

	Estimate 2004-2005	Forecast 2004-2005	Estimate 2005-2006
<b>Budget Summary</b>			
Ordinary Revenues	5,574,172	5,841,311	6,097,580
Net Program Expenses	5,077,630	5,236,019	5,496,275
Pension Valuation Adjustment	(9,400)	26,133	24,379
Net Debt Servicing Costs	871,821	900,133	897,468
Consolidation Adjustments	35,895	58,876	37,191
Net Income from GBE's	342,115	349,614	346,634
<b>Provincial Surplus</b>	<b>12,131</b>	<b>87,516</b>	<b>63,283</b>

<b>Provincial Revenue Sources</b>			
Personal Income Tax	1,465,695	1,456,648	1,553,568
Corporate Income Tax	263,753	316,136	350,177
Harmonized Sales Tax	1,015,336	1,031,116	1,068,935
Tobacco Taxes	180,217	181,854	177,567
Motive Fuel Taxes	255,872	249,816	256,895
Interest Revenues	64,898	68,998	72,413
Registry of Motor Vehicles	80,381	86,652	87,716
Royalties—Petroleum	20,000	25,000	30,000
Other Provincial Sources	245,275	294,890	239,333
Prior Years' Adjustments	---	(44,422)	---
Nova Scotia Gaming Corporation	152,400	169,750	160,900
Nova Scotia Liquor Corporation	181,715	170,110	177,070
Other Government Business Enterprises	8,000	9,754	8,664
<b>Total—Provincial Sources</b>	<b>3,933,542</b>	<b>4,016,302</b>	<b>4,183,238</b>

<b>Federal Revenue Sources</b>			
Equalization Payments	1,202,851	1,321,407	1,343,527
Offshore Oil and Gas Payments	---	---	57,100
Canada Health and Social Transfer	703,998	---	---
Canada Health Transfer	---	484,525	578,410
Canada Social Transfer	---	244,867	257,408
Health Reform Fund	44,109	44,035	---
Wait Times Reduction Fund	---	18,348	18,201
Other Federal Sources	31,787	36,330	6,330
Prior Years' Adjustments	---	25,111	---
<b>Total—Federal Sources</b>	<b>1,982,745</b>	<b>2,174,623</b>	<b>2,260,976</b>
<b>Total—Revenues</b>	<b>5,916,287</b>	<b>6,190,925</b>	<b>6,444,214</b>

<b>Net Program Expenses</b>			
Agriculture and Fisheries	40,796	49,429	44,113
Community Services	694,145	704,957	716,174
Education and Universities	1,209,379	1,238,879	1,281,088
Energy	7,350	7,238	9,619
Environment and Labour	26,152	25,828	27,947
Finance	14,134	12,975	16,858
Health	2,341,690	2,387,675	2,559,740
Justice	99,626	97,890	107,847
Natural Resources	59,322	59,952	63,098
Public Service	154,146	169,599	183,455
Service Nova Scotia and Municipal Relations	92,352	101,624	96,384
Tourism, Culture and Heritage	41,055	51,055	42,383
Transportation and Public Works	241,009	250,961	263,954
Restructuring Costs	56,474	77,957	83,615
<b>Total—Net Program Expenses</b>	<b>5,077,630</b>	<b>5,236,019</b>	<b>5,496,275</b>

#### Estimated Tax Expenditures and Credits for 2005

	Value (\$)
Small Business Rate Reduction	99.7
Low Income Tax Reduction	17.5
Research and Development Tax Credit	15.1
Film Industry Incentive	14.8
Equity Tax Credit	4.0
Labour Sponsored Venture Capital Corporation Tax Credit	1.0
Small Business Tax Holiday	.3
Investment Tax Credit for Manufacturing and Processing	.2
Other Credits	.2
<b>Total</b>	<b>152.8</b>

#### Financial Variables and Sensitivities—Fiscal 2005-2006

Foreign Exchange Rates—CAD/USD	\$1.25
Foreign Exchange Rates—USD/CAD	\$0.80
Three-Month Treasury Bill Rate—Canada	3.01%
Ten-Year Government Rate—Canada	5.23%

#### Debt Servicing Costs—Sensitivity Analysis

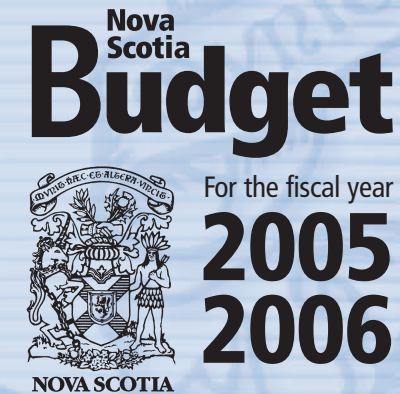
Change in Financial Market Variable	Change in Debt Servicing Costs (CAD \$ millions)
1% change in Canada 3-month Treasury Bill	\$17.4
1% change in US 3-month Treasury Bill	\$1.4
1 Canadian cent change per 1 US dollar	\$1.1

#### Key Economic Assumptions

	2004	2005	2006
Gross Domestic Product (GDP) (chained 1997\$ million)	25,549	26,090	26,765
GDP Growth Rate (chained 1997\$) (% change)	1.5	2.1	2.6
GDP Growth Rate at Market Prices (% change)	4.6	4.3	3.7
Personal Income (% change)	2.6	3.5	3.3
Employment	441,600	448,200	452,700
Employment Growth Rate (% change)	2.4	1.5	1.0
Unemployment Rate (%)	8.8	8.5	8.6
Consumer Price Index (% change)	1.8	1.9	2.0
Retail Sales (% change)	2.5	4.4	5.6
Corporate Profits before Taxes (% change)	10.0	6.5	4.2
Exports of Goods and Services (% change)	7.4	4.2	4.8

#### Net Direct Debt/Gross Domestic Product

	Fiscal Year						
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
NDD	11,230.7	11,370.1	12,144.0	12,226.0	12,332.0	12,381.2	12,471.4
GDP	23,059.0	24,658.0	25,942.0	27,247.0	28,912.0	30,232.0	31,518.0
<b>Ratio</b>	<b>48.7%</b>	<b>46.1%</b>	<b>46.8%</b>	<b>44.9%</b>	<b>42.7%</b>	<b>41.0%</b>	<b>39.6%</b>



## Highlights

For budget information, visit the Department of Finance website:  
[www.gov.ns.ca/finance](http://www.gov.ns.ca/finance)

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# Nova Scotia Budget



For the fiscal year

# 2005 2006

NOVA SCOTIA

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## Highlights

The 2005-2006 budget is balanced, contains no new taxes, provides for a payment of more than \$60 million against the debt, includes \$30 million for road and highway improvements, and significant new dollars to:

- help our children do better in school and lead healthier lives
- support small business growth, encourage investment, safeguard the environment, and protect taxpayers
- provide more help to seniors, Nova Scotians with disabilities, and individuals and families in need.

It also meets or exceeds many of the commitments contained in *Blueprint for Building a Better Nova Scotia*.

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## Growing Up Great

The budget to support students from grade primary to grade 12 is increasing by \$53.7 million. Included in this amount is more dollars to: further reduce class sizes, hire more teachers/specialists, buy more books and teaching resources, help at-risk students, pilot a new preschool program, and introduce new healthy living initiatives.

Funding for post-secondary education is also up. Increased funding will go to advance the expansion of the Nova Scotia Community College, to increase grants to Nova Scotia universities, and to provide more dollars for Nova Scotia's Student Loan and Loan Forgiveness programs.

## Better Health Care ... Better Health Investments

The budget will also see \$8.1 million for health promotion and disease/injury prevention and an additional \$218 million to provide better health care to Nova Scotians, including new dollars to further reduce wait times; recruit and retain more health professionals; purchase new equipment; and assist low-income diabetics, stroke survivors, and newborns with hearing problems.

## More Support for Nova Scotians in Need

Well over \$40 million more will be spent to support the needs of seniors, Nova Scotians with disabilities, and families of modest means. New

dollars will be targeted to increase the number of low-income housing units and subsidized day-care spaces; make more buildings wheelchair accessible and accessible transportation more affordable; increase the shelter allowance for single income assistance recipients and the personal allowance for all social assistance recipients; triple the funding for the early treatment of autism; provide more support for adults in care; expand personal care hours to home care clients; and expand Self-Managed Attendant Care.

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## Supporting Economic Growth

Last year, Nova Scotia recorded the highest employment growth in the country. To ensure Nova Scotia's economy continues to steadily grow the budget includes reductions in small business and corporate taxes. Again this year the small business tax threshold will be increased from \$300,000 to \$350,000, and effective July 1st this year, the large corporation tax will be reduced from 0.3 per cent to 0.275 per cent. This trend will continue over each of the next three years, with reductions of 0.025 per cent annually, reducing it to 0.2 per cent. Enhancements have also been announced for the film development tax credit; and there are new investments to eliminate regulatory duplication, an additional \$5 million for research and development, more dollars to encourage offshore oil and gas development, \$2.5 million to support the *Come to Life* brand initiative, and a range of initiatives across government to safeguard Nova Scotia's quality of life, including more dollars to protect our environment, to keep our communities safe, to support our cultural industries, and to protect Nova Scotia's rich heritage.