



POLICY UPDATE

News and views from the Metropolitan Halifax Chamber of Commerce December 22, 1998

Chamber Extremely Disappointed with Provincial Deficit

The Chamber is extremely disappointed with the news today from the provincial finance minister that Nova Scotia has slipped further into a deficit situation to the tune of \$108.6 million.

The government says this deficit is not a cause for alarm, that they have government spending under control, and that they will be able to absorb this deficit "within the next few years."

The problem with this is that the provincial economy is strong and growing. At this time, Nova Scotia's government should be in a position to seize the opportunity to run surpluses and begin to pay down our debt, not grow yet another deficit and place a greater burden on our future.

In June 1998, the Chamber said that the government's budget projections left little room to compensate for economic shifts and that the province needed a more aggressive plan to deal with its exposure on foreign money markets and keep a lid on its expenditures.

At that time, the Chamber had

made the following suggestions to the province and reiterates these in response to today's announcement:

1) The Chamber wants to see a budget that is truly balanced.

2) For several years, the Chamber has asked that the province develop a plan to achieve a reduction to a 20 percent foreign debt holding by 2001. This will reduce the province's exposure on foreign money markets.

The Chamber was assured that the province was being proactive in this area, yet today's announcement demonstrates that Nova Scotia remains very exposed to foreign market volatility and that Nova Scotians are now paying the price.

3) The Chamber wants to see targets for paying down our existing provincial debt. The money we are currently spending on servicing the debt must be made available to pay for other priorities such as health care and education.

4) The Chamber continues to support Public Private

Partnerships and other similar service re-engineering options as viable ways to deliver critical public services, like health and education, in a time of fiscal restraint.

Our community's needs can best be met by having the provincial government do what it does best while allowing the private sector to deliver those services which it can do best.

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The Chamber feels that these ideas represent both short and long-term solutions. They deal not only with this current deficit but will also help to reduce the possibility of future deficits.

The province needs a plan. A plan to not only reduce our foreign held debt, but to reduce our expenditures, redefine how we deliver public services, and begin a consistent paydown of our overall debt.

