

# Budget Highlights

FOR THE FISCAL YEAR 2004–2005

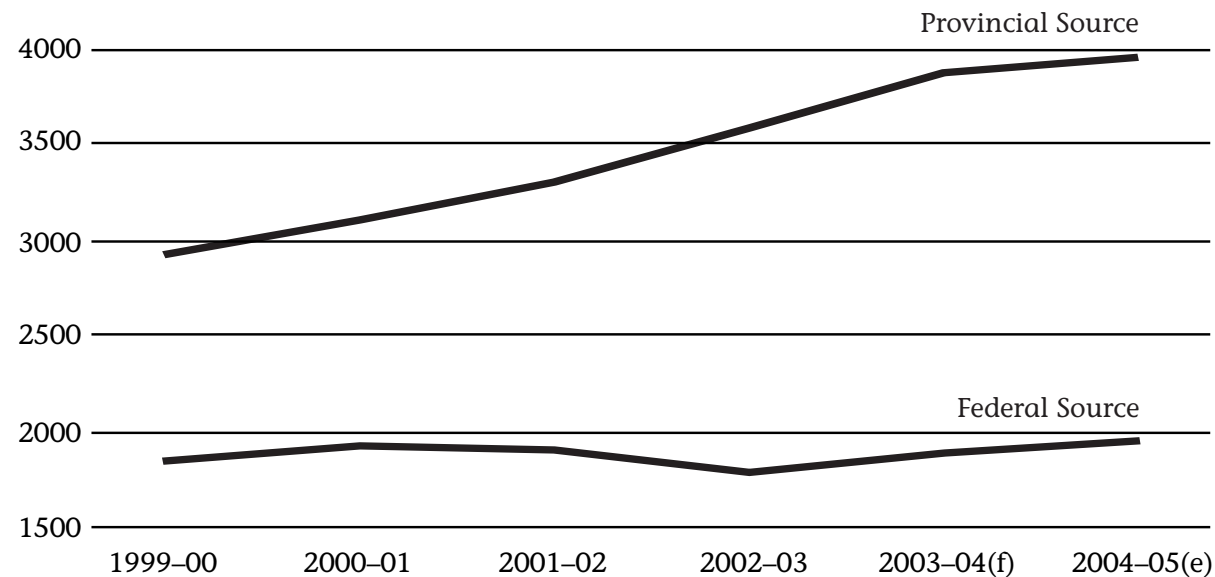
## Steady economic performance ... strong provincial revenues

- Third consecutive balanced budget
- 2003–2004 surplus of \$14.5 million; higher than projected despite floods, blizzards, and Hurricane Juan

- 2004–2005 surplus of \$2.1 million, in addition to the province's first deposit in its Debt Retirement Fund
- Nominal GDP forecast to grow to 3.4% in 2004
- Steady employment numbers projected for 2004
- Federal sources grow \$6 million, 0.32%
- Provincial sources grow \$267 million, 8.07%

### Federal Source vs. Provincial Source Revenue

(In \$Millions)



(Source: Provincial Public Accounts for actuals, 2004–2005 Budget Address forecast and estimate)

(f) forecast, (e) estimate

## Tax changes for 2004–2005

- 10% personal income tax reduction remains in place for individuals with taxable earnings of \$29,590 or less; applies to 53% of Nova Scotia taxpayers
- 96% of Nova Scotia taxpayers will pay less personal income tax in 2004 than in 2003
- New personal income tax bracket added for high-income earners: taxable earnings \$93,000 and above, tax rate 17.5%
- Large Corporations Tax increases from 0.25% to 0.3%; applies to 1,400 of Nova Scotia's largest corporations, effective April 1, 2004
- Corporation Capital Tax on financial institutions increases from 3% to 4%; applies to banks and trust companies, effective April 1, 2004
- Small business tax threshold implemented a year early; threshold increased to \$300,000, effective January 1, 2005

## Investing in priorities

### Health

- Health budget increases \$230 million; Office of Health Promotion budget increases \$3.6 million
- Total healthcare budget at \$2.36 billion
- Seniors living in nursing homes will no longer pay for their medical costs effective January 1, 2005; senior's contribution based on income not assets
- Funding for long-term care beds, Pharmacare, ERs, orthopedics, Provincial Wait Time Project, Pediatric Rehabilitation Program, and Maritime Genetics Program
- Hospitals receive \$78.5 million more; medical payments are up \$85.6 million; Long Term Care up \$ 24.1 million

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## Education

- Public education funding up \$22 million; per student funding continues to increase
- Funding for special needs and smaller class sizes in primary and grade one
- 89% of Nova Scotia students meet or exceed expectations in literacy, and 81% of students met or exceed expectations in writing
- Nova Scotia Community College receives an additional \$3 million in operating funding

## Families

- Community Services budget up \$27.7 million; Community Supports for Adults budget accounts for \$10.3 million
- Caseloads under Employment Assistance and Income Support Program continue to decline
- Increased funding in Early Childhood Development and Affordable Housing Program

## Addressing the infrastructure deficit

- Capital budget \$250 million, plus \$38 million in capital grants for hospitals
- Investment in highway up \$6 million to \$112.2 million, including investment in steel truss bridge program
- New school construction stands at \$45.9 million, and additions and alterations \$13.4 million

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- Nova Scotia Community College expansion, \$25.5 million in 2004–2005; part of \$123-million expansion announced in 2003–2004
  - \$14-million investment in IT projects, including SAP financials in DHAs and completion of the HR payroll/system for the province and school boards

## Paying down the debt

- Provincial credit rating improved
- Debt Retirement Plan introduced in legislation—first deposit in debt retirement fund in 2004–2005
- \$6 million in the Debt Retirement Fund and \$4-million debt retirement contingency
- Foreign currency exposure 16.9%—well below target
- Net direct debt to GDP ratio continues in its positive trend



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FOR THE FISCAL YEAR  
2004–2005

THURSDAY, APRIL 22, 2004

The Honourable Peter G. Christie  
Minister of Finance