



BUDGET 2014 2015

HIGHLIGHTS

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Budget Overview

Recognizing the current economic and fiscal challenges the province faces, the 2014–2015 budget keeps the government’s commitment to provide a transparent representation of the province’s finances and its promises to Nova Scotians. The budget also encourages private-sector economic growth fueled by a healthy and well-educated workforce.

In 2014–2015, the province lays the foundation for:

- a more aggressive approach to our population and workforce issues;
- a comprehensive review of all our taxes, fees and regulations;
- a fresh perspective on economic development;
- transformative changes to the education system; and
- a clear focus on front-line patient care.

Budget 2014–2015 includes \$9.6 billion in revenues, \$9.9 billion in total spending, and a \$279 million deficit.

Economy

Budget 2014–2015 makes private-sector economic growth a priority and sets the stage for businesses to invest, produce, compete, and grow. Government will help more of our graduates, tradespeople, and immigrants connect with opportunities that allow them to build their careers here and contribute to the economy. The potential of our primary industries and tourism sector will be leveraged to attract visitors and investments, and increase exports.

- Attract investment in the offshore through the Offshore Growth Strategy, which will make geoscience information available to the industry and directly market our offshore to the world (\$2.8 million)
- Enhance the Access to Business, or A2B, and Access for Citizens, A4C, web portals to reduce red tape and provide businesses and Nova Scotians with quicker, easier access to services and programs (\$7.4 million capital cost)
- Align immigrants with our areas of greatest need and improve their ability to settle and join our workforce through the Regional Labour Market Demand Stream (\$1.3 million)
- Promote Nova Scotia lobster nationally and internationally (\$250,000)
- Invest in research and innovation in the mink industry—one of our fastest growing and globally competitive exports (\$500,000)
- Help the apple industry grow more world-class products (\$200,000)
- Market Nova Scotia throughout the Northeastern United States to attract more visitors (\$1.5 million)

Post-Secondary Education

Budget 2014–2015 will reflect the value of our post-secondary institutions and their graduates to our economy by increasing support and offering incentives to live, work, and start a family in our province.

- Eliminate the interest on the provincial portion of student loans for eligible students who have entered repayment on their provincial loans on or after November 1, 2007 (\$1.6 million)
- Provide tuition relief to encourage more medical graduates (\$750,000)
- Provide new graduate scholarships for innovation and research (\$1.85 million)
- Help new graduates start their careers here by defraying the cost employers incur in the first year of hiring through the Graduate to Opportunities program (\$1.6 million)
- Modernize the Apprenticeship Program to give apprentices the experience they need to access good jobs (\$2.6 million)
- Help high-value businesses recruit and provide meaningful work experiences to university and community college students by expanding the Strategic Cooperative Education Incentive program to a total of 425 funded private and non-profit positions each year (\$500,000)
- Expand the Student Career Skills Development Program to support another 250 not-for-profit summer jobs in high unemployment areas for a total of 750 jobs for post-secondary students looking for career-specific experience (\$1 million)

Education

Budget 2014–2015 will support a new direction for our education system. The first full education review in 25 years will lay out a plan to improve learning outcomes and better prepare the next generation for success in the workplace.

Limits on how many children can be in a single class will give teachers the time they need to help students individually and provide extra support to those with special needs. Wait times for early intervention programs will be reduced, reading recovery will be re-introduced, new approaches to math and literacy will be taken, and more support for students with special needs will be provided to ensure that children get the help they need when it makes the greatest difference.

- Reduce wait lists for community-based Early Intervention Programs (\$1.3 million)
- Cap class sizes for grades primary to 2 to give students the attention they need to succeed when they most need it (\$7.2 million)—the grade 3 cap also remains
- Help communities tailor school programming to local needs, enrich the educational experience, and reduce pressure to fundraise through increases to Student Support Grants (\$2.2 million in total: \$5,000/school plus \$1/student)
- Re-introduce Reading Recovery for grade 1 students as part of suite of support for children in grades primary to 3 comprising an Early Literacy Framework (\$3.5 million)
- Help students succeed in math by providing supports for teachers and a bridging program to ensure students complete math in grade 10 (\$2.4 million)
- Open the door to new opportunities for Nova Scotia students, especially those in small rural schools, by providing a wide variety of courses via Virtual Schools (\$1.2 million)

Health and Wellness

Budget 2014–2015 will place the focus firmly on patients and families. Our funding will be focused on front-line care so that more of our health-care dollars can be spent on shorter wait times and improved health outcomes for those with chronic disease.

We will invest more to attract and keep physicians and encourage new medical graduates to remain in our province, bringing us closer to the goal of ensuring every Nova Scotian has a family doctor.

- Move forward with a provincial approach to health-care delivery and reduce the number of district health authorities from 10 to 2 to put more focus on front-line care
- Continue to support programs to train, recruit, and hire physicians, with a particular emphasis on rural and remote areas (\$10.6 million)
- Work to meet the national standard for hip and knee replacement wait times (\$4.2 million)
- Continue to support home care services, allowing older Nova Scotians to stay in their homes longer (\$32.6 million)
- Improve access to cancer drugs and other drugs including Lucentis and Avastin (\$1.9 million)
- Increase the age of eligibility of the children's dental program to 14 (\$525,000)

Families and Communities

Budget 2014–2015 will support families and communities through investments that will allow more seniors to stay in their homes, give children and parents access to more resources, and ensure that survivors of sexual assault receive compassionate support.

- Help 300 more seniors each year stay in their homes through a \$1.5 million increase in the Senior Citizens Assistance Program (for a total investment of \$4.15 million)
- Develop a three-year sexual assault strategy focused on prevention and victim services (\$2 million)
- Invest in public transit in the Halifax Regional Municipality (\$2 million) and public and community-based transit outside the capital region (\$1 million)
- Invest in the Community Transportation Assistance Program to help Nova Scotians in communities without bus service stay mobile (\$500,000)
- Help Nova Scotians drive less distance, move more actively and efficiently, use cleaner energy, and access a wider range of sustainable transportation options (\$2 million)

Taxes and Other Measures

Government has undertaken a comprehensive review of taxes, fees, and regulations based on the principles of fairness, sustainability, simplicity, and competitiveness. The review will be delivered in fall 2014 and will determine how Nova Scotia taxes, regulations, and fees can better support private-sector growth.

Graduate Retention Rebate

Effective January 1, 2014, the Graduate Retention Rebate will be eliminated. Graduates are still able to receive the rebate for the 2013 tax year.

Guaranteed Income Supplement

The Guaranteed Income Supplement and non-refundable Age Amount tax credit, which exempt low-income seniors from paying provincial income tax, will continue.

Harmonized Sales Tax

Budget 2014–2015 will maintain the Harmonized Sales Tax at 15 per cent.

Efficiency Fee

On January 1, 2015, the efficiency fee will come off all power bills resulting in energy savings for all Nova Scotians.

Child Tax Benefit

Eligibility for the Child Tax Benefit will be expanded to 1,300 more children from low-income families (\$450,000).

Net Debt/Gross Domestic Product (\$ billions)

<i>Fiscal Year</i>	2012–13	2013–14 (e)	2013–14 (f)	2014–15	2015–16	2016–17	2017–18
Net Debt	13.954	13.989	14.609	15.005	15.433	15.640	15.701
Nominal GDP	38.397	39.099	38.971	40.112	41.819	43.815	45.877
ND to GDP Ratio	36.3%	35.8%	37.5%	37.4%	36.9%	35.7%	34.2%

Nova Scotia Economic Forecast

<i>Per cent change, except where noted</i>	2013	2014	2015
Real GDP (\$2007, chained)	0.3	1.4	2.1
Nominal GDP (growth)	1.5	2.9	4.3
Compensation of Employees (growth)	1.8	2.4	4.0
Primary Household Income (growth)	2.1	2.5	3.7
Household Final Consumption (growth)	2.9	2.5	3.3
Retail Sales (growth)	2.0	1.9	2.5
Consumer Price Index (growth)	1.2	1.5	2.0
Residential Investment (growth)	2.3	1.0	2.0
Net Operating Surplus: Corporations (growth)	3.2	3.8	3.6
Exports of Goods to Other Countries (growth)	10.3	5.6	4.6
Population (000s)	940.8 ^a	939.5	939.3
Employment (000s)	453.8 ^a	455.8	457.6
Unemployment Rate (%)	9.0 ^a	8.6	8.4

^a - actual

Budget Summary <i>(\$ thousands)</i>	Estimate <i>2013–2014</i>	Forecast <i>2013–2014</i>	Estimate <i>2014–2015</i>
Total Revenues	9,481,173	9,222,226	9,566,136
Total Expenses	9,524,191	9,824,906	9,935,694
Consolidation Adjustments	59,407	40,542	90,602
Provincial Surplus (Deficit)	16,389	(562,138)	(278,956)
Provincial Revenue Sources			
Personal Income Tax	2,278,408	2,189,035	2,342,580
Corporate Income Tax	473,946	424,840	441,387
Harmonized Sales Tax	1,721,788	1,669,315	1,710,776
Motive Fuel Tax	251,019	246,585	247,617
Tobacco Tax	227,883	224,377	226,722
Other Tax Revenue	151,418	157,468	154,993
Registry of Motor Vehicles	121,239	122,057	121,458
Royalties — Petroleum	20,090	22,632	31,775
Other Provincial Sources	140,229	140,618	138,184
TCA Cost Shared Revenue	8,260	16,971	3,320
Other Fees and Charges	61,707	61,755	62,894
Prior Years' Adjustments	---	(148,825)	---
Interest Revenues	68,841	67,813	69,305
Sinking Fund Earnings	107,102	109,367	106,197
Ordinary Recoveries	266,919	308,034	311,412
Net Income from Government Business Enterprises	350,313	344,402	340,391
Total — Provincial Sources	6,249,162	5,956,444	6,309,011
Federal Revenue Sources			
Equalization Payments	1,703,711	1,718,183	1,757,744
Canada Health Transfer	833,125	829,861	846,774
Canada Social Transfer	329,101	327,379	331,895
Offshore Accord Offset Payments	89,461	89,461	64,481
Crown Share	9,358	6,257	13,762
Other Federal Sources	18,616	15,309	7,917
TCA Cost Shared Revenue	22,682	20,992	23,981
Prior Years' Adjustments	---	3,212	---
Ordinary Recoveries	225,957	255,128	210,571
Total — Federal Sources	3,232,011	3,265,782	3,257,125
Expenses			
Agriculture	61,973	61,447	60,968
Communities, Culture and Heritage	60,009	58,862	61,256
Community Services	896,573	936,032	903,496
Economic and Rural Development and Tourism	130,060	138,395	141,607
Education and Early Child Development	1,105,659	1,111,196	1,220,027
Energy	26,136	30,336	32,085
Environment	24,954	24,893	26,484
Finance and Treasury Board	41,444	41,575	13,529
Fisheries and Aquaculture	9,044	9,043	9,622
Health and Wellness	3,910,819	3,914,956	4,104,920
Internal Services	---	---	115,022
Justice	309,801	313,004	322,476
Labour and Advanced Education	353,412	367,820	348,420
Assistance to Universities	337,152	336,598	372,941
Municipal Affairs	---	---	157,792
Natural Resources	85,072	85,072	89,242
Public Service	165,931	161,938	240,151
Seniors	1,859	2,002	1,862
Service Nova Scotia and Municipal Relations	247,315	264,031	---
Transportation and Infrastructure Renewal	425,458	435,236	402,489
Restructuring Costs	202,480	170,980	227,251
Refundable Tax Credits	129,356	114,227	115,566
Pension Valuation Adjustment	110,793	391,045	90,505
Debt Servicing Costs	888,891	856,218	877,983
Total — Expenses	9,524,191	9,824,906	9,935,694