



## DebtWatch update: Keeping government on track.

*This update will offer members a brief look at where the government stands now in regards to the Chamber's DebtWatch indicators. A more detailed update will be released in the spring.*

DebtWatch is the tool that let's us monitor the financial progress of our province through five key indicators: tax competitiveness, sustainability, flexibility, vulnerability and managing within budget.

The Chamber is very pleased to note that government has applied 31 million dollars to the debt within the last year. But, despite this, the overall debt continues to increase.

The robustness of our provincial economy is a factor that contributes to the DebtWatch scale. Unfortunately, our economy is not expected to grow at the rate we had hoped and upon which last year's budget was based.

We urge the Premier, to continue to focus on expanding the economy and increasing our provincial own source revenues, like the revenues derived from new business starts.

A lower than anticipated growth in GDP for 2003, in conjunction with our rising debt means that the degree to which government can maintain our existing programs and creditor requirements is threatened.

On a more positive side debt servicing is expected to decrease for this year. Lower costs of debt servicing means that for every dollar we don't pay in interest, we have that much more to devote to areas of priority for all Nova Scotians – like healthcare, education and our roads.

The Chamber has always supported tax cuts to make our province more competitive. But we must pick the right time to introduce these cuts. Timing is everything. Introducing a cut at the wrong time will not have the intended effect of stimulating the economy.

In the spring, financial numbers may have appeared more promising and a tax cut may have seemed almost viable. However, now government departments are being forced to make cuts and the province's surplus projections are decreasing. Tax cuts are important to the growth of our province, but our economy is obviously not in a position to sustain these measures at this time.

*More information about DebtWatch can be found by visiting [www.halifaxchamber.com](http://www.halifaxchamber.com) and clicking on the DebtWatch logo.*