

To: Mayors, Wardens, Councillors, and CAO's, all units
Fr: Betty MacDonald, Executive Director
Re: 2015 Provincial Budget Highlights (revised)

Please find below highlights of the Provincial Budget released on April 9.

From a municipal standpoint, the UNSM would describe the budget as a "stable budget". The UNSM is pleased that many municipal programs have been maintained while some of the Fiscal Review recommendations were implemented such as freezing equalization and distributing the NSPI grant assessment lift to those units hosting NSPI assets. The UNSM looks forward to working with the Province to further address municipal issues.

Section 1 - General Comments

Government's Four Key Priorities:

- Fiscal sustainability
- Economic development
- Education
- Addressing and adapting to demographic challenges

Economic Outlook

- Forecasting a deficit of \$97.6 million for next year
- Provincial revenues increasing by 3.7 per cent
- Provincial departmental expenses increasing 0.7 per cent
- Expect employment in Nova Scotia to increase in 2015, 2016, due to major projects such as ship building, then falling in subsequent years
- GDP growth 3.4 per cent
- Offshore royalties expected to drop 55 per cent next year to \$19.4 million
- Personal income taxes up 7.8 per cent
- Sales tax up 3 per cent
- Total provincial taxes up 5.7 per cent, on average
- Eliminating 320 full-time equivalent civil service jobs

Section 2 - Municipal Affairs and Other Municipal-Related Programs

- Municipal Affairs departmental budget increasing by about 6 per cent from \$158 million to \$167 Million. This is mainly the result of the Building Canada Fund, REN funding and money for town dissolutions. The department will eliminate one Full Time Equivalent (FTE) position under Grants, Programs and Operations division, which represents a vacant position that was not replaced.

- NSPI grant will see an additional \$760,000 due to CPI increase in the payment made by NSPI. This amount will be distributed to those municipalities with NSPI assets.
- Municipal Equalization will be frozen for 2015-16. Towns Foundation grant remains in place for this period.
- Municipal Affairs will assume responsibility for Regional Enterprise Networks.
- The budget also assures government support for cost-shared infrastructure projects. Approvals under the Building Canada Plan, including the Small Communities component are expected in the near future.
- While the Flood Risk Assessment Program offered through the Department of Environment is being eliminated, the Flood Risk Infrastructure Investment Program (FRIIP) offered through Municipal Affairs will remain in place and the parameters will be expanded to include risk assessment. Funding for FRIIP will be \$500,000 in 2015/16.
- There is a new federal National Disaster Mitigation program across Canada and we are awaiting details on this new program.
- There will be no change in the rate of mandatory payments to housing and education, but some municipalities will pay more due to rising uniform assessments. Municipalities will be paying an addition \$9 million towards education for 2015-16.
- There is no change to the mandatory municipal payments to corrections.
- Department of Justice Additional Officers Program (formerly "Boots to the Street") which funds additional police officers will remain in place.
- Volunteer firefighter and ground search and rescue tax credit will remain in place.
- the Community Access-ability Program will move to the Department of Community Services, reduced by \$100,000
- Elimination of the Recreation Facilities Development Fund under Health and Wellness

Section 3 - Community related Programs

- Land Registry Offices: 13 Land Registry Offices closing, mostly in rural Nova Scotia. 5 will remain in Dartmouth, Sydney, Amherst, Lawrencetown and Bridgewater. Four offices

will be closing by the end of June (Arichat, Windsor, Liverpool and Shelburne; Truro will close by the end of November, others on or before January 31, 2019).

- 7 provincial parks moving to self serve, there will be grounds/maintenance staff
- Closing 2 visitor centres - one in Pictou and one in Digby
- 7 satellite courts being consolidated at local justice centres. Affected facilities include Baddeck, Port Hood, Guysborough,, Comeauville, Barrington, Liverpool and Lunenburg. Night court sessions in Halifax and Dartmouth will be consolidated in Halifax
- Discontinuing home efficiency assessment program
- New transportation strategy (excluding community transit) coming
- Film industry tax credit cut from 100 per cent refundable to 25 per cent refundable as of July 1, 2015 (under review)
- Film, animation, music/sound recording and publishing to benefit from promised \$6 million Creative Economy Fund in 2016
- Film and Creative Industries Nova Scotia absorbed into Nova Scotia Business Inc.
- Healthy Living Tax Credit eliminated
- Nova Scotia Lands and Waterfront Development Corporation being merged
- Department of Community Services will not be closing offices, but will reduce staff.
- The Mabou office of Gaelic Affairs will be closing. Gaelic Affairs will continue to have offices in Antigonish and Halifax
- Under Recreation Facilities Development program, the Planning Assistance and small CRCG Community Recreation grants continue to be offered but the recreation facility development grant program has been discontinued by DHW.
- Reduction in the Age Friendly Communities Grant. Reduction in the Heritage Strategic Development Initiative Grant of \$100,000, with a new funding cap of \$10,000
- The Community Facilities Improvement Fund will be reduced by \$483,000 to \$633,000

Section 4 - Economic Development Programs

- New Department of Business announced which will eliminate the Department of Economic and Rural Development and Tourism. New department designed to create conditions for economic growth in all of the province. Minister is Mark Furey.
- All tourism functions will now be housed with the Crown Corporation managed by a private sector board.
- Office of Regulatory and Service Effectiveness being created under the Department of Business to streamline government regulations and cut red tape.
- The Regional Economic Development Program (REDP) will move to the Department of Communities, Culture and Heritage (CCH), with funding reduced from \$1.13 million in 2014/15 to \$880,000 in 2015/16
- The Community Access Program (CAP) will move to CCH with funding of \$780,000 in 2015/16, including \$680,000 from the federal government. This is a reduction of \$140,000
- Some ERDT staff have been transferred to NSBI to provide a regional presence

Section 5 - Strategic Spending

- \$20 million to renew, refocus and rebuild the education system
- Increase in university funding grants
- Increased funding for apprenticeship and graduate scholarships
- increased funding for people with disabilities
- Increased senior citizen assistance
- Increased funding for home care
- \$6 million for creative economy
- Support for rural Nova Scotia - Municipal Affairs will assume management of RENS; Department of Business will focus on sectors that have high potential for rural NS such as agriculture, offshore.