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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Nouvelle-Écosse | 58e | 1re | Discours du Budget | 11 Avril 2000 | Neil J. LeBlanc | Minister of Finance | Progressive Conservative Party of Nova Scotia |

**I. Introduction**

Mr. Speaker, I am pleased to rise and present to this House - and to all Nova Scotians - a budget that firmly but fairly deals with our financial difficulties. A budget that redefines what government will do, and just as importantly, what government will no longer do. A budget that will position Nova Scotia to be a "have" province sooner rather than never. A budget that makes choices now, so that we will be able to make choices in the future.

Mr. Speaker, this government promised the people of Nova Scotia fundamental change. This government is delivering on that promise.

We started with a smaller Cabinet.

Two weeks ago, the Premier announced that over the course of the next year, Nova Scotians will see the face of government fundamentally change and the size of government significantly reduced.

Government will be smaller, but it will also be better organized and better equipped to provide the services that matter most to Nova Scotians.

Mr. Speaker, as a government, we understand that our first obligation to our citizens is to protect their priorities. That is why our restructuring initiatives and this budget target waste, duplication, and non-essential spending.

We know that the people of Nova Scotia have already made many sacrifices: forced municipal mergers, wage rollbacks, forced unpaid leave, hospital closures, deep cuts to education and rural roads. Nova Scotians were told those sacrifices would make all the difference. They haven't!

Reduced staff levels were allowed to grow back, while our debts were simply buried in the financial statements of our hospitals, regional health boards, school boards, P3 leases, and in the annual reports of Crown agencies.

Mr. Speaker, those days are over.

Last fall, this government introduced modern-day accounting principles that accurately and openly reflect the true costs of government. Nova Scotians now know the full and painful truth of the extent of our financial problems. From now on, Nova Scotians know that a deficit is really a deficit, a surplus is really a surplus.

Monsieur le Président, avant d'aller plus loin dans les détails du budget, permettez-moi de vous dire ce qui n'est pas dans le budget.

II n'y aura pas de fermeture d'hôpitaux.

II n'y aura pas de gel de salaires, pas de diminution de salaires et pas de congés forcés non payés.

II n'y aura pas non plus de très grandes réductions budgétaires en éducation.

En réalité, Monsieur le Président, malgré les pressions financières, le montant total des allocations aux programmes en éducation est plus élevé cette année que l'année dernière.

II n'y aura pas de réductions budgétaires dans l'entretien des routes. Nous avons même prévu une légère augmentation à ce budget afin de respecter nos engagements envers les communautés rurales.

Translation: Mr. Speaker, before I address more fully what is in this budget, let me tell you what is not.

There are no hospital closures.

There are no wage freezes, no wage rollbacks, and no forced unpaid leaves.

There are no deep cuts to the education budget ... In fact Mr. Speaker, despite the significant financial pressures we are under, total cash spending on education will be up this year over last year.

There are no cuts to the road maintenance budget. Again, we have allowed for a modest increase in this area in keeping with our commitment to support rural communities.

This budget maintains the commitment to provide a further $11 million to our municipal partners according to the Municipal Service Exchange Agreement for social services. Moreover, we will continue to provide the Harmonized Sales Tax Rebate to Nova Scotia's municipalities, universities, colleges, schools, hospitals, qualifying non-profit organizations, and charities at a total cost of $45 million.

And, Mr. Speaker, I am sure Nova Scotians will be relieved to hear that there are no increases in personal income tax, motive fuel taxes, or corporate taxes.

In fact, let me take this opportunity to repeat: This government is not standing in the way of Nova Scotia taxpayers getting a break from Ottawa. Every cent of every dollar that Ottawa is handing back to Nova Scotians by way of tax cuts will go to Nova Scotians. This government is not clawing back a single penny.

Moreover, this government fully intends to give its own tax break to Nova Scotians as soon as we have the financial capacity to do so-as soon as we get our own financial house in order.

Mr. Speaker, that's exactly what this budget is all about. This budget is about finding the right balance:

• The right balance between what the government is best equipped to do and what the private sector, non-profit sector, or individuals can do better.

• The right balance between what government can afford to do and what it would like to do.

• The right balance between helping dependent Nova Scotians who don't have a job and growing our economy so they will have that chance.

• The right balance between rural and urban opportunities.

Mr. Speaker, this government will achieve a balanced budget by taking a balanced approach.

**II. Debt Growth: Not Sustainable**

I want to take a moment to describe the extent of our financial difficulties and to examine what the consequences of ignoring the deficit and the debt would mean to Nova Scotians now and in the future.

Mr. Speaker, Nova Scotia's debt will soon be $11 billion.

It has been growing at the alarming rate of more than $1,000 per minute.

This year alone, Nova Scotia taxpayers will be required to contribute an additional $85 million in Net Debt Servicing Costs. That brings the total amount of money Nova Scotians will pay in interest on the debt to just under $900 million. And every cent of that $900 million comes from one source. It comes out of the pockets of hard-working Nova Scotians - and it's not doing a single thing to benefit our province. It's not making our roads safer, it's not helping families or children in need, or supporting patients in the hospitals or students in the classroom.

Mr. Speaker, Nova Scotia is now spending 19 cents out of every dollar on servicing the debt-that's more than any other province in Canada.

Some people will make the argument that it's okay to keep borrowing from the future to pay for today. They will make a passionate case that every dollar government spends is necessary and that every service government provides is critical. Mr. Speaker, the simple truth is, it costs money to borrow money. If we borrow money today to pay for the day-to-day operations of government, we will have even less money tomorrow to spend on those things that matter most to Nova Scotians.

Mr. Speaker, there is a sad irony to all of the demands we place on government in the name of a better, fairer, more prosperous Nova Scotia. The irony is, it will be our children who pay the tremendous cost of the debt. They didn't create it. They didn't make the decisions that brought us to where we are today, but they will be the ones who pay the lion's share.

Twenty-five years of living beyond our means-25 years of borrowing-hasn't made us a more prosperous province, it hasn't made us any healthier, and it hasn't helped our students reach the top of the class. It's time we learned from our mistakes

Mr. Speaker, this budget asks all Nova Scotians to accept less today so that we will have more tomorrow.

It is important to remember that we travelled this road together-we must find our way back together. And there is no better time to start our journey than now when our economy is strong.

**III. Economic Performance: Continued Growth**

Mr. Speaker, as government realigns its priorities, Nova Scotia's private sector will be increasingly required to be the engine of economic growth. Fortunately, it is well positioned to do so.

Nova Scotia witnessed widespread economic gains in 1999.

Exports of goods and services were up 10.3 per cent. Merchandise exports to international markets grew 15 per cent. Major contributors included paper, lumber, rail cars, tires, and shellfish.

Tourism revenues grew by 16 per cent.

Investment in the IT sector was also up and is poised to grow more with Halifax being selected as the Canadian landing site of a $1.2-billion fibre optics network.

As well, employment was up, housing starts were way up, and motor vehicle sales continued their strong growth. All positive signs that Nova Scotians have confidence in the future.

The fast pace of growth witnessed in 1999 is expected to slow this year with the completion of Tier One of the Sable Offshore Energy Project. However, the extra value of natural gas exports this year will sustain the growth in total exports for 2000.

It is clear that Nova Scotians are making headway in terms of developing a more diverse, modern economy. They deserve no less than a modern, focused government that knows its place-a modern, focused government that concentrates more fully on the priorities of its people.

There is no better time-when the economy is performing well-to shrink the size of government.

Now is the time to get our fiscal house in order when the economy is well positioned to absorb the impact of reducing the size of government.

**IV. Fiscal Performance 1999-2000: Providing for Sysco**

Last year, growth in business investment, employment, and personal incomes caused provincial revenues to grow as expected. National growth also led to higher revenues than originally estimated. As well, Nova Scotia Resources Limited posted lower-than-expected losses.

Offsetting the good news were higher debt-servicing costs and year-end accounting adjustments.

Nova Scotia's 1999-2000 deficit is now forecast to be higher than the original estimate, up from $497 million to $765 million.

Modern accounting practices require the full disclosure of the impact of selling Sydney Steel. As soon as these one-time costs became known, government was obligated to count them as part of the deficit. That is the right way, the honest way.

Removal of this one-time extraordinary expenditure item of $379 million from our provincial deficit at the end of fiscal 1999-2000 would leave a deficit from continuing operations of $387 million, a $110-million improvement from the budget estimate.

Mr. Speaker, the amount of the debt that must be paid back in foreign currencies has been a significant problem for the province. I am pleased to report that over the course of the last year the amount of foreign currency exposure has fallen from approximately 50 per cent to 36 per cent. This has been due in part to a rise in the Canadian dollar against the American dollar but also active management on the part of government to reduce exposure on outstanding debt issues. This government will introduce legislation to reinforce these good financial management practices. I am pleased to announce that we now expect to reach our legislated goal of 20 per cent exposure to non-Canadian dollars in our debt portfolio within five years.

**V. Fiscal 2000-01: Working towards Surplus**

Let me take a moment to talk about the fiscal challenges government faces this year. At the end of fiscal 1999-2000, Nova Scotia's deficit (excluding Sysco's liabilities) totalled $387 million. A significant amount by anyone's calculations, but it does not tell the whole story. This year, we must also find the dollars required to, among other things, cover off reductions in federal transfers, provide for increased debt-servicing costs, and meet government's contractual commitments. There are positive offsets and some areas where spending obligations are now complete, such as the Fisheries Early Retirement Program, election expenses, and Y2K-but they fall short of covering off the added costs of new spending requirements and do nothing to reduce the deficit.

Mr. Speaker, I am proud to stand before the House and present a budget that has faced those challenges and honours the commitments we made to Nova Scotians.

We are making the kind of fundamental changes needed to bring government spending more in line with government revenues, while minimizing the impact on those services that are most important to Nova Scotians.

Mr. Speaker, the budget numbers verify this statement. This government made decisions that resulted in reductions of $295 million.

As a result, the total 2000-01 year-end deficit is estimated to be $268 million.

**VI. Four-Year Fiscal Plan: A Balanced Approach**

Mr. Speaker, we are making considerable progress toward balance. Part of the reason is obviously due to the fact that the costs associated with selling Sysco will not reoccur. We have once and for all put that behind us.

But putting Sysco's costs behind us is not good enough. More needs to be done. And that means changing government. These efforts are well under way.

It is important to note that, as the new efficiencies of our restructuring initiatives and smaller government take hold, Nova Scotia's deficit will continue to shrink.

Net Program Expenses will be reduced a further $51 million next year, leaving a projected deficit of $91 million at the end of 2001-02.

Mr. Speaker, this budget puts us on course to achieve a truly balanced budget in fiscal 2002-03.

It also puts us on course to provide all Nova Scotians with a 10 per cent cut in personal income taxes the following year.

**VII. Accountable Government**

Mr. Speaker, to ensure that government does not repeat the mistakes of the past, this government will introduce tough new accountability legislation. This legislation will enshrine the government's financial accountability for all government organizations, including school boards and health boards. It will also ensure that there is only one bottom line and that over time it is black not red. It will ensure that Nova Scotians know, not only the full and exact cost of government, but also how their tax dollars are being spent.

And, as part of next year's budget, we will introduce a surplus management plan. This plan will address the needs of Nova Scotians, including tax reduction, debt reduction, and providing core services.

**VIII. Health Care: Ensuring Quality, Access, and Sustainability**

Mr. Speaker, health care has been, and will continue to be, a priority of this government.

We are committed to ensuring that all Nova Scotians, no matter where they live, have access to an affordable and high-quality health care system. But, Nova Scotians can no longer afford to pay for a system that is not providing the best value for the dollars spent.

If money alone were the answer to good health care, Nova Scotians would have the best health care in the country. Last year, Nova Scotia spent more per capita on public health care than any other province in the country.

There is a mistaken perception that Nova Scotia's health care budget has actually experienced deep cuts in recent years.

The truth is, the health care budget has actually increased by nearly 38 per cent in the last three years. And, while health spending has been escalating, federal contributions have dropped dramatically.

In 1996-97 health care costs to Nova Scotians amounted to almost $1.3 billion - accounting for more than 36 per cent of Net Program Expenses.

In 1999-2000 they amounted to almost $1.8 billion, one-half billion dollars more, accounting for nearly 42 per cent of Net Program Expenses.

The fact of the matter is, unless we begin to rein in the spiralling cost of health care, it won't be long before we have no money left for anything else: schools, roads, or assistance to families in need.

The problem has been that government was simply writing the cheques, without putting in place the necessary checks and balances to make sure the money spent was spent wisely.

Mr. Speaker, the answer to improving the level and quality of health care to Nova Scotians isn't in borrowing money and writing cheques. It's in focusing on proven outcomes and community involvement, it's in a renewed emphasis on prevention and integrating services.

Mr. Speaker, the Health Authorities Act now before the House, along with the new clinical services review, are two key initiatives that will improve the quality and level of health services available to Nova Scotians and ensure a sustainable system.

These two initiatives will also help ensure that Nova Scotia taxpayers finally get good value for every dollar they invest in health care.

Mr. Speaker, this budget calls for a 4.7 per cent reduction in the total health care budget. When you factor out the amount of money spent last year on Y2K, the total real impact on this year's health budget is $51 million, amounting to a reduction of 2.9 per cent.

As in every other area of government, we will find these savings, to the greatest extent possible, by cutting administration, by eliminating duplication, and by weeding out non-essential spending. And Mr. Speaker, we expect our health care partners to do no less.

Front-line caregivers will be protected to the greatest extent possible - particularly our nurses. This government is committed to more, not fewer nurses. We are committed to making sure that the overall number of nurses working across Nova Scotia goes up-not down. That is why we have created approximately 150 more full-time nursing positions, established the position of Nurse Policy Advisor, and, among other initiatives, established the Nursing Student Bursary Program.

We will continue to work with the nursing profession to improve their work environment and to provide them with greater opportunity for influencing clinical outcomes.

Mr. Speaker, this budget also protects funding for long-term care. It is critical that this funding remain stable as we move to a new single-entry system, where Nova Scotians in need of care move smoothly from one service level to another, depending on their level of need.

This government has also kept its commitment to invest $1 million in disease prevention initiatives.

Certainly, Mr. Speaker, our efforts to make the transition to a more cost-effective health care system are not made easy by the federal government. Ottawa continues to add new pressures on all provincial spending areas by refusing to come to the table as a full partner in Medicare. Mr. Speaker, we will continue to aggressively pursue Ottawa for full restoration of the health care dollars it has withdrawn from Nova Scotia in recent years.

**IX. Education: An Investment**

At the outset I mentioned an increase in the total dollars to be spent on education this year. Again, at a time of severe fiscal pressure, this increase, as modest as it is, speaks to the importance this government places on our education system. In fact, Mr. Speaker, this government is on record as saying that actual cash expenditures on education will not be reduced, at any time, during our mandate. Such a move would be entirely inconsistent with our commitment to support new learning opportunities for Nova Scotians throughout their lifetime.

Mr. Speaker, today's budget increases funding to Nova Scotia's Community College System by $2 million and provides a further $4 million in operating grants to universities. As well, we have completed the commitment to provide a $4.8-million capital investment in university and college capital upgrades.

The public school capital construction program will also continue.

As well, this budget includes nearly $20 million more in funding for school maintenance and renovation. In addition, we have provided $15 million for teacher wage settlements.

Due to increased spending in these areas, other reductions were required.

We said we would start by eliminating duplication and waste and by targeting non-essential spending, and we have.

The total administrative cost of running the Department of Education has been reduced by about one-third.

We expect school boards to follow our lead and to shave every available dollar from administration.

Mr. Speaker, there should be no teacher layoffs as a result of this budget. However, the combination of new budget pressures and a drop in student numbers means that not all retiring and departing teachers will be replaced over the next two years.

As school boards make decisions regarding teacher staffing, we expect them to make a special effort to protect class sizes during the critical early years, from grade primary to grade 6.

Additionally, the Department of Education will slow the development of the ever-expanding school curriculum, which detracts from the essentials and results in new cost pressures on school boards.

It simply makes no sense that, at a time when too many students are trying to learn the existing curriculum from photocopied textbooks, government continues to introduce new programs that demand costly teacher upgrades and expensive new resources.

Mr. Speaker, we expect our universities and colleges to make no less of an effort when it comes to eliminating waste and cutting non-essential spending. We firmly believe they have the capacity to achieve savings through administrative cuts and through strategic alliances: measures that would go a long way in limiting student tuition increases.

**X. Self-Reliance: An Attainable Goal**

Mr. Speaker, like health care, the costs of maintaining social services in Nova Scotia have increased significantly in recent years.

Almost 75,000 individuals presently rely on government for assistance. This means roughly 1 in every 12 Nova Scotians depends on government for financial support.

Some of these clients come under the Family Benefits Program, others come under the Social Assistance Program, still others fall under a program piloted several years ago in the Cape Breton Regional Municipality.

Mr. Speaker, I have no doubt that the vast majority of people on social assistance want to live independently, but for one reason or another, they simply don't have the means to find a job. And that's because the social system is not presently structured to work at helping people overcome barriers to independence. Far too many families enter the system, only to be largely forgotten.

For example, Family Benefits recipients who have been in the system for extended periods of time are not presently receiving the kind of support they need to help them achieve independence. Mr. Speaker, we cannot allow this to continue.

As announced last week in The Course Ahead, this government is committed to providing more targeted assistance to help families achieve independence. The Department of Community Services will be reorganized and restructured to focus less on simply processing and monitoring applications, and more on supporting recipients in their efforts to begin sustaining themselves and their children.

To allow this to happen, we are moving to a single-entry system that provides one rate of assistance. All new clients coming into the system will receive a new standardized rate that is a combination of the three rates currently provided. All clients presently in the system will be maintained at their existing rate of assistance for this year. If the new standardized rate is higher, existing clients will qualify for the higher level.

This will mean some clients will receive less, others more. All clients will continue to receive rates higher than those offered in either New Brunswick or Newfoundland.

More importantly, Mr. Speaker, recipients on social assistance will soon be supported by a system that works to help them meet their need - their desire - for long-term independence and the sense of pride and accomplishment that comes with it.

We understand that it will take time to redesign all of the protocols, programs, and policies currently in place, but we are wasting no time in terms of helping families become self-reliant.

To help social assistance recipients overcome child care barriers that prevent them from seeking employment, 50 new subsidized child care spaces will be opened and made available to single parents. Mr. Speaker, this is in addition to 50 new spaces being provided through the Healthy Child Development Initiative. And in keeping with our commitments, Mr. Speaker, the subsidy for all 100 new spaces will be attached to the child, not the day care centre.

As well, government is investing $500,000 in a new adult basic education initiative to benefit Nova Scotians caught in the low education-low opportunity trap.

**XI. Building Confidence: Growing the Economy**

Mr. Speaker, our government believes the first step we must take to encourage new business investment and create new jobs is to stop the build-up of the debt. Every business owner, every potential investor wants to know whether the deficits of today will turn into a higher tax bill tomorrow. That is the fundamental relationship between rising debt and business confidence. Without business confidence we will not have long-term economic growth. It is that simple.

Nova Scotia's business community understands that the most important thing government can do to attract investment, to stimulate the economy, and to create new jobs is to get the province's deficit and debt under control, and to leave more money in the hands of Nova Scotians.

To do that, Mr. Speaker, we must challenge the status quo and begin fresh. My colleague the Minister of Economic Development will soon release a major discussion paper that will form the basis of an economic growth strategy for Nova Scotia. This document will give Nova Scotians an opportunity to participate in developing new strategic initiatives that meet our objective of growing the economies of all regions of the province.

In this budget, a number of initiatives for business have come to an end. This budget also reduces funding to the Department of Economic Development by 45 per cent. We are refocusing the efforts of the Department of Economic Development to better deliver our fiscal and economic goals.

As well, I am announcing that a number of tax credits scheduled to expire over the next few years will not be renewed. Others will be changed. This is consistent with our commitment to close tax loopholes or change tax credits to make sure they meet their original objectives.

Accordingly,

• The ISO 9000/ISO14000 tax credit will expire December 31, 2002.

• The Manufacturing and Processing Investment Tax Credit will be reduced from 30 to 15 per cent effective January 1,2001. The credit for new investments will expire, as planned, on December 31, 2002. This change brings the costs and benefits of this measure more in line.

• The Research and Development Tax Credit will be changed to close a loophole that allowed companies to receive the credit on a government grant.

• The Film Industry Tax Credit is extended for two years. The rate will be reduced from 32.5 per cent to 30 per cent in metro and increased from 32.5 per cent to 35 per cent in rural Nova Scotia. This change is designed to encourage film and video investment in rural Nova Scotia, including industrial Cape Breton and Shelburne where taxpayers have already invested in two sound stages. Additionally, the asset cap, which excludes companies with assets over $25 million from accessing this credit, will be removed.

The budget also includes a measure that eliminates a rebate that has benefited mainly manufacturers and processors. The Grant in Lieu of Property Tax the province has been paying to municipalities to offset property tax on machinery and equipment will end.

In keeping with our commitment to support small business growth in rural Nova Scotia, we are extending the tax credit for the Community Economic Development Investment Fund aspect of our Equity Tax Credit for two years to December 31,2003. In cases where the Equity Tax Credit is used outside this program, we will complete our review on this measure before the credit is set to expire at the end of 2001.

Mr. Speaker, I am also confirming our move to gain more control over the personal income tax system for our province. The details of the new calculation method will be established in legislation brought before this House in a matter of days. I will also be tabling an independent report that verifies the impact of these changes on Nova Scotia taxpayers will be neutral.

**XII. Program and Service Review: Right-Sizing Government**

Je veux prendre un moment pour vous décrire comment nous sommes arrives aux décisions contenues dans le budget.

Durant la campagne électorale, avant d'être élus, nous avons été ouverts et francs le peuple de la Novelle Écosse.

Nous leur avons dit ce que nous avions l'intention de faire.

Nous avons promis de réviser tous les programmes et les services du gouvernement.

Nous avons promis de libérer les contribuables des coûts des services qui pourraient être offerts plus efficacement par d'autres.

Nous avons fait cela, Monsieur le Président.

Translation: I want to take a moment to tell you how we came to make the choices that are reflected in this budget.

During the election campaign, before being elected, we were open and frank with the people of Nova Scotia.

We told them what we intended to do.

Among the promises we made was a commitment to review each and every program and service of government.

We promised that we would free taxpayers of the cost of providing those services that could more effectively, or more efficiently, be provided by others.

We did that, Mr. Speaker.

This budget eliminates programs and significantly reduces others.

Mr. Speaker, the simple fact is we can't afford everything-we can't do everything - we can't be all things to all people. The most important thing government can do is focus on those things that matter most to just about everybody. And that is exactly what we are doing.

Mr. Speaker, in carrying out our review of programs and services we came to another conclusion.

When government can't pay for the day-to-day operations of our hospitals, of our schools, of our justice or social service systems without going to the bank, it has to take a hard, second look at being in the gas business, in the book-selling business, the hotel business, the golf business, and the liquor business.

As previously announced, government is closely examining the merits of selling Nova Scotia Resources Limited. A valuation exercise is presently under way to determine what is in the best long-term interests of Nova Scotians.

As well, as outlined in The Course Ahead, government is seeking a private-sector management company to operate Nova Scotia's three resorts: Liscombe Lodge, The Pines Resort, and Keltic Lodge. This is one step short of selling them outright. But, Mr. Speaker, that option is still on the table.

Mr. Speaker, today I am also announcing that this government will no longer own and operate its own bookstore and that it is relinquishing its interest in the Northumberland Links golf course according to a previous agreement with the club's membership.

Mr. Speaker, this government does not believe that selling liquor is a core function of government. In fact, Nova Scotia is the only province in the country that wholly owns and operates every aspect of the liquor business. This government will revisit our exclusive ownership and control over the warehousing, distribution, and retail functions of the Nova Scotia Liquor Commission. There are any number of options leading to greater private-sector involvement. We will closely examine all of them. If we conclude that it makes sense to both taxpayers and consumers to move forward and privatize one or more of these functions, it will be done.

**XIII. Service-Oriented Government: Focusing on Efficiency and Effectiveness**

Again, this government promised smaller government, and this government is delivering on that promise.

In keeping with the ministry concept recommended by Voluntary Planning's Fiscal Management Task Force and as outlined in the document The Course Ahead, the number of government departments and secretariats is being reduced from 21 to 14. The objective is not simply to shrink the size and cost of government, but to organize it so that services can be delivered more effectively.

The new structure outlined in The Course Ahead will combine "like" functions and help us achieve the kind of efficiencies that are lost when departments work in isolation of one another, or when departments fail to take advantage of opportunities to save money simply because they are used to "doing their own thing."

And that is why we are bringing asset management under one roof, everything from leasing office space and vehicles to buying computers.

That is why we are bringing regulatory functions under one roof, everything from food inspection to tobacco enforcement.

That is why we are bringing loan administration under one roof.

Further, today I am announcing that the adjudication functions of the Alcohol and Gaming Authority will be merged with the Utility and Review Board. The remaining responsibilities will be assigned to the Department of Business and Consumer Services and reviewed as part of the government restructuring process.

The mandate and cost of all other agencies, boards, and commissions is also under review to ensure that they serve a legitimate purpose and that they achieve good value for every tax dollar spent. Those that don't will be eliminated. Others with "like" functions will be merged.

Mr. Speaker, it is simply wrong to think that smaller government means that service levels can't be maintained.

This government simply doesn't buy the line that "bigger is always better" or that less spending means less access to government services.

In fact, the only people who believe that are those who think there is no waste in government.

I would ask them, Does it make sense to offer a host of different government services, all sharing common services, all located out of different buildings in the same town, sometimes within the same block?

No.

It doesn't make sense for the taxpayer; it doesn't make sense for Nova Scotians trying to access service.

We can streamline services, we can save dollars, and, with a little ingenuity, we can even improve upon the level of service.

Mr. Speaker, over the next 12 months we will be merging government offices whenever and wherever practical, whenever and wherever it can be demonstrated that we can achieve efficiencies and either maintain or improve the quality of service.

**XIV. Families and Children: Investments that Count**

Mr. Speaker, if Nova Scotia is going to have a fighting chance at being a "have" province, we need to make some key investments now: investments that will pay long-term dividends for all Nova Scotians. This government believes that the best investments we can make are in children-investments that help them personally grow and professionally succeed.

We are therefore committing nearly $11 million to expand or implement new services and develop new programs that will help families, children, and young adults.

This budget includes investments to help young Nova Scotians learn to read, including $1.5 million to develop a comprehensive literacy strategy, starting at the elementary grade level. Programs to be expanded include Reading Recovery and Active Young Readers.

La Nouvelle-Ecosse sera la première juridiction au monde à utiliser la nouvelle version élaborée en français du programme Reading Recovery Observation Survey. Cette année, nous poursuivrons nos efforts dans le but d'étendre ce programme aux élèves acadiens et francophones sur l’ensemble de la province.

Translation: Nova Scotia will be the first jurisdiction in the world to utilize the redevelopment in French of the Reading Recovery Observation Survey. Work will continue toward the goal of extending the program to Francophone/ Acadian students across the province this year.

This budget includes measures to assist children with developmental challenges, including:

• $615,000 to expand the number of Early Intervention Initiatives

• $2 million to reduce wait times for assessment and to provide treatment for children believed to have autism or developmental delay.

This budget includes support for low-income families and their children, including:

• $3.3 million under the Healthy Child Development Initiative

• $1.6 million for a new program to help low-income families purchase back-to-school supplies

• $1.7 million under the Direct Assistance Program targeted exclusively to families with children.

Additionally, a new section in the reorganized Department of Health will now focus on children's health.

As well $3.1 million has been provided to hire 71 new child protection workers.

This government understands that these investments alone won't make every child an "A" student; they won't make every troubled child's life better. But, Mr. Speaker, they are significant in that they send the clear message that this government is committed to making key investments in families and children now, so that all Nova Scotians will realize long-term dividends in future.

**XV. Rural Nova Scotia: Support for Growth**

This government understands the value of our rural communities and rural way of life. We understand, as well, that our rural communities and the industries that sustain them are increasingly being challenged on any number of fronts. Whether it's Mother Nature's impact on our farms, forests, or fishery, or the exodus of our young people who move away to pursue opportunities elsewhere, communities in rural Nova Scotia are feeling new pressures.

At the outset, I said all Nova Scotians would be affected by this budget, and they will. But Mr. Speaker, this government is committed to ensuring that the economies of rural Nova Scotia are not only sustained, but grow-that young Nova Scotians have a chance to live and work in the place they grew up.

This budget therefore contains a number of measures to support economic opportunities in rural Nova Scotia and to ensure equitable access to government services.

I have already referenced an increase in the rural roads maintenance budget, the continuation of the Community Economic Development Tax Credit, and amendments to the Film Industry Tax Credit, all of which help ensure that rural Nova Scotia is treated fairly. These initiatives speak to government's role in setting the climate for investment.

Mr. Speaker, we are also prepared to make strategic investments to support growth in rural Nova Scotia. In our resources sector:

• a $1.9-million increase in assistance to Nova Scotia's farmers affected by market conditions and dramatic climate changes

• $600,000 to support fund a New Entrants Program for young farmers

• a $1.5-million revolving loan fund to enable Nova Scotia's boatbuilding industry to expand into the lucrative pleasure craft business.

As well, my colleague, the Minister of Natural Resources, is presently working with industry to develop a significant new initiative to support a sustainable and healthy forestry sector here in Nova Scotia.

This government is also providing:

• continued support for Tourism Marketing Initiatives based on the 1999-2000 investment

• expansion of the Community Museum network-the moratorium has been lifted

• a $250,000 investment in cultural development initiatives to help market our cultural strengths and generate export revenue.

As much as possible we have worked to protect our key cultural institutions. This includes committing $100,000 in operating support for the Art Gallery of Nova Scotia's Western Branch and $125,000 for the annual Celtic Colours International Festival in Cape Breton.

Mr. Speaker, in keeping with our commitment to ensure that rural Nova Scotians have equitable access to the services provided by government, I am announcing that within the next 12 to 18 months every county in Nova Scotia will have access to one-stop shopping for a wide range of government services - everything from government tender information to licence renewal to registering a new business.

**XVI. Impact on the Public Service: Fair Treatment of Employees**

Mr. Speaker, I want to spend a few moments to address what this means for the people who work in the public service of Nova Scotia. We recognize that behind the dollars and the job numbers lie people whose lives will be affected. We know that families and communities are concerned about what it all means.

We have taken steps to lessen the individual impact on our employees. As much as possible, the job losses are coming through attrition. That means in many cases vacant positions are abolished. People who are retiring are not replaced.

Nevertheless, there is no ignoring the fact that with a smaller, more focused government we need fewer people. There is also no ignoring the fact that 70 per cent of the cost of operating government comes from salaries. That means, many contracts will not be renewed, and casuals who had expected work will be disappointed. And yes, Mr. Speaker, there will be layoffs.

For those directly affected by a layoff, we intend to follow the processes outlined in the current collective agreements and establish fair severance arrangements.

This budget results in a reduction of approximately 600 full-time equivalent (FTE) positions in the direct civil service of the province. In addition, 400 teacher reductions are expected to occur through normal attrition. Restructuring in the health facilities and boards will result in 600 fewer FTEs, primarily from administration and support. Taken in total, the expected reduction in FTEs for the broader public sector is 1,600 FTEs. Mr. Speaker, this is a very large number. We hope to manage approximately one-third of the expected reduction through normal attrition and retirements.

The impact on individuals is undeniable, and painful. But, the pain for all Nova Scotians will be greater if we are unable to reach a proper financial balance in this province. A balance between our desires for public service programs and our ability to pay for them.

**XVII. User Fees: Matching Costs with Benefits**

Mr. Speaker, a few minutes ago, I talked about finding the right balance between what government is best equipped to do and what others can do better. I talked about what government would like to do and what it can afford to do. I want to take a moment to address the need to strike a balance between who uses and who pays for government services.

This government firmly believes that fairness dictates that those who benefit from a particular service should pay more to help sustain those services.

One program that continues to grow beyond government's capacity to sustain it is Pharmacare.

Mr. Speaker, this government is committed to ensuring that this program is available to seniors for many years to come.

But, Mr. Speaker, taxpayers simply cannot continue to absorb the significant year-over-year increases in program costs. In the last three years alone, the cost of the Senior's Pharmacare Program almost doubled from $42 million to $83 million.

Effective midnight tonight, the co-pay will increase from 20 per cent to 33 per cent per prescription to a maximum ceiling of $350. The annual premium of $215 remains unchanged this year. In future years, co-pay and premium increases will be linked to drug cost and utilization increases.

Mr. Speaker, we will also be moving to recover the cost of providing 911 service. This will be a flat fee charge and not a fee charged for calling 911.

While ambulance fees will also be increased, we are eliminating the unfair charge for transferring patients from one hospital to another.

In total, new or increased cost-recovery measures amount to $20 million.

**XVIII. Keeping Our Commitments: A Four-Year Plan**

This government received a strong mandate from the people of Nova Scotia to carry out its four-year plan. This budget confirms we are on course. Program expenses will be brought into line with revenue growth.

I've already referred to many of our commitments. Let me mention a few more.

• We are lifting the grandfather clause on the Senior's Property Tax Rebate Program and will begin phasing-in the program so that all qualifying seniors have fair access to this program.

• We are providing an additional $1 million to expand respite services for families caring for family members at home.

• We are investing $500,000 to aggressively market and encourage investment in the Cape Breton economy.

• We will be proceeding with the Buy Nova Scotia First campaign to encourage support for Nova Scotia business.

Mr. Speaker, we said we would keep our word as a government, and we are.

**XIX. Conclusion**

Mr. Speaker, this budget is about balance:

Balancing need against want, cost against benefit, the future against the past. It's about priorities: education and lifelong learning; access to quality health care; an environment that fosters economic growth; and help for dependent people to become self-reliant.

It's about principles: fairness, quality of service, value for money, and accountability.

It's about the importance of government keeping its word-doing what it said it would do.

This budget is about thinking smart about what government does, and, just as importantly, how it does it.

It's about sharing the load, where everyone is asked to contribute his or her fair share.

It's about honestly and openly reporting to all Nova Scotians on where we started and where we are headed.

Most importantly, this budget is about what kind of future we will leave our children. A future of opportunity here at home, or lack of opportunity that forces them to leave home.

Mr. Speaker, the choice is clear-the road we must take is clear.

In my first budget address, I said we would take the road less travelled. That journey begins now.

Mr. Speaker, it will lead to a better Nova Scotia-not one filled with fleeting hopes, but one of lasting benefits in which all Nova Scotians can share.

Thank you.