



Nova Scotia

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by Honourable Donald R. Downe
Minister of Finance



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I. INTRODUCTION

Mr. Speaker, I rise today to deliver a budget that is firmly focused on the future of Nova Scotia. A little more than two months ago, I believe the people of our province delivered a clear message. I believe they said they want a government that listens to their priorities. A province where young Nova Scotians are able to reach their full potential, where families in need will be supported, where people of all ages have access to good health care, no matter where they live. I also believe Nova Scotians want a government that sets the climate for economic opportunities to grow.

Nova Scotians have realistic expectations. They know governments can't do everything. But they do expect the government to set a clear direction for the future. They expect their taxes will pay for critical public services such as education and health care. They do not expect us to mortgage their children's future.

On that last point, Mr. Speaker, I believe the public has raised their expectations for financial performance. Balancing the budget—making sure we do not spend more than we have—is no longer a goal; it is the minimum requirement and the beginning. After the budget is balanced, governments make choices. If there is money available, how is it to be allocated? Should priorities be changed? Which areas should get the benefit of economic growth? Today, as I outline our plans for the future, our answers to those questions will become crystal-clear.

We intend to make our first commitment to our children. By paying attention to their education, we enhance their sense of curiosity, their self-esteem, their potential. No other investment can provide as many benefits to our society.

We intend to provide a secure health care system. One that combines new technology with human compassion. A system that has well-equipped hospitals and well-trained nurses, doctors, and technicians across the province.

We intend to redirect resources to families so that children get a good start in life. We intend to bolster families in need and reach out to families in crisis. We will begin to get at the root of child poverty.

We want Nova Scotians to know we are prepared to deal with their priorities on the economy. For five years we worked on a plan to restore fiscal balance to Nova Scotia. This plan helped us remove one of the biggest barriers to our future growth. But, now that we have cleared the way, it is time to build. Our long-range goal is to change the economic climate of this province. We will help build more self-reliant communities. We will cut the red tape that stifles business

*Balanced budgets
just the beginning*

*Strong commitment
to education and
health care*

initiative. We will target economic development spending. We will seek advice on a new economic strategy. We will build our second plan from the bottom up.

Over the course of my remarks today, I will outline the details of these and other measures that will help secure the present and lead to a much better future. But, I also want to be very clear. The commitments to the future of our children and to the health care of our people are very strong. In fact, they are so strong, that we are holding the line in almost every other area of the budget. Many areas of government services are making new efforts, taking new initiatives. But, in most cases the money is redirected from their existing programs.

Mr. Speaker, the demands among the various interests in our province are many. These demands are important. But, it is impossible to meet them all. So, we have made a choice. We have chosen the future. We have chosen to support education for our children and health care for us all; for this decision, we make no apology.

Some people accuse governments of lacking long-term vision. They believe politicians won't take a risk if the result can't be seen before the next election. If this belief is true, then it certainly would be a natural inclination for a minority government such as ours. But, we are not falling into that trap. Instead, Mr. Speaker, we are taking a risk. We are looking forward because it is the right thing to do.

Mr. Speaker, before I go into the details of our new fiscal and economic plan, I want to share with the honourable members some information about a remarkable economic recovery in Nova Scotia.

II. ECONOMIC CLIMATE

*20,000 more
people working*

Last year when my colleague Bill Gillis stood before you, he was able to report that there were 4,000 additional people working in Nova Scotia compared to the previous year. Today, I am able to report that job growth has surged ahead. Between April of 1997 and April of 1998, nearly 20,000 more people were working.

The employment growth is a direct result of increased economic activity in the private sector. Sometimes the reason is obvious. Who could ignore a \$750-

million construction project to build a new magazine paper mill for Stora? More than a thousand people worked on the project last year.

How did that come about? It happened because Stora believed in Nova Scotia. It believed in Nova Scotians. It saw the barriers to investment coming down. It saw a government that was prepared to tackle the tough financial decisions. It knew we were not putting the problems off to a future day.

Getting to this point, Mr. Speaker, has not been easy. People and businesses have gone through hard times. Layoffs were common a few years ago. Plants were closing. Getting the jobs back has not been easy. Too many Nova Scotians are still without a job. But the signs are improving. Our diversified economy is responding. The evidence is in places like Trenton where the railcar works now has 1,300 people working. This is the highest employment level in 15 years.

Other factors are at work here, too. Interest rates are low. The tax system supports investment. Money for new ideas can be borrowed at a reasonable cost. Businesses have lower costs because of tax reforms. We predicted the changes would help create jobs and they have. These jobs often come in ones and twos, and most people hardly notice.

How do we know this? We know because applications for our new small business tax exemption program have increased by 26 per cent so far this year. Takeout sales in Nova Scotia restaurants grew by nearly 10 per cent in 1997. Automobile sales grew by 21.5 per cent. Department store sales rose by 24 per cent between April of 1997 and April of 1998. Employment in the services to business sector grew by 17 per cent.

In total, all this activity lead to economic growth of 2.0 per cent in 1997. That's more than double the rate of growth in 1996. This year, the good news continues. Employment growth is strong. For the first time, more than 400,000 Nova Scotians are working. People are spending. As a result, we have prepared our budget based upon the expectation of 3.7 per cent RDP growth for 1998. That will be the biggest jump in 13 years.

A substantial part of this increase will obviously come from the Sable Gas project. For every person hired at the Halifax Shipyard or the M and M fabrication facilities in Dartmouth and Pictou, for every worker that signs on at the pipe-wrapping facility in Sheet Harbour or works at the Goldboro gas treatment plant, the economic growth is real.

*3.7 per cent RDP
growth in 1998*

Halifax and nearby communities already see these results. The increase in jobs here is a major reason why we are breaking employment records. We have set the proper course. The benefits are beginning to materialize. But, the economic wave still isn't strong enough in the rest of this province.

All honourable members know that policies for rural communities need to be different. What will flourish in Halifax may not succeed in Yarmouth. The needs of businesses in Glace Bay are quite different from the needs of businesses in Burnside. We need to pay close attention to what people outside Halifax have to say, and we will. They will develop the plan, not us.

Before I describe the process to build this new plan, I want to report progress on the result of our first plan. Our plan to achieve fiscal stability.

III. PROGRESS ON FISCAL AND FINANCIAL MANAGEMENT 1997-98

*Second consecutive
balanced budget*

Mr. Speaker, I am proud to stand in this house to announce that Nova Scotia has achieved its second consecutive balanced budget. In this, I am building on the foundation set by my predecessors, Bernie Boudreau and Bill Gillis. This hallmark of financial integrity should be noted. It is the first time in modern history that we have achieved a back-to-back surplus.

Mr. Speaker, this remarkable achievement comes at a time when we have also made increased commitments to services and people. In 1997-98, an additional \$133 million was added to the health care system beyond the original estimate. That money went toward treating more Nova Scotians, bringing doctors home, providing more home care, and offering new telehealth services with trained technicians. All of this gives Nova Scotians good quality health care as they need it.

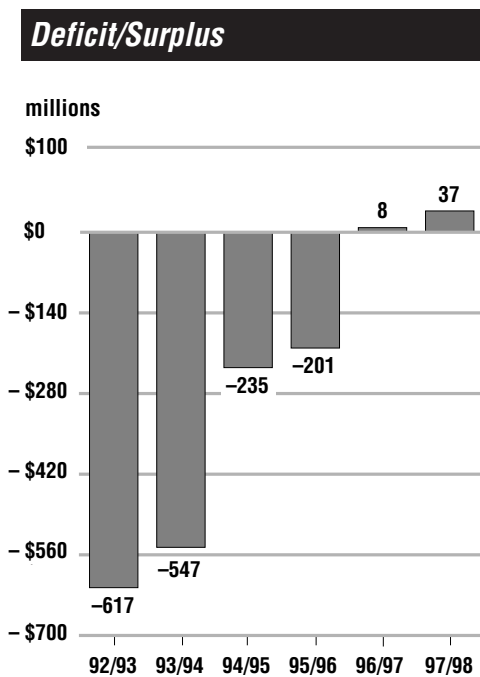
1997-98 also saw us face an important challenge and responsibility in wage negotiations with our employees. Overall, we have achieved reasonable wage settlements. For this I want to thank the unions: the NSGEU, CUPE, the nurses' union, and all the others. I want to thank our employees. I want to thank everyone who recognized the need to have fair and balanced wage settlements. For employees and taxpayers, the negotiations have been a job well done.

Mr. Speaker, at the end of fiscal 1997–98, we also made some necessary, and prudent, provisions for potential future problems.

For example, we made an allowance in the amount of \$49.8 million for potential uncollectible receivables within the health care system. The amounts have come up in a number of program areas, including regional health boards and non-designated organizations such as the QEII hospital. This provision reflects the very real pressures in the health care system.

Now, Mr. Speaker, the question is this: How were we able to make these kinds of commitments to people needing health care and to our employees and still keep a balanced budget? The answer in part is that our economy grew. More sales and more jobs mean an increase in revenues. The increase in our provincial revenues amounted to \$77 million more than our original budget estimate.

Elsewhere in Canada, growth was also strong. This means equalization payments rose by nearly \$45 million. In addition, the economy of Nova Scotia and Canada grew a bit faster in 1995 and 1996 than we had originally thought. That has resulted in additional revenues for these prior years' adjustments in the amount of \$75.9 million.



Finally, continued low interest rates and good financial management helped reduce debt-servicing costs by \$56 million compared to the original budget estimate.

Mr. Speaker, all this adds up to a forecast surplus for 1997–98 of \$37.4 million.

Under the provisions of the Expenditure Control Act, we are required to use this money for tax cuts or debt reduction. Today, I am pleased to announce, we have decided to do both. There will be an estimated \$10-million rebate of HST for electrical consumers and a forecast \$27.4-million payment against the debt.

Forecast surplus of \$37.4 million in 1997–98

*Sales tax relief
on electricity*

The sales tax relief will come in the form of a 5 per cent rebate on all electricity purchased between November 1, 1997 and March 31, 1998 by residential consumers. Our government said we would reduce taxes when we could do so without affecting critical social programs, and so we have.

We intend to work toward continuing this rebate in the future. The revenues to pay for this would come from a federal tax ruling. The province's share of these savings would be channeled toward a continuing partial HST rebate for residential electrical consumers. But the ruling has not been made. Again, we are being prudent in promising to deliver only when we know we can do so.

Mr. Speaker, the timetable and direction of future tax cuts and relief need to be laid out for businesses and consumers. We wish to pay particular attention to tax reductions and relief for those on low and fixed incomes.

Mr. Speaker, before I leave this review of the surplus, I note that we have retained two partially completed, unleased P3 schools on our books as an asset. This matter is being discussed at some length by members of this assembly and within government itself. I feel the depth of frustration in the voices of those who say we should build the schools and find the money later. I understand that strength of conviction. Nevertheless, ignoring costs or the means to pay is not the answer.

Public-private partnerships are one way to build schools. The leasing feature allows us to meet the need for the school without adding to the Province's net direct debt. There may be other ways to do that, but they must meet the same objectives. Our government believes we will find solutions before we finally close the books on 1997-98.

Debt Management

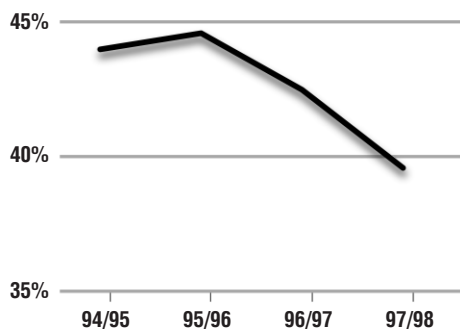
*\$219.8 million decline
in net direct debt*

Mr. Speaker, I am pleased to report that this is the second consecutive year in which we have reduced our net direct debt. The reason is mainly due to a combination of budget surpluses and the strong performance of our pension funds. Despite losses at the Sydney Steel Corporation and temporary losses at Nova Scotia Resources Limited, the net direct debt of our Province is forecast to decline by \$219.8 million after accounting for the HST rebate. On a budgetary basis, and on wider public-sector basis, we are going in the right direction!

One of the best measures of our financial performance is how our debt stands in relation to the size of our economy. As of March 31, 1998, the net direct debt

as a percentage of GDP stood at 39.3 per cent. That is far less than three years ago when the ratio was 43.7 per cent. A major reason for the change is the performance of our pension funds.

Net Direct Debt as a Percentage of GDP



Three years ago, the unfunded liabilities in the Nova Scotia Teacher's Pension Plan and the Nova Scotia Public Service Superannuation Plan amounted to nearly one billion dollars. Today, the Teacher's Pension Plan has a small unfunded liability and the Superannuation Plan has a significant surplus.

With respect to the Public Service Superannuation Fund, the surplus was so large that, under federal and provincial rules, further contributions would not be allowed.

Accordingly, we have taken a number of steps to deal with this issue in a fair and equitable fashion.

First, for 1998–99, contributions by the employees and the employers in this plan will be suspended. This measure reduces the surplus in the plan by an estimated \$57 million.

Second, we will introduce legislation to increase pensions for those who are now receiving a spousal pension. Pensions will also increase for those who retired many years ago when inflation was high. Our measures with respect to spousal pensions are similar to what has become common practice in the pension industry.

Third, at a time when people are retiring earlier, we are protecting the interests of all by making our assumption more realistic. This will further reduce the surplus by \$65 million.

Once the previously announced pension contribution holiday for 1997–98 is included at \$57 million, these measures will reduce the pension plan surplus by \$247 million. As a result, we expect an actuarial evaluation will show that the plan is still 108 per cent funded after all of these measures.

*Increasing pensions
for retirees*

The government's share of the pension plan savings has been used to enhance our commitment to education and health care. The surplus has come largely through investment gains. We believe it is only right that we reinvest these gains in the education of children and the care of our people.

Like any prudent investor, we cannot count on all this money to be available every year. Some savings are likely. Good pension management will keep the taxpayers' costs down. Nevertheless, we will face a challenge in the years to come. We are already starting work on measures to address future needs.

IV. PROGRESS ON SOCIAL RESPONSIBILITY

Strengthening Our Children's Future

Mr. Speaker, Nova Scotians believe that our future starts with our children. We want them to get off on the right foot, from the first day they start school. They deserve the best education possible, so they can make the most of out of life at work, at home, and in the community.

Therefore, in fiscal 1998–99 we are making a very significant commitment to our children. The Province is making a direct additional contribution of \$52 million to public education spending. In addition, the school boards have requested a refinancing of their obligations concerning the teachers' early retirement programs. This measure, plus additional funding in other program areas of the department, has put a further \$30 million into the classrooms for fiscal 1998–99. In total, this means an extra \$82 million for the public school system in Nova Scotia.

What does it mean to parents and children and teachers? It means new and updated school programs in both French and English, with professional development, more textbooks, technology, and other classroom supports.

It means more relevant choices in high school and support for students with special needs. Above all, it means smaller class sizes, more teachers, and teachers' aides.

It means additional funds for the increases in teachers' salaries.

This commitment to the education of our children is also matched by a commitment to lifelong learning for all Nova Scotians. We are providing an extra \$1.2 million for people who need help with literacy and students who need assistance.

*Total of
\$82 million more
for public schools*

Students graduating from our community colleges are getting jobs in record numbers. We will strengthen this system with an extra \$2 million this year.

We're adding \$5.5 million over 1997–98 funding levels to our universities this year. That money builds to a \$23-million increase in university assistance by fiscal year 2000–01. That money will help stabilize tuition fees and provide more young people with a great foundation for future success.

Mr. Speaker, we say our priority is education, and this budget is the proof.

Building a Secure Health System

Mr. Speaker, our government is also committed to meeting the growing needs of our people for health care. A little more than three months ago the Premier promised to add \$80 million to the health care budget. Today we deliver on that commitment.

*\$80 million more
into health care*

Health Spending

Third Quarter Report	February 1998	\$1,375 million
Budget 1998–99	June 1998	\$1,455 million
Total Increase		\$ 80 million

Mr. Speaker, this extra money addresses very real needs for many Nova Scotians. It will make a difference. For example, people who have remitting and relapsing multiple sclerosis now have new hope. The budget today means we can start providing treatment with forms of interferon such as Betaseron to people with multiple sclerosis who can be helped by this therapy.

Additional health spending increases funding for people in nursing homes and homes for special care. This 18 per cent increase in funding adds up to a budget of \$133.2 million in 1998–99. It pays for extra staff to provide additional care and other improvements begun last year. It helps to cover increased operating costs and salary increases and to address other health and safety issues.

Planning is beginning for an additional 170 long-term care beds to look after Nova Scotians who are no longer able to care for themselves. They will be located where the need is greatest, especially in Industrial Cape Breton. The beds are expected to be in place during fiscal 1999–2000.

Also helping Nova Scotians is our home care program. This program means 18,000 people a year get care where they want it most, in their own homes. The budget for Home Care Nova Scotia has been increased by \$8.3 million compared to the forecasted spending for 1997–98.

Construction begins this month on new health care facilities in Cheticamp and Neils Harbour, as well as the redevelopment of the regional hospital in Yarmouth. Planning is now under way for a new regional hospital in Amherst.

In addition, \$9 million has been budgeted to pay for the increased number of doctors that have been recruited to come to Nova Scotia, additional services for patients, and an increase in physician fee levels.

It's important that, while increasing health care spending and the services available to Nova Scotians, we maintain a watchful eye on the sustainability of our system. We can't fall into the trap of only a few years ago when the province was borrowing money to pay for its day-to-day operations.

That's why we're asking health boards across the province to present three-year business plans to ensure that the same fiscal responsibility we've shown with the Province's books will be reflected by those institutions that care for Nova Scotians. These business plans will ensure that any deficits incurred during that time will be recovered by the end of the three-year period.

Mr. Speaker, the extra funding for education and health has put real constraints on what we can do elsewhere. In other government services, we have asked departments to look carefully at what they do, and find ways to meet new needs within their own budgets. The Department of Community Services is a good example of how this has been done.

Caring for Families and Children

In this department, we have a budget that is only a few million dollars higher than the forecast for 1997–98. But, underneath that number is the fact that the dollars are being put to better use.

In partnership with the federal government, we are launching a long-term strategy to improve opportunities for low-income children in Nova Scotia. The National Child Benefit program is intended to reduce child poverty, while providing extra support for parents.

The National Child Benefit program will come into effect in July 1998. Federal, provincial, and territorial governments agreed to the following components:

- the federal government will increase the Canada Child Tax Benefit, targeted specifically to low-income families, with the National Child Benefit Supplement
- provinces will decrease social assistance payments for families with children, up to, but not exceeding, the amount of the National Child Benefit Supplement
- provinces will reinvest the provincial social assistance funds freed up under this approach into benefits and services for low-income families with children

In Nova Scotia, this reinvestment fund is estimated to be worth \$14.6 million annually. This money will go directly to programs and services for Nova Scotian families and children.

Nova Scotia will direct \$13 million from this fund annually toward a new Nova Scotia Child Benefit program, which will provide extra money for families in the lowest income brackets. This will be available whether people are working or not.

We will also allocate \$2.2 million for a range of Healthy Child Development Initiatives to help overburdened families in many circumstances. We will build on partnerships with existing public and private agencies to offer community-based prevention programs and more support for early intervention programs and child care.

These Healthy Child Development Initiatives will be developed in consultation with our stakeholders. They appreciate, as we do, that investing in young children can prevent problems and give children a solid grounding for future success.

We will allocate a total of \$2.5 million this year toward developing new placement and treatment options for children and youth in care. With new services available in four regions, Nova Scotian children and youth will be able to receive appropriate treatment as close to home as possible. This was the main priority of the report on placement options, "Too Good to Lose."

This government is also increasing support for parents of children with special needs through the In-Home Support Program. It covers support services such as respite care and specialized equipment.

On April 1 of this year, the Province assumed responsibility for the administration of social assistance programs across Nova Scotia. Up to \$10 million more

*Healthy child
development initiatives*

will be available for better services or direct payments to those most in need. The cost of this will be offset by programs and services designed to help people find employment where possible.

Mr. Speaker, our government takes its social responsibilities very seriously. They are the bedrock of why the government exists. We have examined the many demands in this area. We have exercised leadership. We have chosen to meet the health care needs of our people. We have chosen to enhance the future of our children. We believe that these are the choices most Nova Scotians would also make.

Quite frankly, though, some people would have us do more. We are committed to meeting legitimate needs, but, in many cases, we do not have the money right now. A growing economy will provide part of the solution, but it will not be enough. We need to find ways to spend the taxpayers' dollars more wisely. I will have more to say on this shortly.

V. PROGRESS ON OUR ECONOMIC FUTURE

Mr. Speaker, if I may, I now want to turn to the issue of economic development. For too long, too many Nova Scotians have lived with the belief that we are a have-not province. I say this belief is wrong. I say we have the capacity, the capability, and the opportunity to become masters of our own fate, able to rely on our own people, skills, and resources.

Mr. Speaker, for the past five years we had a fiscal plan. The plan has set a proper fiscal climate for economic growth. Now it is time to build on that plan. Now it is time to build a climate of self-reliance. We want ideas to encourage economic prosperity. We want these ideas to come from our successful businesses, our entrepreneurs, our young people alive with ideas, and our communities, who know best their strengths and weaknesses. As a result we are developing a new economic strategy to achieve these goals.

Mr. Speaker, I want to acknowledge we are not starting from the beginning. Over the past number of months the Provincial Labour Market Development Secretariat has consulted widely on a key issue related to this strategy: How can we develop the pool of labour that the market needs to achieve the economic development we all want? These groups included businesses, economic develop-

ment organizations, organized labour, and the unemployed. The secretariat also sought the opinion of equity groups, training providers, educators, as well as community-based organizations and volunteers.

The consultations showed that the labour market provides the link between economic and social development. Therefore, we believe it is important that our new economic strategy be developed with the full understanding of the consequences for the labour market; the potential social impact; and future public costs that may result from those decisions.

As we move forward, I want to remind all members of this House that we already have a very important institution for consultations on these issues.

In 1963 Robert L. Stanfield recognized the need for widespread consultation and advice. His solution was Voluntary Planning. Their track record over the past 35 years has been remarkable. The Departments of Economic Development and Tourism and Finance will now work together to help create a new Economic Advisory Council working closely with the Voluntary Planning structure. The Council will consult widely and build on work already done.

To get this process off the ground properly, we have already talked about this with the leaders of the two official parties in this house. We are looking for individuals who have a background in economic development, are innovative thinkers, and have excellent track records in making things happen.

The Council will be given the task of examining the barriers and opportunities to economic development in Nova Scotia. They will be asked to examine our tax system and ways to use it to promote growth. Given the revenue demands to pay for public services, they will ask if there is a fair balance between consumers, businesses, and other organizations. What measures can the government take to encourage individual self-reliance? Community self-reliance? What role should government departments play in creating a better economic climate? How can we enhance our education and training efforts? What can we do to help more businesses succeed outside Metro Halifax?

We know the strategies for development are not the same. We know the kind of business that thrives in Sydney may not be the same as the kind that can prosper in Louisbourg, Inverness, Springhill, Digby, or Shelburne. We expect good advice on what needs to be done differently.

*Economic Advisory
Council*

Mr. Speaker, consultation works. Ideas emerge when people talk. As an example of this, we are now working with the health care sector to explore what we can do with the vast amount of public dollars devoted to this part of our economy. Nova Scotia already receives nearly two-thirds of the private-sector medical research in our region. We believe we can build on this.

These ideas promise solid benefits for Nova Scotians, but they are not enough. We need to make sure we do not smother our economic recovery in a new round of red tape. As a farmer and a small business owner, I am personally committed to the idea that government action to reduce the cost of doing business is more meaningful than government handouts.

Accordingly, we will soon table a second Bill on Licences, Permits and Approvals. We hope to have co-operation from all parties in passing this legislation later this year. We know we have the support of the small business community, because they have been actively involved from the beginning. One of the leaders in this effort has been the Canadian Federation of Independent Business. Accordingly, the Minister for Business and Consumer Services and I have asked the Executive Director, Atlantic Canada, for this organization, Peter O'Brien, to join our implementation team to make sure we move forward.

We are also committed to improving service through a number of key initiatives. These initiatives include accepting debit card payment at our Access Nova Scotia service centres; introducing a standard application form to reduce paper work; and running a pilot project to deliver tender documents to bidders electronically. We are also developing an electronic one-stop business registry in partnership with the Workers' Compensation Board and Revenue Canada.

Finally, Mr. Speaker, our Equity Tax Credit provides investors with a real incentive to take risks in new Nova Scotia businesses. Now we need to connect the investors with the entrepreneurs.

We think the development of widespread computer communication links opens up the opportunity for creating low-cost investment marketplaces. Over the next 12 months, we will consult with business, investment dealers, the Department of Economic Development and Tourism, and the Securities Commission to develop the most appropriate means of matching energetic entrepreneurs with seasoned investors.

Mr. Speaker, when it comes to natural resources, government action is sometimes the most effective way to help solve a common problem. Our action against the tussock moth is an example. Another is our investment in the future growth of our forests through silviculture. I am pleased to announce that with federal co-operation, we are able to put \$3 million to work in this area.

Mr. Speaker, we know where we want to be. We want to be able to stand on our own. We want to build on the strengths of our people. We are clearing away the barriers. Our new plan will build the economic opportunities based on ideas developed in our community. It is the best way to go. It is the only way to go.

VI. PROGRESS ON FISCAL RESPONSIBILITY 1998–99

Mr. Speaker, I now want to look at the fiscal climate for 1998–99 and beyond.

In this budget, we have taken the best of all possible fiscal steps. The budget is balanced. The surplus for 1998–99 is estimated to be \$1.5 million. The budget delivers on legislated tax cut commitments. On April first, the temporary transitional tax on motor vehicles and heavy equipment was cut in half, as legislated, from 2 per cent to 1 per cent.

In addition, the tax cuts set in place over the past two years continue to work their way through our economy. 1998 will see the full benefits from the first provincial income tax cut in the history of our province. The provincial rate is now set at 57.5 per cent of federal taxes. This is the lowest in Atlantic Canada.

Our improved Low Income Tax Reduction Program started delivering a few months ago. Thousands of Nova Scotians on low incomes have recently filed income tax returns that include the benefits of this program. Most have seen the benefit by reduced taxes or increased refunds. Those refunds include \$300 per adult and \$165 per child for individuals and families at the lower end of the income scale.

Mr. Speaker, I am proud of the way our income tax system works. The benefits may not be widely understood, but our system is already very fair compared to many other provinces.

Our business tax system is getting more effective in creating jobs. The Manufacturing and Processing Tax Credit is attracting interest and encouraging more investment. Our approach to taxes is paying off. We intend to remain

*Lower taxes for Nova
Scotians*

*Film Tax Credit
raised to 32.5%*

competitive. Accordingly, we are announcing a modest increase in the Tax Credit for Television and Film Production in Nova Scotia. This measure allows producers to lower their labour costs when they use Nova Scotian workers. The rate will move from 30 per cent to 32.5 per cent.

*Farm Land Tax
Exemption restored*

Mr. Speaker, I believe the tax system should reinforce other critical areas of the Nova Scotia economy. For a modest sum of money, we have been able to do just that. Effective April 1, 1998, we are reinstating the Farm Land Tax Exemption for our farmers. This measure is a critical commitment to our farming community and helps us all by keeping food costs low. Municipalities will be fully compensated for the impact this measure has on their tax base.

This budget contains a number of measures that protect and enhance the fiscal climate for municipalities. This is largely due to the decision to begin absorbing social service transfer costs and other measures to equalize municipal finances.

*NSHOSP extended
for one year*

We also intend to extend our Nova Scotia Home Ownership Savings Plan for one more year. We would intend to consult with the housing industry on the effectiveness of this measure and examine possible alternatives.

Mr. Speaker, in the future, we offer the following list of priorities for further tax reductions:

First, we wish to consider the issue of effective delivery for our low-income tax assistance programs. It is critical that the tax relief be targeted in the most efficient and effective way possible. It has been suggested we could do more to get the tax credits into the hands of low-income Nova Scotians faster and more regularly. To this end, we will be looking at how we can streamline and improve the delivery of our tax credits and our Direct Assistance Program. We will consult with, and take advice from, representatives of groups that represent those who benefit from these programs.

Our second priority is for continuing HST relief on electricity. The financing for this measure may be some time away, but it remains our second choice for direct, widespread tax reduction.

Our third priority is for a second round of general income tax cuts, when the fiscal climate allows.

This priority list is a natural outcome of our recent round of tax changes involving income and sales taxes. We believe this is the correct set of priorities, but we are open to other suggestions from our Economic Advisory Council.

Mr. Speaker, I now want to turn to the challenges in the years ahead. At this time I would like to table a critical companion document to our budget, *Government by Design*. This document includes the business plans of the government departments and our overall four-year fiscal plan. It allows us to anticipate challenges and make plans to meet them. Over the next few months, we will be rising to the challenges.

First and foremost, we need to make more progress with the federal government. Part of the reason why we find it a challenge to make ends meet right now is because the federal government has withdrawn so much money from traditional cost-sharing relationships. However, Ottawa has now put its financial house in order and, like Nova Scotia, is running a balanced budget.

Later this month, provincial finance ministers from across Canada will be meeting with the federal government on this matter. We are united in our demand that the federal government put money back into the health care system. What point is there in asking the provinces to fund a national drug program if communities do not have doctors to write the prescriptions?

I am optimistic that the federal government will listen to our arguments. We have begun to make some progress. For instance, in the area of economic development we have been able to refocus our priorities and take advantage of federal programs.

One such example is the Information Economy Initiative. This three-year program will put thousands of computers into the hands of school children, university students, and people in our rural communities. The \$62.1-million cost is being shared by the two governments.

Mr. Speaker, we believe the federal government must remain involved in helping to build a national transportation infrastructure. Accordingly, we are seeking a 10-year highway improvement agreement to help renew our road system. We will continue to insist the federal government recognize its responsibilities in upgrading the Halifax International Airport and the Port of Halifax.

Mr. Speaker, we will renew efforts to establish fiscal fairness when it comes to designing the Equalization Formula. This agreement is being rewritten now, and a new formula is scheduled to be in place next year. We will vigorously pursue our provincial interests.

*Pursuing provincial
interests with Ottawa*

We intend to continue our efforts to have Statistics Canada count our people accurately. We have nearly 8,000 students in our province who use our health care system, our education system, and all the other public amenities, but are counted elsewhere. This discrepancy costs us an estimated \$25 million a year, and fairness demands that the formula be changed.

Another formula that needs to be changed is the one that phases in the fiscal impact of increased offshore gas revenues. We have a proposal in with the federal government to amend this agreement so that it meets the intent of the original agreement.

Mr. Speaker, these efforts to improve the federal fiscal system only reflect a desire that Nova Scotia be treated fairly.

A few moments ago I outlined the steps we are taking to build economic growth. We think this strategy will pay off in the long run.

In the short run, we need to implement a program of continuous improvement in our government operations. During the planning for this budget last year, the government discovered a fair amount of creativity and flexibility in the system. We will put together a team of senior deputy ministers to build on this discovery. They will seek ways to free up money in the system. They will identify solutions that range between 1 and 3 per cent of total government program budget.

We already have examples of savings. For instance, this year we are renegotiating the contract for mainframe computer services. This contract was one of the first instances of a public-private partnership in Nova Scotia. We are able to build on that decision, extend the contract, and lower the cost at an annual saving to the taxpayers of approximately \$800,000.

In another example, we are in the process of negotiating a substantial reduction in our telecommunications costs. Every government department will have significant savings. We have redirected this money to areas of need in health and education. This is another excellent example of getting good value for taxpayers' dollars.

We also have a group in my department that is taking a different look at many government services. This Strategic Research group is looking at issues that cut across a number of departments and agencies. Many of these issues have long-term implications. They will provide advice to cabinet on options for future service improvements as well as ways to redirect money to meet new needs.

Mr. Speaker, these initiatives are really no different than the ones a prudent family takes when it draws up its annual budget. The family asks questions like: “Can we afford a new car? Is this the year to paint the house? Are there new children, new needs?” Families look at what they are doing, how they are spending and ask, “Do we have our priorities right?” Our government is doing the same thing.

VII. PROGRESS ON GOVERNMENT AND FINANCIAL ACCOUNTABILITY

Mr. Speaker, a little while ago I referred to a budgetary surplus of \$37.4 million, less the distribution of surplus to taxpayers. I talked about a financial snapshot whereby the net direct debt of the Province was reduced by \$219.8 million after the distribution of surplus. In most respects, those are the consistent and well-understood signposts of our return to financial health. People use these signposts to judge our performance.

In a strict sense though, there are better signposts. In a strict sense, generally accepted accounting principles call for a broader examination of government responsibilities. Members of this House have spoken about the need to include the Regional Health Boards. But, there are other aspects of government responsibility that might be included too. The Halifax-Dartmouth Bridge Commission is one. If we are to tell taxpayers what assets we hold on their behalf, and what liabilities we have incurred to meet their needs, we need to know where to draw the line.

We also want to modernize other elements of our accounting policy in a careful, controlled fashion. We want to review adjustments that need to be made so we fully record revenues when they are due, rather than when they are received. This was highlighted to us as the Province benefited from additional cash transfers in fiscal 1997–98. These transfers were the result of adjustments to the instalment schedules implemented by the federal government.

Mr. Speaker, along with our budget today, I am tabling a document entitled *Improving Financial Accountability: A Blueprint for Success*. It outlines a process and a three-year timetable for bringing Nova Scotia into the forefront of financial disclosure and accountability in Canada.

We are asking for significant input, consideration, and advice. Among those who are being asked to comment are the Public Accounts Committee of this House and the Auditor General of Nova Scotia.

*Improving financial
accountability*

VIII. CONCLUSION

Mr. Speaker, I want to end this budget address on a personal note. I am a liberal. That means I want a government that offers care to those who are sick and protection for those in need. I want a government that shows compassion and concern. I want a government that looks to the future and invests in children, families, and communities.

As a liberal I also believe the government must help unlock the chains that hold us back. I believe the government must help us find the path to develop our own plan, our own dreams, our own futures. The key to our prosperity lies within ourselves. Our search for that key is guided by our teachers, our friends, our families, our communities. The government cannot hand us the key, but it too must support our search. This budget is intended to help do that.

TOTAL ORDINARY REVENUES 1998–99
Key Assumptions — May 30, 1998

Report of the Auditor General to the House of Assembly on the Estimates of Revenue for the Fiscal Year 1998–99 Used in the Preparation of the Budget Address

I am required by Section 65A of the Provincial Finance Act to provide an opinion on the reasonableness of the estimates of revenue used in the preparation of the annual Budget Address of the Minister of Finance to the House of Assembly.

The estimates of revenue for the fiscal year 1998–99 (the 1998–99 revenue estimates) are the responsibility of the Department of Finance and have been prepared by departmental management using assumptions with an effective date of May 30, 1998. I have examined the support provided by the department for the assumptions, and the preparation and presentation of the 1998–99 revenue estimates of \$4,382,718,000 for total ordinary revenue. My examination does not cover the 1998–99 expenditure estimates, the 1997–98 revenue forecast, sinking fund earnings, nor the recoveries, user fees or other income netted against expenditures for appropriation purposes. My examination was made in accordance with the applicable Auditing Guideline issued by the Canadian Institute of Chartered Accountants. I have no responsibility to update this report for events and circumstances occurring after the date of my report.

In my opinion:

- as at the date of this report, the assumptions used by the department are suitably supported and consistent with the plans of the Government, as described to us by departmental management, and provide a reasonable basis for the 1998–99 revenue estimates; and
- the 1998–99 revenue estimates as presented reflect fairly such assumptions.

Since the 1998–99 revenue estimates are based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, although I consider the 1998–99 revenue estimates to be reasonable, I express no opinion as to whether they will be achieved.



E.R. Salmon, F.C.A.
Auditor General

Halifax, Nova Scotia
May 30, 1998

Economic Outlook

National Economic Conditions

The Canadian economy turned in a strong performance in 1997. Both Real Domestic Product (RDP) and employment grew at a robust pace. RDP growth was 3.9 per cent. Employment was 1.9 per cent higher, rising to over 13.9 million, and the unemployment rate dropped to 9.2 per cent.

Stronger business investment activity, solid growth in consumer spending, and continued growth from the export trade sector highlighted performance in 1997. Consumer demand rose in 1997 as a result of stronger employment and income growth, although high debt loads and continued concerns about job prospects still kept many consumers cautious. The export trade sector remained a bright spot in the economy with the value of exports increasing 7.6 per cent over 1996. Fiscal policy was not as significant a drag on economic performance for 1997, as cutbacks in government spending and employment appear to have largely been completed.

Against these stronger economic conditions, the Bank of Canada continued to keep interest rates low throughout the first half of 1997. Rates continued to remain at their lowest levels in four decades until Canadian rates were forced to rise in the latter part of 1997 as a result of a weakening Canadian dollar. Although the full impact of the financial and economic crisis in Asia has not been accounted for yet, it is expected that over the near term the Asian situation will keep commodity prices down, which will in turn affect the performance of many companies in the resource sector. This will contribute to a deterioration in the current account

as a result of weaker exports to Asian countries. Thus, the Canadian dollar is expected to appreciate slowly against the US dollar over the forecast period. With US interest rates expected to remain stable over the forecast period, at least until the effects of the Asian crisis settle out, there should not be any substantial upward pressure on Canadian interest rates beyond what is already factored into current rates.

With continuing low interest rates, and new life in consumer spending, Nova Scotia Finance expects the Canadian economy to grow by 3.8 per cent in 1998 and 3.2 per cent in 1999. The Canadian economy is expected to add close to 400,000 jobs in 1998. The unemployment rate will fall to 8.5 per cent. Gains in corporate profits will moderate in 1998 after achieving an unexpectedly high rate of growth in 1997.

Personal income growth, buoyed by increases in the number of employed, will continue to rise over the short term. Improving consumer confidence will be reflected in retail sales growth of 4.0 per cent, which is projected to keep pace with personal income growth, as saving rates will remain at historic lows.

The Asian financial and economic upheavals will act as a counterweight to the pressures of a strong US economy to push up interest rates over the short term. In addition, the weakness in commodity prices that has resulted from the Asian crisis will keep inflation near the low end of the Bank of Canada target range. Uncertainty continues to surround the extent of the impacts stemming from the Asian situation, and this carries a putative down-side risk to the economic outlook.

The key national economic forecast assumptions incorporated into the Budget are displayed in the schedule below.

National Forecast Assumptions	1997	1998	1999
Real Domestic Product, 1992\$ (% increase)	3.9	3.8	3.2
Gross National Product (% increase)	4.5	4.5	4.7
Canadian Exchange Rate (US\$/C\$)	0.713	0.714	0.714
Consumer Price Index (% increase)	1.6	1.2	1.5
Employment (thousands)	13,941	14,330	14,690
Unemployment Rate (%)	9.2	8.5	8.1
Personal Income (% increase)	2.3	4.0	4.3
Corporate Profits before Tax (% increase)	17.3	5.0	5.0
Retail Sales (% increase)	6.5	4.0	4.2
Exports (% increase)	7.6	4.3	4.3
3-Month Treasury Bill Rate (%)	3.6	4.8	5.0
Population (% increase)	1.1	1.1	1.1

Sources: Statistics Canada (actuals), Nova Scotia Department of Finance (projections).

Note: The Three-month Treasury Bill and Canadian Exchange Rate are fiscal year averages.

Provincial Economic Conditions

The stage was set in 1997 for an acceleration in growth in output and employment for the Nova Scotia economy. After several years of sluggish performance, Real Domestic Product (RDP) growth increased to 2.0 per cent in 1997. Employment grew by 1.8 per cent, and the unemployment rate moved lower, to 12.2 per cent.

The resurgence in the overall level of economic activity was driven chiefly by capital investment spending. This was highlighted by construction of the Cobequid Pass, the expansion at Stora Port Hawkesbury Ltd., and spending associated with the development of the Sable Offshore Energy Project.

Capital spending will continue to set the tone for growth over the short term. The Sable gas projects will be developed over the next two years, and RDP growth is forecast to accelerate to 3.7 per cent in 1998. This will mark the first time in over a decade that economic

growth exceeds 3 per cent. Growth eases to 2.4 per cent in 1999, as further gains are achieved from a higher platform of economic activity sustained by capital spending and the ongoing benefits of the tax changes implemented in fiscal 1997–98. Employment growth displays a pattern similar to RDP. The expectation of a 3.6 per cent increase in employment for 1998 is consistent with the job gains reported through the first quarter of the year, and the robust outlook for job creation moves the unemployment rate lower over the short term.

The Sable gas projects exert a major economic impact and are the key driving force behind the province's economic performance over the forecast horizon. These projects consist of the Sable Offshore Energy Project (SOEP), the Maritimes & Northeast Pipeline Project (MNPP), and the laterals to Halifax and Port Hawkesbury. The extent and timing of the output, income, and employment impacts on the province's

economic performance are derived from the proponents' impact assessment submitted to the Joint Public Review Panel hearings, internally sourced confidential data on expenditure scheduling and contract awards for the SOEP Tier I (1997–2000), and capital expenditures for the transmission pipeline and laterals.

Not only is the SOEP development the main factor propelling the surge in economic activity in Nova Scotia in 1998, but the project also significantly distributes economic benefits among several industry sectors. Stronger growth will be experienced particularly in the construction, transportation and communications, trade, and business and personal services sectors.

The outlook also incorporates spending planned for new school construction and renovation programs, a new correctional centre and forensic facility in Halifax, and upgrades to 100-series highways.

Personal income is forecast to grow 4.4 per cent in 1998 as a result of gains in employment and in wages and salaries. Increases in average wage levels derive from the settlement of a number of collective agreements, particularly in the public sector, as well as from the significant contribution of the SOEP. Personal disposable income will move up proportionately throughout the forecast period.

Retail sales were strong in 1997, growing 3.7 per cent. This growth was largely the result of a 21.5 per cent increase in new motor vehicle sales. Going forward, retail sales growth is expected to moderate, as the pace of activity in sales of new motor vehicles eases, and as consumers hold back from adding to their debt.

Corporate profits will follow the overall performance of the economy in 1998. Although profits growth will moderate, the quickening pace of economic activity, spurred by the Sable gas projects, supports corporate profits growth in the 6 per cent range.

Domestic demand—business investment, consumer, and government spending combined—drives output and employment growth in the short-term outlook. Export performance, overall, is also expected to register gains. Despite some positive developments in value-added processing, resource capacity conditions restrain export potential. Although the Asian crisis is not expected to have a significant impact on Nova Scotia's overall economic performance, it will affect the export sector directly as a result of weaker commodity prices, and possibly indirectly through product displacement by Asian suppliers in international markets. In addition, a gradual firming in the Canadian dollar will moderate growth in export sales revenue.

The key provincial economic forecast assumptions incorporated into the Budget are displayed in the schedule below.

Provincial Forecast Assumptions*	1997	1998	1999
Real Domestic Product (billion 1992\$)	16.5	17.1	17.5
Real Domestic Product, 1992\$ (% increase)	2.0	3.7	2.4
Consumer Price Index (% increase)	2.1	1.2	1.5
Employment Level (thousands)	392	406	413
Unemployment Rate (%)	12.2	10.6	10.2
Personal Income (% increase)	1.9	4.4	3.2
Corporate Profits before Tax (% increase)	11.8	5.9	6.1
Retail Sales (% increase)	3.7	3.5	3.2
Exports (% increase)	1.8	4.0	3.4
Population (% increase)	0.5	0.4	0.3

Sources: Statistics Canada (actuals), Nova Scotia Department of Finance (projections).

* Includes impacts from the Sable gas projects.

Revenue Outlook

In 1998–99 total ordinary revenues are estimated to be \$4,382.7 million, an increase of 3.3 per cent over the 1997–98 estimate and a decrease of 1.3 per cent over the 1997–98 forecast. The decline relative to the 1997–98 forecast is due to the addition of prior years' adjustments, a one-time adjustment to

income taxes, and declining transitional assistance associated with HST rather than any negative adjustments to the estimate year.

Own-source revenues are expected to increase by \$66.6 million to \$2.68 billion in 1998–99, while traditional federal transfers will decrease by \$8.9 million from 1997–98 forecast levels.

Revenue Sources (\$ Thousands)	Actual 1996–97	Forecast 1997–98	Estimate 1998–99	Change \$ 98–99/ 97–98
<i>Provincial Sources</i>				
Personal Income Taxes	951,529	996,941	980,752	(16,189)
Corporate Income Taxes	112,310	121,682	122,622	940
Sales Tax (HST)	739,851	716,656	737,373	20,717
Tobacco Tax	86,344	70,800	76,505	5,705
Gasoline and Diesel Tax	198,668	202,800	207,300	4,500
Liquor Commission Profits	116,104	118,500	121,400	2,900
Gaming Corporation Profits	133,388	141,186	160,171	18,985
Interest Revenues	35,778	34,568	33,856	(712)
Registry of Motor Vehicles	58,624	53,980	57,100	3,120
Other Provincial Sources	106,141	153,038	179,722	26,684
<i>Total Provincial Sources</i>	<i>2,538,737</i>	<i>2,610,151</i>	<i>2,676,801</i>	<i>66,650</i>
<i>Federal Sources</i>				
Equalization Payments	1,115,691	1,194,359	1,183,503	(10,856)
CHST	536,412	438,669	440,647	1,978
Harmonization Compensation	0	118,600	77,700	(40,900)
Other Federal Sources	2,306	3,292	4,067	775
<i>Total Federal Sources</i>	<i>1,654,409</i>	<i>1,754,920</i>	<i>1,705,917</i>	<i>(49,003)</i>
<i>Other Sources</i>				
Prior Years' Adjustments	52,899	75,946	0	(75,946)
Total Ordinary Revenue	4,246,045	4,441,017	4,382,718	(58,299)

Income Taxes

Personal Income Tax

Personal Income Tax is the single largest own-source Nova Scotia revenue. In 1997–98, the Province received a negative prior year adjustment of \$8.9 million in respect of the 1996 tax year. In 1998–99, personal income tax is estimated to decline from its forecasted 1997–98 level of \$996.9 million to \$980.8 million, a drop of \$16.1 million or 1.6 per cent. This drop is primarily due to a change in federal payment procedures for personal income tax collections, which resulted in a one-time increase in personal income tax revenues for the forecast year, a reduction in the provincial income tax rate, and the effects of previous measures including increased uptake in personal income tax credits. The estimate of personal income tax reflects the latest decisions made by government, including appropriate wage settlements and the Public Service Superannuation Plan holiday.

Corporate Income Tax

Corporate Income Tax in 1997–98 produced a positive prior year adjustment of \$14.8 million in respect of the 1996 tax year. This prior year adjustment was primarily a function of significant growth in corporate profits over estimate, an increased allocation of corporate income to Nova Scotia, and a lower take-up of corporate tax credits than expected. In 1998–99 Nova Scotia corporate taxable income is expected to experience an increase of 5.2 per cent, which combined with a significant (35 per cent) take-up in credits will cause corporate income tax revenues to rise by \$0.9 million over 1997–98 to \$122.6 million.

Corporate Capital Tax (Non-Financial Institutions)

Corporate Capital Tax, Non-Financial Institutions, was introduced effective April 1, 1997. The 1997–98 forecast of \$35 million is \$4.4 million lower than estimated, reflecting better data. The 1998–99 estimate of \$39.8 million reflects the expected growth in the capital stock of taxable firms.

Consumption Taxes

Harmonized Sales Tax (HST) revenues are estimated to total \$748.2 million before rebates in 1998–99. The HST became effective April 1, 1997, replacing the former Health Services Tax and the Amusement Tax. Sales tax rebates for new housing, books, volunteer fire departments, and persons with disabilities are forecast at \$10.8 million. The net sales tax of \$737.4 million is substantially less than the combined 1996–97 sales tax revenues (Health Services Tax and Amusements Tax) of \$750.7 million (largely the result of the drop in the provincial rate from 11 per cent to 8 per cent). Sales tax revenues are forecast to increase by 2.9 per cent over 1997–98. The growth in HST revenues between 1997–98 and 1998–99 results from a combination of higher economic activity and increased consumer confidence.

Under the terms of the harmonization agreement, HST revenues are collected by the federal government and distributed to participating provinces based on a revenue allocation formula. The formula is currently under development by the federal government and the participating provinces. As an interim measure, the federal government is making a series of predetermined payments, adjusted for provincial rebates. The formula is expected to be complete by July 1, 2000 at which time

the Province could be subject to a prior years' adjustment (positive or negative) based on the difference between the formula allocation and the payments made. This prior years' adjustment will be receivable or payable, as the case may be, in 36 equal monthly instalments.

The forecasts and estimates produced by the Province are based on economic and consumer spending assumptions made by the Province and are designed to minimize, as much as possible, any prior years' adjustment. It is recognized that the allocation formula will not be finalized until the project to improve provincial economic accounts undertaken by Statistics Canada and actual tax collections data from Revenue Canada Taxation are accounted for.

Tobacco tax revenues are estimated to total \$76.5 million in 1998–99, resulting in a 8.1 per cent increase over the forecast for 1997–98. Consumption of tobacco products declined slightly in 1997–98, and as a result the forecast is for little or no growth in the short term. However, an excise tax increase in February 1998 is expected to account for a \$4-million increase in tobacco tax revenues.

Motive fuel taxes for 1997–98 are forecast to reach \$202.8 million, 1.7 per cent higher than the 1997–98 budget estimate. Increased consumption driven by economic factors such as improved employment and spending are behind this increase and the projection of a 2.2 per cent increase in 1998–99 to \$207.3 million.

Profits of Crown Corporations

Nova Scotia Liquor Commission Profits are estimated to be \$121.4 million in 1998–99, an increase of 2.4 per cent over the 1997–98 forecast. A leveling-off of general alcohol consumption and

restructuring in the product trends has resulted in the estimate remaining at similar levels.

Nova Scotia Gaming Corporation

Profits are estimated to increase in 1998–99. The general improvement in economic activity in the province is expected to provide a small but positive impact on recreational spending. In addition, the estimate assumes a redistribution of profits from the Atlantic Lottery Corporation, which must be approved by the corporation's shareholders. Profits are forecast to increase in 1997–98 by \$7.8 million over 1996–97 and are estimated to increase by \$19.0 million or 13.4 per cent in 1998–99. The revenue estimates for the Gaming Corporation are net of profit-sharing arrangements with charities and First Nations regarding the Sydney Casino.

Federal Transfers

Fiscal equalization revenue is estimated to decrease by \$10.9 million over forecast 1997–98 to \$1,183.5 million. Equalization reflects revised tax base and revenue information as of May 30, 1998. Improvements in the Nova Scotia economy relative to the standard will contribute to this decline. The estimate uses Nova Scotia's estimate of corporate and personal income taxes and results in an entitlement marginally lower than the official federal estimate.

The Canada Health and Social Transfer (CHST) cash entitlement is forecast to be just under \$1 million higher in 1997–98 than the estimate. In 1998–99, the CHST cash entitlement for Nova Scotia is estimated to be \$440.7 million, \$2.0 million higher than the 1997–98 forecast. This increase is primarily the result of an increase in the cash floor announced by the federal government. The total provincial entitlement is

comprised of the provincial allocation of a fixed national entitlement. The cash estimate reflects internal assumptions on the levels of personal and corporate income tax.

The HST Transitional Assistance represents the amortization of funds provided by the federal government to help offset the anticipated losses to the Province from adopting the Harmonized Sales Tax. Under the terms of the negotiated agreement, the federal government provided a total of \$249 million to the Province to assist with these losses over a four-year period. The amount included for 1997–98, \$118.6 million, represented an estimate of the total revenue loss for that year as calculated at the beginning of the period, April 1, 1997. The four-year fiscal plan tabled in the 1997–98 Government by Design document included \$77.7 million in the 1998–99 fiscal year and \$52.7 million in the 1999–00 fiscal year. The amortization of this transitional assistance was based on the anticipated revenue gap between the Harmonized Sales Tax and the previous Health Services Tax, which is expected to close over time as the economic benefits of harmonization accrue.

Using the same methodology as was used in 1997–98, the Province has reaffirmed the estimated revenue loss from harmonization for 1998–99 to be \$77.7 million.

Additional Information

In addition to the key economic and fiscal assumptions contained in the 1998–99 revenue estimates, the following information should also be taken into account when interpreting the revenue estimates.

The revenue estimates are considered to have been prepared on a basis consistent with accounting policies currently used

by the Province to record and/or recognize revenue for purposes of its traditional non-consolidated financial statements. It is acknowledged that the provincial estimates, including revenue estimates, provide information only on the consolidated fund.

The Department of Finance and other departments or agencies of the Province have prepared their specific revenue estimates for 1998–99 using a combination of current internal and external models and other information available. Every effort has been taken to ensure the integrity of the results of the models and other information. As actual or more current information becomes available, adjustments may be necessary to the projection of revenues.

The revenue forecast to be received through federal transfer payment programs pursuant to the Federal-Provincial Fiscal Arrangements Act incorporate official information released by the federal government as of May 30, 1998. Information currently available indicates that the Province will not qualify for stabilization payments during 1998–99. Prior Years' Adjustments are normally made to federal transfers and to income tax revenues. Current official information indicates there will not be any material Prior Years' Adjustments that have not already been taken into account.

Recoveries of expenditures, under various federal-provincial agreements or from other departments or entities, and user fees have been estimated and netted against departmental expenditures for purposes of approval of appropriations of 1998–99.

Any and all impacts or implications of the government's actions or plans to reduce or further control public-sector expenditures have been fully considered and appropriately reflected in the specific revenue estimates.

FINANCIAL AND SUPPLEMENTARY INFORMATION
to the Budget Address 1998-99

BUDGETARY SUMMARY

(\$ thousands)

Schedule 1

ACTUAL 1996-97	ESTIMATE 1997-98	FORECAST 1997-98		ESTIMATE 1998-99
4,246,045	4,240,674	4,441,017	Ordinary Revenue	4,382,718
3,347,486	3,305,270	3,514,350	Net Current Account Expenditures	3,539,857
35,627	31,510	55,237	Restructuring Costs	3,129
167,442	172,642	162,635	Net Capital Account Expenditures	147,838
3,550,555	3,509,422	3,732,222	Net Program Expenditures	3,690,824
811,082	855,180	803,640	Debt Servicing Costs	821,942
123,868	127,900	132,200	Sinking Fund Earnings	131,200
687,214	727,280	671,440	Net Debt Servicing Costs	690,742
8,276	3,972	37,355	Budgetary Surplus (Deficit)	1,152

ORDINARY REVENUE - SUMMARY*Schedule 2*

(\$ thousands)

ACTUAL	ESTIMATE	FORECAST		ESTIMATE
1996-97	1997-98	1997-98		1998-99
432	515	410	Agriculture and Marketing	515
1,133,992	384,726	363,729	Business and Consumer Services	394,187
770	801	701	Economic Development and Tourism	401
1,367	1,339	1,339	Environment	1,309
3,076,101	3,821,286	4,044,346	Finance	3,949,430
709	669	676	Fisheries and Aquaculture	649
10,061	9,500	10,184	Housing and Municipal Affairs	9,800
977	1,933	1,144	Justice	1,072
684	768	385	Labour	783
12,597	8,321	10,192	Natural Resources	7,571
8,355	10,816	7,911	Public Service	17,001
<hr/> 4,246,045 <hr/>	<hr/> 4,240,674 <hr/>	<hr/> 4,441,017 <hr/>		<hr/> 4,382,718 <hr/>

**NET CURRENT ACCOUNT EXPENDITURES -
SUMMARY**

Schedule 3

(\$ thousands)

ACTUAL 1996-97	ESTIMATE 1997-98	FORECAST 1997-98		ESTIMATE 1998-99
32,024	32,102	33,523	Agriculture and Marketing	34,296
35,129	38,063	38,307	Business and Consumer Services	29,213
544,931	548,245	557,295	Community Services	559,967
67,057	72,862	86,545	Economic Development and Tourism	58,903
737,043	742,727	737,534	Education and Culture	805,425
183,413	178,161	178,161	Assistance to Universities	183,674
16,654	18,053	17,026	Environment	16,023
8,782	9,666	9,446	Finance	9,781
6,198	6,144	6,363	Fisheries and Aquaculture	5,885
1,267,251	1,273,359	1,401,467	Health	1,431,055
75,168	77,537	78,420	Housing and Municipal Affairs	85,170
4,029	4,032	4,011	Human Resources	4,118
89,117	75,257	75,257	Justice	74,724
14,676	10,838	24,242	Labour	9,303
53,681	57,099	60,138	Natural Resources	54,984
45,729	45,248	54,140	Public Service	68,309
166,604	157,877	172,667	Transportation and Public Works	165,357
---	(42,000)	(20,192)	Unallocated Recoveries	(56,330)
3,347,486	3,305,270	3,514,350		3,539,857

**NET CAPITAL ACCOUNT EXPENDITURES -
SUMMARY**

Schedule 4

(\$ thousands)

ACTUAL 1996-97	ESTIMATE 1997-98	FORECAST 1997-98		ESTIMATE 1998-99
298	---	---	Agriculture and Marketing	---
---	1	1	Economic Development and Tourism	1
46,801	29,036	29,036	Education and Culture	23,768
4,419	4,819	4,819	Assistance to Universities	4,819
1,945	---	---	Environment	---
18,975	12,738	17,165	Health	24,047
18,144	25,726	18,244	Housing and Municipal Affairs	22,160
504	---	---	Justice	---
(4)	200	5	Natural Resources	80
2,028	2,158	2,158	Public Service	1,794
74,332	97,964	91,207	Transportation and Public Works	71,169
167,442	172,642	162,635		147,838

STATUTORY CAPITAL ITEMS - SUMMARY

(\$ thousands)

Schedule 5

ACTUAL 1996-97	ESTIMATE 1997-98	FORECAST 1997-98		ESTIMATE 1998-99
CAPITAL ADVANCES AND INVESTMENTS				
for which no Vote is required under the Appropriations Act. The following is given for information as to the proposed program under the respective statutes.				
Additional Advances and Investments (A)				
8,717	11,000	8,000	1. Fisheries Development Fund	11,000
20,786	8,768	12,904	2. Housing Development Fund	11,882
6,105	66,200	9,363	3. Industrial Development Act	75,000
22,391	54,300	39,606	6. Nova Scotia Business Development Corporation	64,000
22,406	30,000	26,505	7. Nova Scotia Farm Loan Board	30,000
80,405	170,268	96,378		191,882
Repayments (A)				
13,951	8,000	9,000	1. Fisheries Development Fund	8,000
17,746	17,887	13,598	2. Housing Development Fund	13,203
1,237	2,000	1,223	3. Industrial Development Act	3,000
92	85	29	4. Municipal Hospitals Loan Act	180
536	428	220	5. Municipal Loan and Building Fund Act	13
22,455	15,000	17,097	6. Nova Scotia Business Development Corporation	16,000
31,555	30,000	22,716	7. Nova Scotia Farm Loan Board	24,000
---	---	75	8. Venture Corporations Act	---
898	676	917	9. Miscellaneous	609
88,470	74,076	64,875		65,005
(8,065)	96,192	31,503	Net Capital Advances and Investments	126,877
3,007	3,300	3,057	Department of Transportation and Public Works machinery purchases financed through depreciation charges (B)	3,300

(A) - Spending Authority contained in the following Statutes. Borrowing provided for under the Appropriations Act.

1. Fisheries Development Act, Chapter 174 RS/89.
2. Housing Act, Chapter 211 RS/89.
3. Industrial Development Act (Industrial Expansion Fund), Chapter 222 RS/89.
4. Municipal Hospitals Loan Act (Municipal Hospital Loan Fund), Chapter 303 RS/89.
5. Municipal Loan and Building Fund Act, Chapter 305 RS/89.
6. Nova Scotia Business Development Corporation Act, Chapter 49 RS/89.
7. Agriculture and Rural Credit Act (Nova Scotia Farm Loan Board), Chapter 7 RS/89.
8. Venture Corporations Act, Chapter 488 RS/89.
9. Includes miscellaneous advances and repayments.

(B) - Spending Authority contained in the Public Highways Act.

HISTORICAL ANALYSIS OF ORDINARY REVENUES BY SOURCE

Schedule 6

	1994-95	1995-96	1996-97	FORECAST 1997-98	ESTIMATE 1998-99
REVENUE BY SOURCE <i>(\$ thousands)</i>					
Provincial Sources					
Personal Income Tax	883,197	888,376	951,529	996,941	980,752
Corporate Income Tax	107,880	88,596	112,310	121,682	122,622
Sales Tax	735,391	746,610	739,851	716,656	737,373
Tobacco Tax	60,423	67,712	86,344	70,800	76,505
Motive Fuel Taxes	195,633	197,486	198,668	202,800	207,300
Liquor Commission Profits	67,205	113,175	116,104	118,500	121,400
Gaming Corporation Profits	92,768	121,931	133,388	141,186	160,171
Interest Revenues	54,466	38,481	35,778	34,568	33,856
Registry of Motor Vehicles	70,990	56,046	58,624	53,980	57,100
Other Provincial Sources	107,085	103,164	159,040	228,984	179,722
Federal Sources					
Equalization	1,091,488	1,162,520	1,115,691	1,194,359	1,183,503
Established Programs Financing	392,256	357,405	---	---	---
Canada Assistance Plan	270,303	268,485	---	---	---
Canada Health and Social Transfer	---	---	536,412	438,669	440,647
Federal Compensation for Harmonization	---	---	---	118,600	77,700
Other Federal Sources	2,077	27,047	2,306	3,292	4,067
Total Ordinary Revenues	4,131,162	4,237,034	4,246,045	4,441,017	4,382,718

REVENUE BY SOURCE

(as a percentage of Total Ordinary Revenues)

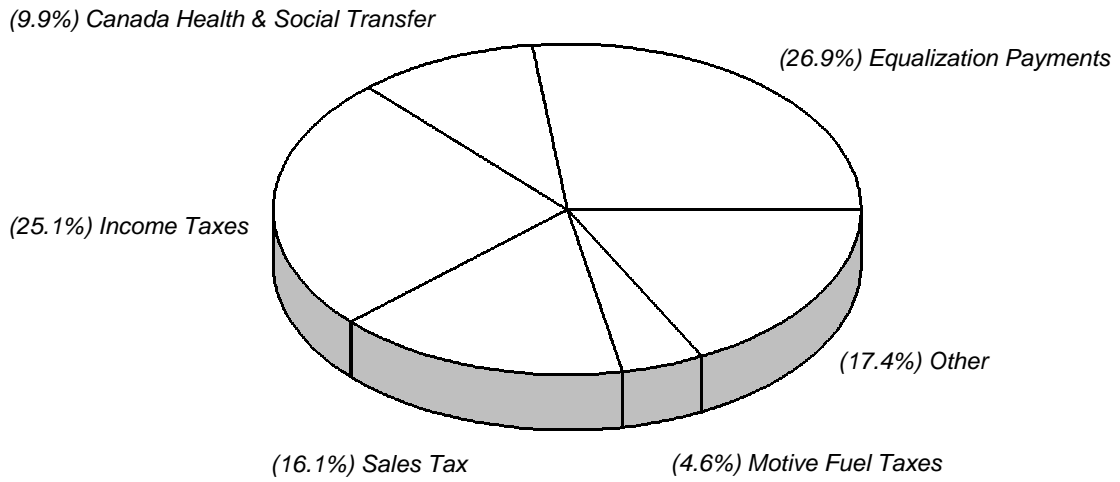
Provincial Sources					
Personal Income Tax	21.4%	21.0%	22.4%	22.4%	22.4%
Corporate Income Tax	2.6%	2.1%	2.6%	2.7%	2.8%
Sales Tax	17.8%	17.6%	17.4%	16.1%	16.8%
Tobacco Tax	1.5%	1.6%	2.0%	1.6%	1.7%
Motive Fuel Taxes	4.7%	4.7%	4.7%	4.6%	4.7%
Liquor Commission Profits	1.6%	2.7%	2.7%	2.7%	2.8%
Gaming Corporation Profits	2.2%	2.9%	3.1%	3.2%	3.7%
Interest Revenues	1.3%	0.9%	0.8%	0.8%	0.8%
Registry of Motor Vehicles	1.7%	1.3%	1.4%	1.2%	1.3%
Other Provincial Sources	2.6%	2.4%	3.7%	5.2%	4.1%
Total - Provincial Sources	57.5%	57.2%	61.0%	60.5%	61.1%
Federal Sources					
Equalization	26.4%	27.4%	26.3%	26.9%	27.0%
Established Programs Financing	9.5%	8.4%	---	---	---
Canada Assistance Plan	6.5%	6.3%	---	---	---
Canada Health and Social Transfer	---	---	12.6%	9.9%	10.1%
Federal Compensation for Harmonization	---	---	---	2.7%	1.8%
Other Federal Sources	0.1%	0.6%	0.1%	0.1%	0.1%
Total - Federal Sources	42.5%	42.8%	39.0%	39.5%	38.9%
Total Ordinary Revenues	100.0%	100.0%	100.0%	100.0%	100.0%

NOTE: Ordinary Revenues include Prior Years' Adjustments.

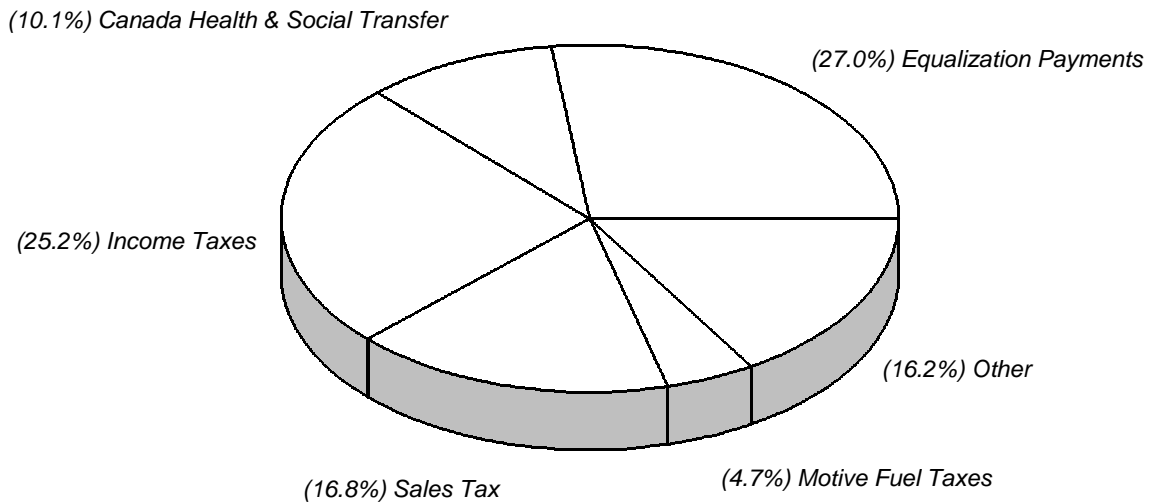
ORDINARY REVENUES BY SOURCE

Chart 1

1997-98



1998-99



**HISTORICAL ANALYSIS OF TOTAL
NET EXPENDITURES BY FUNCTION**

Schedule 7

	1994-95	1995-96	1996-97	FORECAST 1997-98	ESTIMATE 1998-99
FUNCTION					
<i>(\$ thousands)</i>					
General Government	111,052	109,442	130,998	142,163	68,563
Public Protection	113,871	162,616	140,133	133,387	139,232
Transportation	220,636	241,310	210,206	216,571	193,264
Resource Development	167,003	167,947	144,209	160,366	141,092
Health	1,273,596	1,329,658	1,318,899	1,464,940	1,474,107
Social Services	526,512	544,450	547,898	571,148	556,139
Education	1,003,083	963,562	953,564	938,617	999,332
Culture and Recreation	39,476	36,782	37,115	38,924	38,286
Municipal Affairs	109,248	102,181	67,533	66,106	80,809
Total Net Program Expenditures	3,564,477	3,657,948	3,550,555	3,732,222	3,690,824
Debt Servicing Costs	911,626	896,588	811,082	803,640	821,942
Total Net Expenditures	4,476,103	4,554,536	4,361,637	4,535,862	4,512,766

FUNCTION
(as a percentage of Total Ordinary Revenues)

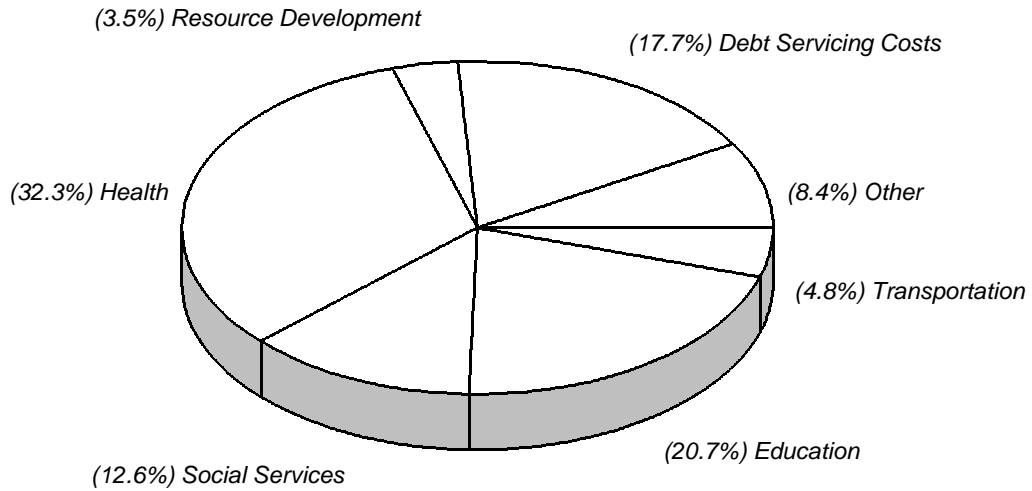
General Government	2.5%	2.4%	3.0%	3.1%	1.5%
Public Protection	2.5%	3.6%	3.2%	2.9%	3.1%
Transportation	4.9%	5.3%	4.8%	4.8%	4.3%
Resource Development	3.7%	3.7%	3.3%	3.5%	3.1%
Health	28.5%	29.2%	30.2%	32.3%	32.7%
Social Services	11.8%	12.0%	12.6%	12.6%	12.3%
Education	22.4%	21.2%	21.9%	20.7%	22.1%
Culture and Recreation	0.9%	0.8%	0.9%	0.9%	0.8%
Municipal Affairs	2.4%	2.2%	1.5%	1.5%	1.8%
Total Net Program Expenditures	79.6%	80.3%	81.4%	82.3%	81.8%
Debt Servicing Costs	20.4%	19.7%	18.6%	17.7%	18.2%
Total Net Expenditures	100.0%	100.0%	100.0%	100.0%	100.0%

NOTE: Total Net Expenditures include Net Current Account Expenditures, Restructuring Costs, Net Capital Account Expenditures and Debt Servicing Costs.

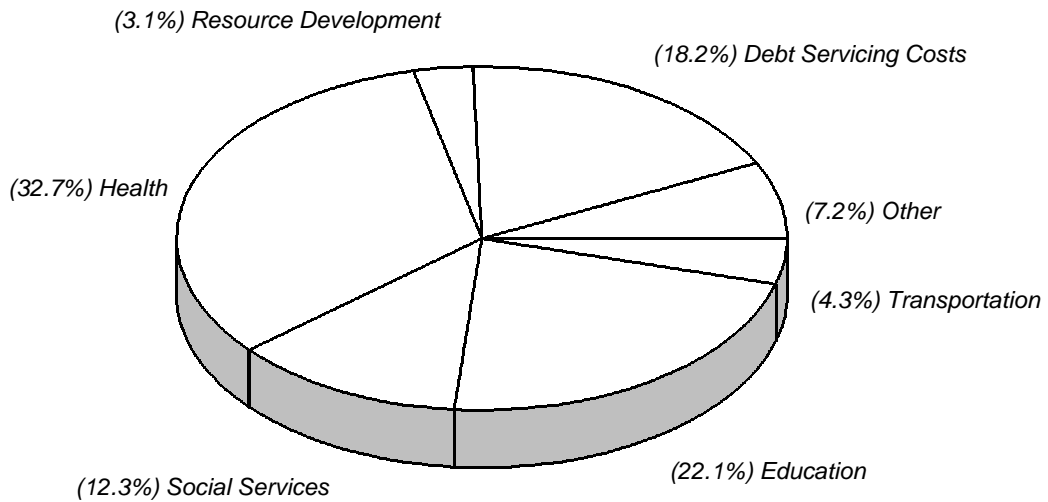
TOTAL NET EXPENDITURES BY FUNCTION

Chart 2

1997-98



1998-99



NOTE: Total Net Expenditures include Net Current Account Expenditures, Restructuring Costs, Net Capital Account Expenditures and Debt Servicing Costs.

**NET ORDINARY EXPENDITURES
BY FUNCTION**

Schedule 8

	1994-95	1995-96	1996-97	FORECAST 1997-98	ESTIMATE 1998-99
FUNCTION					
<i>(\$ thousands)</i>					
General Government	111,074	96,522	128,780	135,451	63,689
Public Protection	109,591	156,231	135,397	133,056	138,736
Transportation	123,215	109,289	145,168	136,638	130,315
Resource Development	148,302	152,788	143,468	159,304	140,896
Health	1,209,430	1,279,837	1,299,551	1,447,377	1,449,660
Social Services	526,476	544,083	547,840	571,148	556,139
Education	969,839	920,446	900,360	902,350	968,570
Culture and Recreation	37,204	34,660	34,484	36,401	36,492
Municipal Affairs	69,150	46,489	48,065	47,862	58,489
Total Net Program Expenditures	3,304,281	3,340,345	3,383,113	3,569,587	3,542,986
Debt Servicing Costs	911,626	896,588	811,082	803,640	821,942
Total Net Ordinary Expenditures	4,215,907	4,236,933	4,194,195	4,373,227	4,364,928

**NET CAPITAL EXPENDITURES
BY FUNCTION**

Schedule 9

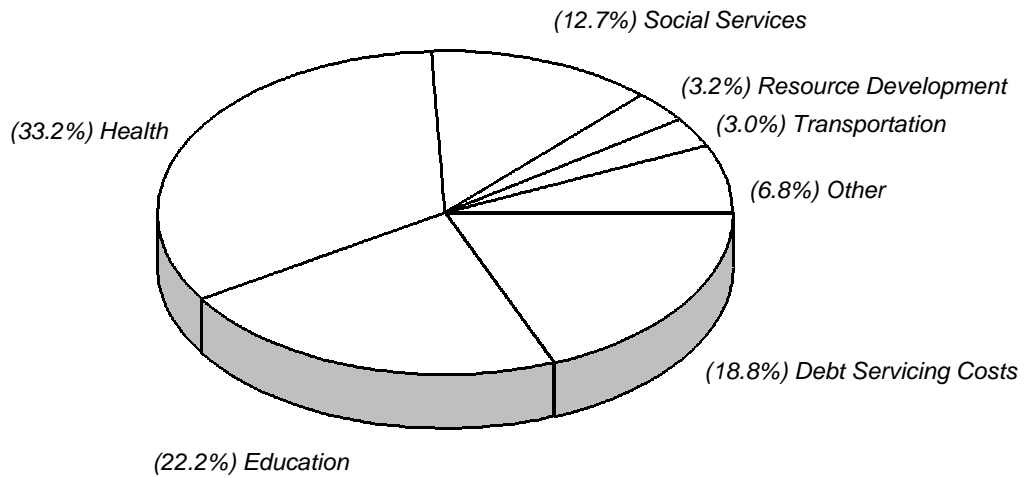
	1994-95	1995-96	1996-97	FORECAST 1997-98	ESTIMATE 1998-99
FUNCTION					
<i>(\$ thousands)</i>					
General Government	(22)	12,920	2,218	6,712	4,874
Public Protection	4,280	6,385	4,736	331	496
Transportation	97,421	132,021	65,038	79,933	62,949
Resource Development	18,701	15,159	741	1,062	196
Health	64,166	49,821	19,348	17,563	24,447
Social Services	36	367	58	---	---
Education	33,244	43,116	53,204	36,267	30,762
Culture and Recreation	2,272	2,122	2,631	2,523	1,794
Municipal Affairs	40,098	55,692	19,468	18,244	22,320
Total Net Capital Expenditures	260,196	317,603	167,442	162,635	147,838

NOTE: Total Net Program Expenditures include Net Current Account Expenditures and Restructuring Costs.

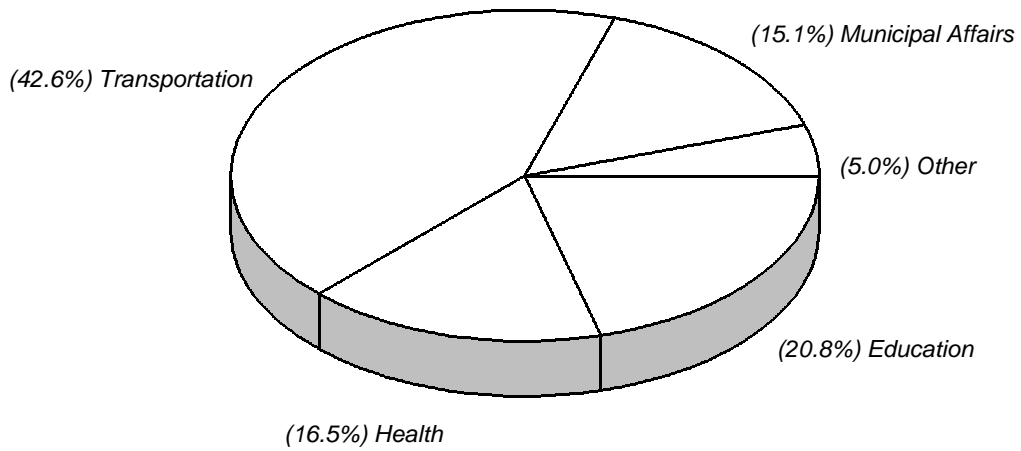
**NET ORDINARY AND CAPITAL EXPENDITURES
BY FUNCTION**

Chart 3

**NET ORDINARY EXPENDITURES
1998-99**



**NET CAPITAL EXPENDITURES
1998-99**



**SUMMARY OF REVENUES AND EXPENDITURES
BY SOURCE AND FUNCTION**

Schedule 10

(\$ thousands)

<i>ESTIMATE</i> 1997-98	<i>FORECAST</i> 1997-98	<i>CHANGE OVER ESTIMATE</i> 1997-98		<i>ESTIMATE</i> 1998-99
NET REVENUES BY SOURCE				
Provincial Sources				
939,079	996,941	57,862	Personal Income Tax	980,752
113,044	121,682	8,638	Corporate Income Tax	122,622
668,879	716,656	47,777	Harmonized Sales Tax	737,373
75,800	70,800	(5,000)	Tobacco Tax	76,505
199,500	202,800	3,300	Motive Fuel Taxes	207,300
116,693	118,500	1,807	Liquor Commission Profits	121,400
143,024	141,186	(1,838)	Gaming Corporation Profits	160,171
33,664	34,568	904	Interest Revenues	33,856
56,200	53,980	(2,220)	Registry of Motor Vehicles	57,100
185,615	153,038	(32,577)	Other Provincial Sources	179,722
Federal Sources				
1,149,788	1,194,359	44,571	Equalization	1,183,503
437,771	438,669	898	Canada Health and Social Transfer	440,647
118,600	118,600	---	Federal Compensation for Harmonization	77,700
3,017	3,292	275	Other Federal Sources	4,067
---	75,946	75,946	Prior Years' Adjustments - Federal-Provincial Fiscal Arrangements	---
4,240,674	4,441,017	200,343	Total Net Revenues	4,382,718
NET EXPENDITURES BY FUNCTION				
109,866	142,163	32,297	General Government	68,563
133,623	133,387	(236)	Public Protection	139,232
209,977	216,571	6,594	Transportation	193,264
145,155	160,366	15,211	Resource Development	141,092
1,314,237	1,464,940	150,703	Health	1,474,107
544,531	571,148	26,617	Social Services	556,139
937,828	938,617	789	Education	999,332
37,611	38,924	1,313	Culture and Recreation	38,286
76,594	66,106	(10,488)	Municipal Affairs	80,809
3,509,422	3,732,222	222,800	Total Net Program Expenditures	3,690,824
727,280	671,440	(55,840)	Net Debt Servicing Costs	690,742
4,236,702	4,403,662	166,960	Total Net Expenditures	4,381,566
3,972	37,355	33,383	BUDGETARY SURPLUS (DEFICIT)	1,152

REAL DOMESTIC PRODUCT
(Constant 1992 \$ millions)

Schedule 11

YEAR	NOVA SCOTIA		CANADA	
	RDP at (1) FACTOR COST	GROWTH RATE %	RDP at (2) FACTOR COST	GROWTH RATE %
1992	15,672		604,275	
1993	15,853	1.2	619,194	2.5
1994	15,913	0.4	643,063	3.9
1995	16,097	1.2	655,088	1.9
1996	16,174	0.5	665,277	1.6
1997	16,493 *	2.0	691,361 *	3.9
1998	17,110 p	3.7	717,536 p	3.8
1999	17,526 p	2.4	740,169 p	3.2

1 Source: Statistics Canada, Provincial Gross Domestic Product by Industry and Nova Scotia Department of Finance

2 Source: Statistics Canada, Gross Domestic Product by Industry

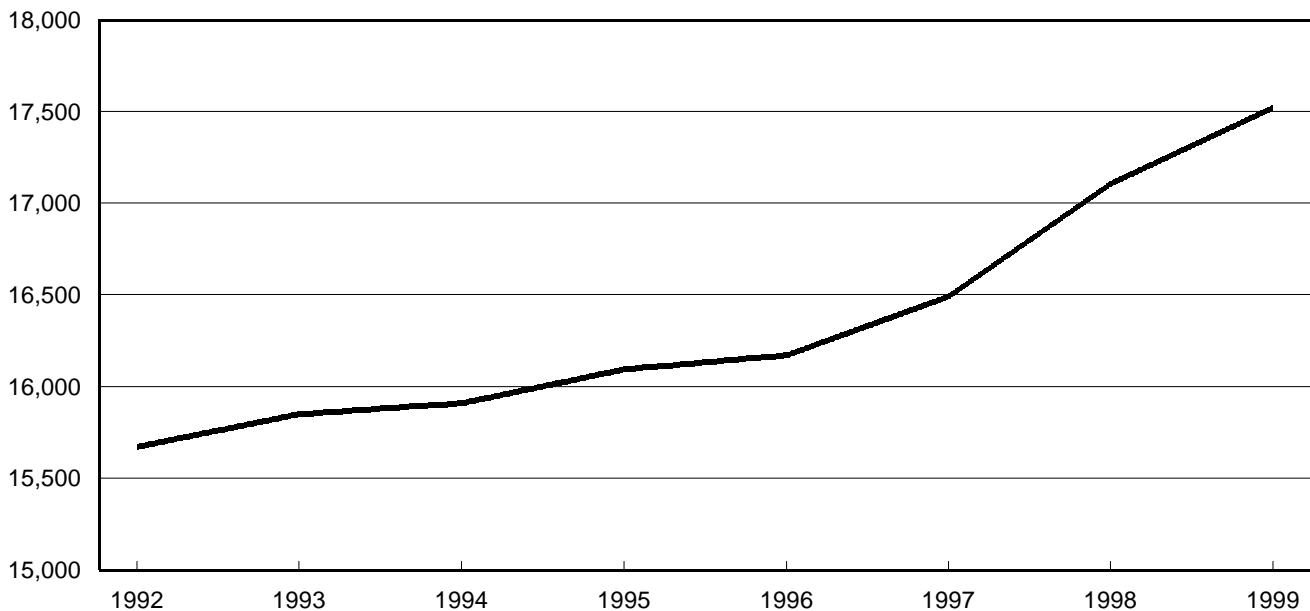
* Preliminary Actuals; Source: Statistics Canada

p Preliminary Projections; Source: Nova Scotia Department of Finance

Note: Statistics Canada has rebased Real Domestic Product to 1992 dollars. The earliest year for which the newly rebased figures are available is 1992.

Nova Scotia Real Domestic Product at Factor Cost

(Constant 1992 \$ millions)



GROSS DOMESTIC PRODUCT
at MARKET PRICES
 (Constant 1992 \$ millions)

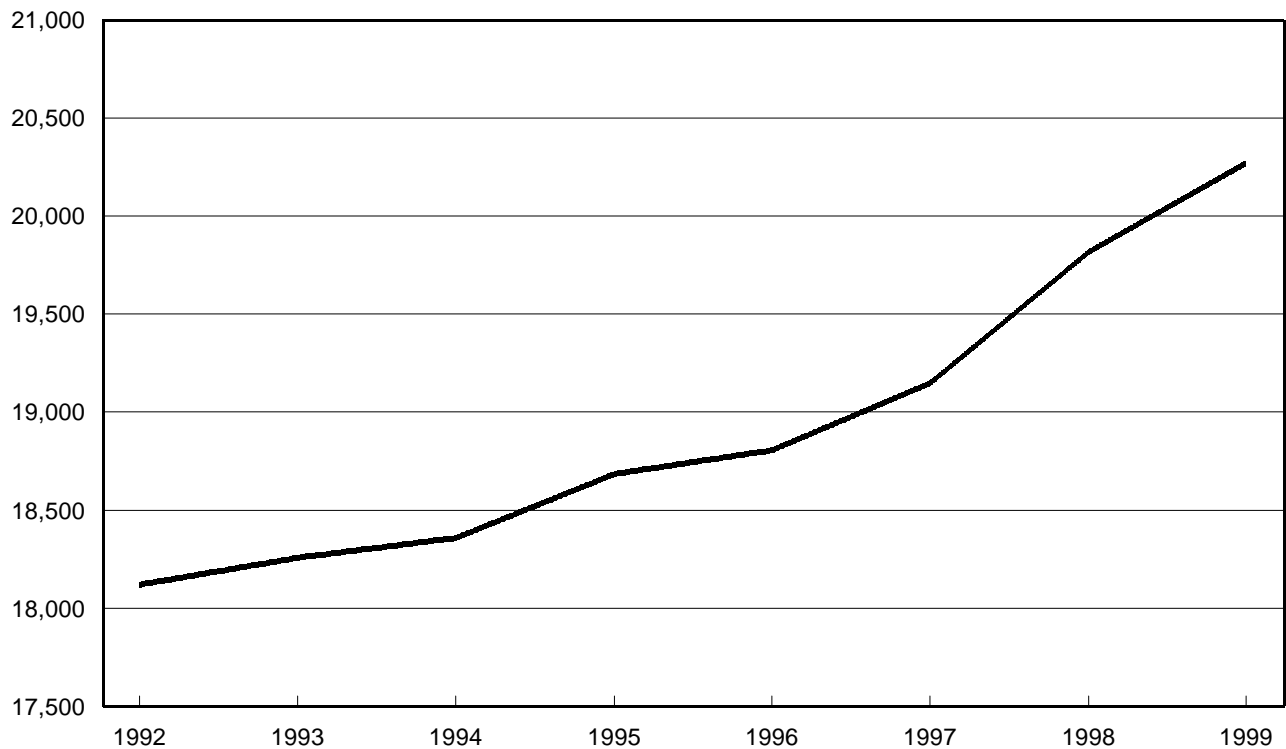
Schedule 12

YEAR	NOVA SCOTIA (1)	GROWTH RATE %	CANADA (2)	GROWTH RATE %
1992	18,125		628,575	
1993	18,260	0.7	716,123	13.9
1994	18,363	0.6	744,220	3.9
1995	18,689	1.8	760,309	2.2
1996	18,810	0.6	769,730	1.2
1997	19,151 *	1.8	799,142 *	3.8
1998	19,820 p	3.5	827,739 p	3.6
1999	20,276 p	2.3	851,474 p	2.9

- 1 Source: Statistics Canada, Provincial Economic Accounts
- 2 Source: Statistics Canada, National Income and Expenditure Accounts
- * Preliminary Actuals; Source: Statistics Canada
- p Preliminary Projections; Source: Nova Scotia Department of Finance

Nova Scotia Gross Domestic Product at Market Prices

(Constant 1992 \$ millions)



PERSONAL INCOME PER CAPITA
(dollars)

Schedule 13

YEAR	NOVA SCOTIA (1)	% CHANGE	CANADA (1)	% CHANGE
1986	13,737	5.0	16,305	5.7
1987	14,742	7.3	17,371	6.5
1988	15,696	6.5	18,815	8.3
1989	16,679	6.3	20,095	6.8
1990	17,729	6.3	21,141	5.2
1991	18,300	3.2	21,549	1.9
1992	18,602	1.7	21,592	0.2
1993	18,747	0.8	21,729	0.6
1994	18,752	0.0	21,879	0.7
1995	19,015	1.4	22,470	2.7
1996	19,136	0.6	22,711	1.1
1997	19,387 *	1.3	22,985 *	1.2
1998	20,150 p	3.9	23,643 p	2.9
1999	20,734 p	2.9	24,380 p	3.1

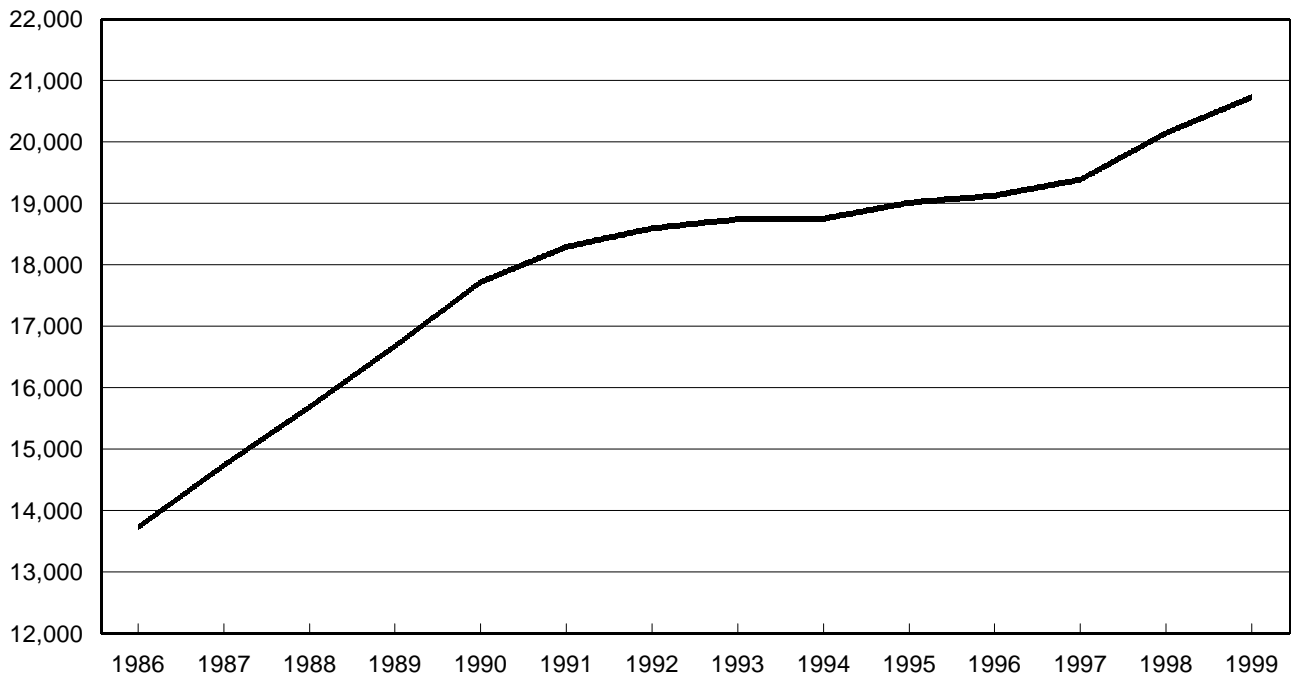
1 Source: Statistics Canada, Provincial Economic Accounts and Nova Scotia Department of Finance

* Preliminary Actuals; Source: Statistics Canada

p Preliminary Projections; Source: Nova Scotia Department of Finance

Personal Income Per Capita in Nova Scotia

(dollars)



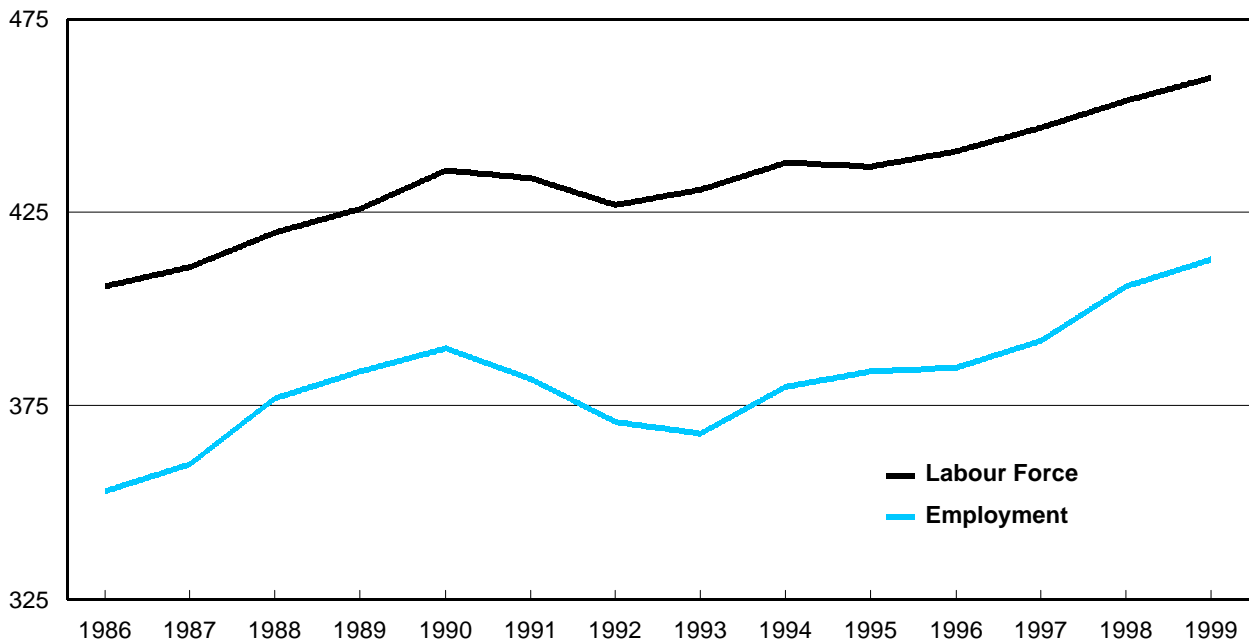
NOVA SCOTIA LABOUR MARKET
(thousands of persons)

Schedule 14

YEAR	LABOUR FORCE (1)	% CHANGE	EMPLOYMENT (1)	% CHANGE
1986	406	2.0	353	2.6
1987	411	1.2	360	2.0
1988	420	2.2	377	4.7
1989	426	1.4	384	1.9
1990	436	2.3	390	1.6
1991	434	(0.5)	382	(2.1)
1992	427	(1.6)	371	(2.9)
1993	431	0.9	368	(0.8)
1994	438	1.6	380	3.3
1995	437	(0.2)	384	1.1
1996	441	0.9	385	0.3
1997	447	1.4	392	1.8
1998	454 p	1.6	406 p	3.6
1999	460 p	1.3	413 p	1.7

1 Source: Statistics Canada, Historical Labour Force Statistics
p Preliminary Projections; Source: Nova Scotia Department of Finance

Nova Scotia Labour Market
(thousands of persons)



UNEMPLOYMENT
(thousands of persons)

Schedule 15

YEAR	NOVA SCOTIA (1)		CANADA (1)	
	UNEMPLOYED	UNEMPLOYMENT RATE %	UNEMPLOYED	UNEMPLOYMENT RATE %
1986	53	13.1	1,283	9.6
1987	51	12.4	1,208	8.9
1988	43	10.2	1,082	7.8
1989	42	9.9	1,065	7.5
1990	46	10.6	1,164	8.1
1991	52	12.0	1,492	10.4
1992	56	13.1	1,640	11.3
1993	63	14.6	1,649	11.2
1994	58	13.2	1,541	10.4
1995	53	12.1	1,422	9.5
1996	56	12.7	1,469	9.7
1997	55	12.3	1,413	9.2
1998	48 p	10.6	1,330 p	8.5
1999	47 p	10.2	1,290 p	8.1

1 Source: Statistics Canada, Historical Labour Force Statistics
p Preliminary Projections; Source: Nova Scotia Department of Finance

Note: The unemployment statistics shown in this table are annual averages of the monthly indices.

Unemployment Rate in Nova Scotia

(Per Cent)

