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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 | 53 | 3 | Discours du Budget/ Budget Speech  | 23-03-1984 | John Gregory Kerr | Minister of Finance  | PC |

**Nova Scotia: Budget speech, March 23, 1984.**

HON. GREG KERR: Thank you, Mr. Speaker. Mr. Speaker, pursuant to notice of motion given by me on March 20, 1984, and the Rules and Forms of Procedure of the House of Assembly I have the honour, by command, to present a message from His Honour the Lieutenant Governor of the Province of Nova Scotia relating to the Estimates of sums required for the service of the province for the fiscal year ending March 31, 1985, 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, 1985, and in accordance with the provisions of the Constitution Acts, 1967 to 1982, he recommends them to the House of Assembly.”

Mr. Speaker, at this time I wish to table the message from His Honour the Lieutenant Governor transmitting the Estimates for the consideration of this House, table the Estimate Books, table the Estimate Resolutions, deliver my Budget Speech, and move that the Estimates of sums required for the service of the province for the fiscal year ending March 31, 1985, being Supply to be granted to Her Majesty be referred to the Committee of the Whole House on Supply.

Mr. Speaker, I am privileged to present to the Legislature today the details of the 1984 budget for the Province of Nova Scotia. The document I am about to outline reflects this government's continuing commitment to responsible financial and economic planning. It represents a continuation of the management approach, consistently and effectively used by this government over the past few years.

The theme of this budget is deficit reduction and the goal of this government is controlled but effective spending (Applause) leading to a balanced budget. This budget moves us in that direction.

I am pleased to announce that the 1983-84 deficit is forecast to be $16.4 million less than was estimated. (Applause) And today, consistent with our stated objectives, the government estimates a reduction of nearly $38 million in the 1984-85 deficit from the previous year's forecast. (Applause)

Mr. Speaker, our commitment has resulted in the 1984-85 estimated deficit being $54.2 million, or 21.8 per cent less than the estimate presented one year ago. (Applause). Nova Scotia, Canada, and the entire western world have recently undergone an economic recession comparable to the so-called "hungry thirties", resulting in severe financial pressures on all governments. Accordingly, every provincial government has had substantial deficits in recent years. The federal government has incurred massive deficits. We in Nova Scotia have managed to hold our deficit, on a per capital basis, in the middle range among the provinces. (Applause)

Indeed, according to the Conference Board of Canada, this province has weathered the recession better than most other provinces and, last year, led the country in a concerted thrust toward economic recovery. (Applause)

Two key factors have contributed to Nova Scotia's success in the face of a major and worldwide economic challenge. They are the will and the adaptability of Nova Scotians themselves, and the strong economic leadership provided by this government.

The successes we have achieved during some extremely difficult economic times have convinced us that we must not waver from the strategies established in recent years by this government.

We remain commited to sound fiscal management which will result in a continuing reduction in the deficit. Furthermore, we will again ensure that our initiatives are sensitive to the needs of all Nova Scotians as we strive together to take full advantage of the recovery now underway. We will continue to provide a high standard of health, education and social servIces.

Mr. Speaker, I referred to the recovery as being underway. It is by no means complete. It will not be complete until unemployment has been substantially reduced. However, it should be noted that while the rate of unemployment nationally increased by almost one percentage point, there was no increase in the unemployment rate in Nova Scotia during

1983 . (Applause)

This budget addresses the unemployment issue. It does so on the logical premise that the only effective way to lower unemployment rates is to strive for a long-term solution to this serious problem. As we have consistently stated in the past, the government can best achieve this goal by implementing policies which create a climate conducive to private sector investment. This, in turn, results in the creation of viable, productive and lasting employment opportunities.

Last year the budget outlined a comprehensive employment and economic development strategy which proved extremely successful in preventing our unemployment rate from increasing as happened elsewhere in Canada. We remain committed to this strategy.

The White Paper on Economic Development recently announced by our government builds on this strategy. It is the product of intensive consultation and cooperation between the private sector and our government.

The pursuit of these policies and adherence to these principles will allow government and private enterprise alike to take best advantage of the current economic recovery and of the considerable opportunities available to Nova Scotians over the next few years.

Mr. Speaker, before I highlight the specifics of the 1984-85 budget, I would like to review Nova Scotia's economic and fiscal position.

There can be no doubt that Nova Scotia's economic performance during 1983 was extremely gratifying. Indeed, the province's rate of economic growth exceeded that of all other provinces last year.

As reported by the Conference Board of Canada, Nova Scotia withstood the recession better than most other parts of the country. We were able to take full advantage of early and continuing recovery trends. Without a doubt, offshore exploration activity played a significant role in this exceptional performance.

More specifically, Mr. Speaker, the province's achievements last year dramatically outpaced the national performance on a number of economic fronts. For example:

employment increased by 2.2 per cent in Nova Scotia compared to only 0.8 per cent nationally;

the province's unemployment rate remained at the previous year's level compared to an increase of almost I percentage point experienced nationally over that same period;

personal income per capita in Nova Scotia showed a gain in real terms of 0.7 per cent compared to a real decline of 1.2 per cent nationally;

capital investment in the province realized a substantial 19.4 per cent increase compared to a 3.0 per cent decline nationally; and (Applause)

housing starts were up 54 per cent in Nova Scotia last year while across Canada as a whole residential starts increased by only 29 per cent. (Applause)

All of these factors, Mr. Speaker, particularly those relating to capital investment, both onshore and offshore, reflect private sector confidence in our economy and the leadership shown by this government.

The prospects for 1984 continue to be promising. For many other provinces, this is the year in which their economic growth will begin to reflect the recovery in a significant way. On the other hand, economic recovery in Nova Scotia has been vigorously underway for at least the past 12 months. The strength of our current economic outlook, based on a fiscal year's head start in the recovery process, is evidenced by the following:

employment is expected to increase in 1984 by 2.8 per cent over last year's level and is anticipated to again exceed the national average growth of 2.1 per cent;

the province's unemployment rate is forecast to decline this year by 0.8 percentage points;

real increases in personal income per capita are again projected to be experienced by Nova Scotians;

continued confidence in the Nova Scotia economy should again be demonstrated by sustained levels of planned capital investment; and

offshore activity will continue to be a significant factor in the province's impressive economic outlook.

These positive signs tell us that the government is on the right track in tenns of its management approach. When the results of our fiscal perfonnance for 1983-84 are examined, the government is convinced the analysis will show that its policies are working to ensure the long-tenn economic well-being of Nova Scotians.

Mr. Speaker, the government's fiscal and economic strategies outlined in last year's budget provided the climate for Nova Scotia's exceptional economic performance in 1983-84. Oetennined leadership and sound management led to a marked improvement in both the reduction of the forecast deficit and total financial requirements. The numbers speak for themselves.

The operating deficit for 1983-84 now stands at $231.1 million, down by $16.4 million from the original estimate;

Total budgetary requirements and net increases in capital advances are now forecast to be $496.5 million, an impressive $51 million lower than estimated in last year's budget; and

Ordinary expenditures are within $10 million of last year's projections, representing a variance of less than half of one per cent. This emphasizes the success of the government's management policies in controlling the size of the provincial public sector and minimizing the day-to-day costs of government operations.

These improvements in the province's position are clear evidence that the fiscal strategies outlined in last year's budget were both responsible and decidedly sensitive to the economic climate. Mr. Speaker, in accordance with our continued commitment:

The government is on a planned course of deficit reduction, reduction of deficits which were essential during recent hard times to protect the health, education and social service programs so important to our citizens.

The level of these essential services provided Nova Scotians has been preserved during this difficult period, despite pressure to reduce substantially or eliminate the deficit by introducing major cutbacks in these critical program areas.

As evidenced by this economic and financial review, government policies are successfully providing the correct mix of incentives for economic growth and sound management in government operations.

Mr. Speaker, in establishing the strategy for this year's budget, the government is convinced that it must not stray from its stated objectives. As we have consistently said the government's role during this period of economic recovery is to provide a stable policy base from which the private sector can make sound and important investment decisions.

For this reason, the government will stay on its established course. The government will continue with deficit reduction, leading to the goal of deficit elimination. Responsible management of day-to-day operations will continue. The provision of high quality health care, education and social services in the most efficient and effective manner possible will also be ensured. Development and job creation initiatives which are sensitive to economic realities and long-term development needs will be expanded.

I know there are those who will argue that a continuation of this successful strategy is not enough. However, proof that this strategy is working is in the facts I have just presented.

A determined adherence to the criteria I have outlined will enhance the already strong investor confidence in our economy. It will ensure that the citizens and industries of our province are able to take full advantage of Nova Scotia's development opportunities.

As I mentioned earlier, Mr. Speaker, the theme of this budget is deficit reduction. Projections for the fiscal year 1984-85 demonstrate the government's determination. The current account deficit is estimated to be $194.3 million, which is 16.3 per cent less than the 1983-84 forecast deficit. (Applause) This $37.7 million reduction is more than double the reduction forecast to be achieved in 1983-84. This is the second consecutive year that this government has been able to improve the deficit position.

All provincial taxation rates will remain the same, with the exception of the tobacco tax. Effective midnight tonight, the tax rate on cigarettes will be raised from 1.4 cents per cigarette to 2 cents per cigarette and the tax rate on other tobacco products will be increased from 35 per cent to 50 per cent of the retail price.

I wish to emphasize that such increases will mean that our tobacco tax rates are still among the lowest in the country.

The upcoming fiscal year marks the first time that the province will receive direct revenues from offshore activities pursuant to the Canada-Nova Scotia Offshore Agreement. These monies relate to sales tax revenues that have accrued to Nova Scotia as a result of exploration off our coast since the 1982 signing of the agreement. I want to emphasize that these direct revenues, coupled with the economic activity we are experiencing as a result of offshore exploration, highlight the importance of the historic signing of the offshore agreement to the future economic well-being of this province.

As an indication of the significance of the offshore, I might point out that the direct benefits to the Nova Scotia economy from offshore activity totalled $150 million in 1983. Furthermore, Mr. Speaker, direct and indirect employment provided through this activity last year stood at 3,800 jobs. This is expected to increase to 4,500 in 1984. (Applause)

I want to clearly state the following fact, all this activity, all these benefits and all these jobs are a direct result of the agreement successfully negotiated and signed by this government.

Mr. Speaker, the province's expenditure program will continue to be guided by prudent management restraint policies. We intend to stand by the priority commitments established

in previous years and will again ensure that Nova Scotians are provided with high quality,

essential public services.

At the same time, the government recognizes the seriousness of the unemployment situation presently confronting every province in Canada. We will continue to devote substantial funding to a variety of job creation programs. We recognize and stand by the right of those most in need of employment to turn to government for assistance. We recognize too that one of the basic precepts of democracy is that society as a whole has a very real responsibility to its individual members in need.

Since coming to office, this government has consistently maintained that the key to creating employment over the long term lies with the private sector. This means that the government must create a climate conducive to private capital investment, investment which in turn, generates permanent and productive employment opportunities for Nova Scotians.

The importance the government attaches to this employment strategy is evidenced by the recent White Paper on Economic Development entitled "Building Competitiveness". We are pleased with the cooperation and input we have received from the private sector in preparing this White Paper and we welcome the opportunity to implement many of the proposals that have been put forward in our consultations.

As the White Paper pointed out and the Throne Speech repeated, this government will continue to do everything possible to stimulate private sector investment in the province. It will endeavour, as well, to ensure that Nova Scotians are able to identify and take full advantage of the opportunities that develop and, more importantly, to develop their own opportunities. Accordingly, this budget gives effect to many of the major government policy initiatives already announced in this regard.

Through a variety of direct job creation programs and more particularly through its capital expenditures; the government plays an important role in generating job opportunities for Nova Scotians. Not only are people directly employed by public works programs, but many small businesses in the province and their respective work forces benefit from government capital spending.

Furthermore, the economy is left with expanded capital assets and economic infrastructure which helps attract new and important investment to the province.

For these reasons, Mr. Speaker, the government is committing $263.8 million to a variety of public works and construction projects next year. (Applause) This represents a substantial $64.7 million increase in our capital program from 1983-84. Approved projects throughout the province include major renovations, expansion and construction of hospitals, municipal capital projects and extensive highway construction and upgrading. (Applause)

Mr. Speaker, it is anticipated that this aggressive public works and construction program will generate approximately 7,000 jobs in the province. When combined with direct job creation measures and economic development initiatives, as well as the employment generated by our capital advances and investments, the government is providing for the creation of over 22,000 jobs in Nova Scotia next year. (Applause)

These initiatives demonstrate the government's sensitivity to the unemployment dilemma facing many Nova Scotians. It also stresses our commitment to solving the unemployment problem over the long term by providing the infrastructure necessary to encourage future economic development in the province.

As we all know the residential construction sector is very labour intensive and plays a key role in providing employment opportunities in the province. It supports employment in our primary resource sectors and helps many of our small businesses and contractors maintain their work forces.

The past year has seen a significant upsurge in residential construction activity in Nova Scotia. Housing starts in the province grew by 54 per cent over this period, surpassing the 29 per cent growth rate experienced nationally. This exceptional performance can be largely attributed to the province's $2,000 Homeowners Incentive Grants which were in effect for all of last year.

While we were anticipating in the 1983 budget that this program would help to generate 5,000 new starts, I am pleased to report that 1983 housing starts actually approached 5,700. (Applause) This is a tremendous boost to employment in the province and an encouraging confirmation of the government's housing initiatives.

The Homeowners incentive Grants have had an obviously beneficial impacton our new residential construction activity. Accordingly, Mr. Speaker, I am pleased to reinstate the maximum grant at the $2,000 level for all of 1984. I wish to point out that the grant will apply retroactively to January 1, 1984, and this means that new homes that have qualified for the grant since the first of the year will automatically be considered for an additional grant up to the $2,000 maximum.

This, coupled with funds advanced by the Department of Housing for loans and construction programs, means that housing starts during 1984 could again surpass 5,000 units, thereby sustaining employment levels in this crucial sector of our provincial economy.

Another important catalyst for long-term economic development and permanent job creation is the government's comprehensive industrial loans program. Despite the many new and varied industrial opportunities which will develop in the province over the next few years, particularly related to the offshore, the government recognizes the key role that is played by existing industries and resource sectors in Nova Scotia. There can be no doubt that the underlying strength of our provincial economy rests in the economic achievements of our diverse resource and industrial sectors. We cannot, and will not, forget that these sectors are vital to our future economic well-being.

For these reasons, Mr. Speaker, the government will devote $68.1 million in 1984-85 to a variety of industrial and resource development loan programs. (Applause) This represents an increase of $15.7 million over the funds forecast to be provided in 1983-84. This level of funding reflects the government's conviction that these industries are vital to the province's economic well-being.

As we all know, our industries must keep abreast, and indeed ahead, of technological advances if they are to remain competitive in both the domestic and international market place. Technical innovation is critical to improved productivity and the continued viability of many of our traditional industries.

The budget contains financial provisions for many initiatives designed to encourage research and development in the province. Beginning in the 1984 taxation year, Mr. Speaker, the province intends to extend a Nova Scotia corporate income tax credit for industrial research and development. (Applause) It is anticipated that this credit will meet the criteria for such programs under the Tax Collection Agreement with the Government of Canada. The tax credit would be equivalent to 10 per cent of research and development expenditures eligible for the federal investment tax credit.

Mr. Speaker, as a further encouragement for industries to commit research and development expenditures, this budget provides for a sales tax exemption on machinery and equipment used in research and development. (Applause) As well, the government will continue its support of the Nova Scotia Research Foundation Corporation. This organization plays a key role in providing applied research and development for industry. Promotion of these critical research and development initiatives should encourage our industries to remain competitive in the face of technological change.

While I have spent some time discussing the merits of long-term economic development to our future well-being, and the importance of private sector adaptation to economic challenges, I must emphasize that the benefits from these developments will accrue to Nova Scotians only if we are prepared to adapt to changes in labour market conditions.

The importance of developing the province's human resource potential was outlined in considerable detail in the White Paper on Economic Development. The budget re-emphasizes the importance the government places on human resource development by giving financial effect to many of the initiatives already announced in this regard. $2.5 million has been provided within the Department of Education for the coordination and combination of vocational and technical training in the province under the direction of a new deputy minister appointed specifically for this purpose. Approximately $2.4 million of this sum will be dedicated to the establishment of new training programs for members of our workforce, programs especially designed to meet the industrial and development challenges I mentioned earlier.

At the same time, this budget provides for a new Deputy Minister of Manpower whose special priority role is to identify, in conjunction with the private sector, the province's manpower needs in the years ahead. Obviously, the functions of these two new deputy ministers will, and indeed must, dovetail as new identification of manpower requirements contributes to training program design.

Such specific attention to manpower needs will ensure that employment opportunities and business activity for Nova Scotians are not limited by skill shortages. It will enable us to maximize the important development prospects which lie ahead.

The budget also provides funds for the creation of a Youth Initiatives Office within the Department of Labour and Manpower. (Applause) This office will assess and recommend programs with respect to youth initiatives and will coordinate youth oriented activities of the provincial government. Through the Department of Development, a Youth Entrepreneurial Skills Program will also be implemented to allow non-student youth the opportunity to develop entrepreneurial skills through the provision of interest-free loans for the establishment of long-term business ventures.

Mr. Speaker, I must stress that this is not a "make-work" project. Rather, it is designed to provide basic capital assistance for those young people willing and determined to develop their entrepreneurial skills. These measures indicate this government's sensitivity to the particular employment problems facing the youth of this country and our resolve to tackle this serious problem.

All of the human resource initiatives announced in this budget are evidence of the government's commitment to provide education and training opportunities relevant to an increasingly technical age. They once again illustrate our leadership in ensuring that Nova Scotians are prepared to take full advantage of the challenges ahead.

While the budget gives financial effect to many of the major government policies aimed at job creation and human resource development, it also continues to reflect the high priority the government attaches to providing quality public services to the people of the province. The health, education and social services expenditures which I am about to outline represent the government's on-going commitment to programs which make this province a better place in which to live and work. We will continue to steadily improve the standard and level of such services within the constraints of sound fiscal management. We will balance cost-saving measures with more efficient and effective program delivery, thereby ensuring that Nova Scotians receive the maximum return for their tax dollar.

Since taking office in 1978, this government has undertaken to uphold the standards and expand the wide range of health and education services that are provided the people of this province. Mr. Speaker, we are proud that we have successfully achieved this goal through both good times and bad. In 1979-80, government operating expenditures on health and education combined totalled $787.9 million. This represents spending of approximately $936 for every man, woman and child in the province.

Since that time, health and education operating costs have nearly doubled, to the point where the government will be spending $1,728 for every Nova Scotian in 1984-85. On the basis of a family of four, government health and education expenditures next year will amount to more than $6,900 for that household.

Because these programs represent more than 50 per cent of total operating expenditures, the government could have further reduced or even eliminated the deficit by introducing massive cutbacks in the health and education areas. In spite of recent financial pressures, the government chose not to compromise the provision of these high quality services in any way. (Applause)

We will continue to devote a substantial portion of the budget to health care, with Department of Health expenditures totalling $744.9 million in 1984-85. This funding covers a wide range of comprehensive health costs including $488.1 million to be spent

on overall hospital services and $256.8 million for a variety of other health services, such as medical care payments, children's dental care program and the Pharmacare Program.

We will be embarking upon a capital program for the Department of Health totalling $37.2 million in 1984-85. Capital expenditures will not only be provided for renovations and improvements to many existing health care facilities but also for the construction and expansion of new hospital facilities. Such capital projects not only provide Nova Scotians with much needed employment but also result in a substantial upgrading of the level of hospital care provided across all regions of the province.

I have already outlined in considerable detail the measures that this government is undertaking to ensure that Nova Scotians are trained to take advantage of future economic opportunities. The degree of success of our training initiatives, however, is highly dependent upon the quality of basic education that is provided for young Nova Scotians. A firm educational foundation must be a prerequisite to ensuring that our young people gain the most from whatever vocation they may wish to pursue.

Mr. Speaker, in recognition of the importance of educating the young people today to take advantage of opportunities tomorrow, expenditures of the Department of Education and assistance to universities will total $729.2 million in 1984-85. The devotion of more than one-quarter of the province's total operating budget to all types of education programs indicates the high priority this government places on developing human resources to reap maximum benefit from the economic opportunities which will develop.

Despite improved economic conditions which have been experienced over the past year, the government will not waver from its commitment to look after citizens who continue to experience financial difficulties through no fault of their own. I am speaking here particularly about the elderly, the disabled and the unemployed. (Applause) In 1984-85, approximately $ 261 million will be provided to the Department of Social Services for a variety of social programs including further financial aid to senior citizens, family benefit payments - including the Pharmacare Program for disabled family benefit recipients - and municipal social assistance payments.

Recognizing that the municipal governments, like other levels of government, have been experiencing difficult times over the past few years, this government will be providing a substantial increase in the grants to municipalities in 1984-85. (Applause) In total, operating and capital grants to municipal units will amount to $79.6 million next year. This represents a 21.2 per cent increase over funds provided in 1983-84.

Such funding should go a long way in easing the financial pressures on municipal units. It should assist in suppressing property tax increases that may be experienced by property owners in the coming year. Furthermore, it should ensure that the provision of municipal services is not compromised in any way because of difficult times.

Mr. Speaker, this budget has demonstrated a major theme, deficit reduction. But a budget is more than a cutting tool. It is also the mechanism which allows a government to direct and provide key services for people and to encourage an economy to grow, often in the face of considerable challenges. So, while this budget has reaffirmed the government's commitment to a program of deficit reduction, it has also emphasized the need and the will to maintain critically important health, education and other services along with the determination to enhance the developing climate of economic growth and development in the private sector.

This budget provides for a concerted thrust in these important areas. It is consistent with the government's long-standing policy of encouraging the private endeavours of Nova Scotians, of protecting the services the people of this province need for family and personal security, and of placing us closer to the goal of deficit elimination.

Our policies are working. We remain committed to them and we believe Nova Scotians will benefit. Thank you. (Applause)