



# Budget Bulletin

for the fiscal year 2010–2011

## *Creating Good Jobs and Growing the Economy*

Governments across Canada have a significant role to play in providing stimulus spending to maintain and create jobs. The Nova Scotia government is creating good jobs and growing the economy, as part of its four-year plan to return to balance.

Government is fulfilling its commitment to maximize federal infrastructure dollars. Last year's capital expenditure program was the largest in the province's history. The federal government offered significant funding during a two-year period.

With this budget government continues to create and maintain thousands of jobs by taking advantage of every federal infrastructure dollar available.

***Stimulus investments are expected to create 7,000 person-years of employment, generating about \$300 million in income.***

## **Nova Scotia's Capital Budget**

The 2010–2011 capital budget is the second year government will stimulate the provincial economy by investing in infrastructure and maximizing available federal cost-sharing dollars. Government will spend \$710.6 million to build and repair roads and bridges, schools, health-care facilities, housing, and more. Much of the capital funding this year is for projects that were started last year under federal-provincial agreements.

New projects for 2010–2011 include provision for a new correctional facility and the Department of Health's Drug Information and Electronic Medical Records information technology projects.

### **Projects by Category**

The 2010–2011 capital budget provides for investments in the following six categories:

<b>Category</b>	<b>2010–2011 (\$ millions)</b>
Highways	310.0
Buildings (includes schools)	190.0
Vehicles and Equipment	23.2
Information Technology	42.6
Land and Land Improvements	14.1
Grants to Provincial Entities	130.7
<b>Total</b>	<b>710.6</b>

## ***Highways***

Government has a five-year plan to pave provincial roads that will keep people working and communities connected. The TCA (tangible capital asset) allocation for highways is \$310.0 million for 2010–2011 and includes funding for roads, streets, highways, ferries, and bridges. Cost sharing on these projects is \$98.4 million—\$89.4 million from the federal government and \$9.0 million from other sources, primarily municipalities. This investment allows the province to leverage as much federal cost sharing as possible, create jobs in Nova Scotia, and improve the province’s transportation infrastructure.

## ***Motive Fuel Tax and Registry of Motor Vehicles (RMV) Revenue***

The Provincial Finance Act requires government to use motive fuel tax and net RMV revenue for highway construction and maintenance.

For fiscal 2010–2011 the total estimated revenue for motive fuel taxes and net RMV revenue is \$328.2 million, and the estimated total capital and operating spending for highways is \$413.2 million. This means spending on highways will exceed revenue by \$85.0 million.

## ***Buildings***

The total 2010–2011 capital allocation for building projects is \$190.0 million. New school construction, additions and alterations to existing schools, and energy retrofits to various schools total \$128.8 million. Spending on the Nova Scotia Community College (NSCC) Centre for the Built Environment and Marconi Campus buildings totals \$7.5 million. These investments will improve the learning environment for the province’s students. The capital allocation for Transportation and Infrastructure Renewal includes \$5.0 million for energy retrofits to provincial government buildings, \$5.8 for the ACAI Building in AgriTECH Park, \$8.4 million for a Level 3 Treatment facility in Truro, \$9.2 million for the first year costs of the new correctional facility, \$5.0 million for the new medical examiner facility, and \$8.6 million for renovations and upgrades to various government buildings around the province.

## ***Information Technology***

In fiscal 2010–2011 the TCA allocation for IT projects is \$42.6 million. Department of Health capital projects total \$17.7 million and include \$2.8 million for the first year of the Electronic Medical Records, \$8.0 million for the first year of the Drug Information System project, and \$1.9 million for completion of the Electronic Health Record project. The province is leveraging \$8.0 million in federal cost-sharing dollars for Department of Health IT projects.

## ***Land and Land Improvements***

Land and land improvement projects include \$14.1 million for land purchases and land improvement projects around the province. This allocation will provide funding to address opportunities that assist in meeting the province’s land purchase requirements, such as those contained in the Environmental Goals and Sustainable Prosperity Act, to complete parks projects that are partially funded through the federal stimulus program and to complete the demolition of Queen Elizabeth High School.

## ***Vehicles and Equipment***

The allocation for vehicles and equipment for various government departments is \$23.2 million and includes \$12.9 million for the Bluenose II Restoration project (cost shared by the Federal government), \$5.6 million for school buses, and \$3.2 million for ambulances.

## ***Cost-Shared Revenue***

TCA cost-shared revenue estimates for 2010–2011 are \$125.7 million compared to \$137.2 million in 2009–2010. The federal government is the largest external contributor to capital projects with \$116.1 million in federal cost sharing included in the 2010–2011 budget.

Total funding for projects includes \$98.4 million for highways and \$2.6 million for other Department of Transportation and Infrastructure Renewal projects, \$8.0 million in the Department of Health for information technology projects, \$6.5 million for the Bluenose II Restoration project, and \$4.5 million for projects in other departments. Cost sharing related to capital grants public sector entities projects is estimated to be \$5.7 million in 2010–2011.

## Tangible Capital Asset Spending 2010–2011

(\$ thousands)

<b>Department</b>	<b>Estimate 2009–2010</b>	<b>Forecast 2009–2010</b>	<b>Estimate 2010–2011</b>	<b>Estimate-to- Estimate Variance</b>
Agriculture	880	280	490	(390)
Community Services	750	---	1,450	700
Education	182,091	155,300	146,460	(35,631)
Environment	1,546	1,536	1,500	(46)
Finance	7,017	6,470	12,316	5,299
Fisheries and Aquaculture	96	93	39	(57)
Health	28,459	25,932	20,872	(7,587)
Health Promotion and Protection	376	376	---	(376)
Labour and Workforce Development	2,130	1,717	3,038	908
Natural Resources	76,950	78,060	10,040	(66,910)
Public Service	2,344	667	2,700	356
Service Nova Scotia and Municipal Relations	1,157	1,503	1,499	342
Tourism, Culture and Heritage	6,293	1,763	13,100	6,807
Transportation and Infrastructure Renewal	364,105	351,560	366,390	2,285
<b>Departmental Capital</b>	<b>674,194</b>	<b>625,257</b>	<b>579,894</b>	<b>(94,300)</b>
Capital Grants	121,791	98,760	130,710	8,919
<b>Total Provincial Capital</b>	<b>795,985</b>	<b>724,017</b>	<b>710,604</b>	<b>(85,381)</b>
Less: Cost-Shared Revenue	(137,215)	(127,385)	(125,741)	(11,474)
<b>Net Capital Expenditures</b>	<b>658,770</b>	<b>596,632</b>	<b>584,863</b>	<b>(73,907)</b>

---

## Capital Grants

The province provides allocations for capital spending purposes to broader public sector entities.

- Capital grants to district health authorities (DHAs) are estimated to be \$96.2 million for 2010–2011.
  - Capital grants of \$34.5 million to Nova Scotia Housing Development Corporation, a provincially owned entity, will leverage federal cost sharing for social housing projects.
-

# **Strategic Investments**

This year government has made the following strategic investments to boost Nova Scotia's economy.

## ***Equity Tax Credit***

Government's commitment to raise the Equity Tax Credit from 30 to 35 per cent will make available an additional \$1.1 million for investment in small businesses.

## ***Manufacturing and Processing Investment Credit***

The \$25 million Manufacturing and Processing Investment Credit will increase innovation and productivity in these sectors and have a positive impact on rural Nova Scotia in particular.

## ***Gateway Initiative***

Through the Gateway Initiative, government is building an aggressive gateway marketing and business development strategy focused on North America, Asia, and Europe.

## ***Small Business Tax***

Effective January 1, 2011, the small business tax rate will be reduced by 0.5 per cent—which will save small businesses \$0.5 million this year and \$6 million in 2011–2012.

## ***Broadband Project***

To ensure Nova Scotia remains one of the most connected jurisdictions in North America, an additional \$4.4 million will be spent completing the broadband project, providing high speed access to all areas of the province.

## ***Immigration Strategy***

In 2010–2011, government will also see the introduction of a new immigration strategy, a key component of which will be to match skilled immigrants with the needs of Nova Scotia employers.

## ***Education and Training***

The capacity to grow the economy and to maintain public services depends on generating higher incomes per worker and getting under-represented groups into the workforce to increase Nova Scotia's labour market participation and help existing workers maintain or advance in their jobs. To achieve this, education and training are critical.

Government will promote skilled trades and trades-related training through the new skilled trades centres to help to attract more young Nova Scotians to these careers. An investment of \$2 million will also create 250 new community college seats in high-demand trades and professions.

Government will also provide support to current and older workers. The new Recognition of Prior Learning pilot initiative will help ensure that no one spends time, energy, and resources learning over again what they already know and can do.