|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Nouvelle-Écosse | 56e  | 2e  | Discours du Budget | 2 Mai 1994 | J. Bernard Boudreau | Minister of Finance | Nova Scotia's Liberal Party |

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. I would wish to deliver my Budget Speech and before doing that I would move that the Estimates of Sums required for the service of the Province for the fiscal year ending March 31, 1995, being Supply to be granted to Her Majesty, be referred to the Committee of the Whole House on Supply.

Mr. Speaker, I am pleased to deliver to the House of Assembly and to all Nova Scotians today, the 1994-95 Budget and detailed medium-term plan for the fiscal recovery process we launched in this province a short six months ago.

In our first Budget last Fall, the government built the framework for renewal with the introduction of our four-year Fiscal Recovery Plan. The Plan set realistic revenue and expenditure targets for the next four years. These targets provide for the gradual reduction and eventual elimination of the annual operating deficit, a challenge that has not been met since 1979-80. Our targets were made public last September so that Nova Scotians could hold us accountable.

The Fiscal Recovery Plan provided for more than targets. It provided the fiscal framework for government restructuring and reform that would ensure better services, delivered in a more cost-effective way. The plan ensures important government programs can be sustained for the future.

To achieve our goals, the government, early in its mandate, had to begin a massive program of reorganization. The province was spending beyond taxpayers' means spending irresponsibly and in a way that could not continue.

Two measures were urgently required. First, we had to restore integrity to the budget process. When government routinely misses projected deficits by hundreds of millions of dollars, no one takes the process seriously. We have met, in fact bettered, our projections over the past year, and we take pride in our accomplishments in this regard.

Secondly, our government had to introduce the concept of multi-year planning. Consequently, within the framework of our overaIl plan, there is now a detailed four-year operating and capital budget in every department.

Since our Budget of September 1993, the government has consulted and listened to the views of thousands of Nova Scotians on many fiscal and economic issues facing this province.

We do not presume to know all the answers. We have called upon Nova Scotians from all walks of life to share their knowledge, experience, and ideas.

The government is committed to reform and renewal in Nova Scotia. In the 1990s everyone must struggle to adjust to change. By working together through this change we can ensure a better, more prosperous Nova Scotia that offers realistic economic opportunities for ourselves and our children.

As a result of the recovery under way in the province throughout the past year, total revenues were higher than expected. Own-source revenues reflected some measure of growth in income taxes, health services tax revenues, and to a lesser extent, gasoline tax revenues.

However, declines experienced in other sources reduced these gains.

Tobacco tax revenues have shown a significant downward trend at 12.7 per cent below 1992-93 levels because of an increase in smuggled tobacco products.

Modest economic recovery in some larger provinces provided for gains in both current and prior year equalization estimates. These increases have been offset to some extent by the completion of Nova Scotia's stabilization claim in 1992-93 and continuing decreases in the cash value of federal transfers for health care and post-secondary education.

A commitment made to this House in last Fall's Budget to provide for more accurate revenue estimates has been met. The year-end forecast of total revenues for the province in 1993-94 is $17.9 million greater than the initial estimate of total revenues prepared and released in the 1993 Budget.

On the expenditure side, total net program spending in the province for 1993-94 is forecast to be $108.7 million lower than 1992-93 levels. Measures taken partway through the fiscal year to streamline and rationalize program costs and delivery paid off. Forecasted expenditures for the year are actually $25.6 million lower than levels estimated in the September 1993 Budget.

Debt-servicing costs, however, partially eroded these gains. As a result of the weak Canadian dollar, debt-servicing costs experienced a $16-million increase over estimated levels.

Total net ordinary expenditures including debt payments are, therefore, forecast to be $86.1 million lower than 1992-93 spending.

The current account deficit of the province for 1993-94 is now forecast to total $372.0 million. The operating deficit is forecast to be $99.3 million lower than the 1992-93 deficit. This represents a significant reversal in recent trends of spiraling annual deficits.

Through realistic revenue projections, and rationalization and streamlined government operations, the government has kept its commitment to deliver an annual deficit that is $24.8 million lower than the $396.8-million target set in our Fall Budget. Too often in the past have Nova Scotians been promised a reduction in the annual operating deficit only to be shocked by significantly higher levels of indebtedness due to "last minute" surprises. We did our best to eliminate those surprises at the outset by being as realistic as possible in our assumptions and committed to the difficult spending decisions necessary to keep our fiscal plan on track.

Thirteen government departments have actually come in under budget, returning a surplus to the general revenues of the province.

I want to extend a sincere thank you to all public servants for their tremendous efforts and success in meeting the challenge and achieving increased cost efficiency in government.

The economic climate surrounding the reform and renewal process under way in Nova Scotia continues to present many challenges. While positive signs of recovery are surfacing in some sectors, total provincial economic output is experiencing a slow recovery from the recessionary trends of recent years. Industry restructuring within the province and events worldwide have caused continuing difficulties in some sectors. Expectations are for a modest pace of recovery over the medium term.

An increase in real economic output for Nova Scotia of 0.9 per cent is forecast for 1994, only slightly stronger than the 0.3 per cent real growth experienced during 1993.

One of the strongest contributing drivers of economic growth has been the community, business and personal service sector, which experienced real growth of 4.2 per cent in 1993, with a further 2.5 per cent projected for this year. Large employment gains of 12,000 persons occurred in this sector last year with a further 2,000 jobs projected in 1994.

Offshore petroleum production from the Cohasset-Panuke oil fields provided for strong real growth of 18.0 per cent in the mining sector during 1993. A further increase of 9.5 per cent is expected in the current year as production levels reach an estimated 8 to 10 million barrels of oil for the year.

Capital investment in machinery and equipment increased 12.8 per cent in 1993 over the previous year's levels, spurred largely by activity at Point Aconi. A slower pace of machinery and equipment investment is expected for the current year.

Retail trade in the province has begun to reflect renewed consumer confidence as 1993 marked the second consecutive year of retail sales growth in the 4.5 per cent range. Expectations are for continuing growth in retail sales in 1994.

Inflation remains low in the province, with rates of 1.2 per cent in 1993, and 1.0 per cent forecast for 1994. This low inflation environment will help to renew consumer confidence and provide for a sustainable economic recovery over the long term.

The value of exports in Nova Scotia experienced a 5.0 per cent increase in 1993, with a 3.2 per cent growth forecast for 1994. Increased export activity associated with the forest industry, oil production, and tires accounts for a substantial portion of these gains.

Activity in the fishery, manufacturing, and construction sectors, on the other hand, has continued to struggle because of slow recovery prospects and industry restructuring. The 1994 year will likely be one of adjustment for the fishery as rationalization of the groundfishery continues. However, strong performances are expected throughout the year in such species as lobster, herring and snow crab.

The province's manufacturing sector, led by export-oriented pulp and paper and tire industries, is forecast to exhibit some recovery during the year. Manufacturing shipments recorded increases of 3.9 per cent in the first two months of 1994 over the same period last year. Non-residential construction expenditures will also improve as a result of the initiatives undertaken pursuant to the national infrastructure program.

The number of people employed in Nova Scotia has shown some decline in recent years, resulting in an increase in the unemployment rate that reached 14.6 per cent in 1993. Signs are emerging suggesting this trend is shifting. Only a few short weeks ago we heard of the significant gain in the number of persons employed in this province during March. Nova Scotia was credited as having led all provinces in its employment performance over this period. It is estimated that continuing increases will occur in the number of persons employed in the province throughout the year, providing for a gradual decline in the unemployment rate in 1994.

The decrease in our operating deficit of almost $100 million in 1993-94 marked the beginning of a new journey. As we move along the road to fiscal recovery, the signposts will be clearly marked, and we will meet them, on schedule, one at a time. With each new fiscal accomplishment, the opportunity for sustainable economic growth and long-term employment for Nova Scotians will grow.

Last Fall, the government outlined a four-year Fiscal Recovery Plan for this province. The plan called for significant expenditure reductions over the next four years and required a new approach to program and service delivery. The urgent need to implement this plan was self -evident.

The province is financially strapped. Debt and debt-servicing payments have severely eroded our ability to pay for public programs and services. For example, debt-servicing costs now exceed expenditures on public education.

If this erosion continues, how long before we face such questions as "Can we afford to give our children a world-class education?" We will not continue to burden future generations. The government's Fiscal Recovery Plan provides a clear path out of this vicious cycle.

The debt has not accumulated overnight - nor will it disappear overnight. The fouryear Fiscal Recovery Plan provides for a rational approach to expenditure reduction. The government has listened to the views and priorities of Nova Scotians from all across this province in determining its expenditure reduction strategy. We heard Nova Scotians call for:

- tighter cost control in government

- less administration

- elimination of overlap and duplication by governments welfare reform

- privatization

- implementation of some user fees

We thank all those Nova Scotians who shared their views and ideas with government throughout the consultation processes. These valuable ideas have been carefully considered in developing an expenditure strategy not only for this year, but for the four-year action plan as well.

Legislation passed in this House last Fall provided for a reduction of approximately 10 per cent in net program operating expenditures over the next four years. This decline in government spending will result in cumulative savings of over $900 million to the taxpayers of Nova Scotia throughout this period.

In keeping with this commitment, net program expenditures this year will be $101.6 million lower than estimated for 1993-94. This level of cost savings represents a far greater reduction in program spending because of commitments the province was already facing for the year. Approximately $80 million in existing commitments this year included such funding requirements as: negotiated wage increases for teachers increases in the family benefit rates increased cost of the Student Loan Program teachers pension fund contributions

These funding requirements mean program cuts of over $180 million were required in order for the government to achieve its spending targets this year. Needless to say, such a significant level of savings cannot be obtained without some disruption.

Achieving this global expenditure reduction target of government this year has required all departments to closely scrutinize their operations, set priorities, streamline their operations and ensure cost efficiency in their delivery systems.

In setting the individual departmental expenditure targets for this year, government tried to remain sensitive to the need to protect and preserve essential services for Nova Scotians. Consequently, some departments notably Community Services, have been required to scale back their operations by less than others. The government has balanced the urgency for fiscal restraint with the need to remain compassionate to the real needs of Nova Scotians.

A significant portion of the savings in this year was realized because of the Early Retirement Program and the consequent reduction in the size of the civil service. It is estimated that 755 employees eligible to take early retirement in this fiscal year will do so, saving the government over $23 million in salaries and benefits annually. Numerous vacant positions within government have been eliminated, and casual and term positions discontinued.

The province is also prepared to offer an Early Retirement Incentive Package to Nova Scotia teachers to bring about similar streamlining in the education system. This is necessary to achieve cost reductions without resorting to the lay-off of over 500 teachers. The province is seeking agreement from the teachers that would see effective cost-saving measures without impact on the delivery of education in Nova Scotia. To provide the flexibility needed to pursue these matters, the government will extend the date by which teachers must be given notice of termination of contract in 1994.

Additional expenditure reduction measures and reform initiatives have been taken in a wide range of programs and services starting in 1994-95 and continuing over the next four years. In some instances, the decisions to achieve cost savings have not been easy, but have been considered necessary to stay on our path to fiscal recovery.

The restructuring and reform of programs and services over the next four years will result in difficult cost-saving measures including:

- closure and/or conversion of hospital facilities consolidation of school boards

- rationalization of universities

- reductions in housing grants and subsidies

- increased tuition fees in our community colleges extensive rationalization of court and correctional facilities

The four-year Fiscal Recovery Plan has also provided the opportunity for substantial reform in government. In several areas of program and service delivery, the government is taking steps, commencing this fiscal year, to implement a rationalized, streamlined, and costeffective delivery system to meet the needs of Nova Scotians.

A strategic plan of action in education calls for achieving excellence through development and implementation of innovative entrepreneurship programs, curriculum enhancement, revitalization of our university system, and development of lifelong learning opportunities for Nova Scotians.

Health care reform involves an expansion of the Home Care Program, enhancement of standards for emergency health services, reform of the Pharmacare Program, and more extensive community involvement in planning and delivery of health care.

In a move toward social reform, the recovery process will focus on helping people to become self-sufficient and to break the cycle of dependence. Programs will be targeted toward employability training and support, and on early intervention - in the areas of income assistance and family and children's services.

Provincial-municipal service exchange will provide for the elimination of the two-tier welfare system in this province and a uniform social assistance support structure throughout all regions of Nova Scotia. Municipal reform will also help to create strong local government in partnership with the province.

Significant rationalization and revitalization are also under way in Nova Scotia's justice system. Consolidation of correctional institutions, court reform and restructuring, and the shift in emphasis to preventative programs will help to reduce the level of crime in this province and the staggering costs that it creates.

Reform initiatives throughout all departments have provided for substantial cost savings this fiscal year. Further program cuts in this year were not considered feasible. More planning and consultation will be required to avoid an unacceptable level of disruption to program and service delivery. The responsible approach must allow departments the time necessary to redesign and rationalize their program delivery systems.

Therefore, to ensure we stay on the road to financial solvency, the government has chosen to implement a global cost-cutting measure until stronger revenue growth and the benefits of the government reform agenda can be realized.

The most significant spending commitment of government continues to be the wages and salaries of more than 60,000 public servants. Over 65 per cent of total program spending is on wages. No fiscal recovery plan could be successful without taking that fact into account. It is necessary to reduce the wages of all public sector employees.

There is an immediate freeze on any increase in public sector wages and salaries. Deferred pay increases will not proceed. Effective November 1, 1994, after the 2 per cent adjustment associated with the unpaid leave expires - a permanent 3 per cent reduction in public sector salaries begins. The net effect of this measure is - beginning in November public sector workers will be earning 1 per cent less than they are today. Merit pay and incremental pay are frozen for one year, beginning May 1, 1994.

This wage reduction applies to all sectors of the Public Service. More specifically, it includes all employees and elected and appointed members of the provincial and municipal governments, Crown corporations, school boards, universities, community colleges, hospitals, and homes for special care, and provincial court judges. Municipalities and universities will retain the revenue to which they are entitled from this wage reduction.

Total payments to physicians before the 3 per cent wage rollback have been capped at $254 million for the 1994-95 fiscal year - a reduction of $10 million below 1993-94. Physician's payments will also be reduced by 3 per cent as a result of the wage reduction measure.

These difficult decisions are required to lead the province out of its financial quagmire. These measures are part of a plan that will ultimately result in a more economically and socially secure Nova Scotia.

It is the hope - it is the expectation - of the provincial government that municipalities and universities will use their proceeds from the wage reduction in the best interests of the property taxpayers and the university students of Nova Scotia.

The wage reduction measure must be tempered with an understanding that some public sector salaries are already low. This wage reduction will not affect anyone who earns $25,000 or less. Nor will anyone's salary be taken below that threshold as a result of this measure.

The government realizes it is asking public sector workers to make a significant contribution to the financial security of Nova Scotia. I ask Nova Scotians to recognize the essential role of public servants in delivering the programs and services we all need. I know Nova Scotians understand and will appreciate the sacrifice public servants are making.

The Capital Expenditure Program of the province also falls under the Expenditure Control Legislation. The legislation provides for a 5 per cent reduction per year for the four-year period starting in 1994-95. This will result in a decline of $60 million in the annual capital program of the government by the fourth year of the plan and cumulative savings of over $175 million.

Net capital expenditures are estimated to total $302.1 million this fiscal year. Major initiatives under way in the current and upcoming years of the recovery plan will include:

- completion of the Camp Hill Medical Centre and the Cape Breton Regional Hospital start-up of construction at Victoria County Memorial Hospital

- commitment of $90 million toward new school construction

- commencement of many new municipal projects totalling over $200 million under the new federal-provincial infrastructure agreement

The four-year plan, on the capital side, will require private sector participation in traditional public sector projects and institutions. The government is actively pursuing a private/public sector partnering relationship that will maximize the financial advantage to the province without sacrificing the overriding public interest of the people of Nova Scotia. A list of potential opportunities for partnering with the private sector would include schools, highways, correctional facilities and municipal sewer and water projects. These and other capital expenditure projects will provide job opportunities for many Nova Scotians over the next four years.

In the current fiscal year, the province is expecting that the economic recovery now under way will mean an annual revenue growth of 3.2 per cent.

In terms of consumption taxes, the province has taken steps in respect of both tobacco and motive fuel tax revenues to limit volatility in these revenue sources.

In an effort to combat the illegal tobacco smuggling market, provincial tobacco tax rates on cigarettes have been reduced by $7 per carton effective midnight April 14, 1994. This measure has been matched by a similar reduction in federal tobacco tax rates.

Rate reductions have also been made to other tobacco products. Tobacco tax revenues in the province are estimated to total $60 million this fiscal year, a decline of $29 million below last year's level.

In addition, as a result of the volatility of world oil prices in recent years and the sensitivity of a significant portion of the province's revenue base to these external global influences, the province is taking steps in this Budget to secure the motive fuel tax base. Effective midnight, April 29, 1994, the gasoline and diesel fuel tax will no longer be an ad valorem rate based on the average retail price of motive fuels, but rather will be set at 13.5 cents per litre and 15.4 cents per litre respectively - consistent with the tax rates per litre set in the September 1993 Budget. This move to establish the tax rates for motive fuel is consistent with the practice of all other jurisdictions in Canada.

Federal equalization transfers to the province are estimated to increase 5.3 per cent this fiscal year. This figure reflects the stronger pace of economic recovery occurring in the standard provinces compared to Nova Scotia. 1994-95 marks the final year of the per capita freeze in transfers for health care and post-secondary education at 1989-90 levels. This federal restraint measure has, since its imposition, cost the province over $250 million in foregone revenues. Transfers in the current fiscal year will again be restrained, contributing to a continuing decline in the annual value of the Established Programs Financing cash transfer.

The government will be taking steps to remove the present exemption of corporate income tax extended to Nova Scotia Power in order for the province to conform with the provisions of the Federal-Provincial Tax Collection Agreement. This measure is expected to have no impact on the revenue position of the province in the current fiscal year.

As a result of the overall increase in revenues estimated for this fiscal year, the government is pleased to be able to honour its commitment to both the business community and individual Nova Scotians to relieve the tax burden and create an improved climate for doing business in this province.

The government has held many meetings and heard the views and concerns of numerous members of the public and the business community over the past few months. Throughout these discussions, we have heard the repeated call to remove existing barriers to competitiveness for Nova Scotia business. As well, we have listened to and understood the concerns of the working poor in the province, as they struggle to make ends meet during these difficult times.

Consistent with our four-year plan and the recovery now under way in this province, we are prepared to respond to these concerns. We are pleased to announce the following initiatives that will relieve the existing tax burden on many Nova Scotians and help to strengthen the recovery under way in this province.

To improve the competitive position of Nova Scotia businesses, effective midnight April 29, 1994, the Health Services Tax base will be adjusted to exclude business services, selected recreational services, and the taxation of labour associated with landscaping services.

Telecommunications is a fast-paced global growth industry, offering exciting opportunities for increased investment and development in this province. Considerable competition exists worldwide for attracting new call centres. To help position Nova Scotia as a key competitor in this area, a Health Services Tax rebate will be provided, starting in 1994, on all outbound long distance calls by call centres that exceed 360,000 minutes per year.

A significant disincentive to commercial investment in this province has been the additional cost and administrative complexity of the provincial Deed Transfer Tax. This has proven a deterrent to business expansion.

To remove this disincentive to doing business in Nova Scotia and to remove an added burden on residential sales, effective midnight April 29, J 994, the provincial Deed Transfer Tax of 2 per cent on residential sales and 2 per cent on commercial sales will be discontinued.

To encourage research and development in Nova Scotia the province currently provides a 10 per cent non-refundable Corporate Income Tax Credit for related research and development expenditures by Nova Scotia businesses. Many research and development firms do not make a profit in their early years and, therefore, cannot benefit from the credit.

To increase the effectiveness of Nova Scotia's Research and Development Tax Credit and to encourage greater research and development expenditures in the province, the provincial Research and Development Tax Credit will be made fully refundable commencing in the 1994 tax year, and the value of the credit will be increased from 10 per cent to 15 percent.

ISO 9000 is an internationally recognized standard for quality management and assurance. Many large firms require that their suppliers be "certified" to ISO 9000 standards. To assist Nova Scotia business in meeting the extensive costs involved in becoming certified to ISO 9000 standards and to ensure Nova Scotia companies are world-class in terms of quality management and assurance, a 25 per cent Corporate Income Tax Credit will be provided commencing in the 1994 taxation year, on eligible annual expenditures (up to $150,000) associated with such certification.

Film production has become a fast-growing industry offering great opportunities for a province such as Nova Scotia.

To assist in the development of this industry and in realizing the substantial economic gains it has to offer Nova Scotia, funding of $3 million will be provided through the Nova Scotia Economic Renewal Agency to assist local film production firms. The Film Industry Incentive Program will provide a refundable credit for local firms equal to 30 per cent of their eligible Nova Scotia salaries, to a maximum of 15 per cent of their total production budget.

Nova Scotia must compete with the world to secure our future. Although many tax initiatives just announced point in the right direction, more are needed to ensure that Nova Scotia becomes a true competitor in the market place. The government, therefore, intends to work closely over the coming months, with two other vital sectors of our economy, to develop new initiatives that will effectively enhance their potential for development in this province.

A Task Force on Export Development will be created with representation from both government and the business community to develop effective economic and taxation initiatives that wiIl encourage profitable exporting firms to expand in Nova Scotia and to help attract export-oriented firms to this province. Given the importance of export trade to the Nova Scotia economy, it is critical that we take every opportunity to assist where possible in the further development of this potential.

The development of Nova Scotia as a world-class international business and financial centre also offers great opportunities and potential for growth in this province. We already benefit from an ideal geographic location with a state-of-the-art telecommunication network. To capture the potential such a centre has to offer in this province, government will be consulting with the Financial Services Roundtable to develop an effective tax and regulatory strategy that will help attract offshore banks, trust companies, and insurance companies to do greater business in this province.

The future of the Workers' Compensation Board fund is in jeopardy as a result of large unfunded pension liabilities and the spiraling costs of premiums for business. In a move to secure the future of the fund, the province wiIl be introducing legislation into the House to effectively address this situation. This solution will minimize the cost to business and will not impact on the deficit position of the province. Further details will be contained in the legislation.

Government understands the plight of the working poor in Nova Scotia. These difficult years of expenditure restraint and slow economic recovery place an added burden on the ability of the working poor to make ends meet. While our long-term commitment is to reduce the tax burden on all Nova Scotians, we recognize that lowincome individuals need relief today.

In response to this need, a Low-Income Tax Reduction Program will be introduced to relieve the tax burden on low income Nova Scotians. Full benefits of the program will be available to individuals and families whose net family income is $15,000 or less. An annual income tax reduction equal to $200 for individuals, $200 for spouses, and $105 per dependent child will be provided. These amounts will be phased in at $150 and $80 respectively in this taxation year, with full annual benefits occurring in 1995. In addition, the program will be gradually phased-out for Nova Scotia families whose net income is in excess of $15,000, at a rate of 5 per cent. As an example, in a full taxation year, for a family of five with three children, the low-income tax reduction would be totally phased-out when their net income reaches $29,300.

It is expected that this Low-Income Tax Reduction Program will benefit over 155,000 Nova Scotians over a full taxation year and will allow the average family with net income of less than $15,000 to see their tax liability reduced by one third.

The Homeowners' Incentive Rebate Program introduced last September has helped many Nova Scotians to achieve the goal of owning their own home. As an added measure, the province will be taking steps to extend the Nova Scotia Home Ownership Savings Plan that is currently due to end on December 31, 1994. For those individuals who have participated in the program to date, it has been quite successful in relieving the costs associated with the purchase of a new home. The program will be extended for a four-year period to the 1998 taxation year and will allow individuals a five-year window in which to make contributions, beginning in the first year of contribution. Nova Scotians who have already commenced contributions into a plan in recent years will now be able to contribute for a full five years. To ensure that the program remains responsive to the true cost of buying a new home in Nova Scotia, the qualifying limits will be adjusted to reflect current income levels and house prices.

Consistent with our plan, the government will be continuing along its path of deficit reduction in 1994-95. The current account deficit of the province this fiscal year is estimated to total $297.5 million, a further dramatic decline of $74.5 million below the forecasted level of 1993-94 and on target with our initial blueprint set out in September 1993. A similar commitment to cost control and reduction in capital expenditures will result in an overall decline in budgetary requirements of $102.6 million for the year.

The Fiscal Recovery Plan calls for a continuation of the expenditure reduction strategy of government over the four years ending 1997-98. Consequently, the rationalization process started by government in this fiscal year is only a beginning.

The strategy developed by government for achieving the necessary expenditure reductions and the consequent implications for both program and service delivery have been mapped out by departments. This detail is contained in the Budget document entitled, Government By Design - An Action Plan for Reform and Fiscal Recovery, which I was pleased to table last Friday. The action plan offers a new design for government in Nova Scotia. It will result in fundamental changes to many programs and services. It challenges public servants to be innovative, responsive and accountable. It challenges Nova Scotians to accept change and adapt to changes that are coming.

While the economy is indeed on the road to recovery, the journey is expected to be slow but steady. Nova Scotia must be self-reliant and build upon our own strengths to secure a brighter future. We cannot depend upon the federal government to lead Nova Scotia to fiscal recovery.

The initiatives and fiscal plan outlined in this Budget today mark a strong step forward in our quest for fiscal independence in this province. We have targeted the elimination of the deficit while stimulating the economy through tax incentives.

We have remained sensitive and compassionate to the genuine needs of Nova Scotians. We have embarked upon a reform process that will restore the sustainability of our social programs that contribute so greatly to the quality of life for all Nova Scotians.

The path we have chosen for Nova Scotia is not easy, but it is now clearly marked. To stay on that path will require the courage to accept change, and the wisdom to remain focused and committed as our situation begins to improve.

Our government has been called into action to lead this province toward reform and renewal. In turn, we challenge all Nova Scotians to work together to build a world-class, competitive, and more prosperous Nova Scotia.

Thank you, Mr. Speaker.