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HALIFAX, NOVA SCOTIA  
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REC'D - HALIFAX  
09-04-2008  
CHAMBER OF COMM.

April 7, 2008

Ms. Valerie A. Payn  
President  
Halifax Chamber of Commerce  
656 Windmill Road, Suite 200  
Dartmouth, NS B3B 1B8

Dear Ms. Payn:

Your release dated April 2<sup>nd</sup> which refers to our Government's year-end appropriations and which appears on the Chamber website is inaccurate and misleading.

First and foremost, the spending which occurred at the end of our fiscal year is not in any conceivable way a "windfall," as you claim on your website. Windfalls, by their nature, are special and unexpected. Spending at the end of the fiscal year by all governments in Canada is normal - if they have managed prudently throughout the year to create the conditions for additional spending. For example, this year, the Ontario government had year-end spending totaling \$2.6 billion, and New Brunswick's year-end spending was \$261 million.

Our year-end appropriations track the average of such spending since 1999. Since 1999, the Government of Nova Scotia's supplemental appropriations have averaged about \$230 million a year. This is a result of prudent fiscal management in the course of a year. A much bigger problem than having money to spend at the end of the year would be to manage so that you ended with an unexpected deficit. I hasten to add that such year-end appropriations come after our debt payment.

Naturally, you are asking why we didn't put all of the excess on the debt. This is an option for any Canadian government. We believe the most prudent decision was the one we took which was to lessen pressures on the future by making strategic investments, such as university education, where the bulk of the funding went.

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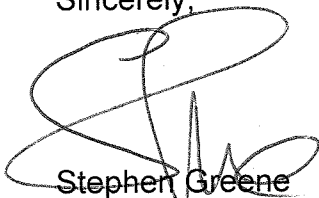
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As some of your own members have told us, we are moving into uncertain economic times. We know that many of your members are forecasting tough times ahead in their own businesses. If their revenues are down, ours will be down. If ours are down, we will have to choose between cutting vital programs and services or raising taxes to remain balanced. We made strategic investments this year because perhaps next year we might not be able to. The uncertain economic picture is compounded by the fact that Nova Scotia's equalization payments are tied to the well-being of the Ontario economy, which has been performing less well than ours recently. If the Ontario economy falters, our equalization payments will decline almost regardless what happens in the Nova Scotia economy.

Our proudest achievement, as a government, has been the debt payments we have made every year since 2001 and the fact that our debt has been declining since Rodney MacDonald became Premier. We, together with organizations such as yours, have changed the political culture in the province so that debt payments are not seen as startling news - they are expected. The debate has changed from creating the conditions for debt payment to maintaining those conditions for the long term. We know that Nova Scotia's ability to continue to attract new businesses depends on our government's ability to continue paying down debt until it's gone. Rest assured that paying down debt comes before all other policies.

I hope you will make this letter available to your members and correct the misleading release you have on your website.

Sincerely,



Stephen Greene  
Deputy Chief of Staff

copy: Mr. John Rogers, Chair, Halifax Chamber of Commerce Executive  
Halifax Chamber of Commerce Board of Directors