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| **Province** | **Législature/Legislature** | **Session** | **Type de discours/ Type of speech** | **Date du discours/ Date** | **Locuteur/Speaker** | **Fonction du locuteur/ Function**  | **Parti politique/ Political party** |
| Nouvelle-Écosse / Nova-Scotia | 53 | 1 | Discours du Budget/ Budget Speech  | 30-04-1982 | Joel Matheson | Minister of Finance  | PC |

**Nova Scotia: Budget speech, April 30, 1982.**

HON. JOEL MATHESON: Mr. Speaker, pursuant to notice of motion given by me on April 23, 1982, I have the honour, by command, to announce a message from His Honour the Lieutenant Governor of the Province of Nova Scotia, which is:

"The Lieutenant Governor of the Province of Nova Scotia transmits Estimates of sums required for the Public Service of the province, for the year ending March 31st, 1983, and in accordance with the provisions of the Constitution Acts, 1867 to 1981, he recommends them to the House of Assembly". It is signed, J .E. Shaffner, Lieutenant Governor, Halifax, Nova Scotia, April, 1982.

Mr. Speaker, at this time I am not going to move that the House resolve itself into a Committee to consider the Supply to be granted to Her Majesty, but I do move that the message from His Honour, the Lieutenant Governor of the Province of Nova Scotia, relating to the Estimates of the sums required for the Supply, be referred to the Committee of the Whole House on Supply and propose, in accordance with the custom of this House to table the Estimates and copies of the resolutions and to make certain remarks concerning the Estimates.

Mr. Speaker, it is a privilege and an honour to rise in this House this afternoon to present the Budget of the Province of Nova Scotia for the fiscal year ending March 31,1983.

Nova Scotia is an enviable place in which to live and work. In no small measure the economic and social progress which Nova Scotians enjoy reflects our moral fibre and sense of community responsibility. Our industries have grown, developed and competed in markets around the world. Yet, in spite of the growth of the Nova Scotian economy the repercussions of inflation, high interest rates and international recession have been felt throughout the province.

Mr. Speaker, it is with great concern that we view the levels of inflation and the interest rates Nova Scotians face. We are living and working in what has become a time of limits. Our government is providing the leadership Nova Scotia needs. This government, within its limits, has acted to assist N ova Scotians by:

(1) Not increasing taxes for four years. This is to say, no increases in personal taxes, Health Services Tax, gasoline tax, licenses, fees and other similar charges;

(2) Not increasing the cost of power to the consumer;

(3) Developing our indigenous and plentiful energy source, coal. We have accepted the challenge of lessening our dependence on costly foreign oil;

(4) Providing for the needs of Nova Scotians most affected by economic conditions, such as those on fixed incomes, the disabled and seniors;

(5) Increasing substantially funding to municipalities to lessen the burden for municipal taxpayers;

(6) Accelerating the pace of investment in the education of Nova Scotians for the jobs of the 1980's; and by

(7) Assisting the private sector to establish, promote and expand, to maintain a competitive edge in the market place.

Unfortunately though, the federal government appears less committed to dealing effectively with the problems of inflation and high interest rates. I have emphasized, Mr. Speaker, and shall continue to emphasize the need for federal action. The primary responsibility for domestic interest rate policies and management of the national economy rests with the Government of Canada. Our government .believes that economic leadership and perseverance make a difference.

Mr. Speaker, the overriding goals of this government will continue to reflect a commitment to ensuring economic growth, to developing Nova Scotia's resources for Nova Scotians, to providing public services of the highest quality for our citizens. These are basic goals, goals to be never lost sight of.

We need national policies to foster productivity improvements, to promote exports, to replace imports and to encourage energy substitution. We need a federal government with a controlled spending plan and a reasonable financial balance. We need to ensure that the uneven growth trends across Canada are not reinforced at the expense of the relatively slower growing provinces and, perhaps above all, we need to ensure that as individuals, each and everyone of us does not allow inflation to become a way of life. The fight against inflation, Mr. Speaker, is a fight that we can win. I am convinced that with effective, focused, federal-provincial policies in this area, thaj we can achieve substantial improvements.

The 1982-83 Budget of this government sets out a realistic fiscal framework that will maintain a high level of services and will provide a climate for investment. This Budget fosters initiatives for the growth of manufacturing and resource-based industry; ensures that adjustments to current economic circumstances are shared fairly among all Nova Scotians; provides a financial balance consistent with long-term economic growth; and establishes the foundation that will ensure that Nova Scotians share in the wealth created by the development of our resources.

Achievement of our goals is difficult in this time of international recession. However, the opportunities of the 1980's place Nova Scotia on the leading edge of new trends in economic growth.

The development of this year's budgetary framework to achieve the goals which I have just outlined has not been an easy task. The deterioration of the national economic situation places an onerous burden on the governments of all provinces. As much as possible, however, this Budget is designed to continue to protect the people of this province from these adverse conditions.

Despite the province's optimistic future and the pressure on government to implement additional programs to expedite the development of our potential, the government will not waiver from its paramount responsibility to meet the current needs of the citizens of Nova Scotia.

Mr. Speaker, the Government of Nova Scotia remains committed to the preservation of essential services during these difficult times, difficult times for both governments and citizens alike. This goal, coupled with the current economic climate and negative fiscal policies, necessitates, however, that 1982-83 be a year of constraint during which we can strengthen our fiscal base for the exciting era ahead.

Careful analysis now of our future options will result in the creation of the economic and investment climate so necessary to the maximization of future opportunities. This Budget has therefore been carefully designed to bridge the gap between today's difficult economic environment and the economic investment opportunities of the future.

It is important in establishing the Budget measures for this year, Mr. Speaker, that we have a clear understanding of the economic environment at the international, national and provincial levels. With this in mind I 'would like to briefly reflect upon the economic climate as it existed during the past year and on that anticipated for 1982.

As all members of this House are aware economic activity in Nova Scotia is strongly influenced by economic events at both the national and international levels. During the past year, moderate to slow real growth, characterized by high unemployment and inflation, prevailed in both Canada and the United States. The implementation of national govern ment monetary policy initiatives designed to curb spending through high interest rates has gravely hampered our economy.

Little reprieve from this restrained economic environment is anticipated for 1982 as projections of real growth in Canada's Gross Domestic Product are limited to less than 2 per cent, with a real decline in output forecasted for the United States. While the rate of inflation is expected to decrease somewhat in both countries during the current year, this is to be achieved at the cost of national economic growth and high unemployment rates.

It is with an understanding of these global recessionary forces and the external pressures they impose on economic activity within our province that I would like to turn now, Mr. Speaker, to provide a brief review of Nova Scotia's economic performance during the past year, and some insight into the level of activity we anticipate for 1982.

Economic activity in Nova Scotia throughout 1981 surpassed that recorded in 1980, with a real increase of 2.3 per cent in the total value of goods and services produced. This achievement of real growth speaks well for the high level of labour/management relations in Nova Scotia. The national recession now prevailing is expected to continue during 1982. This means that Canada and Nova Scotia will not have substantial economic gains. Reflecting the national situation, real growth in our provincial Gross Domestic Product is forecast to moderate somewhat during the current year. Even so, our increase will be comparable to the growth rate anticipated at the national level and better than that of the other Atlantic Provinces. (Applause)

Growth in the total personal income of the province, exhibited an encouraging rise of 1104 per cent over that earned in the previous year. Consumer prices exceeded this rate by only 004 per cent. The prospects for real gains during 1982 are encouraging.

Sluggish economic activity severely reduced employment opportunities for many Atlantic Canadians in 1981. However, Nova Scotia's seasonally adjusted unemployment rate was lower than that of the other Atlantic Provinces. (Applause) The national economic outlook for 1982 will continue to exert upward pressure on unemployment rates across Canada. I am pleased to report, however, that the unemployment rate in Nova Scotia this year is not expected to show any significant increase over last year.

Mr. Speaker, in the resource sectors of our economy real gains were achieved in many areas in 1981. In the agricultural sector, the value of the Real Domestic Product increased by 3.2 per cent. In our fishing industry, the value of the Real Domestic Product grew by 9.1 per cent.

Nova Scotia's mining sector achieved real gains of 4.8 per cent. Oil and gas exploration activity, both offshore and on land, contributed greatly to this real growth with the area under petroleum exploration license increasing by 10.1 per cent and 45.6 per cent respectively. Offshore oil and gas exploration will accelerate even further in 1982 with the operation of at least five drilling rigs off Nova Scotia's coast compared to only one rig last year. (Applause)

There is no doubt, Mr. Speaker, that the signing of the offshore management agreement will greatly enhance activity in this sector in the immediate future. The stability for industry and government arising from this agreement, coupled with the $200 million Canada-Nova Scotia Development Fund, are but two major building blocks in a development strategy for Nova Scotia.

The increase in oil and gas exploration expected this year, combined with the expansion of coal production over that achieved in 1981, will increase the Real Domestic Product of the mining sector by at least 10 per cent during the current year.

The province's manufacturing industry showed moderate strength during 1981. Real value increases were evident in the major food and beverage, the pulp and paper industries and in the important transportation sector.

Several long-range developments should improve the competitiveness and capacity of manufacturing in the province. Included among these projects are the expansion of Michelin Tires (Canada) Limited, modernization in the pulp and paper industry and reconstruction of the National Sea Products' fish plant at Lockeport.

The current retail trade component of the service sector displayed a current value increase of 9.6 per cent which translates into a marginal decline in real terms. This may be attributed to three factors: high interest rates; price increases; and a decline in motor vehicle sales.

The Dart Container Line move to Montreal in 1981 contributed towards a 2.3 per cent decline in the volume of cargo through the Port of Halifax. As the Fairview Cove Container Pier becomes fully operational, increases in the freight transport sector are expected in 1982.

There were no significant gains in residential construction activity in 1981 because of the federal government's high interest rate policy. The provincial government mortgage subsidy plan provided some relief and assisted the financing of 518 new housing units. Nonresidential construction fared slightly better during last year, with major projects being the coal mine developments at Point Aconi and Donkin and construction of Michelin's new tire plant at Waterville.

The federal government has refused to lower interest rates and therefore, neither residential nor non-residential construction activity is forecast to show any significant improvement over last year. Among the major capital projects which will be underway during this year are the construction of the Lingan 3 and 4 thermal generating plants, valued at $325 million, the Sir Frederick Fraser School for the visually handicapped, the World Trade Convention Centre and a Sheraton Hotel.

In turning to an assessment of the government's 1981-82 financial performance, I am pleased to report that the total financial requirements of the province are generally in line with our projection in last year's Budget. Total requirements, including capital advances and investments, are now forecast to be approximately $557.1 million, only 1.5 per cent higher than the total requirements of $549.1 million outlined in last year's Budget. Ordinary revenue receipts approximated very closely the level estimated for last year, rising by 1.6 per cent to $1,731.6 million.

I must point out, Mr. Speaker, that maintaining requirements at this level, over the past year, was not easy. We were faced with extremely high interest rates and an inflation rate which was the severest ever. Wage settlements in the Public Sector, which related to the cumulative effects of inflation placed unexpected cost pressures on the government. Furthermore, because of the weakening of retail sales in 1981-82 collections from the Health Services Tax were down from estimates.

Despite extraordinary pressures on expenditures, which were due to economic influences generated outside our province, we provided quality services and programs to Nova Scotians. This resulted in additional ordinary expenditures last year.

I must emphasize, Mr. Speaker, that these increases reflect, for the reasons I have outlined, unforeseen levels of expenditures for the health and educational needs of our citizens. For example, assistance towards hospital services in the province was increased by $52.5 million over the original estimate for 1981-82. As well, an increase of contributions in the amount of $55 million in operating grants to school boards was provided. This additional education funding, Mr. Speaker, shielded municipal taxpayers from the inflationary pressures on the operating costs of municipalities.

Mr. Speaker, I must ~tress, notwithstanding this necessary additional expenditure, our financial requirements only increased by $8 million over our original estimates. This was accomplished by reducing our capital expenditures and capital advances.

At the same time, the government considered it imperative to continue the economic development initiatives inaugurated since coming to office, recognizing the importance of putting in place the programs, policies and infrastructure necessary to enable us to capitalize on our future potential.

Mr. Speaker, in establishing the Budget priorities for the year ahead, it became evident that many of the same external pressures which made budgeting difficult last year will remain with us in 1982-83.

The problems facing all Canadian governments in the development of budgets this year are further exacerbated by federal cutbacks. It is doubtful, Mr. Speaker, whether any province in Canada will be able to present a non-deficit budget without resorting, where available, to the utilization of prior year's earnings or to future borrowings. This is a sad testimony to failing national policies.

The fact of the matter is, Mr. Speaker, that the Province of Nova Scotia will receive in 1982-83 approximately $28 million less in Established Programs Financing cash payments that we would have received had the 1977 arrangements been extended into this fiscal year, and approximately $200 million less in cash payments over the next five years of the agreement.

Furthermore, as the figures contained in the Estimates Book clearly illustrate, established programs financing payments of $239.5 million estimated for 1982-83 are actually $9 million less than forecasted in the year prior. After allowing for projected inflation in 1982-83 this represents a real decline of approximately 12.4 per cent in the contributions from the federal government towards the financing of health care and universities.

Mr. Speaker, the figures speak for themselves. The federal government has succeeded in accomplishing what I pointed out in last year's Budget to the members of this House and to the citizens of Nova Scotia. The Government of Canada has achieved its ultimate goal of relieving its deficit problem by shifting the burden to the provinces. This action by the government in Ottawa, coupled with the continuous delays in commencing discussions with provinces on this important matter, have wreaked havoc with any Budget planning for 1982-83.

Now that we have endured a year of uncertainty and borne the brunt of the federal cutbacks, we still cannot look forward to five years of relative stability in the growth of federal transfer payments. And, Mr. Speaker, as incredible as it may seem, in the health, university, and other post-secondary education programs, further cutbacks are threatened by the federal government. The federal government now intends to enter further negotiations with provinces on the program aspects of health care and post-secondary education over the next year. If the post-secondary education issues, traditionally a provincial responsibility, are not resolved to the satisfaction of the federal government, our Established Programs Financing payments will be frozen in future years at this year's levels.

As well, Mr. Speaker, I must draw attention to the uncertainty caused by the federal government's restructuring of its Department of Regional Economic Expansion. For a province which has benefited considerably from cooperative efforts under DREE, we are concerned that federal attempts to "got alone," could lead to less efficient and effective development initiatives in Nova Scotia.

Within the fiscal and federal-provincial environment which I have just described, Mr. Speaker, it is evident that developing our Budget priorities for 1982-83 has not been an easy task. We not only have to deal with scarce fiscal resources being eroded once again, because of high rates of inflation and interest, but we have had to address as well the abrogation of the federal government's responsibility in the funding of essential services. We have also had to contend with a considerable amount of uncertainty surrounding the reorganization of the federal economic development departments and the implications it will hold for major development initiatives at the provincial level.

The fiscal and economic environment I alluded to earlier, requires that the government uphold its primary commitment to the public services offered Nova Scotians, while at the same time effectively streamlining the programs provided. To achieve this, Mr. Speaker, we feel it is essential that we continue to follow a sound financial management program which will bring us closer to realizing our determined objective of a balanced Budget. (Applause)

Inherent in this financial management plan is the priority of reducing our operating deficit. I am pleased to announce that we will be making significant strides in this direction during the 1982-83 fiscal year, with a decrease of nearly $60 million in the level of our current account deficit. Given the economic constraints imposed by high national interest rates, it is prudent that we also take steps to reduce the level of our borrowings. In the current year, therefore, a substantial decrease of $173 million over 1981-82 is anticipated in the level of our total financial requirements.

While striving to achieve these financial goals, our fiscal plan continues to reflect the high priority we place on the efficient delivery of quality essential health, social welfare and educational services. Another integral part of our fiscal plan includes the securement of a promising private sector investment climate, which will ensure that Nova Scotians reap the maximum from a sound economy.

In developing our expenditure plan for this fiscal year, Mr. Speaker, we established an averaged targeted increase in total expenditures 0f 13 per cent. The establishment of such a limit required an in-depth look at all programs and expenditures to ensure that taxpayers were receiving the best value for their dollars. Although increases in excess of this guideline were necessary in some instances. to maintain certain programs, they were offset by reductions in other areas.

I am able to say that we achieved our overall goal in that current expenditures, net of recoveries, will only increase 12.8 per cent over that forecasted for 1981-82, reaching a total level of $2,216,514,600. Net capital expenditures will total $199,467,400 in this year representing an actual decline of 21.5 per cent from last year's level.

Investment in our human resources through education and manpower training is, Mr. Speaker, a high priority of this government. This commitment is reflected by ordinary expenditures in the Department of Education reaching a level of $495 million in 1982-83.

I am pleased to say, Mr. Speaker, that a significant portion of this increase is directly attributable to the major reform in educational financing which was initiated by this government through the Commission on Public Education Finance. Evolving from the recommendations of this study, there has been a major restructuring of the school board system into 21 district boards and one town board.

As a result of this restructuring process, which is now in place for the first full fiscal year, the budget for the Department of Education has been expanded by nearly $40 million over the 1981-82 level to provide for increased public school grants to district school boards. This brings the total amount to $373 million for the year. Included in this value is the assumption of 100 per cent of approved school capital construction costs commencing as of January 1, 1982. In addition, the reimbursement to the municipal units of any school debt incurred prior to January 1, 1982 has translated into a total expenditure allocation of over $38 million in the current year.

In fact, Mr. Speaker, this additional education funding to the municipalities has meant that many municipalities have been able to set their 1982 tax rates at levels less than or close to their 1981 rates. (Applause)

In addition to these major financial reforms, we have also endeavoured in this Budget, Mr. Speaker, to preserve the quality of university education within our province despite the harsh blow dealt by the federal government in their decision to reduce transfers to the provinces for post secondary education. I believe it is significant to note, Mr. Speaker, that although this province is receiving 5.3 per cent less in cash transfers towards post secondary education from the federal government in 1982-83, we are increasing our own funding to universities by 12.5 per cent over the previous year as announced earlier by the Minister of Education. (Applause)

Assistance to vocational education in the province will exceed $23 million during 1982-83, reflecting our strong commitment towards the education of a work force fully equipped to take advantage of anticipated opportunities in the development of Nova Scotia's offshore and onshore natural resources.

In recognition of the need to develop a labour force attuned to the demands of our changing economy, we have also provided, through our Department of Labour and Manpower, for a significant increase in the allocation towards manpower training. This increase, which reflects a restructuring of funding within the Departments of Education and Labour and Manpower, will ensure that the planning, organization, promotion and direction of manpower training in the province will result in a work force fully prepared to fill the emerging needs of industry during this exciting period of economic development which stands before us.

As a major step in meeting the future health and social needs of our citizens, Mr. Speaker, this government has recently established a Social Development Committee of the Policy Board. The ultimate goal of the committee will be to examine and co-ordinate the interrelationship of the various social policies and programs offered within government, so as to provide the most cost-effective delivery system. The Health and Social Service expenditures, which I am about to outline to this House, reflect the priority of the government in meeting the social needs of the people in this province.

In 1982-83, an additional $81 million will be allocated to the Department of Health over the forecast of departmental expenditures for last year. The increase in these expenditures translates, Mr. Speaker, into an annual growth rate of 14.9 per cent in the requirements of the Health Department. This growth rate in departmental expenditures, which is in excess of the projected rate of inflation this year, ensures that high quality health and medical care services will be maintained for Nova Scotians, and ensure that no hospitals will be closed. (Applause)

More specifically, Mr. Speaker, the budget for the Department of Health will include the following hospital and medical care services: $388.8 million is to be spent for general hospital services; and $159.4 million is to be provided for medical care services.

The capital expenditures for the Department of Health are expected to total $35.5 million in 1982-83. Although it has been necessary to postpone the construction of the Camp Hill Complex due to the continuation of high interest rates and the resulting substantial escalation of the associated costs, we will be devoting considerable funds to the upgrading and construction of facilities at existing hospitals. As a matter of fact, Mr. Speaker, expenditures on our hospitals will increase this year, over last year, by approximately $5 million, representing about a 20 per cent increase.

Included in these capital expenditures for the Department of Health are: $7 million for replacement and purchase of hospital furniture and equipment; $10.6 million for capital construction grants to assist in the cost of approved hospital renovations and construction projects; and $13 million for the continued construction of the Ambulatory Care and Oncology Building at the Victoria General Hospital.

This capital program, coupled with the current expenditure program I have previously outlined, represents, Mr. Speaker, a concerted effort on the part of the government to ensure that the health care of Nova Scotians is not compromised by the federal government's cutbacks in their contributions towards the cost of providing hospital and medical care services in the province. (Applause)

During this period of moderate economic growth, it remains incumbent upon the government to ensure that Nova Scotians are not unjustly affected by hardships which are beyond the control of this government. We have met this responsibility by allocating an additional $37.2 million, over the 1981-82 levels, to the Department of Social Services. Included in the global budget of this department, for 1982-83, is $14.3 million for programs to assist the senior citizens of this province. We have made commitments to our senior citizens and we are honouring those commitments. (Applause)

$10.2 million has been allocated for senior citizens who have received the Guaranteed Income Supplement. This program is designed to help our senior citizens cope with the increase in the cost of living and emphasizes the importance the government places on shielding those on fixed incomes from the erosion by to day's high inflation rates. As well, Mr. Speaker, this Budget provides for a continuation of the rental assistance inaugurated last year. Subsidy payments for senior citizens renting accommodations in the competitive rental market are expected to total $1.1 million in 1982-83.

As the response to these programs has been so favourable and represents such an important aspect of the financial security of our senior citizens, I am pleased to report that in this year benefit payments will continue to be escalated by the cost of living. As we strive to ease the burden on senior citizens with limited financial resources, the Property Tax Rebate Program for senior citizens in 1982-83 will require an expenditure level of $2.7 million.

I must highlight, Mr. Speaker, that never before has our future prosperity arising from our energy and mineral resources, both onshore and offshore, been so bright. As an important step in planning and evaluating the future economic and resource development of our province, Mr. Speaker, this government has recently established a Resource Development Committee of the Policy -Board. The ultimate goal of the committee will be to reexamine and coordinate the interrelationship of the various resource policies and programs offered within government, so as to ensure the best value for our resource dollars.

The historic signing of an offshore management and revenue sharing agreement between Nova Scotia and the federal government results in the following benefits to Nova Scotians. It settles the jurisdictional uncertainty for the offshore region. It establishes a management board which guarantees Nova Scotia partnership in the decision-making process. It provides for Nova Scotia a share of the ownership of the offshore development project.

It ensures that our province will receive 100 per cent of all provincial revenues, as well as 100 per cent of government resource revenues from the offshore, until such time as Nova Scotia becomes a "have" province, at which time, Mr. Speaker, Nova Scotia will share a portion with the rest of Canada.

It sets forth positive government objectives for the development of the offshore, having as the primary goal the generation of economic activity within Nova Scotia and employment for Nova Scotians. It guarantees a supply of offshore oil and gas for Nova Scotia consumer needs and feedstock for petro-chemical plants and refineries in our province. It provides for participation by Nova Scotia of up to 50 per cent in the ownership of pipelines, offshore and within Nova Scotia and it creates a $200 million development fund for infrastructure costs, provided by the federal government at the rate of $50 million per year, commencing in 1984.

I want to emphasize to the House and to the people of Nova Scotia that all of our citizens, through this agreement, have the opportunity to share in all the continuing economic and social benefits which will flow from these developments. The government is also encouraged by the many other prospects for maximizing our resource potential.

In particular, I must mention the recent report of the Tidal Power Task Force which concluded that the development of tidal power is economically feasible. Given our proximity to the largest tides in the world and the strides we have taken in developing the technology required to harness this vast resource through the tidal power project at Annapolis, Nova Scotians can look forward to the permanent economic benefits associated with this renewable natural resource for generations to come.

I must also draw attention, Mr. Speaker, to the government's optimism for the coal, mining industry. With the continued commitment of this government and the emphasis by most international economies on the development of alternate sources of energy, our substantial coal reserves will continue to be a major asset to our economic well-being.

While I have just outlined the exciting prospects for Nova Scotians in the energy and mineral resource sectors, we are all aware that maximization of this potential, given our fiscal resources, is largely dependent upon the establishment of a set of energetic co-ordinated policies over the next few years. In the creation of such a policy framework, Mr. Speaker, we cannot forget the ongoing development of the other traditional resource and non-resource sectors which are the backbone of our provincial economy. It is imperative that their future continue to be maximized in conjunction with our energy and mineral resource potential.

I am pleased to announce, Mr. Speaker, new provincial funding offered through the Department of Development which will provide ,$5 million in 1982-83 towards economic support and expansion of our ever important primary sectors. (Applause)

In addition, a second expenditure program provided under this department in 1982-83 will allocate approximately $10 million towards the improved viability and efficiency of the Nova Scotia pulp and paper industry. (Applause)

Capital funds for economic development recorded net of recoveries in 1982-83 will amount to $17 million. Total capital expenditures directed towards economic development in Nova Scotia throughout 1982-83 will encompass the development of a major ocean industrial complex, including a Nautical Institute and the construction of a Panamax Dry Dock. This allocation of capital funds reflects the high priority this government places on developing our existing economic base and securing our future economic opportunities.

I am also pleased to announce that special emphasis will be placed on maximizing the potential of our fishing industry through global market development and product promotion. These initiatives will result in an expenditure increase of more than double that allocated in 1981-82 for a total cost of over $400,000. We have initiated in this year's Budget as well, Mr. Speaker, funding of over $500,000 for the co-ordination and development of programs related to our inland fisheries industry.

Within the Department of Agriculture, land protection and reclamation will continue to be a priority in providing for a good agricultural base in the province. Our support of the Nova Scotia Agriculture College will also be enriched in 1982-83 with their net operating expenditures amounting to $3 million. The completion of a new resource centre will bring the total capital expenditure for the college to $2.8 million this year.

In addition to expenditure increases in the traditional resource sectors of our economy, we have also endeavoured in this year's Budget, Mr. Speaker, to continue with our development of the critical network of highways and bridges existing throughout the province as a means of further facilitating the overall level of economic activity. We have provided, through the capital expenditures of the Department of Transportation, for an increase of 43.5 per cent in the funds allocated to the costs of new bridge construction and repairs on existing bridges during 1982-83. This increase results in a total funding level for bridges of approximately $30 million for this year.

The Budget for this year provides for an increase in revenues of approximately 20.6 per cent over the previous year. Of the total $2,087.2 million in estimated revenues, roughly $181 million will be the result of revenue increases which I will outline in more detail in a few moments.

When revenues for 1982-83 are applied against the expenditure increases I outlined earlier, the deficiency of current operating revenues and recoveries over expenditures is estimated to be approximately $129 million. This, Mr. Speaker, represents a substantial improvement over the deficiency of $187 million forecast for 1981-82.

The members of this House and Nova Scotians should also recognize the substantial improvement anticipated in our total financial requirements for this year. When capital expenditures and capital advances and investments are -taken into account, our total financial requirements will approximate $384 million, considerably lower than the $557 million encompassed by the 1981-82 forecast.

Mr. Speaker, in assessing the revenue measures necessary to achieve the province's budgetary requirements, it was considered imperative to distribute the responsibility equitably amongst Nova Scotians. At the same time, the disposable incomes of those hardest hit by the current economic conditions must be protected as much as possible, and we must maintain an attractive investment climate for the province.

Since the personal income tax is our most progressive form of taxation, Mr. Speaker, I am proposing that the personal income tax rate be increased. This will be only the second real tax rate increase since this form of taxation was first legislated in Nova Scotia two decades ago, and the first increase since 1972 when the former government introduced an increase of 8 percentage points. Ten years later, Mr. Speaker, I am proposing only half such a change, a 4 percentage point increase in the personal income tax rate to 56.5 per cent of the federal basic tax.

Income taxation is based on the principle of the individual's ability to pay. With this in mind, Mr. Speaker, I am announcing a measure to further shield low income Nova Scotians from income tax. Many Nova Scotians who do not pay federal tax in a given year will have their provincial income tax eliminated. (Applause)

It is estimated this measure will benefit more than 35,000 citizens of this province this taxation year. (Applause) Let me repeat, Mr. Speaker, 35,000 Nova Scotians who paid income tax in 1981 will pay no income tax in 1982. This is a significant move, Mr. Speaker,

emphasizing our commitment of ensuring that the citizens of this province are shielded, to the best of our ability, from the adverse effects of today's difficult economic climate. Mr. Speaker, I am proud to point out that Nova Scotia, through this measure I have just announced, becomes the first province in Atlantic Canada to introduce such an income tax reduction to protect low income groups. (Applause)

In recognizing the hardships currently being faced by small businessmen in Nova Scotia, particularly because of the federal interest rate policy, I am pleased to announce the small business corporate income tax rate will not change. This measure maintains a benefit for Nova Scotia businesses.

As larger corporations will be better able to absorb tax changes, the general corporate income tax rate will be raised to 2 percentage points to 15 per cent effective in the 1982 taxation year, bringing our rate incline with other provinces. In addition, Mr. Speaker, I should emphasize that the absence of a corporate capital tax in Nova Scotia, which has now been adopted by 5 of the 10 provinces in Canada, will continue.

In provinces where health insurance premiums are levied, increases in premiums have occurred in recent years due particularly to rapidly rising health expenditures. I must point out, Mr. Speaker, that we have not resorted to imposing health insurance premiums or hospital user charges on the residents of this province despite the mounting inflationary pressures being exerted in this essential area. In fact, Mr. Speaker, our Health Services Tax rate was last increased in 1976. The growth rate exhibited in this revenue source has not been keeping pace with the increases experienced in health expenditures in recent years.

It is due to these increasing inflationary pressures, coupled with the reductions in federal Established Programs Financing transfers for hospital and medical care services, that we must, effective midnight tonight, raise the Health Services Tax rate from 8 per cent to 10 per cent.

Mr. Speaker, in assessing the province's return on revenue generated by non-renewable resources, we have found it appropriate to remove, effective immediately, the exemption, under the Health Services Tax Act, on machinery, equipment, and supplies used in the production and processing of these resources.

I am pleased to announce, Mr. Speaker, that the minimum taxable retail value of tangible property, other than tobacco products, will be increased from 40 cents to 50 cents. This means that the Health Services Tax will not apply to many small candy and soft drink items. (Applause) In addition, I want to announce that the prepared meals value exemption under the Health Services Tax will be increased from $3.00 or less to $4.00 or less. That is, there will be no tax on meals costing $4.00 or less. The tax rate on tobacco will increase, effective midnight tonight, from 25 per cent to 35 per cent of retail value, and the rate on cigarettes will be increased from 1 cent to 1.4 cents per cigarette, which is still lower than that levied in six other provinces.

Effective June 1, 1982, the present tax method on long distance telephone calls in the province will be discontinued, and the tax on long distance calls will be incorporated in the In fact, our increased gasoline tax rate is only one-half of the rate charged in Quebec and is equal to, or less than, the present rate levied in six of the remaining provinces.

In reviewing the government's taxation alternatives, it became apparent that, in recent years, the province has been experiencing a real decline in the effective tax rate on motive fuels. The last real increase in the gasoline tax occurred in 1969, when the tax as a percentage of pump price was 42 per cent. Since 1969, the tax on gasoline as a percentage of the pump price has dropped to less than 15 per cent in 1982.

With respect to the diesel oil tax, a similar situation exists. This tax has not experienced an increase since 1961, when it accounted for approximately 50 per cent of the pump price. In 1982, however, the tax as a percentage of the selling price has also declined to less than 15 per cent. Nova Scotia is the only province that has not yet converted its motive fuel taxes to a fixed percentage of the retail price. To ensure that the province continues to receive a reasonable return from these revenue sources, the tax rates on the average retail prices of gasoline and diesel oil, as set by the Board of Commissioners of Public Utilities, will be 20 per cent and 21 per cent, respectively, effective May 3, 1982, and will be adjusted on a quarterly basis, commencing September 1, 1982.

Mr. Speaker, these increases merely bring Nova Scotia's gasoline and diesel fuel taxes in line with rates charged in other provinces. No.

We are also removing the exemption under the Gasoline and Diesel Oil Tax Act for motive fuels consumed in the production and processing of non-renewable resources.

Mr. Speaker, the province has also found it necessary to raise the licensing fees for motor vehicle registrations to a level on par with other provinces. Passenger vehicle registrations will increase effective July 1, 1982 and commercial vehicles registration will increase effective November 1, 1982. In addition, we intend to increase the Nova Scotia Liquor Commission revenues through price adjustments. The tax on general insurance premiums will increase to 3 per cent effective January 1, 1983.

In the interest of equitably distributing the additional revenue measures required this year, the government has also reviewed the many other fees and Health Services Tax Act at a rate of 10 per cent. This will now cover long distance calls made both in and out of the province. I must point out, Mr. Speaker that the change should actually result in a reduction in the overall taxes charged on long distance calls made within the province (Applause) charges levied throughout the Public Service. I must emphasize, Mr. Speaker that most of these revenues have not seen any adjustment in many years, despite the fact that the overall costs of providing the government services covered by such levies have increased significantly. This has resulted in the general taxpayer subsidizing these services.

The result of this review of additional revenue sources, Mr. Speaker, will be an adjustment to the fees charged for licenses and services to better reflect a user pay concept. This will not result in a change in program costs, but will, however, bring about the recovery of a greater proportion of the costs from the user and a decrease in the tax burden of the general taxpayer.

Mr. Speaker, the revenue increases I have just outlined will greatly assist the province in upholding our commitment to maintain the level of essential services provided Nova Scotians during the difficult economic times of the year ahead. The measures are reflective of continued high rates of inflation and interest anticipated throughout 1982, coupled with relatively slow economic growth expected both domestically and abroad. As well, they are representative of the increased burden the government will have to bear as a result of the federal government's abrogration of its responsibilities towards the provision of national standards of health care and post secondary education. (Applause)

It should also be re-emphasized, Mr. Speaker, that these increases bring our province in line with existing tax levels in many other provinces.

I would like to take a moment, Mr. Speaker, to point out the success we have achieved through our Electric Power Rates Stabilization Program. Four years ago, Nova Scotians were bearing electric power costs substantially above the rates paid by most Canadians. This rate stabilization program has assisted not only domestic consumers, but also has allowed many manufacturers to continue operating who otherwise would have had to cease operations because of high power rates. Today, in Nova Scotia in 1982, Nova Scotia's power rates are actually below those of the remaining Atlantic Provinces (Applause) and are comparable to the rates existing in the Province of Alberta.

In fulfilling the government's pledge to the citizens of Nova Scotia, Mr. Speaker, I can assure you there will be no power rate increases in 1982. (Applause) Since we are determined that the Nova Scotia Power Corporation must move to self-sufficiency, we expect it will seek approval from the Board of Commissioners of Public Utilities for an increase in power rates in 1983. We will continue through the development of alternate energy sources to protect Nova Scotians, as much as possible, from the adverse impact of rising costs.

It is projected that by the mid-1980's we would have reduced our dependency on foreign oil to approximately 15 per cent. (Applause) This position, coupled with other energy initiatives, will assist in providing the protection to Nova Scotians to ensure their power costs will continue to parallel those paid by the average Canadian.

Bold development initiatives undertaken by this government in recent years include the enhancement of our coal production and utilization, the harnessing of power from the tides of the Bay of Fundy, and the development of an extensive transportation network throughout the province.

These initiatives will go a long way towards ensuring that the existing sectors of our economy, and the future oil and gas segments, will be able to operate at their fullest potential, providing security for future generations of Nova Scotians.

In conclusion, Mr. Speaker, I believe it is imperative to point out that the cost of the provision of health care alone has escalated tremendously over the years. The shortfall between the Health Services Tax revenues and federal transfer payments to the actual cost of services has widened dramatically.

For example, in 1978-79 there was a difference of $53 million. In 1982-83 the gap was estimated to be $227 million before "tax changes. This situation gave this government considerable concern. This difference required that further revenues be obtained or other government services would suffer.

Mr. Speaker, the provision of health care in our province for 1982-83 will cost $624 million. The federal government will only be providing $143 million, an absolute reduction from last year's transfer for health care to citizens of this province.

Our projected Health Services Tax revenue without any tax increase would have been $254 million. These two amounts total $397 million and left the province facing, as stated, a shortfall of $227 million for our health care program. The total new revenues from all sources provided in this Budget amount to $181 million. This, Mr. Speaker, leaves a shortfall of $46 million in health care alone, which forms part of the operating deficit of $129 million. I believe this reinforces the recommendation of the Hall Commission on national health care that recommended funding to the Atlantic Provinces by the federal government must be increased rather than decreased. (Applause)

Mr. Speaker, as we move towards a balanced Budget it is imperative that we bring into perspective the limits that exist today. We must continue to address the problems of rising costs to provide essential services to our people. We must continue to ensure cost effectiveness in government operation. We must continue to protect our citizens from the adverse effects of these difficult times.

This year we have taken a major step forward in reducing our operating and capital requirements, resulting in a 31 per cent reduction in our borrowing needs. We have achieved this, Mr. Speaker, without abdicating our responsibilities to the people. (Applause)