

The **Budget** in Brief

2002-03

APRIL 4, 2002



A Balanced Approach

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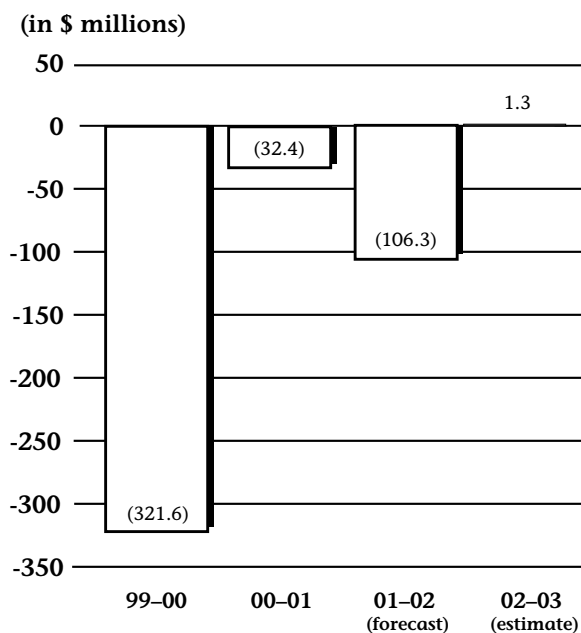
FINALLY ... A BALANCED BUDGET

The 2002–03 budget is Nova Scotia’s first balanced budget in 40 years. The government is estimating a surplus of \$1.3 million for the fiscal year, achieved through a combination of increased revenues and spending reductions.

Nova Scotia now applies the most transparent and thorough accounting practices in the country to its budget, following generally accepted accounting principles (GAAP).

The 2001–02 budget deficit, originally estimated at \$91 million, is now forecast to be \$106 million.

1999–00 to 2002–03 Provincial Surplus (Deficit)



(Deficit) Surplus before Provision for Sysco (99–00) and Gain on Sale of NSRL (00–01).

Difficult but necessary choices

Revenues for 2002–03 are estimated at \$5.3 billion—a 3.1 per cent, or \$159 million, increase over last year. Increased employment and consumer spending are expected through 2002, fueling increases in provincial income and sales taxes.

Fee increases are expected to contribute \$26.7 million in additional revenue. The government estimates that \$23.2 million will be raised by the two-cent per-litre increase in motive fuel taxes, and an increase in tobacco tax (\$5 per carton of cigarettes) will provide another \$23.6 million.

The province has directed the Nova Scotia Liquor Corporation to increase profits by \$15 million, and the Nova Scotia Gaming Corporation is expecting a \$13 million increase in its revenues.

Investing in Nova Scotia’s priorities

Net program expenses are estimated to be \$4.46 billion, an increase of \$45 million from the 2001–02 forecast.

Health spending leads the way, with a \$134 million increase over 2001–02. Education spending is also up, by \$23 million. Spending in many others areas of government was held virtually flat or reduced. Salary increases account for the majority of expenditure increases.

A new Department of Energy will be created to implement the government’s Energy Strategy and ensure the province is positioned to capitalize on Nova Scotia’s offshore resources. The Department of Economic Development and the Technology and Science Secretariat have been merged into a new Office of Economic Development.



Health Care: Nova Scotia's number one priority

Fully 44 per cent of government's program spending (not including debt servicing) is in health care. The Health budget will climb to \$1.98 billion in 2002-03, a \$134 million increase over the previous year. The province's nine district health authorities will receive \$61 million in additional funding. Funding for Long Term Care increased by \$23 million; Home Care funding increased by \$7 million; and \$7.8 million will be invested in health information systems.

Summary of Health Spending (forecast 2001-02 to estimate 2002-03) (in \$ millions)

District health authorities	61.0
Medical payments (physicians)	25.0
Long Term Care	23.0
Home Care Services	7.0
Emergency Health Services	4.7
Pharmacare	4.5
Health information system	7.8
Others (net)	1.0
Total Increased Health Spending	134.0

Education: Focusing on fundamentals

The budget funds continued and enhanced programs in reading, writing and mathematics.

The Education budget is increasing by \$23 million. Public school education funding has increased by \$19 million. Public school enrolment will decline by about 2,200 students this year.

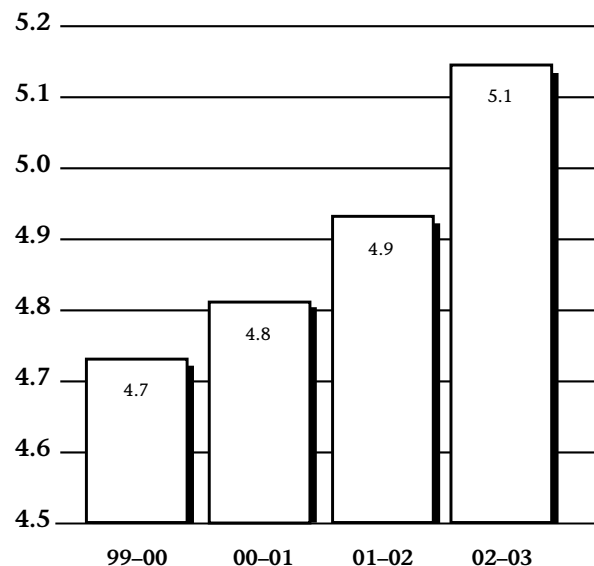
Despite the drop in student numbers, the government has increased funding to public schools by nearly \$28 million over the last two years.

More than \$86 million will be spent on school construction and renovations.

University funding is unchanged at \$201.7 million. The Nova Scotia Community College budget has increased by \$4 million, to cover increased salaries.

Funding Per Student

(in \$ thousands)



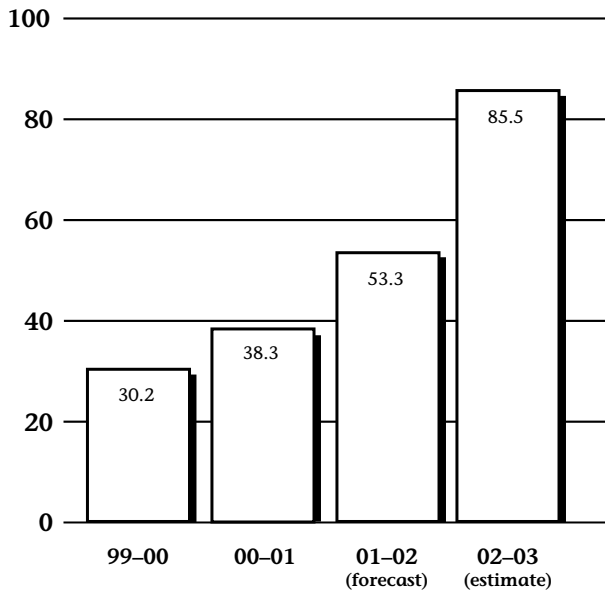


\$85 million for roads

In 2002–03, the government will spend \$85.5 million improving Nova Scotia’s highways, bridges, and roads. That is a \$32 million increase from 2001–02, and \$55 million more than 1999–2000. All revenue from a two-cent per-litre increase in gasoline tax is included and will be dedicated to improving Nova Scotia’s highways, bridges, and roads.

Capital Spending on Highways* 1999–00 to 2002–03

(in \$ millions)



*Includes spending on roads, bridges, land, and ferries.

Nova Scotia’s economy: Positive growth

The North American economic downturn in 2001 added uncertainty to economic projections for the year. Real GDP growth is now pegged at 1.5 per cent. Despite the slower growth, Nova Scotia’s economy produced some 3,800 new jobs last year.

For 2002, the province is forecasting annual growth of 1.9 per cent. Growth should accelerate later in the year, leading into 2003, when GDP is expected to increase by 3.7 per cent.

In 2002, the provincial economy is expected to create another 3,000 jobs, for a 0.7 per cent increase in total employment. Personal income is expected to grow by 2.7 per cent. Offshore activity continues to act as a significant economic stimulator for the province.

Provincial Forecast Assumptions

	% change		
	2001	2002	2003
Real GDP, 1997\$	1.7	1.9	3.7
Employment	0.9*	0.7	2.1
Personal Income	3.1	2.7	4.1
Consumer Price Index	1.8*	1.5	2.0

Sources: *Statistics Canada (actual 2001);
Nova Scotia Department of Finance

Forecast Date March 6, 2002

For other 2002–03 budget information, visit the Department of Finance website at <www.gov.ns.ca/finance>.