

Budget

2017–2018

Opportunities for Growth



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Budget 2017–2018: Government Business Plan
Finance and Treasury Board
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Message from Premier Stephen McNeil

I am pleased to share with Nova Scotians the Government Business Plan for the 2017–2018 fiscal year.

We are committed to working with Nova Scotians to create better job opportunities, build stronger communities, make daily living more affordable and help our young people find success here at home. This business plan is supported by investments outlined in the 2017–2018 budget, which will provide benefits to Nova Scotians in the coming year, and to future generations for years to come.

Government began a careful, diligent approach to fiscal planning early in 2014. The framework balances our responsibility to deliver sustainable public services with our obligation to stabilize the province's finances. The hard work has paid off: Nova Scotia is one of only three provinces to table balanced budgets in both 2016–2017 and 2017–2018. Progress is evident in many areas, including population, export growth in key sectors, lower youth unemployment, higher levels of business confidence, and another record year for tourism.

Creating a climate for economic growth begins with fiscal stability. Our four-year outlook delivers, projecting balanced budgets through 2020–2021. And that is just the beginning, as government continues to consistently advance objectives outlined over recent years.

Our 2017–2018 investments will: Deliver tax relief to low- and middle-income earners, and small businesses; build infrastructure to make highways safer and bring jobs to communities; provide better, more inclusive opportunities for young people and workers from all regions; support young families; stimulate innovation, business growth and exports; recruit more doctors and nurses for Nova Scotians; boost supports for those in need; and advance a new dialogue to recognize the many assets older adults bring to our communities.

The 2017–2018 plan targets five priority areas:

- Infrastructure
- Youth & Jobs
- New Ideas for a Better Economy
- Support for an Aging Population
- Healthy People & Communities

Government's commitment to operate and manage within the fiscal plan has resulted in a stronger foundation to support economic growth. We will make the most of the province's traditional strengths and emerging growth sectors, encourage innovation and community-built solutions, and invest in the care, health and education of our people. We will continue working with Nova Scotians to build a better economy, and provide opportunities for everyone to share in the benefits it brings.

Sincerely,

A handwritten signature in black ink that reads "Stephen McNeil". The signature is written in a cursive style with a large, stylized 'S' at the beginning.

Stephen McNeil
Premier of Nova Scotia

Opportunities for Growth

2017–2018 Government Business Plan

Better opportunities for Nova Scotians, communities, and the provincewide economy will be created through a broad range of investments in the 2017–2018 provincial budget. The Government Business Plan outlines government’s strategy to foster economic growth, community renewal, and more employment options, while delivering on the commitment to provide sustainable services to Nova Scotians.

In communities across the province, people are working together to advance new ideas that will shape and build a better economy. Nova Scotia has seen an optimistic shift in its economic and demographic outlook, with encouraging results in the past year: Population hit an all-time high, youth unemployment declined significantly, innovation is driving business renewal, and seafood exports have nearly doubled since 2013.

Fiscal sustainability has been achieved through careful planning and diligence over the past three years, during a period of very challenging global and national economic conditions. Nova Scotia is one of only three provinces to table balanced budgets in both 2016–2017 and 2017–2018. This improved economic position enables government to introduce new and increased programs that support the priorities described in this business plan, and government continues to deliver on objectives outlined in the past few years. This business plan is supported by Budget 2017–2018, which will provide benefits for Nova Scotians over the coming year, and to future generations for years to come.

This plan outlines how government will enhance conditions for economic expansion, leading to more opportunities for Nova Scotians. We will build infrastructure, promote innovation and job growth in traditional and emerging sectors of the economy, improve health and well-being for people, and provide tax relief for average citizens and small businesses. Projects and programs will advance new ideas and community-built solutions that will capitalize on Nova Scotia’s advantages, respond to community needs, cultivate inclusive, sustainable growth, and reduce regulatory burdens for businesses.

The 2017–2018 Government Business Plan is focused on five priority areas:

Infrastructure

Youth & Jobs

New Ideas for a Better Economy

Support for an Aging Population

Healthy People & Communities

The 2014 Ivany Report on the province's economy issued a clarion call for change, and Nova Scotians are responding to the challenge, putting new ideas into action and working together to strengthen communities. This plan highlights a continued focus on priorities that respond to the One Nova Scotia goals, including education at all levels; youth retention, immigration, and inclusive opportunities for all citizens; the innovative potential of our post-secondary institutions and creative industries; and conditions to stimulate employment, business, and export development.

Nova Scotia's demographic and economic position is better today than it was four years ago. This plan outlines a path that will lead to more jobs for workers, renew infrastructure and communities, enhance the health and well-being of Nova Scotians, and create a healthy climate for business growth. Budget 2017–2018 supports this plan through investments and innovative approaches to inspire collaboration, implement solutions, and build a better future for the province.

Infrastructure

Nova Scotians rely daily on transportation networks, public facilities and water services that are foundational to their communities. This plan includes infrastructure projects from one end of the province to the other, meaning more work in rural Nova Scotia, and more opportunities for people to live, work and raise families here.

After consultations with Nova Scotians about the safety of the 100-series highways, government is committing to twin three stretches of highway over the next seven years, without tolls. Projects will maintain highways and roads, health care facilities, schools and post-secondary institutions, and community infrastructure. Major projects will involve planning, design, and construction that requires spending over several years.

Goal: Communities and regions across Nova Scotia will benefit from projects that build, upgrade, and maintain vital public infrastructure, transportation networks, and community facilities.

2017–2018 focus:

Highways and Structures

- Complete planning and design for the 102/103 interchange replacement and new connectors at Lantz and Wellington
- Begin construction of upgrades on Highway 101 between Digby and Marshalltown
- Undertake planning and design and begin construction on Highway 107 (Burnside Expressway) from Burnside to Bedford
- Complete improvements to the roadway at Canso Causeway and the swingbridge
- Begin construction of upgrades to the Cabot Trail
- Rebuild and repair gravel roads under new multi-year program

Health Care Infrastructure

- Continue progress on the QEII redevelopment, which includes projects at the Halifax Infirmary, Dartmouth General Hospital, Hants Community Hospital and a new community outpatient centre in Bayers Lake
- Begin work to enhance and modernize the South Shore Regional Hospital
- Expand the emergency room at the Aberdeen Hospital in New Glasgow
- Advance the planning, design and construction of satellite dialysis units at hospitals in Bridgewater, Kentville, Digby, and Glace Bay, and expand dialysis services at the Halifax Infirmary and Dartmouth General Hospital
- Provide funding to create space for collaborative teams in Shelburne and New Waterford
- Begin work to replace the hospital in Pugwash

Schools & NSCC

- New schools in Spryfield, Tatamagouche, Bridgetown, Bible Hill, Sheet Harbour, Eastern Passage, Dartmouth, Halifax, and Yarmouth
- School renovations in Sydney, Sutherlands River, River Hebert, Bridgewater, and Wolfville
- New Skilled Trades Centres at seven high schools; creating 25 centres provincewide by 2018–2019.
- Construction of new Trades Innovation Centre at Nova Scotia Community College, Pictou Campus; Renovation project at the Lunenburg campus.

Community Infrastructure

- Provincial contribution for municipal clean water and waste water projects
- Construction of second cruise ship berth in Sydney, to increase tourism potential
- Improvements to affordable housing, including increased access and new housing units, in partnership with the federal government
- New grant program to better connect recreational trail systems
- Provincial parks improvements to enhance roads, water systems and buildings
- Increased safety and other improvements at court houses across the province

Youth & Jobs

Young Nova Scotians are the key to the future success of the province. Their talents, innovative approaches, and collaborative spirits are needed to help grow the economy and build stronger communities. Students and young adults want a chance to achieve career aspirations and live their dreams. This plan will provide young people with better opportunities to succeed at home in Nova Scotia.

New technologies are bringing innovative advancements to traditional industries such as fishing, forestry, and agriculture. Nova Scotia also needs a strong supply of creative, well-educated workers to fill projected job vacancies in the high-growth digital/information technology and financial services sectors. This plan will help create more opportunities for workers, make daily living and career training more affordable, and provide employers with the skilled talent they need to grow the economy. Programs will help connect youth to better jobs, increase co-op and work experience options, and enhance incentives that encourage employers to hire graduates. New programs will help under-represented members of our communities find jobs.

Government will address longstanding classroom conditions in the P–12 school system, expand pre-Primary programs for four-year-old children, increase students' access to mental health services, and raise funding levels for reading, math, and computer coding instruction. Young families will benefit from a range of programs, including tax relief, assistance for first-time home buyers, and a variety of expanded education and health care initiatives.

Goal: Nova Scotia students and young adults will benefit from a strong educational foundation and access to career and training programs that will prepare them for success. Workforce participation will increase; the province's skilled workforce will provide employers with the talents they need to innovate, invest, and grow. Daily living will be more affordable for young families.

2017–2018 focus:

Training and Connecting to the Workforce

- Increase investment in the Graduate to Opportunity program, helping recent grads find jobs
- Implement the new Innovate to Opportunity program, encouraging employers to hire recent Masters and PhD graduates for research- and innovation-focused jobs
- Eliminate apprentices' tuition for technical training required to complete certification
- Incent new jobs for workers from under-represented groups and those in rural communities through the Apprenticeship START program
- Add 94 additional research internships through the Mitacs Accelerate program

- Increase funding to enhance employment support services for at-risk youth and youth in care
- Expand student assistance support, including higher weekly loan allowances and loan forgiveness for students who complete programs within five years

Education and Early Childhood Development

- Expand pre-Primary at 30 additional school sites, providing programming for four-year-old children at 38 schools provincewide
- Take action on children’s mental health and student support services by expanding theSchoolsPlus program; provide additional school psychologists and speech language pathologists
- Expand school breakfast programs to include all students across the province
- Deliver the Reading Recovery program at 73 more schools
- Increase funding to provide additional computer coding programming for P–12 students
- Fund new initiatives to improve classroom conditions

Support for Young Families

- Reduce taxes for low- and middle-income earners by raising the basic personal amount, which is the portion of income that is tax-free
- Launch a down-payment assistance program to help Nova Scotians with modest household incomes buy their first home
- Continue to invest in the wages and training costs for Early Childhood educators

New ideas for a Better Economy

Strategic investments will create a climate in which businesses can develop new products and entrepreneurs and researchers can commercialize new ideas and launch business start-ups. Government will lead by example, partnering with businesses, communities and institutions to help cultivate an innovation ecosystem that creates new jobs and grows exports, fosters a vibrant, diverse workforce and stimulates growth in urban and rural communities, as well as traditional and emerging sectors.

This approach pursues new and better ways to promote business expansion, increase productivity and develop export opportunities to build a more sustainable economy for Nova Scotia. Programs target the myriad actions required to achieve this outcome, including retaining more young people

and helping them develop the workforce skills that employers are seeking; leveraging the research capabilities of post-secondary institutions; focusing on economic strengths and advantages; encouraging traditional industries to adapt to changing global markets; and maximizing opportunities in the oceans, digital/information technology and financial services sectors. Nova Scotia's start-up community is achieving early successes, creating businesses that have begun to export and hold significant potential for future upscaling and growth.

The primary responsibility of government in the economy is to create conditions that support growth. Government will continue to reduce regulatory hurdles that impede business growth, and provide tax relief for small businesses. The plan advances initiatives to improve the climate for business and the economy, including innovation hubs and expanded high-speed internet services. Small and rural businesses will benefit from increased international marketing, and incubator and accelerator programs that can help them to grow and succeed.

Government will continue to focus on these priorities, support urban and rural innovation opportunities, and work with business, institutions, social enterprise leaders and communities to nurture and advance innovative solutions. The development of sustainable businesses and jobs will be best achieved in an entrepreneurial and research-rich environment, where the new ideas of today can become the new products, solutions and exports of tomorrow.

Goal: Nova Scotia achieves healthy economic growth, driven by new startups and business upscaling that expand exports and create new and better jobs for the province's skilled, diverse workforce. Citizens work in rewarding careers in dynamic urban and rural communities that enjoy economic and demographic stability.

2017–2018 focus:

Creating a Climate for Growth

- Increase the small business tax threshold, reducing taxes for up to 1,800 small-to-medium-sized businesses
- Establish Research Nova Scotia, which will utilize the \$25-million Nova Scotia Research Trust fund
- Further reduce red tape for businesses through a bold new target; increase support for the Navigator project, which helps guide businesses through existing regulatory systems
- Increase investment in rural high-speed Internet
- Continued focus to develop innovation incubators and accelerators, support co-working spaces where entrepreneurs and researchers can combine forces to advance new products; create an innovation rebate program; strengthen the focus on business start-ups

- Remove the motive fuel tax from off-road machinery used in mining
- Market Nova Scotia's world-class seafood in Asia, Europe, and the U.S.
- Raise investment in the Small Business Development Program

Sector and Export Development

- Promote export and trade for Nova Scotia businesses, including a new export accelerator program
- Partner in the development of the Centre for Ocean Ventures and Entrepreneurship (COVE), expected to open Spring 2018
- Provide Year 3 support under the five-year vineyard/wineries program
- Continue the five-year Aquaculture Growth Strategy, providing investment for Year 3
- Advance innovation programming for the forestry industry
- Revitalize the province's key tourism sites
- Increase Nova Scotia's tourism marketing in China
- Implement initiatives of the Culture Action Plan
- Increase the Film and Television Production Fund
- Support research in new clean energy programming

Diversity in Our Economy

- Launch a new program to support Mi'kmaq forestry initiatives
- Incent new jobs for workers from under-represented groups through the Apprenticeship START program, in addition to advancing other workforce attachment programs
- Begin implementation of the Advancing Social Enterprise plan, to help more of these socially focused businesses, which reinvest profits and support community goals, to grow and expand in Nova Scotia
- Support additional settlement programming, employer liaison supports, and the new Atlantic Immigration Pilot, to meet the needs of a growing immigration population
- Work with partners to encourage entrepreneurship among older adults

Support for an Aging Population

SHIFT: A plan for Nova Scotia's Aging Population sets a foundation to recognize and promote the many assets older adults bring to society, and the economic contributions and entrepreneurial talents they provide to their communities. SHIFT outlines a range of initiatives to ensure older adults remain involved in, and connected to, their communities, and makes recommendations to enable workplaces, social programs, and communities to adapt to their needs. Investments in care and services for older adults will help to provide them with safe, secure, and affordable homes, wherever they choose to live.

Goal: Older Nova Scotians will enjoy more opportunities for employment, entrepreneurship, and social involvement in communities that recognize their needs and appreciate their contributions to the province. They will benefit from increased investments in affordable housing and home maintenance programs, home care services, long-term care, health services, and Pharmacare.

2017–2018 focus:

- Create a social innovation lab focused on aging
- Begin a community internet/digital literacy training project for older adults
- Partner to promote entrepreneurship opportunities among older adults
- Expand home care initiatives, including self-managed care and the caregiver benefit programs
- Improvements to affordable housing, including increased access and new housing units, which will benefit many older adults
- Increase food budgets in long term care facilities; enhance recreational programming
- Fund more orthopedic surgeries to address wait lists; develop pre-habilitation services to help patients prepare for successful surgeries
- Increase investment in the Seniors Pharmacare Program
- Expand funding for the Seniors Property Tax Rebate, helping older adults stay in their homes
- Offer the Seniors Safety program in more communities; increase support of Age Friendly Community grant programs

Healthy People & Communities

The plan will continue to improve and modernize the health care system, provide more doctors and nurses, services, and facilities across Nova Scotia. Communities will benefit from programs and services that make daily living more affordable and provide support to people in need.

Health, well-being, and safety are among the most important priorities of Nova Scotians. The plan includes a focus on vital health care and community services under a wide range of initiatives to improve and modernize our systems and facilities, and to improve the lives of people in their communities. Tax reductions will benefit low-income and middle-income Nova Scotians; targeted spending will enhance care in communities and mental health services around the province.

Collaborative care services will be provided in more communities, and additional investment will be dedicated to orthopedic surgeries and new dialysis units. We will increase funding for Family Pharmacare, affordable housing, services to support people with disabilities, and the Maintenance Enforcement program.

Government will continue to address sexual violence and expand court services for domestic violence, and release and begin action on a plan to address poverty in our communities.

Goal: Patients will benefit from enhanced and expanded primary care and mental health services, as well as improved and modernized health care facilities. People will access the supports they need in their communities. Improvements for daily living of citizens and expanded health care services will result in healthier communities and a healthier economy for Nova Scotia.

2017–2018 focus:

Affordability

- Reduce taxes for low- and middle-income earners by raising the basic personal amount, which is the portion of income that is tax-free
- Improvements to affordable housing, including increased access and new housing units, in partnership with the federal government
- Increase funding to help foster parents meet the day-to-day needs of the children in their care
- Expand funding to the Maintenance Enforcement program, to help families collect money that is owed to them
- Launch a down-payment assistance program to help Nova Scotians with modest household incomes buy their first home

Health and Wellness

- Advance new collaborative care teams across the province, increasing access to family doctors, nurses, and other primary care providers for thousands more Nova Scotians, building on the previously announced increase in nurse practitioners and family practice nurses that will be in place this year

- Advance the planning, design, and construction of satellite dialysis units at hospitals in Bridgewater, Kentville, Digby, and Glace Bay; expand dialysis services at Halifax Infirmary and Dartmouth General
- Continue progress on the QEII redevelopment, including projects at Halifax Infirmary, Dartmouth General, and Hants Community hospitals, and a community outpatient centre in Bayers Lake
- Recruit up to 20 additional doctors each year through the addition of 10 new seats in the Dalhousie Family Medicine Residency program, and 10 spaces in a new practice-ready assessment program for doctors who trained internationally and want to come home to practice in Nova Scotia
- Fund more orthopedic surgeries; offer prehabilitation services to help patients prepare for successful surgeries
- Take action on children’s mental health and student support services through an expanded SchoolsPlus program; provide additional school psychologists and speech language pathologists
- Improve mental health services by implementing a central intake approach for patients, expanding crisis services across the province, and providing additional community-based services in Cape Breton

Community Support

- Increase programming that supports people with disabilities to live independently in the community, including more small options homes and expanded day programs
- Create and begin action on a plan to address poverty in our communities
- Increase ACCESS-Ability grants for community buildings and implement a new program to help small businesses make their enterprises more accessible
- Continue the strategy to reduce sexual violence; make permanent the Domestic Violence Court pilot in Sydney, and expand the service to the Halifax region; increased funding for Nova Scotia Legal Aid services
- Increase access to Naloxone, the life-saving medication used for emergency treatment of opioid overdoses, in more communities across the province
- Provide funding to women’s shelters and transition houses for building and renovation projects

A Commitment to Fiscal Sustainability

In November 2013, government began a program review aimed at putting the province on a stronger economic and demographic path. At that time, the long-term outlook for Nova Scotia had eroded. Beginning with the four-year plan in 2014, government has maintained its disciplined commitment to a multi-year fiscal planning process. This has included not only projecting an annual four-year outlook, as legislation requires, but also tracking progress and achieving the annual results needed to execute the plan. This year's outlook projects balanced budgets for the next four fiscal years.

The plan:

- Provides sustainable services to Nova Scotians, at a cost they can afford
- Improves inclusive opportunities for disadvantaged groups in communities
- Has created fiscal capacity to protect, renew and maintain public infrastructure and allow new investments in priorities that are important to Nova Scotians
- Delivers fiscal balance in 2016–2017 and 2017–2018, and projects balanced budgets to 2020–2021
- Allows flexibility to deal with negative economic swings from events outside Nova Scotia
- Provides support for Nova Scotians who need it most
- Provides value for taxpayers' investments
- Is grounded in public accountability through a business planning process that includes public ministerial mandate letters and government, departmental, and Crown/agency business plans

Government has maintained a disciplined focus on the four-year fiscal plan, providing services to Nova Scotians that fall within the provincial mandate. Government continues to work with Nova Scotians to encourage new approaches and community-built solutions that respond to unique regional, sectoral, and community needs and opportunities. Progress is being made in many areas. Policy renewal and major investments over the past four years include:

- Education Action Plan
- Merger of health authorities to reduce system duplication
- A climate change agreement that recognizes Nova Scotia's significant accomplishments in reducing GHGs by 30 per cent; enhanced energy efficiency programs for homeowners

- Investments in home-based support services for older Nova Scotians
- A new model for economic development; targeted investments in sectors with high growth and export potential; reduction of regulatory burdens for businesses, and increased regional co-operation
- A new aquaculture strategy and regulations; a forestry innovation program; investments in agri-food, wine industry, and craft brewers
- Strategic investment in start-up, digital/information technology, financial services, and oceans industry cluster development
- Highest immigration and population levels in N.S. history
- Redesign of career training and apprenticeship programs
- New tourism agency, focused on revenue growth and enhanced visitor experiences
- Student loan forgiveness for post-secondary graduates; increased co-op, work experience, and mentor/connector programs

Outlook

Government is committed to operating within the four-year fiscal plan to continue to provide sustainable services for Nova Scotians. Risks to the plan include rising operating costs beyond what is included in the fiscal plan; changing conditions outside Nova Scotia, including increases in exchange rates and oil prices. Increases in interest rates pose problems for consumers with debt and raises the cost of the province's debt-servicing.

Policy changes made by our major trading partners on trade agreements such as NAFTA, or the impact of exit of the United Kingdom from the European Union, could pose challenges for Nova Scotian exporters. Increasing aging and retirement from the labour force, and increased outmigration, could reduce future economic growth, if the province does not adjust.

Responsible fiscal management will continue to reduce the vulnerability of government to economic events outside our control, and the flexibility to react when they happen.

