

Overspending Hinders Province in Second Chamber Report Card

February 5, 2001

In October, the Chamber released its first-term *Cut Smart, Pay Less, and Reinvest in Priorities Report Card* that graded the Province's performance in addressing its fiscal crisis. The provincial government furnished updated figures in mid-December, hoping for an improvement on its "F" grade, or 49% performance, assessed by the Chamber.

While we have seen some positive movement with the pending closure of Sysco and planned sale of Nova Scotia Resources, the Chamber has significant concerns with overspending evident in the departments of Health, Education and Community Services.

In this second Report Card, the final grade is determined through a weighting of the Province's performance in six core areas. The weighting favours two key areas on which the Chamber is focusing (spending and deficit elimination) and the other four represent some of the means to achieve these goals:

Agencies, boards and commissions - annual target is a reduction of 158. This means the Chamber wanted 112 eliminated between April 1 and December 14, 2000. Three have been eliminated. While no change has occurred since October's Report Card, the Province says it plans to make progress here in 2001. For now, this grade remains an F.

Commercial enterprises - annual target is to sell seven. This means the Chamber wanted five out of the Province's hands by December 14. They have sold one (a golf course), stated their intention to close Sysco, and NSRL is for sale. The 52% performance to date garners a D.

Reduce departments - annual target is to eliminate seven, which has already been accomplished, generating an A for this goal.

Reduce public servants - annual target is a reduction of 1,600 positions, or 1,133 by December 14. Six hundred positions have been eliminated to date, but no progress has been made since the last Report Card. Complete provincial numbers are not yet available. This 53% performance rates another D.

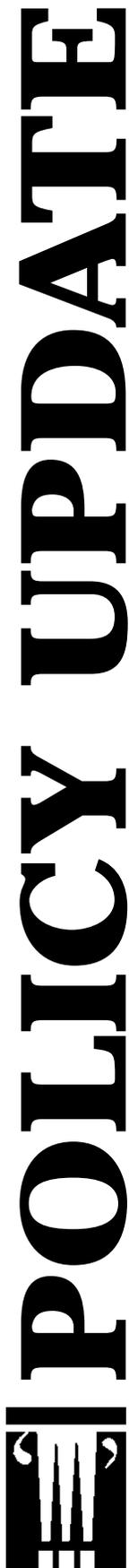
Reduce program spending - the Province said it would reduce program spending by \$82 million as of December 14. They are now projecting savings of just \$48 million, or 58% of their target, the result of overspending in health, education and community services. D.

Reduce deficit - windfall revenues have been directed to increased spending rather than decreasing the deficit. The Province is projecting a deficit reduction of \$127 million by March 31, 2001, just 57% of the \$224 million target the Chamber set. The Chamber recommended to the Province that the deficit be eliminated in two years rather than three. Clearly the windfall revenues could have made this possible. D.

Overall weighted grade for the six categories is 56%, or a D.

The second-term Report Card will be published in more detail in the March *Business Voice* and is in the policy update section of our website at www.halifaxchamber.com

The Chamber will maintain our focus on prudent fiscal management until Nova Scotia has eliminated its deficit and begins to pay down its debt.



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