

April 26, 2011

Honourable Graham Steele
Department of Finance
1723 Hollis Street, 17th floor
PO Box 187
Halifax, NS B3J 2V3

Re: 2011-12 Provincial Budget

Dear Minister Steele:

We were pleased to see your government's continued focus on getting back to balance in this year's provincial budget – a commitment to reducing debt servicing costs, streamlining government activities to reduce costs and improve services, and continuously review departmental programs for effectiveness and affordability are commendable initiatives. The announcement for a further reduction in the Small Business Tax Rate from 4.5% to 4% was received positively.

That being said, a comparatively heavy tax burden continues to plague our province and our local businesses. This presents challenges to attracting and retaining business and employees.

In our annual pre-budget submission, we stated that we want to see lower corporate income tax rates, reduced regulatory burdens for the business community, and a reduction in the Small Business Tax Rate to 3%. We will continue to advocate for these important issues for our members.

Furthermore, spending in last year's fiscal projection for 2013-14 was almost \$200 million lower than it is in this year's fiscal projection for 2013-14 – and while much ado was made of the government's announcement of a \$447 million surplus, the Chamber remains concerned with our province's unsustainable expenditure path. As we know, last year's surplus was due to a decrease in department spending but also in large part to unanticipated year-end adjustments and higher tax revenues, including the HST increase. It is important to note that program spending continues to increase as well as our debt burden. We need to get off this dangerous path.

Finally, much attention was given to the province's Expenditure Management Initiative (EMI) in last year's budget – yet this initiative appeared to receive considerably less attention in this year's budget. The Chamber has supported the EMI, and will hold the government accountable to its commitment to the initiative. The Chamber requests a status update on the EMI. What has been accomplished thus far through the initiative? How much have we saved, and what further measures or savings are forthcoming? An update on what productivity and innovation initiatives are underway within government itself would be good first step.

In summary, we want this government to continue to live within its means, get back to balance, and continue to improve the local business climate in Nova Scotia through successful implementation of the jobsHere strategy.

An improved fiscal capacity will be the ultimate stimulus package for the business community by reducing cost and making our province more attractive for businesses hoping to relocate here.

Sincerely,

A handwritten signature in cursive script that reads "Nancy". The signature is written in black ink and has a long, sweeping underline that extends to the right.

Nancy M. Conrad

Senior Vice President, Policy