

Budget Address

Province of Nova Scotia

for the fiscal year **1999-2000**

THE HONOURABLE NEIL J. LEBLANC, MINISTER OF FINANCE



Budget Address

Province of Nova Scotia



Nova Scotia House of Assembly
October 14, 1999

by the Honourable Neil J. LeBlanc
Minister of Finance

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Introduction

Thank you Mr. Speaker.

I'm honoured to rise today to present to this House and to Nova Scotians a budget that represents a critical new beginning for our province.

It represents the first tangible step of many on the road to turning the philosophy and goals of this government into practical policy and meaningful accomplishments.

Today we embark upon what the poet Robert Frost called "the road less traveled." That road is less traveled because it is a difficult one, but it is the one that leads us in the right direction.

It is the right direction because Nova Scotians expect government to meet its commitments in a sensitive and sensible way.

This government believes that the importance of today's budget goes beyond the numbers it contains. It is a rededication to the commitments we made to Nova Scotians.

One commitment was to present an honest accounting of the Province's finances so that Nova Scotians might easily understand the magnitude of the challenges that we all face. That commitment has been kept.

It is no longer possible for the bottom line to be coloured by politics. I know that every member of this House agrees that this is the proper course to follow.

The consolidated financial statements indicate an unaudited provincial deficit of \$384 million for the last fiscal year. It is grim news that strengthens our resolve—but it's not beyond the ability of Nova Scotians to overcome that negative and create a positive future.

Government's role is to meet its commitment to provide high-quality essential services at a cost that taxpayers can afford. We must learn to live within our means.

A road less traveled

Les citoyens de la Nouvelle-Écosse ont la responsabilité de prendre part aux décisions, en tenant compte des services voulus et assurer que ces services seront offerts dans le futur. Ce n'est pas une responsabilité que les payeurs de taxes doivent au gouvernement—mais c'est plutôt une responsabilité que nous devons à nos enfants.

Translation: *Nova Scotians have a responsibility to share in the decision making and to reconcile expectations for services today with the duty to protect the opportunities of tomorrow. That's not a responsibility that taxpayers owe to government—it's a responsibility each of us owes to our children.*

Economy growing

It's important that Nova Scotians know the starting point for the journey to a truly balanced budget. The Nova Scotia economy is growing at a strong rate. In the last 12 months the economy created 16,000 new jobs and the taxes that go with them.

The result of this impressive economic performance shouldn't be a deficit that is out of control, a deficit that will push the provincial debt past the \$10 billion mark. But it is.

The hard-earned success of Nova Scotia taxpayers is being wasted on an excess of government.

That is the reason this government is dedicated to reducing its role in the lives of the public and in the economy. That is why this government believes it must choose a few critical tasks and do them very well.

*Less government,
more potential,
for prosperity*

We believe that less government offers more potential for individual Nova Scotians, families, and communities to prosper. Smaller government is not an end, but rather, the means to a secure future.

If there were no deficit, if our debt load were not so heavy, this government would have a little more time to work with, but the road we chose would be the same.

We believe that this budget sets a clear course that will lead Nova Scotians into a secure, self-reliant, and sustainable future.

Economic Conditions

Mr. Speaker, we are building on a strong economic base.

Nova Scotia's economy grew by more than 3.0 per cent annually over the past two years. Capital spending on the development of the Sable natural gas project is a key driving force behind the solid growth, but there is strength in other sectors as well.

In future, as Sable makes the transition from construction to production, we will see continued growth, but at a somewhat slower pace. Key sectors of our economy, including information technology, manufacturing for export, entertainment, and tourism will help maintain its momentum.

But we recognize that parts of our province face uncertainty and difficulty.

The closure of Devco's Phalen mine will mean the loss of many jobs one year earlier than anticipated. It makes the challenge of building a sound new economy in Cape Breton that much more difficult.

This government will continue to press Ottawa for more transition funding.

This government's commitment that no new tax dollars will be allocated to sustain Sysco will be kept. The plant must be sold or closed. This government's choice is to sell it, but if need be, we are prepared to see it closed.

This government also made a commitment to steel workers and their families that they would not be abandoned. That commitment will be kept if and when the time comes.

Next year this government will provide assistance for a multi-year plan to help Cape Breton begin the transition from an old-style industrial economy to a sustainable new economy.

Mr. Speaker, this government believes that it must be supportive of, but not an active participant in, the business community. Taxpayers should not, in general, own or operate businesses except under the most special circumstances.

Nova Scotia Resources Limited was a product of such special circumstances—the government's desire to provide incentives for new industry in Nova Scotia through the exploration and development of Sable offshore gas.

But, now the special circumstances are gone. Nova Scotia Resources Limited has served its purpose.

It will soon start to earn significant revenues, and we will look to maximize the value of its assets, including options for its sale.

Strong economic base

Fiscal 1998–99

Revenues

Mr. Speaker, in 1998–99 a strong Nova Scotia economy meant increased revenues. More people working and more consumer spending translated into a 2.3 per cent increase in provincial own-source revenues.

A properly focused and efficient government should be able to pay its bills with this increasing rate of revenue, but unfortunately, the cost of program spending in Nova Scotia increased by 7.0 per cent over the same period.

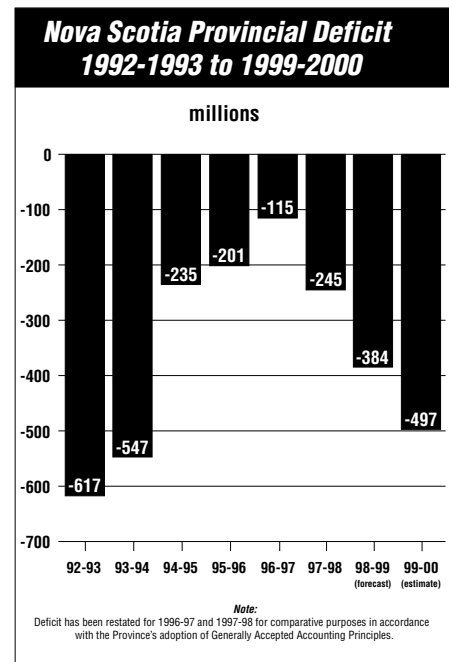
During these good times this province fell behind.

Program Spending

Mr. Speaker, that growth in program spending is not sustainable. Unchecked it will ultimately mean the loss of even essential health and education services.

A proper accounting of Nova Scotia Resources Limited, Sysco, foreign exchange losses, regional health boards, and school boards resulted in a deficit forecast of \$384 million for 1998–99.

Between 1993 and 1997 government made progress towards a truly balanced budget, but never realized that goal. A review of government expenditures and revenues, using Generally Accepted Accounting Principles, indicates that after fiscal 1996–97 the deficit began to soar.



Deficit 1996–97 (Re-stated)	\$115 m
Deficit 1997–98 (Re-stated)	\$245 m
Deficit 1998–99 (Forecast)	\$384 m
Deficit 1999–2000 (Estimate)	\$497 m

Debt Challenge

Mr. Speaker, this province is facing a debt challenge that is, by some measures, the worst in this country. More and more of Nova Scotians' tax dollars are being used to pay the interest on our debt.

Taxpayers continue to pay for the excesses of governments that tried to be all things to all people. Our children are being handed the bill for benefits they will never receive.

This province spends nearly \$800 million each year to service its debt. That's 17 cents of every dollar we collect from hard-working Nova Scotians and more than any other province in this country.

This province's total Net Direct Debt compared to the size of its economy is also the highest in Canada.

This government will move to stabilize our debt by meeting its commitment to achieve balanced budgets. We will also meet our commitment to reduce our exposure to the turbulence of international currency movements. We will continue to reduce the amount of debt that is at risk when the value of the Canadian dollar changes.

Effective immediately, it is the policy of this government that all foreign currency debt coming due for a term exceeding one year will be refinanced in a manner that eliminates foreign currency exposure.

This refinancing will be done either directly in Canadian dollars or in a fully covered non-Canadian-dollar issue. That is to say, if it is prudent to borrow in other currencies, we will fully hedge the transaction to protect us if the Canadian dollar drops.

Under this new policy, given our current stock of debt and current market levels, we would expect the Province's exposure to foreign currency debt will fall below 40 per cent no later than March 31, 2004.

This objective will be reviewed annually with a view toward reaching our ultimate goal of 20 per cent or less foreign currency exposure.

*Foreign currency debt
to be refinanced in C\$
or fully hedged*

Fiscal Overview 1999–2000

Revenues

Mr. Speaker, the past is just that, the past. This government is concerned with securing the future. It is important that we are open with Nova Scotians about the challenges before them.

Our growing economy means that our own-source revenues will grow. But there is no windfall from Ottawa this year, and so revenue from all federal sources, including Prior Years' Adjustments, is forecast to decline.

Overall, we estimate Nova Scotia's total revenues will increase by \$72 million this year. Unfortunately, given the program expenditure commitments currently in place, this increase is not enough to allow this province to live within its means.

Again the successes of hard-working Nova Scotians cannot feed the continuing excesses of government.

Program Spending and Debt Service Costs 1999–2000

Mr. Speaker, finger-pointing will achieve nothing constructive. What this government will concentrate on are the facts and the realities that we all face.

These are the facts and realities that have been brought into focus by the use of Generally Accepted Accounting Principles. While the realities are not pleasant, they come as no surprise. This government will not use them as an excuse to renege on our commitment to balance the budget in the third year of our mandate.

La somme de 250 millions de dollars, en soins de santé, n'était pas incluse dans les dépenses du budget 1999–2000. La somme prévue de 100 millions de dollars, en pertes à Sysco et NSRL, n'était aussi pas incluse. Les épargnes non réalisées, en productivité, de 60 millions de dollars étaient incluses. Mais la somme de 35 millions de dollars, en revenu du fédéral qui ne fut pas reçue, était incluse.

Cette province n'était pas, n'est pas, et ne sera pas, en une position de surplus pendant l'année financière 1999–2000.

Translation: *The June budget did not include \$250 million in health care spending. It did not include an estimated \$100 million in losses at Sysco and Nova Scotia Resources Limited. It did include \$60 million in productivity savings that will not be achieved. And it included \$35 million from the federal government that will not be realized.*

This province was not, is not, and will not be in a surplus position for fiscal 1999–2000.

Economy not growing fast enough to finance program growth

Program spending growing faster than economy

Other accounting and pension decisions were also not reflected in the previous budget.

More money was needed to cover Early Retirement Payments to the Teachers' Pension Plan. Millions had to be added to the budget of the Department of Economic Development to honour agreements with ACOA and to cover recommendations by the Auditor General.

These legitimate expenses add up to half a billion dollars.

This total did not include the cost of our initial commitments, which will be kept. Nor did it include the cost of the election itself, or the unforeseen need to provide money to assist communities to recover from the effects of natural disasters.

Estimated Surplus in June Budget	\$1.6 m
Increased Costs for Health Care (<i>previously in Health Investment Fund</i>)	(\$204.6 m)
Productivity Savings and Recoveries from Federal Government for Information Initiatives (<i>not expected to be realized</i>)	(\$95.0 m)
Debt Servicing Cost Increases	(\$76.6 m)
Additional Cost to School Boards re: Teachers' Early Retirement Plan, the Court Settlement re: teachers increments, and additional funding for UCCB trades training	(\$21.0 m)
Community Services	(\$5.0 m)
Economic Development Commitments	(\$12.3 m)
Current Year Estimated Losses at Sysco and NSRL	(\$96.9 m)
Estimated Gains Other Enterprises due to Consolidation	\$8.0 m
Total Spending (<i>does not include election costs, extra revenues and cost of initial mandate implementation</i>)	(\$501.8 m)

*Little room to
immediately alter
existing budget*

Holding the Line

Mr. Speaker, over the summer the Premier, then leader of the third party, was honest with the people of Nova Scotia. He told them there was little room to alter the existing budget with half the year gone, and the majority of costs fixed as salaries.

It is fair to say there were some initiatives, such as the increased funding to expand seats at the Nova Scotia Community Colleges, that all parties agreed with. The commitments have been kept on those items.

This government has been in office for less than 60 days, and the changes in this budget are subtle, but they do reflect our philosophy and goals, and present our initial efforts to meet our commitments.

This government committed to presenting the provincial finances in a complete and straightforward manner. It committed to reviewing all government programs and to cutting discretionary administrative spending. These commitments are being kept.

The result is that we have been able to find funding for the election, pay for our initial round of commitments, and hold the line on spending at the level that was forecast when we took office.

Total Spending (<i>does not include election costs, extra revenues and cost of initial mandate implementation</i>)		(\$501.8 m)
Additional Election and Related Severance Costs		(\$6.4 m)
Government Mandate First-Year Implementation Costs		(\$5.5 m)
Additional Drought and Flood Spending		(\$8.0 m)
Additional Provisions for Restructuring Costs		(\$15.5 m)
Less: Additional Revenues		\$18.8 m
Less: Net Government Program Reductions		\$21.8 m
Estimated Provincial Deficit		(\$496.6 m)

This was accomplished because we have already made difficult decisions. We started with new programs and initiatives where work had not begun. One of the first programs affected by this criteria was the Charitable Casino Community Enhancement Program.

There are some who would like to see more sweeping changes and drastic measures immediately, but this government promised Nova Scotians they would share in the responsibility of making decisions that effect them.

This government is extremely mindful of that commitment, and in the coming months it will be kept.

Administrative Savings

Mr. Speaker, all departments and agencies have had their budgets adjusted to reduce administrative costs. The immediate goal was to cut the administrative cost of government by 3.0 per cent for the balance of the year.

Restrictions on non-essential hiring, reductions in travel, equipment purchases and related measures remain in place as we consider decisions on permanent change.

Meeting Our Commitments

Mr. Speaker, our many commitments to Nova Scotians are clear.

This government made a commitment to assume the debts of hospitals and health boards, to provide funding for nurses and for medical technologies, and to fund bursaries for nurses and medical students.

Those commitments have been kept.

This government promised to support community volunteers by offering to provide firefighters complimentary licence plates, to help fund a secure treatment centre, to improve the Public Prosecution Service by implementing the Kaufman Report, and to create a separate Department of Tourism and Culture.

There is money in this budget to meet all those commitments.

But our most important budget commitment is still before us. Today we put in place the foundation to meet it. That commitment is to present Nova Scotians with a truly balanced budget.

That commitment is grounded in our belief that government must live within its means.

Taxpayers do it; government must do it as well.

*Mandate commitments
to be kept*

Let there be no doubt, no misunderstanding: in the spring of 2002, this government will table a balanced budget. That is the commitment and it will be kept.

Drought Relief and Flood Rebuilding

Mr. Speaker, this government recognizes that one of the proper functions of government is to lend aid and comfort in situations where it is beyond the ability of individual Nova Scotians or communities to protect their interests.

The ongoing drought that has hurt our farmers is one of those circumstances.

This government will fulfill its duty by accelerating funding for drought relief. Six million dollars will immediately be brought forward, making a total of \$10 million available this year to address the most immediate concerns of our agricultural community.

The third year of drought conditions in this province makes it imperative that a long-term strategy be developed. In the meantime, moving some of the assistance ahead one year should help farmers without affecting our overall fiscal objectives.

This government will also provide \$2 million more in the transportation budget to help rebuild the infrastructure recently destroyed by flooding in northern Nova Scotia.

This is an urgent, unanticipated need, and we cannot do as much as we would like to, but we are doing what we can within our limited means.

General Fiscal Measures 1999–2000

Tax Credit Reviews

Mr. Speaker, we are reviewing all our programs and services to ensure that they meet the following critical test: If the program did not exist, would we create it today? Is government the best option for providing the service? Is this program still meeting the goals and objectives originally established?

Programs that meet this test by providing an essential service at a sustainable cost will survive.

That review must include every segment of government, and so today I am announcing a similar review of our tax credit system.

Over the years we have developed many tax credits, tax expenditures, and rebates. We have tax rebates for fire trucks and new homes. We have tax credits for research and development and for buying a new piece of machinery.

My department is now working on a report that will show the costs and the benefits associated with each such measure. We will put them on the table for public comment. Tax credits that have become tax loopholes will be closed.

As a result of this review process, no new tax credit measures will go forward until we are able to report on the costs and benefits of the system we already have.

In order for this process to take place without disrupting an important part of our new economy I am announcing a one-year extension for the Film Development Tax Credit.

Mr. Speaker, as the Premier indicated earlier, it is our intention to discuss the operation of the Harmonized Sales Tax system with the federal government and the other participating provinces. Our objective is to gain more control over sales tax system decisions.

We are also concerned about our ability to control our own future when it comes to personal income taxes. My department is exploring the options, and we expect to release a discussion paper on the topic next year.

Looking Ahead

A Smaller Government

Mr. Speaker, providing essential services, responding to acts of nature, and providing a climate for economic growth are legitimate roles for government.

Unfortunately there are many instances where government has used its power to impose itself where it does not belong.

A volunteer fire department trying to raise money runs into a red tape barrier on a liquor permit. A plant owner must pay a \$600 inspection fee for an engineer to take a quick look at a winch. A local community that wants to renovate a church hall runs into onerous provincial building code requirements.

*No new tax credits until
review completed*

In each case a business, person, or community group is thwarted by government that fails to appreciate the value of self reliance. In each case we believe government acts without the support of the majority of Nova Scotians. That must stop.

In each case government grew bigger, taxes went higher, or the debt increased.

This government believes that its presence in any field must offer taxpayers benefits that clearly outweigh the costs.

This government will meet its commitment to establish a Red Tape Commissioner. Nova Scotians must know that provincial rules and regulations are necessary, and that there is a fair and open process for those effected to make their views known, before the rules become law.

The Government Plan

Mr. Speaker, red tape is not the cause of our difficulties, it is merely symptomatic of government's inability to judge what is important to the people, and what is best left to the people.

Without a strong sense of what it should do for the people the tendency is for government to try to do everything, perhaps not very well, but everything nonetheless. That is an abdication of government's responsibility to set priorities.

This government committed to a complete review of programs and services and to share the responsibility for making decisions with Nova Scotians. We are moving to meet that commitment.

Next week we will release the details of these plans for review and consultation.

In the next few months we will take the recommendations and make public the criteria we will use to make decisions. This government will then ask Nova Scotians to share their views on the appropriateness of the criteria.

*Plans for review and
consultation*

Budget 2000–2001

When our next budget is submitted to this House, this government will issue four-year targets for the public sector, including our partners in the health care and education systems.

We will give them the responsibility to provide Nova Scotians with essential services at a cost within taxpayers' ability to pay, and to submit a four-year business plan showing how they will meet that challenge.

Mr. Speaker, the Premier was honest and open with Nova Scotians. He told them there would be a deficit this year and he told them there would be a deficit next year. He was right.

In fact Mr. Speaker, we have had a deficit for many years. The attempts to put spending outside the budget have made a mockery of the Expenditure Control Act. As a matter of fundamental honesty, Mr. Speaker, the government has no option but to suspend the Act.

It is important to note that the true intention of the Expenditure Control Act was to send a message that government must live within its means. Mr. Speaker, this government has always accepted and supported that message. That is why the spring budget will include new legislation on fiscal accountability and will set a firm deadline to eliminate the provincial deficit by the start of fiscal year 2002–2003.

Commitments to Employees

Mr. Speaker, this process is obviously going to have an impact on the public-sector employees of Nova Scotia.

I want to assure them that we have begun the process of collective bargaining in good faith. No doubt there will be times when the goals of the government and unions will be in conflict, but we will work towards genuine compromise. It is our intention to reach agreements that are fair to public-sector employees and affordable for taxpayers.

We all have a part to play in finding solutions for our province and we are all in this together.

*New legislation on
fiscal accountability in
spring 2000*

Conclusion

Mr. Speaker, the 20th century is almost behind us. If ever there was a time for each of us to reflect on what government should or should not do, this is it.

If ever there was a time for government to demonstrate its respect for Nova Scotians by keeping its commitments and by returning power to its citizens, this is it.

And, if ever there was a time to rededicate government to providing basic healthcare, to protecting and educating our children, and to creating the opportunities for individual success and personal development, that time is now.

This budget starts us down the road to that vision. I will return to this House in the spring, after seeking the advice and support of Nova Scotians, with a four-year plan to implement a shared vision for the secure future of this province.

Mr. Speaker, in another decade or so our children will reflect upon the choices we have made today. Perhaps they will look to Robert Frost's words in judging our decisions. He wrote, and I agree, taking the road less traveled "has made all the difference."

Thank you Mr. Speaker.



Total Ordinary Revenues 1999-2000

Key Assumptions—October 8, 1999



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**Report of the Auditor General to the House of
Assembly on the Estimates
of Revenue for the Fiscal Year 1999–2000 Used in the Preparation of the
October 14, 1999 Budget Address**

I am required by Section 9B of the Auditor General Act to provide an opinion on the reasonableness of the estimates of revenue used in the preparation of the annual budget address of the Minister of Finance to the House of Assembly.

The estimates of revenue for the fiscal year 1999–2000 (the 1999–2000 revenue estimates) are the responsibility of the Department of Finance and have been prepared by departmental management using assumptions with an effective date of October 8, 1999. I have examined the support provided by the department for the assumptions, and the preparation and presentation of the 1999–2000 revenue estimates of \$4,622,985,000 for total ordinary revenue. My opinion does not cover the budget speech itself, the 1998–1999 forecast, the 1999–2000 expenditure estimates, sinking fund earnings, nor the recoveries, user fees or other income netted against expenditures for appropriation purposes. My examination was made in accordance with the applicable Auditing Guideline issued by the Canadian Institute of Chartered Accountants. I have no responsibility to update this report for events and circumstances occurring after the date of my report.

In my opinion:

- as at the date of this report, the assumptions used by the Department are suitably supported and consistent with the plans of the Government, as described to us by departmental management, and provide a reasonable basis for the 1999–2000 revenue estimates; and
- the 1999–2000 revenue estimates as presented reflect fairly such assumptions.

Since the 1999–2000 revenue estimates are based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, although I consider the 1999–2000 revenue estimates to be reasonable, I express no opinion as to whether they will be achieved.

A handwritten signature in cursive script that reads "E.R. Salmon".

E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
October 8, 1999

Key Assumptions

Economic Outlook

National Economic Assumptions

Canada's economy remained healthy in 1999 and will out-do its 1998 performance. This is confirmed by year-to-date economic indicators and forecasters have upgraded their forecast for Canada's economic performance in 1999. A surprisingly strong first half of 1999 followed by the anticipation of further but slower growth in the second half supports a real GDP growth rate of 3.3 per cent for 1999, compared to 3.1 per cent for 1998. The strength in the first half was fueled mostly by strong growth in exports and business spending. Comparing the second quarter of 1999 to the second quarter of 1998, exports of goods and services increased 10.1 per cent and fixed capital formulation increased 6.4 per cent.

Continued strong growth in the United States' economy has positively affected Canadian exports, especially merchandise shipments from central Canada. For the first seven months of 1999 over the first seven months of 1998, Canada's merchandise exports to the United States were up 15.0 per cent. With a forecast of slower growth for the United States in 2000, export sales should follow a similar pattern. Some of this deceleration in US trade will be replaced by an expected rebound in Western Europe and especially in the Asia-Pacific economies. Such a recovery would contribute to higher commodity prices in 2000, boosting the economies like British Columbia that depend on commodity exports. Firming

commodity prices also support appreciation in the Canadian dollar. Canadian exports of goods and services are expected to increase by 8.0 per cent in 1999 and again by 6.4 per cent, in 2000.

The strength in business spending is primarily the result of two factors: increased investment in machinery and equipment (as emerging capacity constraints are increasing the demand for new machinery and equipment) and new computer purchases for Y2K compliance. Another factor has been major investment projects in several provinces (e.g., energy projects in Atlantic Canada) over the last few years. For the second quarter of 1999 over the second quarter of 1998, investment in machinery and equipment increased by 7.5 per cent. More residential construction has also helped push up gross fixed-capital formulation—with an increase of 8.3 per cent comparing the second quarter of 1999 with the second quarter of 1998. The second quarter of 1999 saw a large build-up of business inventories over the first quarter, which suggests a slower pace of growth in the second half.

The outlook of continued but slower growth in 2000 is reflected in the forecast of 2.7 per cent growth in real GDP for 2000. Steady consumer spending and slower growth in business spending and exports support this outlook. Consumer spending on goods and services is expected to remain steady with a forecast of 3.9 per cent growth for 1999 and 2000. This forecast for

consumer spending can be seen in the forecast of increases in retail sales of 4.3 per cent in 1999 and 4.1 per cent in 2000. The value of retail sales for the first seven months of 1999 was up 4.5 per cent compared to the first seven months of 1998. The year-to-date total since May 1999 has been increasing at just over 4.0 per cent. Higher incomes underlie this outlook; personal income is expected to increase by 3.3 per cent for 1999 and 3.9 per cent for 2000. Stronger labour income growth related to increased job numbers and higher wage settlements is the main reason for the forecast of higher personal income.

Continued growth helps to support the forecast of more jobs. It is anticipated that 1999 will see employment growth of 2.6 per cent followed by a slower pace of 2.0 per cent in 2000. For the first nine months of 1999, employment in Canada increased by 2.8 per cent, but job growth has shown a declining trend as the year has progressed.

With employment (labour demand) growing at a faster pace than the labour force (labour supply), the result is a falling unemployment rate. The forecast for labour force growth is 2.1 per cent for 1999 and 1.6 per cent for 2000. Combined with the employment forecast, this means unemployment rates of 7.9 per cent for 1999 and 7.5 per cent for 2000.

A strong economy and improving commodity prices are increasing corporate profits. For the second quarter of 1999 corporate profits were up 15.3 per cent over those of the second quarter of 1998. It is expected that this pace will persist through 1999. Corporate profits growth of 5.0 per cent for 2000 reflects a slower-growing economy in 2000.

Recent increases in consumer prices suggest inflation rates (consumer price index) of 1.5 per cent for 1999 and 1.7 per cent for 2000. To the end of August, the consumer price index was running at 1.4 per cent over the same period in 1998. To the end of July the index was up 1.3 per cent. This forecast is at the low end of the Bank of Canada's inflation target range.

There are some risks to this forecast. The expected recovery in the Western European and Asia-Pacific economies may not be strong enough to help offset an anticipated slower US economy in 2000, resulting in a negative risk. In addition, the US economy may decelerate at a faster pace than expected in 2000, putting a negative risk to the forecast. Interest rates are expected to remain steady over the forecast period with a firming bias. Interest rate risk to the economic outlook stems from any aggressive move that the Federal Reserve Board might take in the near term.

National Forecast Assumptions	1998	1999	2000
Real Gross Domestic Product, 1992\$ (% increase)	3.1	3.3	2.7
Employment (% increase)	2.8	2.6	2.0
Unemployment Rate (%)	8.3	7.9	7.5
Personal Income (% increase)	4.0	3.3	3.9
Consumer Price Index (% increase)	0.9	1.5	1.7
Retail Sales (% increase)	3.6	4.3	4.1
Corporate Profits before Tax (% increase)	-6.0	15.3	5.0
Exports of Goods and Services (% increase)	7.2	8.0	6.4
Canadian Exchange Rate (US\$/C\$)*	0.665	0.675	0.690
3-Month Treasury Bill Rate (%)*	4.82	4.75	5.00

Sources: Statistics Canada (actual), Nova Scotia Department of Finance (projections)

* Indicates fiscal-year averages

It appears that concerns about the Y2K issue are attached mostly to the timing of consumer and business spending (before and after the new year) rather than to structural impacts on the economy, and this risk is considered to be essentially neutral over the forecast horizon.

The key national economic forecast assumptions incorporated into the budget are displayed on page A6.

Provincial Economic Conditions

The Nova Scotia economy remains strong in 1999 and will continue to grow in 2000 but at a less rapid pace. Based on stronger merchandise exports and construction associated with the Sable gas projects, real GDP will increase by 3.4 per cent in 1999, after posting 3.6 per cent growth in 1998. For the first half of 1999, exports of merchandise goods to other countries were up 16.7 per cent over the same period in 1998. Increased exports of paper products, lumber, railcars, and shellfish are the driving forces behind the growth. This growth in merchandise exports leads the overall exports of goods and services to an expected gain of 10.9 per cent in 1999. Exports will continue to grow in 2000 reflecting the first full year of natural gas sales to US markets.

This growth in exports also underlines the growth in manufacturing shipments because the bulk of Nova Scotia manufactured goods are exported. To the end of July 1999, the value of manufacturing shipments was up 7.6 per cent over the same period in 1998.

Consumer spending on goods and services is expected to increase by 4.2 per cent for 1999. Support for this outlook can be seen in the value of retail sales for 1999. The value of retail sales from January to August was up 4.5 per cent over the same period in 1998. Higher incomes and more visitors help to explain this growth in retail sales. The total number of visitors travelling to Nova Scotia by

road for the first half of 1999 was up 12.0 per cent over the first half of 1998.

Personal income is expected to increase by 3.7 per cent in 1999 mostly because of higher labour income. Higher labour income is the result of employment growth and employees working more paid overtime as the construction phase of the Sable gas projects hit their peak level of activity during the year. For the first nine months of 1999 employment increased by 2.5 per cent over the same period in 1998. By the end of July 1999 compared to the same period in 1998, the number of employees working paid overtime had increased by 10 per cent.

The full impacts of the construction phase for Sable gas projects are reflected in key economic indicators. Other major construction projects—the Macdonald Bridge third-lane expansion, ITT-Sheraton Casino, Michelin modernization expansion, school construction and repair, and upgrades to 100-series highways—have also contributed to the growth in jobs and incomes. Separate hearings on the Halifax lateral and the provincial natural gas distribution system have been completed. It is anticipated that the results of those hearings will enable further construction activities into 2000.

For 2000 the Nova Scotia economy will continue to grow, but at a slower pace with real GDP increasing by 3.0 per cent. Growth is sustained by the value added from Sable gas and from continued overall export growth forecast at 7.4 per cent. However, no net change in employment is anticipated as the economy adjusts to the transition in the Sable gas projects from the construction phase to the operation phase and to earlier-than-scheduled closure of Devco's Phalen mine. This causes the unemployment rate to rise to 10.6 per cent, and personal income growth to slow to 2.5 per cent.

Corporate profits before tax will follow the overall performance of the economy in

1999 with a growth rate of 5.0 per cent. For the year 2000, however, corporate profits are expected to receive a boost from the sale of Sable gas primarily to US markets, producing a 27.2 per cent increase after adjusting for capital consumption allowance. Improvement in corporate profits in the forecast period is also attributed to higher commodity prices and to the addition of new manufacturing capacity. In the economic forecast, corporate profits before tax relate to economic activity occurring in the provincial economy and are not uniquely linked to the Corporate Income Tax (CIT) forecast. Corporate profits make up only one component of the overall CIT forecast. The CIT forecast is based primarily on federally forecasted corporate taxable income and is affected by other variables such as business take-up of provincial tax credit programs.

As with all economic forecasts there are positive and negative risks. The GDP growth outlook for 2000 depends considerably on the Sable gas projects. Consequently the forecast could be affected by variations in scheduling in the production of natural gas and gas liquids and in the construction of the Halifax lateral and a gas distribution system. Suspension, postponement, or

reconfiguration of the school construction and repair program would restrain investment spending. A more rapid appreciation of the Canadian dollar as well as a weaker-than-anticipated US economy could cool down export sales indicated in the forecast. Counter directions in the Canadian dollar and US economy could give an upside to the forecast.

The key provincial economic forecast assumptions incorporated into the budget are displayed in the schedule below.

Revenue Outlook

In 1999–2000 total ordinary revenues are estimated to be \$4,623.0 million, an increase of 5.5 per cent over the 1998–99 estimate and an increase of 1.6 per cent over the 1998–99 forecast. The increase to the 1998–99 forecast is due to an increase in own-source revenues, primarily personal income tax revenues and HST revenues.

Own-source revenues are expected to increase by \$112 million to \$2.79 billion in 1999–2000. Federal transfers will increase by \$67 million over 1998–99 forecast levels.

Revenue estimates are detailed on page A7.

Provincial Forecast Assumptions	1998	1999	2000
Real Gross Domestic Product (billion 1992\$)	19.8	20.5	21.1
Real Gross Domestic Product, 1992\$ (% increase)	3.6	3.4	3.0
Employment (% increase)	3.0	2.3	0.0
Unemployment Rate (%)	10.7	9.7	10.6
Personal Income (% increase)	4.1	3.7	2.5
Consumer Price Index (% increase)	0.6	1.3	1.8
Retail Sales (% increase)	4.2	4.0	3.8
Corporate Profits before Tax (% increase)	-2.0	5.0	27.2
Exports of Goods and Services (% increase)	8.6	10.9	7.4

Sources: Statistics Canada (actual), Nova Scotia Department of Finance (projections)

Revenue Sources	Actual	Forecast	Estimate	Change \$ 1999–00/ 1998–99
(\$ Thousands)	1997–98	1998–99	1999–2000	1998–99
Provincial Sources				
Personal Income Taxes	997,562	992,205	1,044,742	52,537
Corporate Income Taxes	121,682	119,356	127,102	7,746
Sales Tax (HST)	716,897	723,391	759,450	36,059
Tobacco Tax	70,660	74,598	77,685	3,087
Gasoline and Diesel Tax	204,114	211,606	219,945	8,339
Liquor Commission Profits	118,477	129,200	133,500	4,300
Gaming Corporation Profits	141,172	144,414	161,622	17,208
Interest Revenues	34,844	32,784	35,325	2,541
Registry of Motor Vehicles	54,884	60,980	56,335	(4,645)
Other Provincial Sources	155,583	186,217	171,056	(15,161)
Total Provincial	2,615,875	2,674,751	2,786,762	112,011
Federal Sources				
Equalization Payments	1,194,359	1,260,683	1,257,629	(3,054)
CHST	438,669	426,874	414,355	(12,519)
Harmonization Compensation	118,600	77,700	52,700	(25,000)
Other Federal Sources	3,296	3,845	111,539	107,694
Total Federal Sources	1,754,924	1,769,102	1,836,223	67,121
Other Sources				
Prior Years' Adjustments	75962	106769	—	(106,769)
Total Ordinary Revenue	<u>4,446,761</u>	<u>4,550,622</u>	<u>4,622,985</u>	<u>72,363</u>

Income Taxes

Personal Income Tax

The 1998–99 forecast of personal income tax was up by \$19.1 million on a tax-year basis over the original estimate for 1998–99. Two factors primarily contribute to this. First, the level of basic federal tax, the base upon which Nova Scotia Personal Income Tax (PIT) is calculated, is expected to be higher than originally anticipated and, second, budget impacts are expected to be lower than originally estimated.

Growth in PIT between forecast 1998–99 and estimate 1999–2000 is due largely to growth in expected national Basic Federal Tax and the reassignment of a program cost from a revenue reduction to an expenditure outside the revenue estimate.

Corporate Income Tax

On a tax-year basis, the forecast of 1998–99 Corporate Income Tax (CIT) was lower by \$1.8 million, or 1.5 per cent, than 1998–99 estimate. The lower estimate was based on lower expected budget impacts of \$1.75 million.

For 1999–2000, federally forecasted national Corporate Taxable Income, the base upon which Nova Scotia Corporate Taxable Income is estimated, is expected to rise by roughly 6.3 per cent. Nova Scotia credits are expected to increase 30.2 per cent, or \$10.2 million, over 1998–99, resulting in a rise of 6.5 per cent in CIT on a fiscal-year basis. The increase in CIT credits was primarily due to the growth in manufacturing and processing credit.

Corporate Capital Tax (Non-Financial Institutions)

Corporate Capital Tax was introduced effective April 1, 1997. It is collected from large corporations and it is based on their financial capital. The 1999–2000 estimate of \$47.0 million is about 9.3 per cent higher than the 1998–99 forecast of \$43.0 million because of the expected growth in capital stock of these firms.

Consumption Taxes

Harmonized Sales Tax (HST)

Harmonized Sales Tax revenues are estimated to total \$771.8 million before rebates in 1999–2000. The HST became effective April 1, 1997, replacing the former Health Services Tax and the Amusement Tax. Sales tax rebates for new housing, books, volunteer fire departments, and persons with disabilities are forecast at \$12.3 million. The net sales tax of \$759.5 million is only slightly more than the combined 1996–97 sales tax revenues (Health Services Tax and Amusements Tax) of \$750.7 million under the former sales tax regime. Despite a drop in the provincial sales tax rate from 11.0 per cent to 8.0 per cent, tax revenues are back to pre-harmonization levels. This is because the HST tax base is growing faster than the former tax base. Sales tax revenues are forecast to increase by 5.0 per cent over 1998–99. The growth in HST revenues between 1998–99 and 1999–2000 results from robust economic activity, including a strong rebound in our housing market.

Under the terms of the harmonization agreement, HST revenues are collected by the federal government and distributed to participating provinces according to a revenue allocation formula. The formula is currently under development by the federal government and the participating provinces. As an interim measure, the federal government is making a series of pre-determined payments, adjusted for provincial rebates. The formula is expected to be complete by July 1, 2000, at which time the province could be subject to a prior years' adjustment (positive or negative) based on the difference between the formula allocation and the amounts recorded by the Province.

The forecasts and estimates produced by the Province are based on economic and consumer spending assumptions made by the Province and are designed to minimize, as much as possible, any prior years' adjustment. It is recognized that the allocation formula will not be finalized until the project to improve provincial economic accounts, undertaken by Statistics Canada, and actual tax collections data from Revenue Canada Taxation are complete.

Tobacco Tax

Tobacco tax revenues are estimated to total \$77.7 million in 1999–2000, resulting in a 4.2 per cent increase over the forecast for 1998–99. Consumption of tobacco products declined in 1998–99 and are expected to stabilize in the short term. The Government of Nova Scotia will continue to explore with the federal and other provincial governments initiatives such as improved compliance to ensure the integrity of this revenue source.

Motive Fuel Taxes

Motive fuel taxes for 1998–99 are forecast to reach \$211.6 million, 2.1 per cent higher than the 1998–99 budget estimate. Increased consumption driven by economic factors such as improved employment and spending are behind this increase of 3.9 per cent in 1999–2000 to \$220.0 million.

Profits of Crown Corporations

Nova Scotia Liquor Commission

Nova Scotia Liquor Commission profits are estimated to be \$133.5 million in 1999–2000, an increase of 3.3 per cent over the 1998–99 forecast. The 1999–2000 estimate is based on the performance in 1998–99, therefore, a strong performance in 1998–99 creates a strong base for 1999–2000. Improved consumer confidence in 1998–99 is expected to result in an increase in 1999–2000 over 1998–99.

Nova Scotia Gaming Corporation

Nova Scotia Gaming Corporation profits are expected to increase in 1999–2000 over the 1998–99 forecast by 11.9 per cent. The growth in gaming revenues in 1999–2000 over 1998–99 is due to a number of factors including the introduction of new products in 1999–2000 and anticipated growth in existing products. The revenue estimates for the Gaming Corporation are net of profit sharing arrangements with First Nations bands regarding the Sydney Casino.

The budgeted net operating income of the Sydney and Halifax casino assumes that the GST/HST dispute between NSGC and the operator will be resolved in favor of NSGC. Should the dispute be resolved in favor of the operator, the net operating income of NSGC for the year ending March 31, 2000 would be reduced by

Revenue Source

Key Variables

Personal Income Taxes	<ul style="list-style-type: none">– personal income levels by type– national levels of basic federal tax– Nova Scotia share of national levels
Corporate Income Taxes	<ul style="list-style-type: none">– corporate taxable income levels (national)– Nova Scotia share of national levels– tax credit usage
HST	<ul style="list-style-type: none">– personal consumer expenditure levels– spending by exempt industries– rebate levels
Commodity Taxes	<ul style="list-style-type: none">– personal consumer expenditure levels– tobacco and fuel consumption patterns
Liquor Commission Profits	<ul style="list-style-type: none">– personal consumer expenditure levels– consumption patterns
Gaming Corporation Profits	<ul style="list-style-type: none">– personal consumer expenditure levels– gaming patterns
Equalization	<ul style="list-style-type: none">– changes in 33 different tax bases– changes in population– economic activity in NS vs the standard
CHST	<ul style="list-style-type: none">– changes in personal and corporate taxes– changes in population– changes in tax point values

approximately \$6.0 million. Similarly, a cumulative reduction in net operating income of \$20.9 million related to previous years would need to be accounted for by NSGC.

Payments to the province would have to be reduced by \$20.9 million for the pre-1999–2000 amounts.

Federal Transfers

Equalization

Fiscal Equalization revenue is estimated to decrease by \$3.1 million over forecast 1998–99 to \$1,257.6 million. Equalization reflects revised tax bases combined with revenue information as of October 8, 1999. New information to update tax bases and very strong growth in personal and corporate income tax in Ontario for 1998–99 has maintained the standard for Equalization for 1999–2000. The estimate uses Nova Scotia's estimate of corporate and personal income taxes and results in an entitlement higher than the official federal estimate.

The Canada Health and Social Transfer

(CHST) cash entitlement is forecast to be \$13.8 million lower in 1998–99 than the estimate. In 1999–2000, the CHST cash entitlement for Nova Scotia is estimated to be \$414.4 million, \$12.5 million lower than the 1998–99 forecast. This decrease is primarily due to a rise in the tax point value, which reduces the cash value. The total provincial entitlement is composed of the provincial allocation of a fixed national entitlement. The cash estimate reflects internal assumptions on the levels of personal and corporate income tax.

The CHST Health Supplement

In its 1999–2000 Budget, the federal government announced a one-time supplement of \$3.5 billion nationally

to be paid on a per-capita basis to provinces for health care, through the CHST program. Nova Scotia's share of the \$3.5 billion is \$107.1 million.

The HST Transitional Assistance

The HST Transitional Assistance represents the amortization of funds provided by the federal government to help offset the anticipated losses to the Province from adopting the Harmonized Sales Tax. Under the terms of the negotiated agreement, the federal government provided a total of \$249 million to the Province to assist with these losses over a four-year period. The amount included for 1997–98, \$118.6 million, represented an estimate of the total revenue loss for that year as calculated at the beginning of the period, April 1, 1997. The four-year fiscal plan tabled in the 1997–98 Government by Design document included \$77.7 million in the 1998–99 fiscal year and \$52.7 million in the 1999–2000 fiscal year. The amortization of this transitional assistance was based on the anticipated revenue gap between the Harmonized Sales Tax and the previous Health Services Tax, which is expected to close over time as the economic benefits of harmonization accrue.

Sensitivity

Revenue estimates are based on number of economic and other variable and assumptions. As these variables change throughout the year (as more information becomes available), they have an impact, either negative or positive, on the revenue forecasts. It is important to note that these variables can move quite independently of each other and often have offsetting results. The table on page A9 lists the major revenue sources of the Province and indicates some of the key variables that affect that source's forecast throughout the year.

Additional Information

In addition to the key economic and fiscal assumptions contained in the 1999–2000 revenue estimates, the following information should also be taken into account when interpreting the revenue estimates.

The revenue estimates are considered to have been prepared on a basis consistent with accounting policies currently used by the Province to record and/or recognize revenue for purposes of its traditional non-consolidated financial statements. It is acknowledged that the provincial estimates, including revenue estimates, provide information only on the consolidated fund. These revenue estimates do not include estimates of revenues from other reporting entities included in the consolidated financial statements.

The Department of Finance and other departments or agencies of the Province have prepared their specific revenue estimates for 1999–2000 using a combination of current internal and external models and other information available. Every effort has been made to ensure the integrity of the results of the models and other information. As actual or more current information becomes available, adjustments to the projection of revenues may be necessary.

The revenue forecast to be received through federal transfer payment programs pursuant to the Federal-Provincial Fiscal Arrangements Act incorporate official and unofficial information released by the federal government as of October 8, 1999. Prior Years' Adjustments (PYAs) are normally made to federal transfers and to income tax revenues. All PYAs to date have been included for

1998–99 including the 1996–97 final equalization payment received on April 1, 1999.

Recoveries of expenditures under various federal-provincial agreements, or from other departments or entities, and user fees have been estimated and netted against departmental expenditures for purpose of approval for appropriations for 1999–2000.

Any and all impacts or implications of the government's actions or plans to reduce or further control public sector expenditures have been fully considered and appropriately reflected in the specific revenue estimates.

Y2K

The Province is assessing the risk of the year 2000 (Y2K) problem. With respect to revenues, these risks centre around three primary areas: the risks associated with revenues transferred from or collected by the federal government on behalf of the Province (these account for over 80 per cent of total ordinary revenues), the risks associated with provincial collection systems, and the risks associated with third parties over which the Province has no control (these include risks to private corporation and banking systems that are required to remit revenues to the Province or the federal government). A preliminary review indicates that there is little risk associated with the transfer of revenues from the federal government. Provincial systems are under review and remedial action will be taken where necessary. The revenue estimates contained in the budget have been prepared on the assumption that there will be little or no interruption of revenue streams as a result of Y2K.

Financial and Supplementary Information

to the Budget Address 1999–2000

BUDGETARY SUMMARY
(\$ thousands)

Schedule 1

<i>ESTIMATE</i> 1997-1998	<i>ACTUAL</i> 1997-1998	<i>ESTIMATE</i> 1998-1999	<i>FORECAST</i> 1998-1999		<i>ESTIMATE</i> 1999-2000
<u>4,240,674</u>	<u>4,446,761</u>	<u>4,382,718</u>	<u>4,550,622</u>	Ordinary Revenue	<u>4,622,985</u>
				Net Expenditures	
3,509,422	3,742,852	3,690,824	4,005,760	Net Program Expenditures	4,231,177
<u>727,280</u>	<u>665,413</u>	<u>690,742</u>	<u>805,733</u>	Net Debt Servicing Costs	<u>799,552</u>
<u>4,236,702</u>	<u>4,408,265</u>	<u>4,381,566</u>	<u>4,811,493</u>		<u>5,030,729</u>
<u>3,972</u>	<u>38,496</u>	<u>1,152</u>	<u>(260,871)</u>		<u>(407,744)</u>
				Surplus (Deficiency) for Government Organizations	
			(31,783)	School Board Deficits and Pension Obligations	---
			<u>9,600</u>	Other Organizations	---
			<u>(22,183)</u>		---
				Surplus (Deficiency) for Government Enterprises	
			(75,600)	Nova Scotia Resources Limited	(65,100)
			(40,431)	Sydney Steel Corporation	(31,800)
			<u>14,979</u>	Other Enterprises	<u>8,000</u>
			<u>(101,052)</u>		<u>(88,900)</u>
			<u>(384,106)</u>	Provincial Surplus (Deficit)	<u>(496,644)</u>

ORDINARY REVENUE - SUMMARY
By Revenue Source
(\$ thousands)

Schedule 2

<i>ESTIMATE</i> 1997-1998	<i>ACTUAL</i> 1997-1998	<i>ESTIMATE</i> 1998-1999	<i>FORECAST</i> 1998-1999		<i>ESTIMATE</i> 1999-2000
				Provincial Sources	
939,079	997,562	980,752	992,205	Personal Income Tax	1,044,742
113,044	121,682	122,622	119,356	Corporate Income Tax	127,102
668,879	716,897	737,373	723,391	Harmonized Sales Tax	759,450
199,500	204,114	207,300	211,606	Motive Fuel Taxes	219,945
143,024	141,172	160,171	144,414	Gaming Corporation Profits	161,622
116,693	118,477	121,400	129,200	Liquor Commission Profits	133,500
351,279	315,971	347,183	354,579	Other Provincial Sources	340,401
<u>2,531,498</u>	<u>2,615,875</u>	<u>2,676,801</u>	<u>2,674,751</u>		<u>2,786,762</u>
				Federal Sources	
1,149,788	1,194,359	1,183,503	1,260,683	Equalization	1,257,629
437,771	438,669	440,647	426,874	Canada Health and Social Transfer	521,487
118,600	118,600	77,700	77,700	Federal Compensation for Harmonization	52,700
3,017	3,296	4,067	3,845	Other Federal Sources	4,407
<u>1,709,176</u>	<u>1,754,924</u>	<u>1,705,917</u>	<u>1,769,102</u>		<u>1,836,223</u>
---	75,962	---	106,769	Prior Years' Adjustments - Federal-Provincial Fiscal Arrangements	---
<u>4,240,674</u>	<u>4,446,761</u>	<u>4,382,718</u>	<u>4,550,622</u>		<u>4,622,985</u>

**NET PROGRAM EXPENDITURES -
SUMMARY**
(\$ thousands)

Schedule 3

ESTIMATE 1997-1998	ACTUAL 1997-1998	ESTIMATE 1998-1999	FORECAST 1998-1999		ESTIMATE 1999-2000
32,102	33,480	34,296	35,626	Agriculture and Marketing	42,238
38,063	38,565	29,213	31,318	Business and Consumer Services	33,135
548,245	556,825	559,967	565,829	Community Services	580,173
72,863	86,931	58,904	77,268	Economic Development	60,268
771,763	771,649	829,193	898,330	Education	873,746
182,980	182,980	188,493	188,487	Assistance to Universities	197,232
18,053	17,019	16,023	15,480	Environment	15,678
9,666	9,430	9,781	8,332	Finance	9,941
6,144	6,355	5,885	5,863	Fisheries and Aquaculture	9,396
1,286,097	1,426,686	1,455,102	1,632,042	Health	1,770,630
103,263	96,864	107,330	106,328	Housing and Municipal Affairs	101,938
4,032	4,003	4,118	3,983	Human Resources	4,334
75,257	75,257	74,724	80,118	Justice	82,582
10,838	24,145	9,303	10,328	Labour	11,040
57,299	59,528	55,064	53,886	Natural Resources	56,707
47,406	55,822	70,103	67,389	Public Service	86,015
---	---	---	---	Tourism and Culture	40,456
255,841	263,180	236,526	236,468	Transportation and Public Works	239,568
(42,000)	(20,134)	(56,330)	(14,099)	Unallocated Recoveries	---
31,510	54,267	3,129	2,784	Restructuring Costs	16,100
<u>3,509,422</u>	<u>3,742,852</u>	<u>3,690,824</u>	<u>4,005,760</u>		<u>4,231,177</u>

NOTE: Net Program Expenditures include Net Current Account Expenditures, Net Capital Account Expenditures and Restructuring Costs.

**NET DEBT SERVICING COSTS -
SUMMARY**
(\$ thousands)

Schedule 4

<i>ESTIMATE</i> 1997-1998	<i>ACTUAL</i> 1997-1998	<i>ESTIMATE</i> 1998-1999	<i>FORECAST</i> 1998-1999		<i>ESTIMATE</i> 1999-2000
855,180	797,785	821,942	952,449	Debt Servicing Costs	949,252
(127,900)	(132,372)	(131,200)	(146,716)	Less: Sinking Fund Earnings	(149,700)
<u>727,280</u>	<u>665,413</u>	<u>690,742</u>	<u>805,733</u>	Net Debt Servicing Costs	<u>799,552</u>

STATUTORY CAPITAL ITEMS - SUMMARY
(\$ thousands)

Schedule 5

ACTUAL 1997-1998	ESTIMATE 1998-1999	FORECAST 1998-1999		ESTIMATE 1999-2000
			CAPITAL ADVANCES AND INVESTMENTS	
			The following is given for information as to the proposed program.	
			Additional Advances and Investments (A)	
7,684	11,000	10,003	Fisheries Development Fund	15,000
14,041	11,882	17,983	Housing Development Fund	16,505
7,707	75,000	32,464	Industrial Development Act	30,000
30,887	64,000	36,671	Nova Scotia Business Development Corporation	55,000
26,505	30,000	28,731	Nova Scotia Farm Loan Board	35,000
<u>86,824</u>	<u>191,882</u>	<u>125,852</u>		<u>151,505</u>
			Repayments (A)	
113,897	---	---	Deuterium of Canada Act	---
9,064	8,000	9,267	Fisheries Development Fund	8,500
10,622	13,203	22,496	Housing Development Fund	14,421
624	3,000	65	Industrial Development Act	2,000
29	180	13	Municipal Hospitals Loan Act	13
404	13	381	Municipal Loan and Building Fund Act	321
16,641	16,000	21,880	Nova Scotia Business Development Corporation	16,000
22,716	24,000	17,647	Nova Scotia Farm Loan Board	19,000
226	---	---	Venture Corporations Act	---
909	609	600	Miscellaneous	486
<u>175,132</u>	<u>65,005</u>	<u>72,349</u>		<u>60,741</u>
<u>(88,308)</u>	<u>126,877</u>	<u>53,503</u>	Net Capital Advances and Investments	<u>90,764</u>
			DEPARTMENT OF TRANSPORTATION (B) AND PUBLIC WORKS MACHINERY PURCHASES	
<u>3,292</u>	<u>3,300</u>	<u>3,811</u>	Machinery purchases financed through depreciation charges	<u>4,200</u>
			CAPITAL ADVANCES UNDER THE APPROPRIATIONS ACT	
<u>22</u>	<u>45</u>	<u>45</u>	Agriculture and Marketing	<u>45</u>

- (A) - Capital Advances and Investments for which no Vote is required under the Appropriations Act. The Spending Authority is contained in the respective Statutes. Borrowing provided for under the Appropriations Act.
 (B) - Spending Authority contained in the Public Highways Act.

**DEBT SERVICING COSTS -
SENSITIVITY ANALYSIS**

Schedule 6

<u>Change in Financial Market Value</u>	<u>Change in Debt Servicing Costs (C\$ millions)</u>
1% change in Canada 3-month treasury bill	3.6
1% change in Canada 10-year bond	2.4
1% change in US 3-month treasury bill	0.7
1 Canadian cent change per 1 US dollar	2.7
1 Japanese yen change per 1 US dollar	0.5

**INTEREST RATE and FOREIGN EXCHANGE
RATE ASSUMPTIONS**

Schedule 7

	<i>ESTIMATE</i> 1998-1999	<i>AVERAGE</i> 1998-1999 <i>Actual</i>	<i>31-MAR-99</i> <i>Actual</i>	<i>ESTIMATE</i> 1999-2000 <i>Assumptions</i>
Foreign Exchange Rates				
United States Dollar				
CAD/USD	1.4000	1.5037	1.5092	1.4815
USD/CAD	\$0.7140	\$0.6650	\$0.6626	\$0.6750
Japanese Yen				
JPY/USD	128.0	127.96	118.4	103.0
CAD/JPY	0.01094	0.01175	0.01275	0.014383
Swiss Franc				
CHF/USD	1.4600	1.4380	1.4770	1.4700
CAD/CHF	0.9589	1.0457	1.0221	1.0078
10-Year Government Rates				
Canada	6.15%	5.22%	5.10%	6.00%
3-Month Treasury Bill Rates				
Canada	4.80%	4.81%	4.64%	4.75%
United States	5.35%	4.72%	4.53%	4.75%

All assumptions except "31-Mar-99, Actual" are shown as average levels for the relevant fiscal year.

Interest Rate and Foreign Exchange Rate Assumptions

The interest rate and foreign exchange rate assumptions that are used to estimate fiscal year 1999-2000 Debt Servicing Costs (DSC) are shown in Schedule 6 under the column "1999-2000 Assumptions." The table also shows the assumptions used to estimate DSC for fiscal year 1998-1999 and the actual levels achieved in that fiscal year. The column "1998-1999, Average Actual" shows the average actual level for the period from April 1998 to March 1999. The column "31-Mar-99, Actual" shows the actual level on March 31, 1999.

PROJECTED DEBT SERVICING COSTS
(\$ millions)

Schedule 8

	<i>ESTIMATE</i> 1998-1999	<i>FORECAST</i> 1998-1999	<i>ESTIMATE</i> 1999-2000
Gross Debt Servicing Costs	821.9	952.4	949.3
Less: Sinking Fund Earnings	(131.2)	(146.7)	(149.7)
Net Debt Servicing Costs	690.7	805.7	799.6

PROJECTED BORROWING REQUIREMENTS
(\$ millions)

Schedule 9

	<i>ESTIMATE</i> 1998-1999	<i>FORECAST</i> 1998-1999		<i>ESTIMATE</i> 1999-2000	
Government Operations	(1.2)	260.9		407.7	
Non-Cash Requiring Transactions (1)	160.0	(42.4)		54.3	
Cash Operating Requirements	158.8	218.5	16.0%	462.0	38.6%
Debt Retirement and Investments (2)	705.1	972.9		421.4	
Cash Debt Retirement	705.1	972.9	71.1%	421.4	35.2%
Public Debt Retirement Fund Instalments (3)	100.0	19.0		---	
Public Debt Retirement Fund Income (4)	45.6	71.3		66.7	
Public Debt Retirement Fund Withdrawals	(438.6)	---		---	
Net PDRF requirements	(293.0)	90.3	6.6%	66.7	5.6%
Sinking Fund Instalments (3)	225.3	198.7		242.6	
Sinking Fund Income (4)	134.0	146.7		149.7	
Sinking Fund Withdrawals	(291.0)	(259.2)		(145.5)	
Net Sinking Fund Requirements	68.3	86.2	6.3%	246.8	20.6%
Total Borrowing Requirements	639.2	1,367.9	100.0%	1,196.9	100.0%
Term Debt Borrowing (Proceeds)	639.2	1,362.8	99.6%	1,196.9	100.0%
Short-Term Borrowing		5.1	0.4%		
Total Borrowing Requirements	639.2	1,367.9	100.0%	1,196.9	100.0%
Term Debt Borrowing (Proceeds):					
Domestic Syndicated Issues (4 Issues)		1,014.7			
Structured Domestic Issues (6 Issues)		321.0			
Canada Pension Plan (1 Issue)		27.1			
Total - Term Debt Borrowing		1,362.8			

- (1) - Includes deferred recognition of federal transfer payments, amortized foreign exchange losses, transfers to pension funds, net capital advances, GST/PST harmonization payments and other non-cash requiring transactions.
- (2) - Debt Retirement assumes there will be no early exercise of call or put provisions associated with the outstanding debt.
- (3) - Sinking funds are required to be maintained for certain debt issues in accordance with debenture covenants. The Province maintains sinking funds for all debt issues as a matter of policy. Public Debt Retirement Funds are designed to help manage short term liquidity and prefunding.
- (4) - Sinking Fund and Public Retirement Fund income is included in the calculation of the provincial (surplus)/deficit but retained in the funds and therefore not available for consolidated fund operating activities. Thus it is shown as a borrowing requirement.

PROJECTED GROSS and NET DEBT
(\$ millions)

Schedule 10

	ACTUAL 1997-1998	ESTIMATE 1998-1999 (recasted)	FORECAST 1998-1999	ESTIMATE 1999-2000
Gross Debt				
Opening Balance	10,781.8	10,778.3	10,927.5	11,736.4
Borrowing Program/Related Investments	1,782.0	639.2	1,367.9	1,196.9
Debt Retirement and Short Term Investments	(1,610.5)	(705.1)	(972.9)	(421.4)
Foreign Exchange (Gain)/Loss	41.0	(16.0)	463.8	50.5
On-lending to Government Organizations and Government Business Enterprises	(324.7)	---	(180.2)	(24.1)
Change in Net Unfunded Debt	257.9	25.7	130.3	---
Closing Balance	10,927.5	10,722.1	11,736.4	12,538.3
Less: Public Debt Retirement Funds				
Opening Balance	709.5	780.0	780.0	870.3
Instalments	0.8	100.0	19.0	---
Earnings including Foreign Exchange Gain/(Loss)	69.7	45.6	71.3	66.7
Debt Retirement	---	(438.6)	---	---
Closing Balance	780.0	487.0	870.3	937.0
Less: Sinking Funds				
Opening Balance	1,552.3	1,642.3	1,642.3	1,711.5
Instalments and Serial Retirements	192.3	225.3	198.7	242.6
Earnings including Foreign Exchange Gain/(Loss)	132.4	134.0	129.7	149.7
Debt Retirement	(234.7)	(291.0)	(259.2)	(145.5)
Closing Balance	1,642.3	1,710.6	1,711.5	1,958.3
Net Debt	8,505.2	8,524.5	9,154.6	9,643.0

Gross Debt includes outstanding debentures, short term promissory notes net of related investments, debt associated with hospitals and public schools, debt assumed for Teacher's Pension Fund, and Members' Retiring Fund, less on-lending. The amount does not include the deficiency in net assets of the Crown corporations, Nova Scotia Resources Limited and Sydney Steel Corporation, nor certain pension liabilities.

PROJECTED NET DIRECT DEBT
(\$ millions)

Schedule 11

	ACTUAL 1997-1998	FORECAST 1998-1999	ESTIMATE 1999-2000
Opening Balance	8,982.2	8,933.4	9,568.5
Government Operations	72.6	260.9	407.7
Provision for Government Organizations and Government Business Enterprises	178.7	123.2	88.9
Provision for Change in Unfunded Pension Liabilities	(300.1)	251.0	---
Increase (Decrease) in Net Direct Debt	(48.8)	635.1	496.6
Closing Balance	8,933.4	9,568.5	10,065.1

Net Direct Debt

Net Direct Debt is calculated by subtracting the total amount of assets from the total amount of liabilities recorded on the province's financial statements at the end of each fiscal year.

HISTORICAL ANALYSIS OF ORDINARY REVENUES BY SOURCE

Schedule 12

	1995-1996	1996-1997	1997-1998	FORECAST 1998-1999	ESTIMATE 1999-2000
REVENUE BY SOURCE					
<i>(\$ thousands)</i>					
Provincial Sources					
Personal Income Tax	881,773	951,529	997,562	992,205	1,044,742
Corporate Income Tax	99,137	112,310	121,682	119,356	127,102
Sales Tax	746,610	739,851	716,897	723,391	759,450
Tobacco Tax	67,712	86,344	70,660	74,598	77,685
Motive Fuel Taxes	197,486	198,668	204,114	211,606	219,945
Gaming Corporation Profits	121,931	133,388	141,172	144,414	161,622
Liquor Commission Profits	113,175	116,104	118,477	129,200	133,500
Interest Revenues	38,482	35,778	34,844	32,784	35,325
Registry of Motor Vehicles	56,046	58,624	54,884	60,980	56,335
Other Provincial Sources	103,163	105,009	155,583	186,217	171,056
Prior Years' Adjustments - Provincial Sources	(3,937)	65,371	5,891	31,435	---
Federal Sources					
Equalization	1,126,187	1,115,691	1,194,359	1,260,683	1,257,629
Established Programs Financing	364,663	---	---	---	---
Canada Assistance Plan	268,485	---	---	---	---
Canada Health and Social Transfer	---	536,412	438,669	426,874	521,487
Federal Compensation for Harmonization	---	---	118,600	77,700	52,700
Other Federal Sources	2,306	3,438	3,296	3,845	4,407
Prior Years' Adjustments - Federal Sources	53,815	(12,472)	70,071	75,334	---
Total Ordinary Revenues	4,237,034	4,246,045	4,446,761	4,550,622	4,622,985

REVENUE BY SOURCE

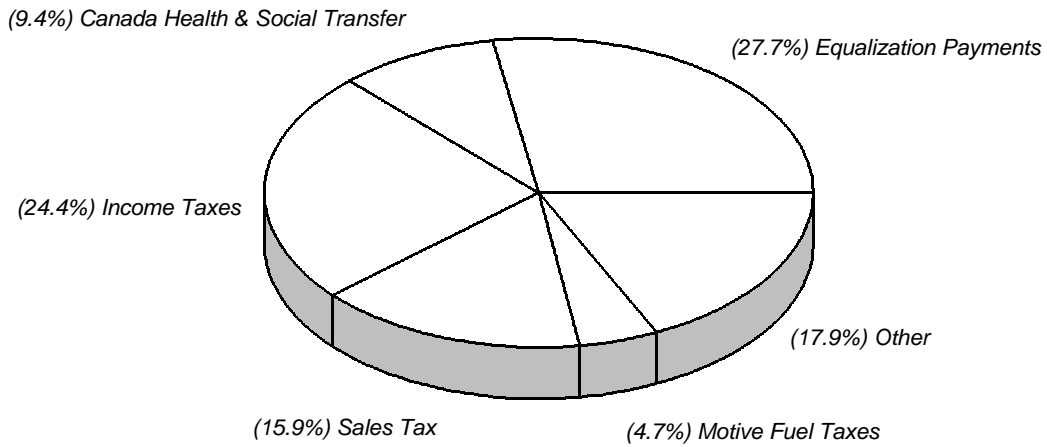
(as a percentage of Total Ordinary Revenues)

Provincial Sources					
Personal Income Tax	20.8%	22.4%	22.4%	21.8%	22.6%
Corporate Income Tax	2.3%	2.6%	2.7%	2.6%	2.7%
Sales Tax	17.6%	17.4%	16.1%	15.9%	16.4%
Tobacco Tax	1.6%	2.0%	1.6%	1.6%	1.7%
Motive Fuel Taxes	4.7%	4.7%	4.6%	4.7%	4.8%
Gaming Corporation Profits	2.9%	3.1%	3.2%	3.2%	3.5%
Liquor Commission Profits	2.7%	2.7%	2.7%	2.8%	2.9%
Interest Revenues	0.9%	0.8%	0.8%	0.7%	0.8%
Registry of Motor Vehicles	1.3%	1.4%	1.2%	1.3%	1.2%
Other Provincial Sources	2.4%	2.5%	3.5%	4.1%	3.7%
Prior Years' Adjustments - Provincial Sources	-0.1%	1.5%	0.1%	0.7%	---
Total - Provincial Sources	57.2%	61.3%	59.0%	59.5%	60.3%
Federal Sources					
Equalization	26.6%	26.3%	26.9%	27.7%	27.2%
Established Programs Financing	8.6%	---	---	---	---
Canada Assistance Plan	6.3%	---	---	---	---
Canada Health and Social Transfer	---	12.6%	9.9%	9.4%	11.3%
Federal Compensation for Harmonization	---	---	2.7%	1.7%	1.1%
Other Federal Sources	0.1%	0.1%	0.1%	0.1%	0.1%
Prior Years' Adjustments - Federal Sources	1.3%	-0.3%	1.6%	1.7%	---
Total - Federal Sources	42.8%	38.7%	41.0%	40.5%	39.7%
Total Ordinary Revenues	100.0%	100.0%	100.0%	100.0%	100.0%

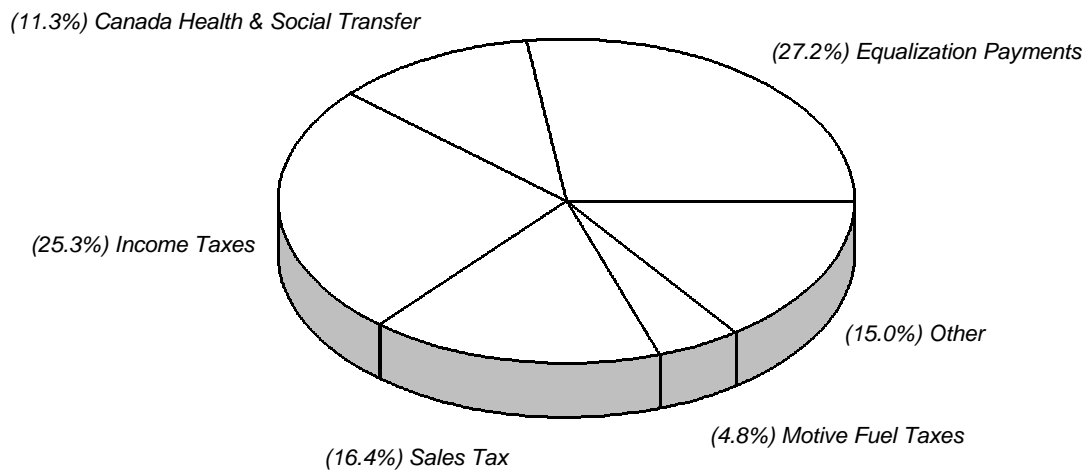
ORDINARY REVENUES BY SOURCE

Chart 1

1998-1999



1999-2000



**HISTORICAL ANALYSIS OF TOTAL
NET EXPENDITURES BY FUNCTION**

Schedule 13

	1995-1996	1996-1997	1997-1998	FORECAST 1998-1999	ESTIMATE 1999-2000
FUNCTION					
<i>(\$ thousands)</i>					
General Government	109,442	130,998	146,374	125,374	158,770
Public Protection	162,616	140,133	130,524	144,007	152,765
Transportation	241,310	210,206	216,395	189,928	192,216
Resource Development	167,947	144,209	158,847	160,033	173,619
Health	1,329,658	1,318,899	1,472,827	1,654,261	1,800,775
Social Services	544,450	547,898	570,858	561,599	568,339
Education	963,562	953,564	941,965	1,054,545	1,067,179
Culture and Recreation	36,782	37,115	38,753	39,025	43,014
Municipal Affairs	102,181	67,533	66,309	76,988	74,500
Total Net Program Expenditures	3,657,948	3,550,555	3,742,852	4,005,760	4,231,177
Debt Servicing Costs	896,588	811,082	797,785	952,449	949,252
Total Net Expenditures	4,554,536	4,361,637	4,540,637	4,958,209	5,180,429

FUNCTION

(as a percentage of Total Net Expenditures)

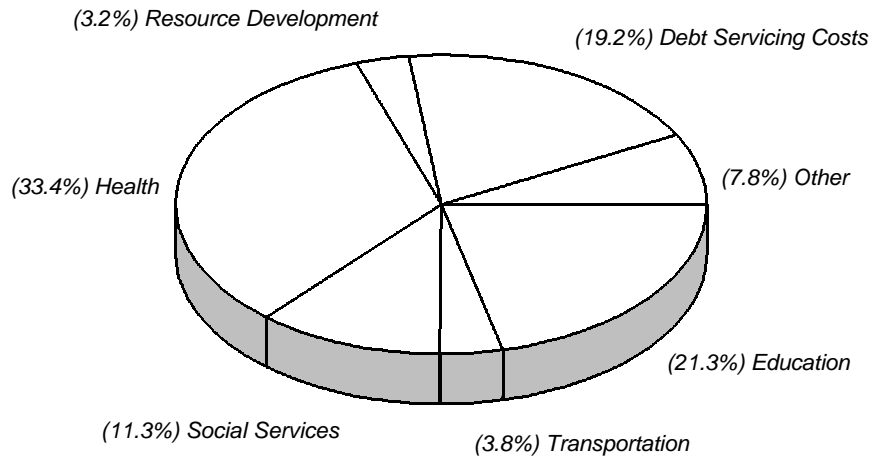
General Government	2.4%	3.0%	3.2%	2.5%	3.1%
Public Protection	3.6%	3.2%	2.9%	2.9%	2.9%
Transportation	5.3%	4.8%	4.8%	3.8%	3.7%
Resource Development	3.7%	3.3%	3.5%	3.2%	3.4%
Health	29.2%	30.2%	32.4%	33.4%	34.8%
Social Services	12.0%	12.6%	12.6%	11.3%	11.0%
Education	21.2%	21.9%	20.7%	21.3%	20.6%
Culture and Recreation	0.8%	0.9%	0.9%	0.8%	0.8%
Municipal Affairs	2.2%	1.5%	1.5%	1.6%	1.4%
Total Net Program Expenditures	80.3%	81.4%	82.4%	80.8%	81.7%
Debt Servicing Costs	19.7%	18.6%	17.6%	19.2%	18.3%
Total Net Expenditures	100.0%	100.0%	100.0%	100.0%	100.0%

NOTE: Total Net Expenditures include Net Current Account Expenditures, Net Capital Account Expenditures, Restructuring Costs and Debt Servicing Costs.

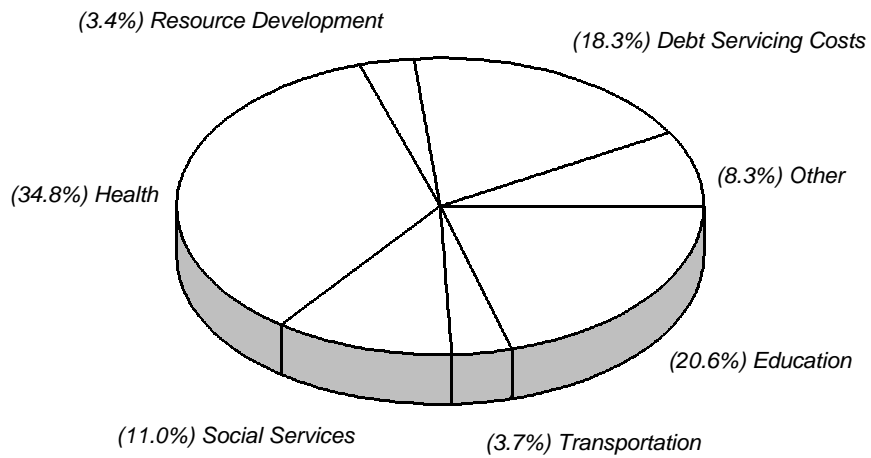
TOTAL NET EXPENDITURES BY FUNCTION

Chart 2

1998-1999



1999-2000



NOTE: Total Net Expenditures include Net Current Account Expenditures, Net Capital Account Expenditures, Restructuring Costs and Debt Servicing Costs.

**NET ORDINARY EXPENDITURES
BY FUNCTION**

Schedule 14

	1995-1996	1996-1997	1997-1998	FORECAST 1998-1999	ESTIMATE 1999-2000
FUNCTION					
<i>(\$ thousands)</i>					
General Government	96,522	128,780	139,662	120,405	155,572
Public Protection	156,231	135,397	130,193	141,839	146,666
Transportation	109,289	145,168	130,780	128,875	133,499
Resource Development	152,788	143,468	157,785	159,851	173,481
Health	1,279,837	1,299,551	1,455,264	1,626,787	1,771,574
Social Services	544,083	547,840	570,858	561,424	568,321
Education	920,446	900,360	906,262	959,997	1,036,565
Culture and Recreation	34,660	34,484	36,230	36,724	39,118
Municipal Affairs	46,489	48,065	48,065	56,028	60,185
Total Net Program Expenditures	3,340,345	3,383,113	3,575,099	3,791,930	4,084,981
Debt Servicing Costs	896,588	811,082	797,785	952,449	949,252
Total Net Ordinary Expenditures	4,236,933	4,194,195	4,372,884	4,744,379	5,034,233

**NET CAPITAL EXPENDITURES
BY FUNCTION**

Schedule 15

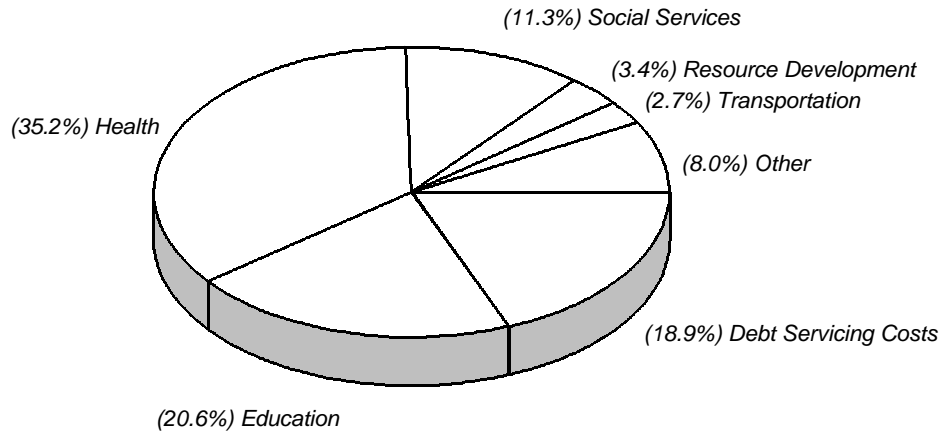
	1995-1996	1996-1997	1997-1998	FORECAST 1998-1999	ESTIMATE 1999-2000
FUNCTION					
<i>(\$ thousands)</i>					
General Government	12,920	2,218	6,712	4,969	3,198
Public Protection	6,385	4,736	331	2,168	6,099
Transportation	132,021	65,038	85,615	61,053	58,717
Resource Development	15,159	741	1,062	182	138
Health	49,821	19,348	17,563	27,474	29,201
Social Services	367	58	---	175	18
Education	43,116	53,204	35,703	94,548	30,614
Culture and Recreation	2,122	2,631	2,523	2,301	3,896
Municipal Affairs	55,692	19,468	18,244	20,960	14,315
Total Net Capital Expenditures	317,603	167,442	167,753	213,830	146,196

NOTE: Total Net Program Expenditures include Net Current Account Expenditures and Restructuring Costs.

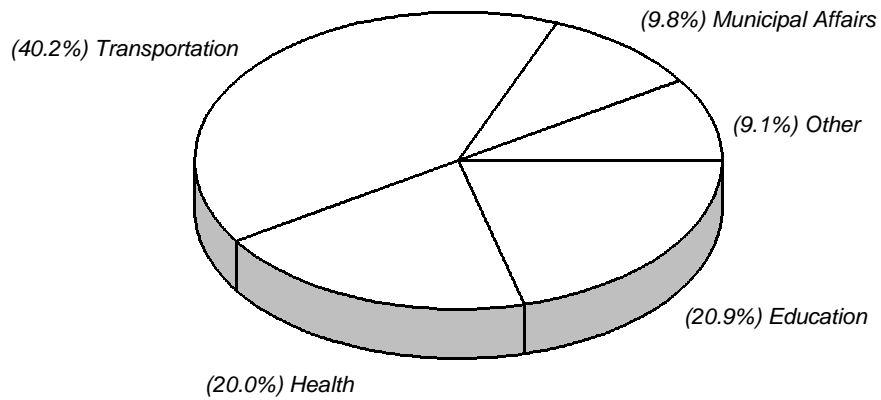
**NET ORDINARY AND CAPITAL EXPENDITURES
BY FUNCTION**

Chart 3

**NET ORDINARY EXPENDITURES
1999-2000**



**NET CAPITAL EXPENDITURES
1999-2000**



**SUMMARY OF REVENUES AND EXPENDITURES
BY SOURCE AND FUNCTION**

Schedule 16

(\$ thousands)

ESTIMATE 1998-1999	FORECAST 1998-1999	CHANGE OVER ESTIMATE 1998-1999		ESTIMATE 1999-2000
Net Revenues by Source				
Provincial Sources				
980,752	992,205	11,453	Personal Income Tax	1,044,742
122,622	119,356	(3,266)	Corporate Income Tax	127,102
737,373	723,391	(13,982)	Harmonized Sales Tax	759,450
76,505	74,598	(1,907)	Tobacco Tax	77,685
207,300	211,606	4,306	Motive Fuel Taxes	219,945
160,171	144,414	(15,757)	Gaming Corporation Profits	161,622
121,400	129,200	7,800	Liquor Commission Profits	133,500
33,856	32,784	(1,072)	Interest Revenues	35,325
57,100	60,980	3,880	Registry of Motor Vehicles	56,335
179,722	186,217	6,495	Other Provincial Sources	171,056
Federal Sources				
1,183,503	1,260,683	77,180	Equalization	1,257,629
440,647	426,874	(13,773)	Canada Health and Social Transfer	521,487
77,700	77,700	---	Federal Compensation for Harmonization	52,700
4,067	3,845	(222)	Other Federal Sources	4,407
---	106,769	106,769	Prior Years' Adjustments - Federal-Provincial Fiscal Arrangements	---
4,382,718	4,550,622	167,904	Total - Net Revenues	4,622,985
Net Expenditures by Function				
68,563	125,374	56,811	General Government	158,770
139,232	144,007	4,775	Public Protection	152,765
193,264	189,928	(3,336)	Transportation	192,216
141,092	160,033	18,941	Resource Development	173,619
1,474,107	1,654,261	180,154	Health	1,800,775
556,139	561,599	5,460	Social Services	568,339
999,332	1,054,545	55,213	Education	1,067,179
38,286	39,025	739	Culture and Recreation	43,014
80,809	76,988	(3,821)	Municipal Affairs	74,500
3,690,824	4,005,760	314,936	Total Net Program Expenditures	4,231,177
690,742	805,733	114,991	Net Debt Servicing Costs	799,552
4,381,566	4,811,493	429,927	Total - Net Expenditures	5,030,729
1,152	(260,871)	(262,023)		(407,744)
	(123,235)		Surplus (Deficiency) for Government Organizations and Business Enterprises	(88,900)
	(384,106)		Provincial Surplus (Deficit)	(496,644)

**GROSS DOMESTIC PRODUCT
at MARKET PRICES**
(Constant 1992 \$ millions)

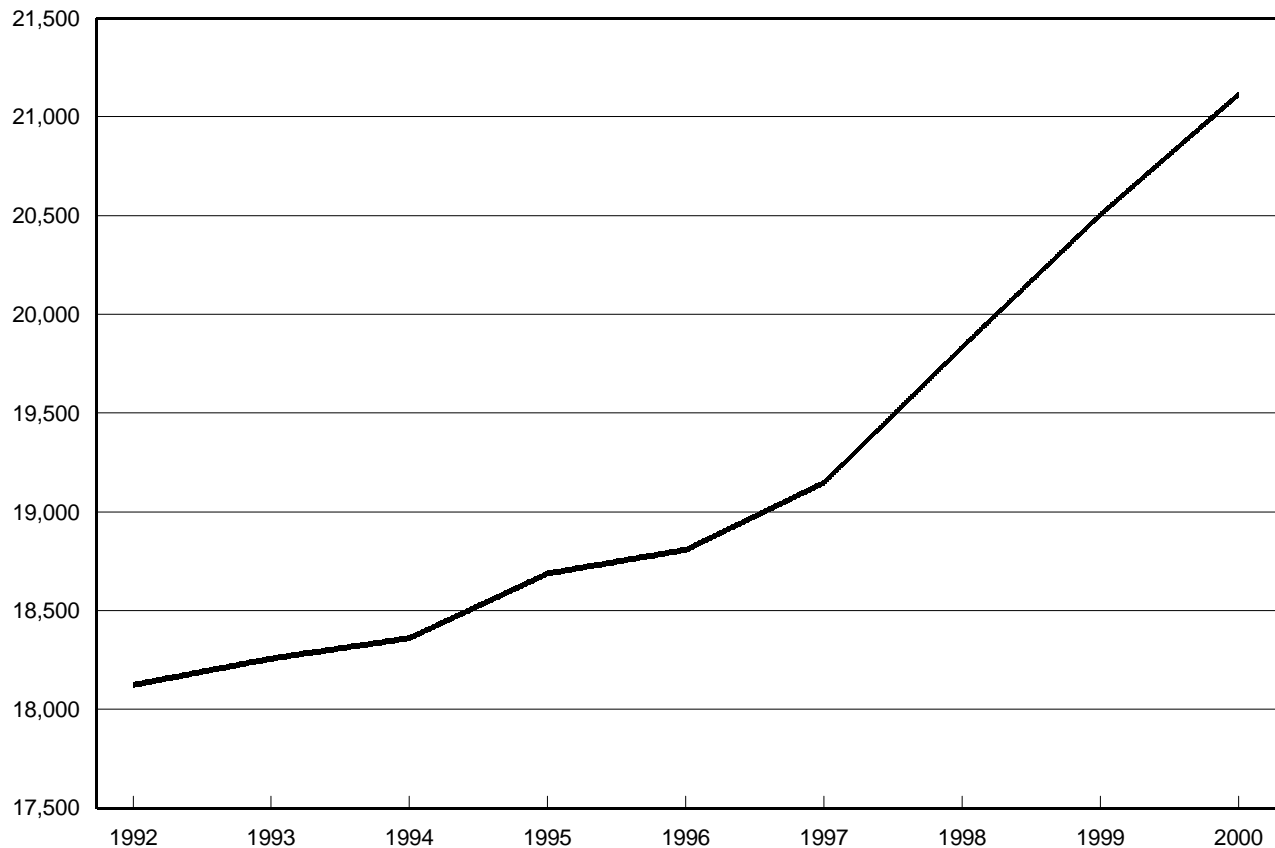
Schedule 17

YEAR	NOVA SCOTIA (1)	GROWTH RATE %	CANADA (2)	GROWTH RATE %
1992	18,125		698,544	
1993	18,260	0.7	714,583	2.3
1994	18,363	0.6	748,350	4.7
1995	18,689	1.8	769,082	2.8
1996	18,810	0.6	782,130	1.7
1997	19,151	1.8	813,031	4.0
1998	19,836 *	3.6	838,265	3.1
1999	20,508 p	3.4	865,628 p	3.3
2000	21,116 p	3.0	889,288 p	2.7

- 1 Source: Statistics Canada, Provincial Economic Accounts, Cat. No. 13-213-PPB
- 2 Source: Statistics Canada, National Income and Expenditure Accounts, Cat. No. 13-001-PPB
- * Preliminary Actuals; Source: Nova Scotia Department of Finance
- p Preliminary Projections; Source: Nova Scotia Department of Finance

Nova Scotia Gross Domestic Product at Market Prices

(Constant 1992 \$ millions)



PERSONAL INCOME PER CAPITA
(dollars)

Schedule 18

YEAR	NOVA SCOTIA (1)	% CHANGE	CANADA (1)	% CHANGE
1992	18,784		21,710	
1993	18,955	0.9	21,889	0.8
1994	19,007	0.3	22,071	0.8
1995	19,313	1.6	22,699	2.8
1996	19,459	0.8	22,954	1.1
1997	19,747	1.5	23,536	2.5
1998	20,558 *	4.1	24,246	3.0
1999	21,221 p	3.2	24,835 p	2.4
2000	21,789 p	2.7	25,622 p	3.2

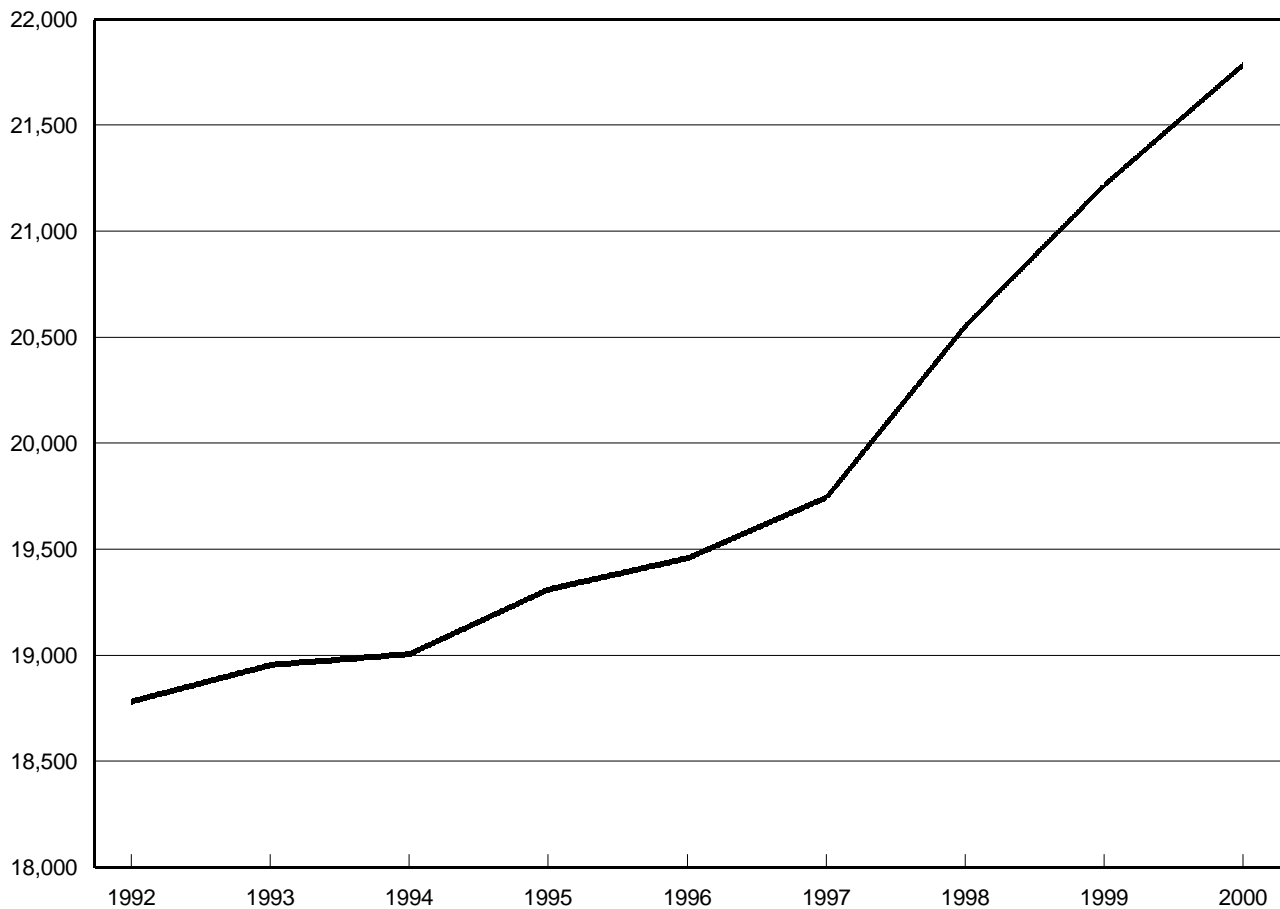
1 Source: Statistics Canada, Cat. Nos. 13-001-XPB, 13-213-PPB and 91-213, and Nova Scotia Department of Finance

* Preliminary Actuals; Source: Nova Scotia Department of Finance

p Preliminary Projections; Source: Nova Scotia Department of Finance

Personal Income Per Capita in Nova Scotia

(dollars)



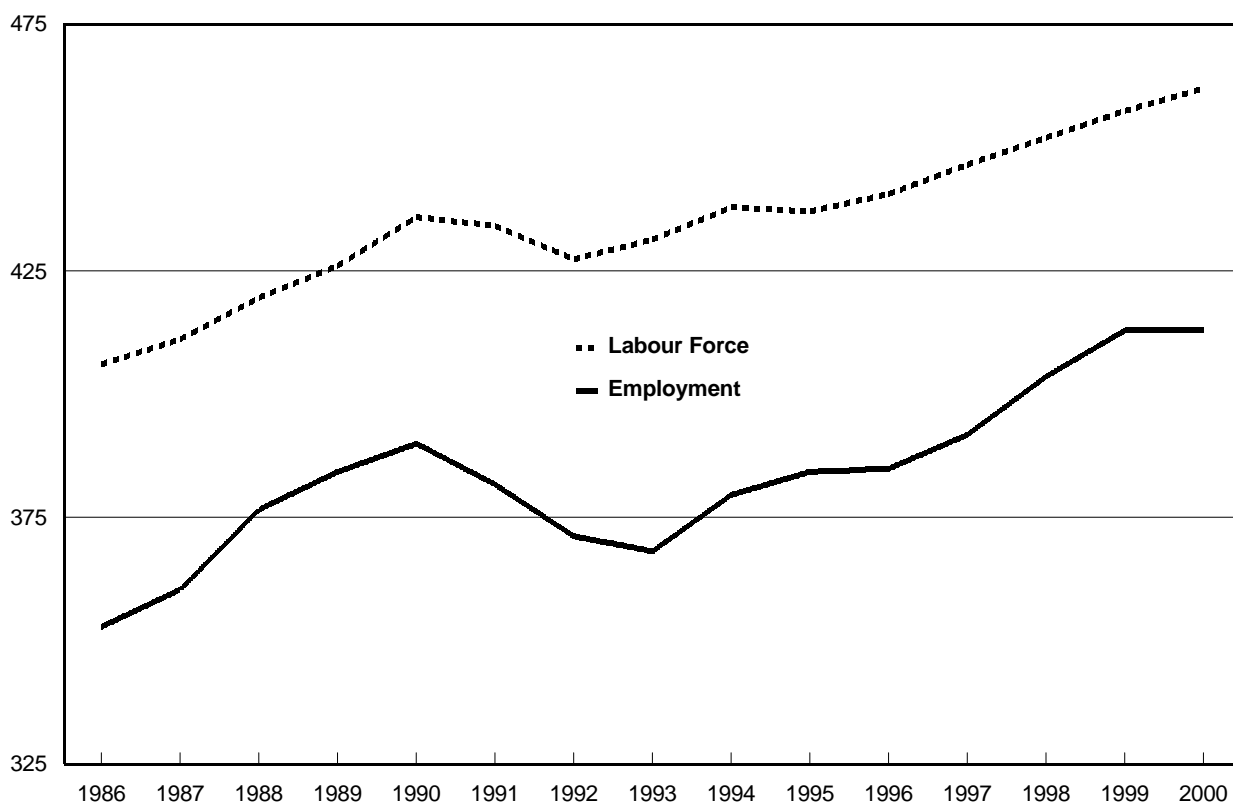
NOVA SCOTIA LABOUR MARKET
(thousands of persons)

Schedule 19

YEAR	LABOUR FORCE (1)	% CHANGE	EMPLOYMENT (1)	% CHANGE
1986	406		353	
1987	411	1.2	360	2.1
1988	420	2.0	377	4.5
1989	426	1.6	384	2.0
1990	436	2.3	390	1.5
1991	434	(0.4)	382	(2.1)
1992	427	(1.5)	371	(2.8)
1993	431	0.9	368	(0.8)
1994	438	1.5	380	3.1
1995	437	(0.2)	384	1.2
1996	441	0.8	385	0.2
1997	447	1.4	392	1.8
1998	452	1.2	404	3.0
1999	458 p	1.2	413 p	2.3
2000	462 p	1.0	413 p	---

1 Source: Statistics Canada, Historical Labour Force Statistics, Cat. No. 71-201-XPB
p Preliminary Projections; Source: Nova Scotia Department of Finance

Nova Scotia Labour Market
(thousands of persons)



UNEMPLOYMENT
(thousands of persons)

Schedule 20

YEAR	NOVA SCOTIA (1)		CANADA (1)	
	UNEMPLOYED	UNEMPLOYMENT RATE %	UNEMPLOYED	UNEMPLOYMENT RATE %
1986	53	13.1	1,283	9.6
1987	51	12.4	1,208	8.9
1988	43	10.2	1,083	7.8
1989	42	9.9	1,065	7.5
1990	46	10.6	1,164	8.1
1991	52	12.0	1,492	10.4
1992	56	13.1	1,640	11.3
1993	63	14.6	1,649	11.2
1994	58	13.3	1,541	10.4
1995	53	12.1	1,422	9.5
1996	56	12.6	1,469	9.7
1997	55	12.2	1,414	9.2
1998	48	10.7	1,305	8.3
1999	45 p	9.7	1,261 p	7.9
2000	49 p	10.6	1,222 p	7.5

1 Source: Statistics Canada, Historical Labour Force Statistics, Cat No. 71-201-XPB
p Preliminary Projections; Source: Nova Scotia Department of Finance

Note: The unemployment statistics shown in this table are annual averages of the monthly indices.

Unemployment Rate in Nova Scotia

(Per Cent)

