



Halifax Chamber of Commerce
Attn.: Nancy Bray
656 Windmill Road
Dartmouth, Nova Scotia
B3B 1B8

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Via email: nancyb@halifaxchamber.com

Dear Ms Bray:

On behalf of Darrell Dexter, Leader of the New Democratic Party, I write to enclose the response of the NDP to the election questionnaire distributed by the Halifax Chamber of Commerce.

I trust that your members will have the opportunity to review these answers in informing their voting intentions in this election. More details on our platform, *Better Deal 2009*, are available on our website at <http://www.ns.ndp.ca/>.

We thank you for the opportunity to outline our positions on these important issues.

Best regards,

Dan O'Connor

Dan O'Connor
Chief of Staff to Darrell Dexter
Leader, Nova Scotia New Democratic Party

The Economy

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

The NDP plan to make life more affordable for families, and create secure jobs, focuses on key, achievable initiatives. It is focused and will make a meaningful impact in the short-term to put Nova Scotians back to work.

The NDP plan includes:

- Support to kick-start the province's home construction industry;
- Boosting the manufacturing sector with a manufacturers and processors tax credit; and,
- Increasing the Equity Tax Credit from 30 to 35% to incent investment in Nova Scotia companies.

The 50% PST rebate on new home construction is a one-time program intended to support the construction of up to 1,500 homes. It is a centerpiece of our strategy to create secure jobs and ensure that young people can stay and work in this province. Perhaps no industry has been as deeply affected by the current economic crisis as home building. The value of new home construction in Nova Scotia has fallen by 46 % so far this year. The homebuilders estimate that this rebate will save 3,000-to-5,000 jobs.

The Equity Tax Credit helps entrepreneurs write their own, often inspiring, stories. In an economic climate where it has become harder to gain traditional investments—especially when jobs must be a priority—the government must do more to support our entrepreneurs. That's why the NDP is committed to increasing the Equity Tax Credit to make investment in Nova Scotia companies more attractive, keeping more Nova Scotia money at home where it can create and maintain jobs.

Right now the program offers a 30 per cent provincial tax credit on qualifying investments. Investors also receive a second, 20-per-cent tax credit if they re-invest after five years. In 2006, these tax credits leveraged almost \$19-million of new capital for Nova Scotia businesses. Nova Scotia companies that use the equity tax credit have a higher survival rate than start-up companies that don't take advantage of it. The NDP will raise the equity tax credit to 35% for investments in eligible companies, which will keep equity flowing at a time when credit markets have become more difficult.

Manufacturers in Nova Scotia now pay income taxes that are 60 per cent higher than in Saskatchewan. The NDP will introduce a new tax credit to spur investment, innovation and the creation of secure new jobs for Nova Scotians. That makes it tougher for Nova Scotia to compete, especially in a global economic crisis. The NDP Manufacturing and Processing Tax Credit will help level the playing field. It will reward those who invest in new and expanded Nova Scotia businesses. The NDP will provide a 10% tax break—of which 75% is refundable—to every company that invests in new technology, machinery or equipment. According to the Finance Department's own analysis, this tax credit will trigger the creation of 2,200 new jobs.

Debt

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%.

The budget tabled on April 30, 2009 reported that the debt-to-GDP ratio was 36.7% in March 2008. It appears to have worsened since then. In March 2008, NS's debt-to-GDP ratio was already among the worst in Canada.

The NDP will commission an immediate audit of the province's books, to determine the true state of the province's finances. This will provide a solid basis for planning and understanding, given that the 2009-10 budget estimates were presented by a government that was admittedly "totally focused on an election".

The Conservatives have said they would add \$1.4 billion to the debt, increasing it dramatically from its current level. On a per-capita basis, our debt-load is more than \$12,500 per person.

The road to prosperity is not paved with debt. The Public Sector Accounting Board (PSAB) notes that a "A stable net debt-to-GDP or the taxable assessment ratio indicates a government's overall fiscal policies have been sustainable, to the extent that the rate of economic growth in the economy within which it operates is the same as the growth in net debt." Clearly, what's important is having a plan that is predictable and stable.

The debt servicing payments that Nova Scotia is currently obligated to pay amount to more than \$900 million per year – or 10.4% of provincial expenditures. Under the Conservative plan, these costs would increase massively by \$248 million within three years, thereby reducing the capacity of government to fund needed services and reduce taxes, constricting the ability of future governments to operate efficiently and effectively.

Provincial Spending

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

100 % Cuts to Departmental Spending

___ Tax and Fee Increases

___ Deficits

Please allocate 100% across the four options.

The Government of Nova Scotia is comprised of 19 different departments and 86 agencies, and a host of other related boards, commissions and funds. There are well over 100 bodies spending Nova Scotia taxpayer's money every year, with differing levels of public accountability.

While the main departments of government are required to follow similar policies for procurement of services, there is no central clearing-house that assesses whether the procurement of services from outside the government is necessary, justified or has provided the sought-after value for Nova Scotia taxpayers. This is why the NDP has proposed a 1% expenditure management review, to be conducted immediately with \$73.5 million in savings/efficiencies to be found and implemented over the next three years. This is a planned approach, not an ad-hoc one, and the savings will not be one-time "cuts", but rather will become permanently entrenched into the province's budget.

This review will be given added focus with an immediate audit of the province's books, to determine the true state of the province's finances.

There are a number of areas the NDP has identified to begin the expenditure management. It will begin at the "top", by reducing the size of Cabinet from 18 to 12 members. Secondly, external consulting and professional service firms received nearly \$100 million from the NS government in 2007-08, according to the Public Accounts supplement. This is one area where reductions should be made to fund priority services and programs.

The other areas of focus under this initiative include following the best practices from the private sector in establishing supply-chain management in areas of major expenditure like healthcare. A more coordinated approach to travel planning across government will also reap savings. More than \$28 million is spent a year on travel, without centralized purchasing or approvals, any recent analysis of the use of fleet, private or rental vehicles.

Health Care

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?

Nova Scotians consistently identify healthcare as their highest priority for government action and investment.

One of the fundamental challenges facing the District Health Authorities (DHA) is the inability to plan effectively. This is related almost entirely to the fact that the provincial government refuses to approve DHA budgets on time. Last year, 2 DHAs went nearly the full fiscal year before having their budgets approved. This makes it more difficult for cost control measures to be implemented, or for forecast over-expenditures to be dealt with in the most appropriate fashion. The NDP will approve DHA (and other authorities such as school boards) on time.

The NDP will pursue centralized supply-chain management across the 9 DHAs. This is one measure that will allow the province to realize the benefits of purchasing in bulk.

The NDP has committed to establishing a Drug Management Policy Unit, with a forecast savings of \$2 million through more coordinated planning with Drug manufacturers, and agreements that better reflect actual levels of anticipated drug utilization.

On the preventive care front, the NDP will establish “pre-hab” teams to get patients ready for surgery, improving recovery time (and avoiding lost productivity), and in some cases avoiding the need for surgery because of improved physical health.

From a coordination perspective, the NDP will appoint a provincial advisor to lead Emergency Care improvement, ensuring best practices are implemented across the system and resources are deployed most efficiently and effectively in providing patient care.

In addition, the NDP will set targets for disease reduction (Nova Scotia has one of the highest rates of chronic disease in Canada), and hire nurse practitioners to provide care within nursing home settings, reducing demand on ERs.

Taxes

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

The NDP will make life more affordable for Nova Scotia families, and create secure jobs.

As previously outlined, the NDP will implement a 10% Manufacturing and Processing Tax Credit to create 2,200 jobs and attract \$200 million in investment in the sector. The NDP will also increase the Equity Tax Credit from 30 to 35% to retain more than the 2% of Nova Scotians' \$600 million in annual RRSP contributions we currently do.

The NDP will also initiate a 50% PST rebate on new home construction, retroactive to May 1, 2009. This is a one-time program designed to save 3,000 – 5,000 jobs in the industry.

The NDP will also make life more affordable by taking the HST off electricity. This is a tax imposed by the Conservative party in 2008, and supported by the Liberals. This will save families \$28 million a year, and will end taxation of home heating for tens of thousands of seniors and others living on low, fixed or limited incomes

The Department of Finance is engaged in a comprehensive tax policy review. The NDP looks forward to receiving the results of this review and analyzing its findings.

Transportation

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

A number of proposals, studies and needs have called for a more coordinated approach to transportation planning within HRM. In response to some of these, the Strategic Joint Regional Transportation Planning Committee (SJRTPC) was created, with membership from HRM, the province and the Halifax-Dartmouth Bridge Commission (HDBC). From the Cross-Harbour Traffic Needs Assessment, to the Atlantic Gateway study on the rail corridor, to public transit issues, there are many transportation issues affecting the commercial and individual traffic base within HRM.

The NDP will assess the effectiveness of the SJRTPC as the intergovernmental and inter-agency body most appropriate to handle coordinated transportation planning. At the current time, its functions in this regard are somewhat limited and more 'reactive'.

There are many financial, legal and legislative factors that would need to be weighed in a cost-benefit analysis of moving to an amalgamated transportation authority for HRM.

Take, for example, the role of the HDBC. As a provincial Crown Corporation, it is a self-funding body that raises toll revenue to support its operations and maintenance activities. The implications of opening-up this agency's toll revenue to other uses, beyond maintenance of the Macdonald and Mackay bridges has potential health & safety impacts, and pocket-book impacts for users and commercial enterprises, for example.

The NDP recognizes that HRM has submitted a proposal to government on how such a body might work. There is a need to hear from residents of HRM on the role and mandate of such a body and how it will achieve efficiency, greenhouse gas reductions and active transportation goals.

The Chamber's Transportation Committee, under the leadership of Robert Gaede, is to be congratulated for its consistent and articulate advocacy for better coordinated transportation planning in HRM.