

Liberal Response to Halifax Chamber of Commerce Survey

1. What specific measures would your government take to stimulate our economy?

The conservative government has refused to respond to the economic downturn in a timely manner and has instead decided to put politics ahead of governing. On October 31, 2008 I asked the Premier to meet with myself and the official opposition to come up with solutions to help move our province out of this downturn. The Premier refused my request. The Premier decided to make Nova Scotia the last province to bring forward a budget and the last province to respond to this downturn. Nova Scotia deserves better than the governance we have received over the past three years.

A Liberal government will stimulate the Nova Scotia economy in a smart, responsible and immediate manner. Under the leadership of Stephen McNeil, a new Liberal government will:

- **Lower the small business tax rate from 5 per cent to 1 per cent**
- **Create a micro-credit loans program within Nova Scotia Business to ensure small businesses have access to the capital necessary to grow and expand their operations**
- **Govern the province of Nova Scotia with sound fiscal management, stop the current conservative government practice of playing political games with taxpayers money and will not spend money that we simply do not have**
- **Ensure that financial lending to the business community is administered through a business lens and not a political one**
- **Remove the expensive and ineffective gas regulation system and cut the provincial motive fuel tax by four cents per litre – at a minimum of one cent per year. These initiatives will enable our businesses to be more competitive.**

2. What in your view, is an acceptable debt level as a percentage of GDP for the province (35%, 25%, 10% or 0% of GDP)? In 2008-2009 Debt to GDP was 35%. [1]

The provincial debt in Nova Scotia is a crippling burden that must be eradicated swiftly and responsibly. Annual debt servicing costs are almost \$1 billion. Debt servicing money could be used for enhancing economic development, invigorating our offshore energy development, a better education system for our children, and more healthcare professionals to ensure better access to our public health system.

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There is no question that debt reduction needs to be a long term commitment from Nova Scotia elected officials.

3. Since provincial revenues are declining, tough choices are needed. Please rank each of the following as to how your government would address declining revenues:

___ Cuts to Program Spending

___ Cuts to Departmental Spending

___ Tax and Fee Increases

___ Deficits

Please allocate 100% across the four options.

The conservative government has significantly grown the size of our government over the past few years. In 1999 the provincial budget was roughly \$5 billion. It has now grown to almost \$9 billion in just ten short years.

Growth in provincial revenues has slowed over the past two years. However, the choices provided above may not be the only options available if we can create economic growth and grow the tax base of Nova Scotia. The Liberal Party is committed to strategic tax cuts and additional programs that we believe will provide immediate assistance to the business community. In addition, we believe our commitments will have lasting benefits and make our province more competitive in the economy that emerges from this global downturn.

Having said that, our party does believe that we need to take a strategic look at the programs and services being offered by our province and establish whether they are efficient and the best use of taxpayer's money.

4. Health care costs now make up more than 38% of provincial expenditures. How would your government control health care costs and how would that impact the current standard of care?

The Conservative government promised in 1999 to fix health care for an additional \$46 million. However, the health care budget in this province has grown by over \$1.6 billion in the past decade. We need to spend smarter.

The Liberal plan, page 19, states that a Liberal government will create a Healthcare Sustainability Council to provide guidance and recommendations to ensure an efficient and sustainable healthcare system. No other political party is speaking to

the issue of sustainability when it comes to health care.

The Liberal party is also making a few key investments in wellness initiatives today that will reduce health care costs down the road. Included in these investments are support for an all-ages physical activity strategy (to be paid for through an increase in tobacco taxes), additional support for the tobacco control strategy (again paid for through an increase in tobacco taxes) and an investment in insulin pumps for children 18 and under.

Research shows that a 10% decrease in inactivity rates will yield \$24.7 million in savings on our health care system. In terms of diabetes, we pay \$176 million in direct health care costs to treat diabetes and its serious complications. Research shows that for every \$1 invested in managing diabetes effectively (i.e. insulin pumps) government saves \$4 across the healthcare system.

5. What specific changes to Nova Scotia's tax system would your government make?

A Liberal government has been committed to stimulating the small business community by lowering the corporate tax rate on the first \$400,000 of taxable income (commonly known as the Small Business Tax Rate) from 5% to 1%. This would equate to an 80% reduction on taxable income below \$400,000. Our party believes that this tax cut will provide businesses with the necessary stimulus to help move through this downturn and be competitively positioned for success.

In addition to the small business tax cut we will also lower the Motive Fuel Tax by four cents a litre. Nova Scotia has the second highest tax on petroleum products in all of Canada. This high tax has made our Nova Scotia companies who rely on petroleum products as a necessary input uncompetitive. Rising petroleum costs have placed a significant cost pressure on our business community and the provincial government should ensure that our tax rate is competitive with our neighboring jurisdictions.

Our Liberal government will also complete the comprehensive review of our taxation system currently being undertaken within the Department of Finance. A review is necessary to ensure that the Nova Scotia taxation system is providing the balance between revenue for programs and services and fair and competitive taxation.

6. Would your government support an amalgamated transportation authority for Halifax?

Transportation planning is a key component to the long term success of Halifax and Nova Scotia. There is no doubt that there needs to be enhanced coordination of transportation planning and development. While the idea of an amalgamated transportation authority has merit, it would be first important to bring forward

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representatives from the business community, residents, the respective transportation entities, the provincial government and the municipal government to assess options for bringing focus and coordination to these pressing issues.

A comprehensive analysis assessing the costs and benefits of such an initiative as well as the consultations discussed above would be required before fully implementing an amalgamated authority.