



# Budget Overview 2007–08

## Economic Outlook

Nova Scotia's responsible fiscal management plan has created solid opportunities for Nova Scotians.

Since July 1999, a total of 46,000 jobs have been created. Employment reached a record high of 450,800 in February 2007, and unemployment is expected to remain steady at 8.0 per cent.

We expect real economic growth at 2.3 per cent. Offshore royalties remain an important source of provincial revenues and are estimated to reach \$420 million in 2007-2008, an increase of \$150 million from last year. Exports of goods and services are expected to increase by 3.5 per cent this year.

Our strong economy and good financial management have allowed us to end the current fiscal year with positive results.

## Revenue Outlook

Nova Scotia's total ordinary revenue is estimated at \$7.02 billion, up \$440 million over last year's budget.

Provincial source revenues are estimated to be \$4.48 billion and federal source revenues are estimated at \$2.54 billion.

Equalization payments will total \$1.465 billion in 2007-2008, which is up \$79 million over last year.

## Expense Outlook

Total net expense (including debt servicing costs and pension valuation adjustment) is estimated at \$7.3 billion, up \$392 million over last year's budget.

## Budget Highlights

Significant expenditure and tax reduction measures incorporated in the 2007-2008 budget include

- an additional basic personal exemption and other provincial credits that will give approximately \$20.2 million back to taxpayers this year
- an additional 2.1 per cent (CPI) yearly adjusted allowance support for those on income assistance
- \$73 million to cover the annual cost of the energy rebate program, easing the financial burden of about 400,000 families
- a \$1000 increase in graduate tax credit, raising the credit to \$2,000 in 2008
- an investment of an additional \$1.6 million in the Black Learners Advisory Committee to continue to enhance learning opportunities and outcomes for the Province's African-Nova Scotian student population
- \$24.1 million to offset tuition increases for all university students and to provide Nova Scotian students with a \$500 bursary while attending Nova Scotia universities
- plans to create 832 new long-term care beds, and work with service providers to replace 721 beds in aging facilities within the next four years
- an additional \$2.7 million, primarily for oncology and \$300,000 to establish a colorectal screening program
- a reduction in the Large Corporations Tax to 0.225 per cent this year, and plans to eliminate the tax by 2012
- a 35 per cent Digital Media Refundable Tax Credit to support digital media producers, and encourage them to hire Nova Scotia workers
- a refundable tax credit for volunteer firefighters—the credit will be \$250 in 2007, and will increase to \$375 in 2008 and \$500 in 2009



- a provincial Tours and Conventions HST Rebate that complements the federal measure and helps attract tourists
- \$8 million to establish a sustainable agricultural growth strategy that includes a buy-local marketing campaign and immediate short-term relief for struggling farm sectors
- a 10-year, \$50-million program to build, replace and upgrade recreation facilities in Nova Scotia
- a \$10-million investment in broadband so all Nova Scotians can have internet access by 2009
- \$1.9 million to advance the cultural diversity of Nova Scotia through increased efforts in the areas of Immigration, and Aboriginal, African Nova Scotian, Acadian, and Gaelic Affairs

## Budget Surplus Outlook

The budget and fiscal plan continues government's legislated commitment to balanced provincial budgets. The budget includes a planned surplus of \$118.4 million, \$ 44.9 million higher than budgeted for in 2006-2007.

## Debt Management

Eliminating annual budget deficits is only one part of managing debt. The other is to stop the debt from growing. That's what the debt reduction plan is designed to do. Nova Scotia is on track with its debt reduction plan.

The Net Direct Debt is estimated to be \$12.4 billion in 2007-2008. This is \$7 million lower than was projected for 2007-2008 under the Debt Reduction Plan released in April 2005.

Net debt servicing costs (debt servicing costs less sinking fund earnings) are estimated at \$840.8 million for 2007-2008, down \$35.4 million from last year's budget.

## Balanced Budget

We have balanced the budget for the past six consecutive years. This year will be the first year that we are budgeting for debt reduction. This is a significant milestone for the Province.