial economy. Sales taxes were $10 million above Budget. Personal income tax was $13.9 million more than projected and corporation tax increased by $10.5 million. Forecasted revenues from Canada are expected to exceed our Budget estimate by $34 million. This resulted from higher equalization payments and adjustments in tax sharing arrangements.

The 1979-80 capital estimate to assist fishermen building or purchasing vessels and equipment was $32 million. The forecast for the Fisheries Development Fund will increase from $32 million to approximately $40 million. Capital advances for development of industry in Nova Scotia increased by $22 million over our original estimate. The government also increased loans to farmers from an estimated $6 million to $12 million.

This Budget for the 1980-81 fiscal year represents the first year in which the newly formed Management Board has assumed responsibility for undertaking the preparation of the provincial Estimates. It reflects the incorporation of a broadly based and continuing overview of the government's expenditure programs through the introduction of an improved planning and budgeting process, it is in 10 departments and agencies of government. It is our intention to bring the remaining departments on stream in time for the preparation of the Estimates for the 1981-82 fiscal year.

At the same time, Mr. Speaker, a major step towards "Accountability Budgeting" has been taken through the change of the province's accounting system onto a computerized format which will serve us well as we move into the 80's.

This computerized system allows prompt assessment of budget factors, which permits more effective control by the Management Board. Expenditures for the 1980-81 fiscal year will be constantly monitored, within the new system, thereby enabling Management Board to identify problem areas before it is too late to take corrective action. This new information system for managing the government's business is reflective of what progressive firms in the private sector have been doing for many years in effectively and efficiently controlling their internal fiscal affairs.

The new improved planning and budgeting process is the reason that you have now before you two volumes containing the Estimates for the fiscal year 1980-81. Volume 1 covers the summaries, expenditure resolutions, and details for those departments and agencies still on the old budgeting system. Volume 2 describes ordinary expenditure and recovery detail for those on the new budget process. Mr. Speaker, Volume 2 discloses far more information about how the taxpayers' money is being spent than the old budgeting system. (Applause) It does this in a manner which is fully descriptive and easily understood.

This represents a significant change in the presentation of the Estimates. Mr. Speaker, in the creation and implementation of this new budgeting system, it is our conviction that we have a management tool that will provide many positive spin off effects. Specifically, it has enabled us in a much more methodical manner to evaluate and clearly reflect government priorities in the services and activities that we propose to make available to the people of this province. To provide for a greater appreciation of the actual costs of the loan programs offered the private sector by the Government of Nova Scotia, we have also initiated a procedure whereby subsidized interest costs are attributed to the programs and respective departments involved.

The implementation of this system, Mr. Speaker, has required a great deal of time and effort by the ministers, deputies, and staff of the departments involved, and I think it only appropriate to express at this time, our appreciation for a job well cone. (Applause)

Turning to the Estimates for 1980-81, Mr. Speaker, our government considers that with inflation and high interest costs this is not the time to place an increased tax burden on the people of Nova Scotia. (Applause) As a result, there will be no increases in personal income tax, Health Services Tax, gasoline or diesel oil tax. It has been a most difficult task to allocate the various resources available to us in order that we may move forward into the decade of the 80's with confidence.

Nevertheless, in line with our commitment to assist small business in Nova Scotia, we are reducing the province's corporate income tax rate from 12 to 10 per cent in respect of small business income, effective January 1st of this year. (Applause) This, coupled with the tax exemption on machinery and equipment used by business represents a major step in assisting small business development in Nova Scotia. (Applause)

In order to offset any revenue loss arising from this measure, it has also been necessary to raise by one percentage point to 13 per cent the rate applicable to other corporate taxable income in Nova Scotia for the same, taxation year. While the government naturally would have preferred to avoid the necessity to offset this revenue reduction, we believe that the benefit to small businesses is sufficient to justify the tax cut while the new tax rate applied to all other corporate income remains equal to or below the level of the majority of the other provinces in Canada. (Applause)

Mr. Speaker, effective midnight tonight the basic exemption on all taxable sales under the Health Services Tax Act will be increased from twenty-five cents to forty cents.

You will note, Mr. Speaker, that our 1980-81 estimate of net ordinary expenditures is estimated to be approximately $1.571 billion, some 12.5 per cent in excess of that forecasted for 1979-80. Our ordinary revenue is estimated to be $1.555 billion, 10.4 per cent above the forecast for the previous year.

Again I would like to stress, Mr. Speaker, that this Budget is a developmental Budget designed to stimulate economic activity intJ.1is province and to broaden our revenue base.

There is a $1.3 million increase in the budget of the Department of Agriculture and Marketing to provide for a 10 per cent increase in limestone transportation assistance; an expanded School Milk Program; the assumption of the full cost of meat inspection; a Farm and Home Safety Program; as well as increased assistance to cream producers.

It is anticipated that net capital loans to farmers by the Nova Scotia Farm Loan Board will increase by $4.5 million to $16.3 million in 1980-81.

Reflective of the government's commitment to stimulate economic activity in the province, the budget of the Department of Development has been increased by $25 million to a level of $87.2 million for the 1980-81 fiscal year. This includes provision of $1.9 million to assist small businesses by compensating municipalities for the loss of revenues arising from the removal of property taxes on machinery and equipment. Other new programs funded this year include new industrial malls and parks in Sackville, Musquodoboit, Amherst and Richmond County, as well as the provision of new industrial water supply systems for Shelburne and Yarmouth. The government has also expanded the current Rural Industry Program and its assistance to Atlantic Canada Plus. Increased funding has been provided to support the expanded role of the Agent General's Office in London. The Provincial Employment Program has also been continued for another year.

Pursuant to the province's General Development Agreement with Ottawa, a total sum of $7J million will be directed to programs of major economic significance to the province in 1980-81. This dynamic program of development includes $8 million towards a Panamax dock for the Shipyards in Halifax, $2 million for Ocean Industry Development, $10.3 million for Sysco, $14 million for Metropolitan Area Development, some $20 million for capital projects in agriculture and forestry and other initiatives supportive of the fishing and shipbuilding industries. Funds also include provision for waterfront development, historic restoration and park developments in Annapolis Royal and the Town of Louisbourg.

Capital expenditures for the Department of Development have also been increased by $12 million in these same areas for the 1980-81 fiscal year.

The fisheries budget demonstrates an increased emphasis on marketing, quality improvement and seafood promotion as well as additional funding in loans to fishermen. In keeping with our government policy of support for the fishermen, we have authorized, since taking office, an increase in' the funding of the Fishermen's Loan Board from $25 million to over $100 million. It is worthwhile to note, Mr. Speaker, that to date the greatest portion of these funds went to the benefit of the inshore fishermen.

To stimulate the forest industry in Nova Scotia, additional monies have been provided in the budget of the Department of Lands and Forests to develop the Strathlorne Forest Nursery, to construct a tree breeding centre in Debert, and to expand the existing nursery at Lawrencetown. It is estimated that provincial nurseries will produce approximately 6 million seedlings in 1980, almost twice that of the previous year.

Mr. Speaker, the program for the Department of Mines and Energy again represents the strategy and thrust of this government to expand and develop industries in Nova Scotia and the energy resources of our province. This I may say is a fundamental part of the government's development strategy for the future. It is imperative that we come to grips with the energy problems which have been escalating over the past number of years. The cost of electricity has increased by approximately 180 per cent since 1974. This horrendous escalation placed an undue added burden on people and industries in Nova Scotia and inhibited the development of our natural resources.

This government has therefore enunciated an energy policy which is directed to, first, the stabilization of the cost of electricity and second, reducing our dependence on foreign oil for our energy needs from some 84 per cent to the national average of 44 per cent. As I have pointed out, there will be no power rate increase in Nova Scotia. This has been achieved as a result of very close cooperation between the government and the Nova Scotia Power Corporation. The government will assume the cost of foreign exchange losses of the Nova Scotia Power Corporation and has budgeted $10 million for this purpose. The province will also be making payment to the Nova Scotia Power Corporation in respect of rural electrification losses as ordered by the Board of Public Utilities. We have also agreed to continue the 1979-80 subsidy program.

Mr. Speaker, this province is endowed with vast coal resources. We have embarked on a program of developing that coal by way of new surface mining operations and active participation in a new underground coal mine. Nova Scotia Power Corporation is at present developing plans for. the.. two new coal thermal plants which will generate 600 megawatts. Pursuant to the provinces oil substitution agreement with the Government of Canada, an additional $5 million will be directed to hydro projects, capital assistance to Lingan generating plants, coal oil liquid projects, coal testing facilities and special studies to identify feasible alternatives to foreign oil.

Mr. Speaker, you will note that we are honouring our commitment to the development of new sources of electricity and will be providing almost $9 million under the Tidal Power Act to the construction of the first tidal power project in North America, at Annapolis Royal.

The tourism industry in Nova Scotia, in response to changing travel patterns, is demonstrating a resilience characteristic of small business in our province. The budgeted expenditures of the Department of Tourism reflect this government's support of this dynamic and growing industry.

At this point, Mr. Speaker, I think it is fitting to note that 1980 represents the celebration of the Acadian Festival, including the 375th anniversary of the founding of the Habitation at Port Royal, and the 70th anniversary of the establishment of the Canadian Navy. To this end, funding has been provided in the budgets of the Department of Tourism and Culture,. Recreation and Fitness, to support these two activities, along with the Nova Scotia Tattoo, all under the umbrella of Super Summer '80.

This year, Mr. Speaker, we have provided for a $20 million increase in the total capital program of the Department of Transportation, for a total of $119 million. This is directed primarily to the up-grading and extension of the province's 100-series highways and an expanded program of overpass and bridge construction. Also, the government is providing in the Budget $8.7 million for county road construction and rehabilitation and $15 million for repaving in the province in the coming year.

The capital expenditure program in the Department of Public Works has been increased by $4.3 million in 1980-81 to a total of $25 million. Expenditures of this magnitude will provide increased employment in our construction industry and facilitate the movement of goods and people within our province. This, Mr. Speaker, represents a major thrust in the direction of resource development, broadening of Our revenue base, and the creation of new job opportunities. The commitment of this government to resource development is proven by the fact that 48.5 percent of the gross capital expenditures of 1980-81, or $172 million, is directed to resource development.

In some departments we continued the existing level of service, while in several others, service levels have been expanded. Monies have been provided in the Department of the Attorney General for a new program to compensate victims of crime and to fund the establishment of the province's Small Claims Court. The budget of the Department of Education, Mr. Speaker, has risen by $30 million to $330 million, including particular provisions for an in-depth review of public education finance in Nova Scotia and providing for an increase of some $10 million in assistance to universities. In addition, Mr. Speaker, the Nova Scotia Housing Commission has provided for $6.6 million in capital advances for the Self-Help Lease Purchase Program.

In the Department of Social Services, additional funding has been made available to implement an innovative and progressive Program of family benefits made necessary by growing demands on many citizens of our province. The budget of the department has increased to $1 60.7 million in J 980.,<; I, Mr. Speaker, reflective of the government's Concern for those in need. Our Budget program is directed to include the concern of government for our senior citizens. There are many who desire to remain in their own homes or rented quarters but are unable, because of maintenance costs, municipal taxation and high rent. Some are unable to remain in their own homes because they require homemaker services and nursing assistance. Provision has been made in our Budget for an expansion of the Homemaker Program. For those senior citizens who qualify and wish to remain in their own homes, the sum of $2 million has been provided in the Budget for property tax rebates and rental assistance. (Applause) We have budgeted a further $2 million for a Senior Citizens' Assistance Program in respect to home improvements. (Applause) Mr. Speaker, senior citizens' provincial assistance payments will be increased by 9.2 per cent in fiscal 1980-81.

(Applause)

Mr. Speaker, this government has a deep and sincere concern for the physically handicapped. This has been demonstrated as a result of funds budgeted in 1979-80 for the installation of a new elevator in Province House to enable the physically handicapped to have access and egress to and from the Legislative Assembly. This fiscal year, Mr. Speaker, funds have been provided to install an elevator for the physically handicapped to provide access and egress in the Provincial Building in Sydney. (Applause)

Mr. Speaker, there is, at present, a bill before the House which, if passed, will rebate the 8 per cent Health Services Tax on automobiles used by certain physically handicapped persons, effective April 1 , 1980. (Applause)

In recognition of the fact that the burden of increasing taxes should not be passed on to another level of government, we have also provided the necessary funding in the Department of Municipal Affairs to implement the new Municipal Grants Program. A sum of $3.8 million has been provided for a new "provincial supplementary capital grant program" which will assist municipalities in the provision of sewer and water services this year. (Applause) Commitments to this department have risen by $21 million to a total budget of $137.5 million for the 1980-81 fiscal ye-ar. (Applause)

In summary, Mr. Speaker, the Budget presented to the House today is a plan for the future. The expenditures we propose will ensure that the future economic vitality of Nova Scotia will sustain the programs and services deserved by the people of this province in the years to come. (Applause)

We have the resources, we have the work force, we have the determination, and we have the confidence to embark upon a program which could lead, in the decade ahead, to a reversal of the outflow of the youth from our province and to the opportunity for our young people to share in the expanded economic future of Nova Scotia. (Applause)

We cannot, as a government, allow our province to remain in a have-not position while our resources lie fallow or not fully developed. For too long has this occurred, and as the elected representatives of our citizens, we are duty bound to take a positive approach to economic development. (Applause)

During the years ahead, while these new development programs are being implemented, and expanded, we will be faced with many new and exciting challenges.

From the Budget presented to this House today, Mr. Speaker, it should be evident that the conviction and dedication of both the government and the people of Nova Scotia are at hand to embark confidently into the decade of the 80's. The success of our endeavours rests with us. .

Mr. Speaker, I believe this new decade holds great opportunities for the people of Nova Scotia, as well as for all Canadians. The fiscal philosophy of our government is basically to develop, together with the private sector, our own fiscal self reliance, based on our known and potential natural resources and on our desire to control and manage these resources to the maximum benefit of all Nova Scotians. (Applause)

In summation, Mr. Speaker, we want to erase the words "disparity" and "havenot" from any future monetary description of our province. Thank you. (Applause)