›March 2011

Striking a Healthy Balance

Nova Scotia Alternative Budget 2011

CCPA
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NOVA SCOTIA OFFICE

The Nova Scotia Alternative Budget 2011

By CCPA Nova Scotia

ISBN 978-1-926888-58-3

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Acknowledgements

CCPA-NS would like to acknowledge the contributions to this document from members of the NS Alternative Budget working group (members listed below). Any errors or omissions are the responsibility of CCPA-NS. The opinions presented in this document do not necessarily represent the views of each participant or necessarily the views of the CCPA-NS.

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Overview of the Nova Scotia Alternative Budget

Preamble

Founded in 1999, the purpose of the Nova Scotia office of the Canadian Centre for Policy Alternatives (CCPA-NS) is to promote policies that are environmentally sustainable, as well as socially and economically just. As a non-profit membership-based organization for research and analysis, the CCPA-NS seeks to foster accountable, just and equitable public policy. It produces in-depth research papers, as well as short commentaries, on a variety of issues.

Since 2000, it has published alternative budget documents, which assess the fiscal situation and the spending and taxation choices available to governments in Nova Scotia. Provincial budgets, like all public policy, are about choices and values.

Alternative budgets are a form of popular economic education to teach people how government budgeting works and to show people that alternatives exist. We seek to spark debate highlighting the linkages between the social and the economic, underlining the implications of budget decisions for real people, families and communities in all their diversity. Our budget alternatives reprioritize expenditures to achieve greater environmental sustainability, as well as economic and social justice.

Striking a Healthy Balance: Framing the 2011 Nova Scotia Alternative Budget

The government needs to strike a healthy balance between fiscal health and the health of Nova Scotians. We cannot sacrifice people who need services today or people who need interventions to prevent problems that are more serious in the future, in order to meet an arbitrary timeline to balance the budget.

The CCPA-NS alternative budget invests in the health of Nova Scotians today to reap the benefits of a healthier and more productive population down the road. It specifically focuses our attention on health inequities — "the unfair and avoidable difference in health status" as a moral imperative that will save money in the long run. Investments in the social determinants of health are investments in — "the conditions in which people are born, live, work and age, including the health system"[1]. As the World Health Organization contends, the social determinants of health are mostly responsible for the conditions that result in health inequities. Policy choices influence these conditions, as do structural inequities related to how money, power and resources are distributed in society. These economic and social conditions and related policies are the primary determinants of whether individuals stay healthy and are more important than the impact of health care and health behaviours on health[2].

Achieving Health Equity In a Generation

We should aspire for a loftier goal and vision for Nova Scotia than the government's "back to balance" mantra. "[A]chieving health equity within a generation is achievable, it is the right thing to do, and now is the right time to do it."[3] Such a goal requires public investments to address the key social determinants of health including: income and social status, education, healthy child development, health services, employment and working conditions, food security, housing, gender, environmental sustainability and culture.[4] We are in a position to make these investments. We can aspire to such a goal. The Nova Scotia Alternative Budget (NSAB) shows us the way.

Budget Context

Table 1 represents the current budgetary situation for the province of Nova Scotia as presented in the December economic update, and based on assumptions made in the 2010–11 budget[5]. The provincial government plans to balance the budget via "expenditure management" initiatives imposing across the board cuts in every sector to slash $772 million from departmental budgets by 2013–14. We challenge many of the assumptions upon which the government's "back to balance" plan is based.

Nova Scotia: Hardly a Big Spender

As the government continues on its expenditure management mission, we are told that the government of Nova Scotia has grown too big. However, the province is hardly a big spender. From 1990 to 2006, Nova Scotia consistently invested among the least of the provinces, usually with the lowest level of program expenses, and always spending less on a per-capita basis, than the Canadian provincial or the Atlantic average. The increased spending that occurred under the Progressive Conservative government hardly made-up for the deep cuts in the 1990s that tore huge holes in our social safety net. While we are told that current cuts will not sacrifice needed services, this cannot be guaranteed if the cuts are simply an exercise in saving money. Cutting may cost the government in the long run.

Reduced government spending creates ripple (or spin off) effects throughout the economy, lowering output (or GDP) by more than the initial spending cut. When the government spends a million dollars less, the population's collective income goes down by the same amount (because government workers are laid off directly or contractors' profits are reduced as the government purchases fewer goods and services). With less disposable income, consumers reduce their spending; with reduced profits, businesses cut costs, lay off workers or reduce their hours. These changes translate into lower incomes for employees and businesses over and above the initial million-dollar reduction. This further reduces consumer and business spending, creating a ripple effect that continues through the economy and creates a much bigger impact than the original million dollars in government spending. The greater the spending cuts, the more severe the downturn, with uneven effects

TABLE 1 **Nova Scotia Department of Finance** Budgetary Transactions ($thousands)

	2010–11	2011–12	2012–13	2013–14
Revenues	$9,020,036	8,793,900	9,018,400	9,140,300
Expenditure (inc. Debt Service)	$8,922,814	9,163,900	9,205,100	9,140,000
Budget balance	$97,222	-$370,000	-$186,700	$300
Closing debt (accumulated deficit)	$14,002,200	$14,603,200	$14,897,000	$14,877,00

depending on the community size and reliance on public sector jobs.

Economists use "spending multipliers" to describe the total effect on the economy of a change in government spending.[27] Some cuts have a stronger impact on the economy (larger multipliers). For example, laying off government workers has a larger effect than a reduction in government purchasing because some of the goods and services purchased by government are imported and thus less linked to the provincial economy. And, as incomes decrease beyond the initial cuts in government spending, government tax revenues also fall. This process works in reverse as well: a certain amount of additional government spending creates a larger increase in total economic output. This is the idea behind "stimulating" the economy through increased spending, something that is still required given the current fragile recovery.

Social and Economic Context: Recession and Recovery

Despite signs of economic recovery, we have a way to go before we are no longer in a recession. We recognize that budgeting in a recession is a difficult job, especially when the government does not have a surplus to draw on.

In a recession, government suffers from a decrease in revenue even as demands increase for programs to assist affected businesses and individuals. The government falls into deficit spending to make up the mismatch. The government of Nova Scotia, and other governments around the world, recognized the need to shorten the recession and borrowed money to fund public infrastructure projects. It is important that we not stall the fragile recovery by cuts to public sector jobs and services, or weaken the foundation upon which the recovery can be built. "Cutting the deficit won't create good jobs, but creating good jobs will reduce the deficit."[6]

Put Debt and Deficit Into Perspective

There is no "ideal" debt to GDP ratio; choices about how fast debt needs to be paid should consider the cost of the interest payments. As a proportion of total government revenue, debt costs now are lower than they have been since the 1980s.

Relative to the current low interest rates, many public investments have high rates of return, which makes them better candidates for government spending than paying off the debt. Productive projects funded by public debt enhance overall economic growth.

Arbitrarily restricting the size of the deficit or setting a deadline for re-balancing the budget is not good public policy, especially if these goals are achieved by cutting core government services during hard economic times. In other words, balancing the budget should have a broad public policy purpose that can be adjusted as needed, depending on economic changes and social needs.

Alternative Provincial Budget Framework

In contrast to the Nova Scotia government's plan to balance the budget via across-the-board cuts, the Nova Scotia Alternative Budget makes strategic investments, finds creative ways to save money and to increase revenue (see Table 2).

This alternative budget shows we can make strategic investments that will help those in need right now, but will also result in savings down the road. And, all this can be done while maintaining current spending levels, reducing the deficit and balancing the budget.

The Nova Scotia Alternative Budget assumes expenditures will increase by the consumer price increases. Thus, wages and purchases of equipment and materials are assumed to move with the cost of living — in aggregate, existing programs will not grow but neither will they be cut, although funds may be re-distributed between programs.

We expect that the cost of debt servicing will be lower than the province's projections in their last budget. Their estimate of the deficit was high by the roughly $300 million advance payments to universities. That's $300 million less in debt and a reduction of annual debt servicing costs of $13.5 million. Moreover, we estimate that re-financing $785 million of maturing debt, which carries interest rates of 16%, 9.92% and 6.25%, can be done at around 4.5%, cutting future servicing costs by $35 million in 2011–12, and more in subsequent years.

While interest rates can be expected to rise over the next 3 years, about half the debt to be refinanced in that period currently requires interest payments above 7%. To be cautious, we have assumed that the cost of debt servicing and related expenditures will increase at the rate of inflation. Our economic growth projections are based on private sector projections, which are less conservative than the government's projections of stagnant growth.[7]

As can be seen from Table 3, compared to the government estimates, this Alternative Budget projects a smaller deficit in the next two years, with a balanced budget and surplus in year three.

There are significant differences in approach between our budget and the provincial government's budget. We avoid slashing government expenditures and services. Our budget protects programs at their 2010–11 level while increasing revenues, primarily through increased upper-end income taxes. Thus, the Alternative Budget is able to finance deficit reduction and new programs designed to meet current and future needs of our citizens. As long as the

TABLE 2 **Summary of the NS Alternative Budget 2011–12: Revenue and Investments**

Sources of Additional Revenue 2011–12	
Personal Income Tax Reform (net)	$321,108 million
Strategic Investments (New Spending) 2011–12	
Investments to Decrease Health Inequities	
Reduce the poverty gap Increase Employment Support and Income Assistance	
Fund basic telephone service for social assistance recipients	$8 million
Increase shelter and income allowances	$65.15 million
Decrease employment income claw-back	$19 million
Strengthen Primary Health Care Invest in Community Health Centres	
Increase funding for existing community health centres	$10 million
Open 10 new community health centres	$30 million
Develop an early learning and child care system	
Begin phased-in pre-primary learning and child care system	$2.375 million
Provide transitional funding for non-profits	$5 million
Investments to Improve Learning Conditions	
Strengthen primary to twelve education system	
$300 to every classroom for school supplies	$1.5 million
10% increase for students with Special Needs	$12.5 million
Assist African Nova Scotian, Aboriginal, Acadian and ESL	$6 million
Invest in Post-Secondary Education	
Funding to maintain tuition freeze	$17 million
Additional funding for the NS Student Bursary Program	$21 million
Decrease NS Community College tuition fees	$14 million
Increase the NS Student Grant	$14 million
Investments to Improve Living Conditions	
Moving toward environmental sustainability	$1 million
Make life healthier and more affordable	
New affordable housing	$60 million
Improve public transportation	$20 million
Establish public auto insurance	$15 million
Increase funding to children's oral health program	$3.3 million
Additional Savings 2011–12	
Decrease Corporate Tax Expenditures and Direct Subsidies	-$45 million
Cancel '*Your Energy Rebate*' Program	-$84 million
Cancel Graduate Retention Rebate	-$14 million
Total New Investments (Net)	**$ 181.825 million**

wealthiest Nova Scotians can afford to pay taxes similar to the rest of us, ours is a sustainable and progressive approach to budgeting.

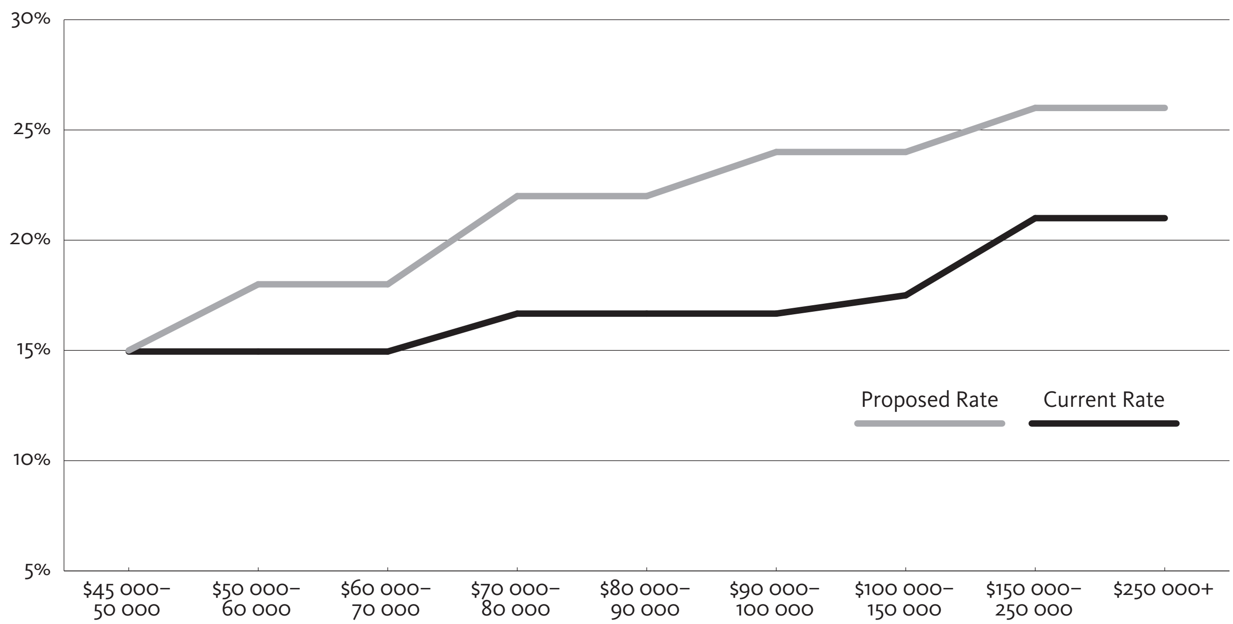
Revenues

Provincial revenues are "Own Source" and transfers from the federal government. Own Source

TABLE 3 **APB Budgetary Transactions**

	2011–12	2012–13	2013–14
Revenue	$9,492,055	$9,741,368	$10,001,152
Expenditure	$9,573,030	$9,783,637	$9,998,877
Balance (Deficit)	-$80,975	-$42,269	$2,276

FIGURE 1 **A More Progressive Income Tax** Proposed Vs. Current Marginal Income Tax Rates



revenues are generated by the province, primarily through the personal income tax and the provincial sales tax, but also from corporate income taxes, fees, royalties, etc. The other major source of funds is from federal transfer programs and equalization payments.

We assume that Nova Scotia's own source funds will increase because of both real growth and price increases — increasing incomes, sales, and profits and therefore government tax revenues accordingly. However, federal transfers are assumed to remain constant, falling in purchasing power as prices rise.

Thus some of our revenue growth estimates incorporate inflationary effects with real growth but 37% of provincial revenues are assumed to be stagnant. The net effect will be a growth in revenues slightly faster than the rate of inflation. However, this would not be enough to have a significant impact on the deficit, let alone finance the additional program expenditures advocated in this Alternative Budget. To this end, the NSAB proposes to reform income tax as a central component of the way forward for the province's fiscal health.

Income Tax Reform

This budget proposes changes to the provincial personal income tax brackets and the rate applied within each bracket. The intent is to provide a more progressive structure for the personal income tax (see Figure 1). It increases the amount of revenue raised through the personal income tax paid by people in the top bracket, who are also the people who have benefitted most from both economic growth and from tax changes over the past 30 years.

Under the proposed changes, the lowest paid 1/3 of Nova Scotians would see no increase in their personal income taxes. The next third would have a slight increase, less than one percentage point in their total (federal and provincial) income tax payments. The top ten percent have their total income tax payments increase by 1.7 to 4.2 percentage points (for the 2470 individuals reporting taxable incomes of more than $250,000 in 2008).

Some argue this increase in income taxes will have negative effects on Nova Scotia's growth and ability to compete for high-income professionals.

Some argue that we need a wealthy class to save and make the investments that create the jobs for the rest of us. But, the rest of us could have higher take-home pay if the wealthy pay their share of taxes, and then we could save as much as they do. In addition, the wealthy may spend their extra after-tax income on luxuries and profligate living or on speculation in stock markets, not on productive investments. They use some of their tax savings to buy government bonds, borrowing which would be unnecessary if the rich paid higher taxes.

Under the restructuring we propose, the highest tax bracket would face a marginal tax rate (i.e., tax on additional income) of 26% plus 29% on their provincial and federal taxes, respectively, for a top marginal tax rate of 55%. Of course, they can avoid some of this tax through tax breaks such as RRSPs and only half of their capital gains income is reported and taxable. Moreover, high tax rates on top brackets need not slow economic growth, indeed there is evidence to the contrary.[8]

But, what about the argument that higher taxes on the wealthy make us unable to compete for highly paid professionals? First, people know that higher taxes finance better government services and thus improve the quality of life. The education system is one of the most important factors making a location attractive to high-income individuals and they are willing to pay for a good education system. Indeed most people, when asked if they would pay more to improve health care, education, and social services, answer "Yes". In Nova Scotia, the "Yes" outnumber the "No" responses by more than two to one.[9]

A more equitable tax system helps reduce the growing divide between rich and poor, i.e., the increasingly uneven distribution of income and wealth. The more equitable the shares of income, the higher the level of well-being *and* of economic growth. In addition, a more equitable distribution of income benefits everyone. For instance, life expectancy is higher in countries with greater equity — not just for the people on the bottom, but for those on top as well!

Finally, those who argue "we" cannot afford higher taxes on the wealthy should look at the trend in total taxes paid, by income class.[10] Between 1990 and 2005, the proportion of income paid in taxes of all kinds — rose from 26% to 31% for the poorest Canadians. However, for the richest one percent of Canadians, the taxes/income ratio fell to 30% — the very rich now pay less tax as a portion of income than the poorest or any other group of Canadians!

By what definition of "afford" should the rich not pay as much of their income in taxes as other Canadians, especially the poorest? The impact of our bracket changes would be to raise the income tax/total income of the top bracket — the 1.5% of Nova Scotians reporting incomes of more than $150,000 — by less than 5 percentage points, i.e., not totally moving them back to where they were ten years ago.[11] But it should be noted that studies such as Lee's use a broader definition of income than is reported in the income tax data, so the actual increase for the top bracket would be more like 3 percentage points, still leaving them under-taxed relative to all other income classes.

Total new revenue (net)[12]: $321,108 million

Raising Additional Revenue, Saving Money

Decrease Corporate Tax Expenditures and Direct Subsidies

Finance Minister Graham Steele asks Nova Scotians to tighten our belts to overcome the deficit and pay down the debt. It is only fair therefore, that corporations who have been the recipients of government largesse go on a diet too.

Government gifts to corporations come in two main forms: tax expenditures and outright subsidies.

Corporate Tax Expenditures

An expenditure item of tens of millions of dollars is not reported directly in the provincial budget — corporate tax expenditures.

Unlike most gifts or subsidies, the failure to be up front about these costs makes government less accountable.

After the 2010–11 Alternative Provincial Budget called for full disclosure of tax expenditures, the government's 2010–11 "Budget Assumptions and Schedules" published a list of tax expenditures for 2010–11 of $153 million.

We applaud the government in this important first step and call for the following:

- The budget should include corporate tax expenditures, not as income forgone, but rather as expenditures.
- Make a list of recipients of corporate tax expenditures public. Unlike tax credits for personal income tax and the HST, where the identity of individual recipients is a matter of privacy, the forgiving of taxes to corporations is a matter of public policy.

Direct Subsidies

The second main avenue of largesse to corporations is Nova Scotia Business Inc. (NSBI). Rather than include most business subsidies within the government itself, Nova Scotia makes an "off-budget" expenditure to the crown corporation.

We know that the government gives NSBI approximately $27 million dollars a year and that much of NSBI's budget is used for payroll rebates to companies. The payroll rebate is a return (usually between 5%-10%) on a company's gross payroll taxes with the amount depending on promises of employment for Nova Scotians. The rebates generally last about five years.

We question how decisions are made about which companies receive these tax rebates. For example, a profitable company such as Bell Aliant wouldn't seem to warrant the $2 million being provided as a forgivable loan.[13]

If the government is going to use business subsidies, they should be subject to strict public policy criteria. The following are a few:

- The subsidies must be fully transparent; there should be a list of all subsidies showing how much money was given, how long it was given for, the duration of the grant and the conditions under which it was given.
- They should be given directly by the government through a transparent process and not by arms-length organizations like NSBI. Politicians are accountable to the voters while the majority of business people on the board of NSBI have both general and specific conflicts of interest.
- There must be a full debate about business subsidy policy. We should be asking what are the goals of business subsidies — and what kind of economic development we want.
- We need clear policy and performance criteria, to show long term benefits to the province, and the creation of good jobs not just jobs
- There must be close monitoring for fulfillment of performance criteria.
- There must be serious penalties for non-compliance with performance criteria, up to and including seizure of assets. An example would be the Grand Falls, Newfoundland paper mill, which closed throwing over 500 out of work without severance. The government of Newfoundland and Labrador seized the company`s timber and water rights and expropriated a hydro-electric dam & power station. (That the federal government then paid money to the company in an out of court settlement, sets a worrisome precedent.)
- The province should take an equity position in selected investments wherever possible, rather than just paying out money.
- Finally, *the Industrial Expansion Fund should be transformed into a democratic, participatory economic development commission that encourages community development and local control of economy.* The IEF has long been used to fund corporate welfare throughout Nova Scotia. It is a cabinet-approved economic development fund that has allowed even extremely profitable employers, e.g., Michelin, to receive large subsidies.

Economic Development Minister Percy Paris stated that the Nova Scotia government is reviewing all its programs that involve taxpayer assistance for businesses.[14] We trust that the government will make good on that promise.

Recovery From These Ventures

Given that Nova Scotians are asked to depend less on government amid these budget woes, we believe that business should do its part. *Of the approximately $180 million dollars of government largesse in both these schemes, we propose that business forgo one quarter, or $45 million.*

Cost-Saving for 2011–12: $45 million

Other Proposals for Raising Additional Revenue, Saving Money

Gas Guzzler Tax

This tax is a two-pronged approach: increased registration fees for new passenger vehicles with an average highway fuel consumption rate of more than 8 litres per 100 kilometres; and an increase in the automotive fuel tax. These measures will encourage decreased fuel consumption and generate funds to support public transportation initiatives and innovations in automotive fuel conservation. The "Gas Guzzler Tax" would increase registration costs for new passenger vehicles at $50 for each additional litre of fuel consumption over the base of 8 litres per 100km, based on Natural Resources Canada, Fuel Consumption Guide. For example, a vehicle that consumes 12 litres per 100 km would pay an additional $200 (4 × $50) per year in registration costs.

Environmental Assessment Fees

In an effort to ensure environmental assessments for large development projects are consistent in measuring environmental impact, we recommend that the Nova Scotia government collect 1% from all development proposals and use the funds to conduct Environmental Assessments.

Extracting More Revenue From Our Natural Resources

The Nova Scotia government should collect more in revenues from the extraction royalties on natural resources like minerals, coal and lumber and large amounts of forest biomass exported from Nova Scotia every year. The value of our minerals on the open markets is estimated to be in the quarter million-dollar range, yet we only collected $63,000 from mineral "rentals,"$800,000 from coal royalties and $600,000 from gypsum last year. Mineral extraction disrupts human communities and wildlife habitat. The government should do a complete review of the royalty and rental fees, particularly as they relate to our minerals, to ensure that corporations are paying their fair share for the exploitation of our land. The refurbishment of the Donkin Mine for export coal is an example, and presents an opportunity for the government to make sure corporations pay the true costs of resource extraction through provincial royalties.

Drive a Harder Bargain With the Cruise Industry

Ports need to operate cruise tourism on a cost-recovery basis. The cruise lines should pay port fees or other taxes consistent with what it costs the communities and ports to host them. This isn't only costs for the port, but costs associated with infrastructure needed for the ships and their passengers. There are obvious examples of such fees and taxes collected in other jurisdictions: 1) a tax on shore excursions (a $1 tax could raise as much as $250,000); 2) a tax on onboard revenues generated in Canadian waters in the Maritimes from the ships' bars, shops, casino operations, etc. that are open while ships are in port. This would have to be coordinated with PEI and NB; ideally also with Quebec and the state of Maine. The potential income could be $1,000,000 or more per year for Nova Scotia. It depends on what limits are used and whether the cruise ships would avoid the taxes by keeping revenue centres closed until they reach international waters, which could benefit local businesses; 3) a financial incentive for using cleaner fuel while in port: since most cruise ships would likely opt to use their cheaper, dirtier fuel, the revenue at $1 per passenger would be $200,000 per year. The cruise industry is a multi-billion dollar industry; the province (the region) deserves its fair share.[15]

Cancel Energy Rebate Program

The Nova Scotia Alternative Budget rescinds the across the board 10% cut on home heating bills and redirects the $84 million from the Your Energy Rebate Program *into poverty reduction.*

When the government introduced the *Your Energy Rebate* program, it projected that it would cost them $15 million in the first year, $30 million in the second. In fact, the program cost the government $84 million in fiscal year 2009–10. The costs will only increase due to volatile international energy markets and Nova Scotia's economically and environmentally

What else could we do with $84 million?

- We could invest in early learning and child care where we have mounds of evidence of the benefits to the children who are in good quality programs, let alone the benefits to their families, and to society as a whole. As an example, universal pre-primary for all four-year olds in Nova Scotia would cost approximately $71 million. or
- This money could significantly help those who need it the most — those individuals and families who need social assistance. To raise social assistance rates, allow recipients to afford basic telephone service, and reduce the outrageous earnings clawbacks in this system, would cost the government $52.6 million or
- The Nova Scotia Community College collects about $28 million a year in tuition costs. If we were to redirect what amounts to one sixth of the $84 million, we could easily cut tuition fees for NSCC students in half. This amount is less than the cost of 'restoring' the Bluenose II — estimated to cost $15 million. The investment in the Bluenose has been justified as leaving an important legacy for Nova Scotians. The legacy of a well-educated populous is one that I would rather spend my tax dollars on, how about you?

unsustainable import dependencies on oil as well as coal-burning for electricity, to heat our homes. Therefore Energy Rebate efforts should be geared towards transformation of Nova Scotia's unsustainable infrastructure such retrofitting oil tanks to solar air and heating technologies (and other alternatives like district heating, geo-thermal etc.) to achieve sustainable prosperity and the long-term stabilization in energy prices in Nova Scotia, while creating opportunities for the 'Green Economy' to take root. Cutting home heating bills through *Your Energy Rebate* program does not address the fundamental root of the problem: Nova Scotia's energy insecurity and import dependency on oil, coal and gas.

The best use of limited government resources is to address the fundamental problems at the root of high electricity costs and of some people's inability to pay their bills. An across the board energy rebate provides savings to everyone regardless of what they can afford to pay. This program also benefits landlords who may not pass on savings to their tenants.

We need investments in poverty reduction so that low-income people are not forced to choose which necessities they can afford this month. Finally, we need meaningful discussion about our tax system and about who should pay how much and for what. Tinkering with a regressive system by offering energy tax rebates does not address the inequities.

Spending Priorities

Investing In the Health of Nova Scotians, Prioritizing Social Determinants

There is a mountain of evidence that a "social determinants of health" approach is the most effective way to address population health. This approach requires us to invest to improve the conditions under which people live, work, and learn, especially for those who experience health inequities.

To achieve health equity, the evidence is clear in terms of where we should investments and what policy choices we should make. They are as follows:

Addressing Inequalities

Research shows that "reducing the health gap in a generation is only possible if the lives of girls and women — about half of humanity — are improved and gender inequities are addressed. Empowerment of women is key to achieving fair distribution of health."[16] Income inequality also results in adverse health outcomes –the lower the income, the less healthy one is likely to be. In addition, there is evidence that societies with the largest gap between the rich and the poor have worse health outcomes for all income classes.[17]

The NSAB focuses on income inequality in this budget, but calls on the government to integrate considerations of how its budget choices affect people differently because of the way power and resources are distributed in society. Ethno-racial inequalities result in health inequities for African Nova Scotians, immigrants (especially from visible minority groups) and Aboriginal people. Health inequities are faced by people with disabilities as well.

Reinforce Primary Health Care

According to the World Health Organization, "Health-care systems have better health outcomes when built on Primary Health Care (PHC) — that is, both the PHC model that emphasizes locally appropriate action across the range of social determinants, where prevention and promotion are in balance with investment in curative interventions, and an emphasis on the primary level of care with adequate referral to higher levels of care."[18]

Early Childhood Development and Education

"Investment in the early years provides one of the greatest potentials to reduce health inequities within a generation. Experiences in early childhood (defined as prenatal development to eight years of age), and in early and later education, lay critical foundations for the entire life course."[19] These investments are important for the parents of these children, resulting in less stress balancing work and family life. For society as a whole, the investment has significant social returns, as well as economic benefits, improving quality of life for everyone.

These are the priorities for additional spending in our alternative budget for 2011–12. While our recommendations are directed to the provincial government, we emphasize that the federal government must also do its part. Federal transfers did not increase in the current fiscal year and the federal government has reneged on leading and investing in strategies to ensure that all Canadians have equal opportunity. The federal government was at the table assisting fiscally on these four items, but in the 1990s, it vacated this space and downloaded responsibilities onto the provinces. The Alternative Federal Budget lays out how it can and should reoccupy this space.[20] *The Nova Scotia Alternative Budget recommends that a bill be sent to the federal government to cover 50% of the costs of the additional investments proposed here for post-secondary education, health care, child care, and affordable housing.*

Addressing Inequalities

Poverty is a manifestation of inequality and a key determinant of health. Higher socio-economic status is associated with greater access to resources and better health status[21]. There is also an association between the degree of social inequality in a society and mortality and morbidity rates[22]. In 2008, there were 75,000 people living below the After Tax Low Income Cut Off or 8.3% of the population. This means that one in twelve people in Nova Scotia — including children, people with disabilities, seniors, parents, and single people — lived in circumstances that compromised their access to basic needs such as adequate food, clothing, and housing.[23] To fully understand income inequality and poverty, we must consider why it is that the same groups that more often experience health inequities face additional or multiple barriers that make them more vulnerable to living in poverty including sexism, racism and ableism. Failure to address the root causes of poverty actually costs at least between $1.5 and $2.2 billion dollars per year.[24] These costs are not merely borne by individuals and families but by the province as a whole through the economic costs associated with addressing high levels of crime and the effects of poor health and school dropout, as well as the lost productivity.

The Progressive Conservative government passed a Poverty Reduction Strategy for Nova Scotia in 2009, supported by the other parties. However, there has been very little progress to fill in the strategy with concrete targets and timelines, let alone allocate sufficient resources to coordinate efforts to reduce poverty. While we need to reduce and ultimately, prevent poverty, in the meantime, poverty alleviation programs do not meet current needs.

The Employment Supports and Income Assistance system (ESIA) is under review. Any changes must seek to remove the indignities associated with welfare as a system of 'last resort'. While we wait for the results of the review, those on social assistance struggle to survive on assistance levels that fall below the poverty line and must deal with a system that is overly bureaucratic and punitive.

Reduce the Poverty Gap: A minimum For Healthy Living

Welfare incomes have fallen over time and do not allow people to make ends meet, let alone allow for healthy living. Government assistance falls below low-income measures and leaves all people on assistance in a poverty gap. The very minimum that the government should be pro-

TABLE 5 Current Poverty Gap

Recipient	Total 2009 Welfare Income[25]	2009 After-Tax LICOs[26]	Poverty Gap	Total Welfare Income as % of After-tax LICO
Single Employable	$6,359	$15,579	-$9,220	41%
Single Person with a disability	$9,197	$15,579	-$6,382	59%
Lone parent, one child	$14,992	$18,960	-$3,969	79%
Couple with two children	$20,967	$29,455	-$8,488	71%

TABLE 6 Proposed Decrease in Poverty Gap

Recipient	Proposed Annual Increase in ESIA	Restore to % of LICO after tax	Poverty Gap Remaining
Single Employable	$2200	55%	-$7020
Single Person with a disability	$2500	75%	-$3882
Lone parent, one child	$1000	84%	-$2969
Couple with two children	$1500	76%	-$6988

viding is at least enough to bring people to the poverty line whether measured as Low-Income Cut-Off or as the Market Basket Measure. See Table 5 for details on the current poverty gap for different family types when using the LICO.

The Nova Scotia Alternative Budget seeks to decrease the poverty gap. Table 6 shows an overview of the proposed annual increases. These increases would result in single employable people receiving assistance that is equal to 55% of the poverty line (up from 41%). Persons with a disability would receive an additional $2500 a year bringing their assistance to 75% of the poverty line, while single parents come closest to bridging the poverty gap with assistance to 84% of the poverty line. Finally, a couple with one child on assistance would receive 76% of the poverty line (up from 71%). These are nominal but significant increases, with a goal to eliminate the poverty gap within five years. At the same time, we recognize that the way income assistance is delivered also needs to change.

Total Investment: $65.15 million[27]

In addition, we call on government to increase special needs amounts (whether for child care, transportation, special needs diet) to reflect the actual cost of these items. Making ends meet year after year requires an annual increase and income that reflects the real cost of living.

Once the poverty gap is eliminated, we recommend that the government link both shelter and personal living allowances to the Consumer Price Index (CPI), so that inflation is not allowed to erode this income. The government has already committed to tie the personal allowance portion of welfare benefits to the CPI. This CPI indexing, however, does not make up for the erosion or past reductions in welfare benefits. Furthermore, CPI was not applied to the shelter allowance, to special needs, or to other allowances such as childcare and transportation. *The government should also consider indexing income assistance to GDP growth instead of the CPI.* The CPI as an aggregate national number erases some significant differences amongst products for a small province like Nova Scotia. Indexing it to GDP recognizes the need to decrease income inequality by considering wage growth.

The assistance provided to people on ESIA should be a real safety net that ensures people can sustain themselves in dignity. Income assistance should provide enough financial support for individuals and families to eat healthy, live in adequate housing, clothe themselves, and meet other basic needs such as access to transportation and basic communication tools such as a telephone and arguably the internet. As such, in addition to recommending an increase in ESIA rates, we recommend the following:

Fund Basic Telephone Service

The costs of telephone service should be calculated as part of basic assistance provided to all ESIA recipients, replacing the current practice of providing an allowance on a case-by-case basis. We recommend that the personal allowance be increased for all recipients to reflect the cost of basic communication tools. The goal should be a policy that seeks to achieve social inclusion where in the norms of the society are taken into account. This recommendation amounts to an additional $160 per month to cover communication costs of households. *Total Investment: $8 million*

Encourage and Support Employment

The current ESIA 70% claw-back provision unfairly penalizes recipients when they try to gain paid work experience and move into the workforce. In addition, there is no earnings exemption for people who apply for ESIA. When an employed person applies for ESIA, all earnings are taken into account to determine a household's budgetary deficit. Families who are working, but unable to pay for their basic needs (food, shelter and clothing), may still be ineligible for assistance. To be eligible they would have to quit their job. Once the applicant is deemed eligible, if the applicant finds a job while on assistance, 70% of net wages are deducted from their basic income assistance entitlement. In other words, the government only allows the ESIA recipient to keep 30% of their earnings. This is unfair and a significant barrier to recipients wanting to move into the labour market, especially women who tend to do more part-time work than men.[28] A more reasonable earnings exemption level would help people to remain in or to gradually re-enter the work force. It can also become a bridge to a better job. The earnings claw-back is currently applied to assistance which is calculated monthly. Allowing earnings exemptions on annual income instead would remove a barrier to contract employment. There is already a special provision for income earned working in the seasonal harvesting of field produced crops like berries, vegetables and apples, and the harvesting of Christmas trees and making of Christmas wreaths. Families can earn up to $3,000 annually without these earnings affecting basic income assistance payments — although both their income support and job incomes would be subject to full income taxation.

More broadly, ESIA policies and programs need to offer real supports for transitions to work where there isn't a fear that once one finds a job one loses all benefits. Existing policies whereby benefits such as supportive housing, access to pharmacare, or to subsidized transportation are lost once one finds a job need to change. These policies not only create significant disincentives to employment, but, again leave people vulnerable to poverty, especially those who are already vulnerable such as women.[29] These policies also work contrary to poverty reduction and the goal of assisting people to become more independent.

The Nova Scotia Alternative Budget's provision for earnings exemption allows recipients a $5000 yearly earnings allowance. Recipients would also be able to keep 30% of remaining earnings. Total Investment: $19 million[30]

Total Investment in Poverty Reduction: $92.15 million

Reinforce Primary Health Care

Nova Scotia suffers disproportionally when it comes to chronic health conditions. Rates of cancer, diabetes, asthma and other diseases are higher in our province than the national average. This creates a lower quality of life, lower productivity, and results in higher health care costs. About 60% of our health care budget is consumed by chronic conditions like diabetes and asthma.[31]

Community Health Centres: The Model for Primary Health Care

In its simplest terms, a community health centre is an autonomous, not-for-profit, democratically controlled health facility to act as a community resource to assist communities, community residents and other users achieve and maintain health.

Its distinguishing features are the following:

- It is operated and democratically controlled by a non-profit community organization.
- It is oriented to serving and working with an identifiable local community or neighbourhood whose residents have a sense of belonging.
- It focuses on community well-being and provides appropriate services as defined by the community.
- It provides a wide range of primary health services with a particular emphasis on prevention, health promotion, health education, advocacy and community development, prenatal care, well baby/child care, diabetes program, community nutrition, social work/advocate, nurse practitioners, mental health, and addiction prevention and treatment services.
- It uses multidisciplinary services in the delivery of services
- All staff including doctors are paid by salary, not fee-for-service
- It improves accessibility to health services for the community or neighbourhood it serves.

One of the best examples, studied both nationally and internationally, is the North End Community Health Centre (NECHC) on Gottingen Street in Halifax. The Centre has been a staple of the North End for decades. It is run by a volunteer board, and offers a range of health services that not only includes primary health care services, but also focuses on addressing the social determinants of health.[35] It is undoubtedly a model to follow in our province embodying key principles for improved health outcomes of marginalized populations. In 2009, the NECHC worked with Immigrant Settlement and Integration Services began to offer health care culturally-tailored for a group of 86 refugees from one country. Its Mobile Outreach Street Health (MOSH) program provides accessible primary health care services to people who are homeless, insecurely housed, street involved and underserved in the community. The centre`s innovative community garden program, Hope Blooms, inspires youth from the community with its hands-on entrepreneurial approach, which includes a scholarship fund recognizing the need to help break the cycle of poverty. This Centre embodies the principle of providing primary health care as close to home as possible by pushing the boundaries of what is home, what makes a place feel like home or in the case of MOSH recognizing that not everyone has a home. It is also setting up free dental care. Following the philosophy of the North End Community Health centre to provide services and programs that are responsive to community needs, the province should ensure communities have the resources they need to start their own local versions of Community Health Centres.

Chronic conditions account for about $2.2 billion of today's health budget.[32] 40% of chronic conditions are preventable.[33] 40% of $2.2 billion is $880 million. That figure is a very rough estimate, which gives a sense of where to start in terms of saving money in the public health care system while also improving care and keeping people healthy.

If we want to significantly improve care and reduce costs, we need to expand primary and preventative care and keep people healthy in the first place.

The report from Dr. John Ross is a step in the right direction.[34] By moving toward team-based, collaborative approaches to care we get a more complete approach to providing health care. One of the best ways to provide a team-based approached to primary and preventative care is through Community Health Centres.

For 2011–12 and over the next 3–5 years, the NSAB recommends that the provincial government:

- Support existing community health centres. In recognition of the importance of community health centres, funding will be provided directly by the Department of Health and no longer by District Health Authorities — $10 million per year in new spending
- Support opening 10 new community health centres to meet needs — $30 million per year in new spending.

Total Investment in Primary Health Care: $40 million

Early Learning and Child Care

The foundation laid in the early years of life is critical to learning and development. While no one disagrees with this statement, the state of child care, let alone early childhood learning, in our province and indeed, our country suggests that our priorities are all wrong. Not enough licensed child care spaces exist to meet the needs of working families who struggle under the enormous stress of finding, and being able to afford, good quality child care. Child care is essential to women's equality and to providing equal opportunities for children. Child care is an important part of lifelong learning. Child care can improve Nova Scotia's economic competitiveness. Knowing all this means that we should make a considerable public investment in child care and put in place a system of Early Learning and Child Care (ELCC) that is comprehensive, quality, affordable, accessible, inclusive and not-for profit.

Nova Scotia does not have adequate financial resources invested in early learning and child care and it lacks a coherent vision and system. It is well past time in Nova Scotia for a public early learning and child care system that recognizes the critical importance of child care for achieving important societal goals such as women's equality, better work/life balance for parents, and support for reducing health inequities as outlined here.

The market-based approach to child care has failed. The result is a patchwork of child care paid for primarily by parents via high fees, provided by poorly-paid workers (mostly female) and one that does not come close to meeting the demand. Public funding is provided primarily in individualized forms such as tax breaks, parent cheques or fee subsidies based on family eligibility instead of as part of a seamless system. It is troubling that half of Nova Scotia's child care spaces — 49.5% in 2008 — are now in the for-profit sector where, due to changes in funding formulas, most new growth occurs. Between 2006 and 2008, there were 834 new spaces in the commercial sector, while the non-profit sector actually lost 56 spaces. The risk of sacrificing quality child care to profit-making ventures is too high. At the same time, substantial evidence exists as to the impact of a well-funded public system for the children as well as for their parents, for employers and for society as a whole.

Setting up a system that offers universal entitlement to programs provided by reasonably paid and well-trained staff, with democratic governance requires substantial change. The Department of Education would seem to be a better fit to achieve these goals than the Department of Community Services, but there may be other options. To simply transfer this responsibility from one ministry to another will not have the intended impact either. Building a new system requires the involvement of all those who have a stake in the outcomes. The Nova Scotia Alternative Budget Working Group recognizes the need for ongoing dialogue, but also recognizes the need to begin to transform the system so that the current generation of children and their parents benefit.

As a first step, the Alternative Budget Working Group recommends the phased-in introduction of full day seamless early learning and child care for four and five year olds in Nova Scotia. This would begin to meet the needs of both children and their parents. Child care for children under four years old would be maintained over the short term through the existing system, but with no new funding to private for-profit operators. The existing for-profit operators would be maintained until we are able to provide a fully accessible public alternative in those areas of the province where none currently exists. The government must ensure that conditions are put on any funding to private for-profit operators to ensure that public funds are used exclusively for the provision of child care, and not for other things such as property enhancements which only benefit the owner.

Additional spaces for infants and toddlers are also urgently needed and this must be a priority. Existing non-profit child care centres will need "start up" funding to convert the space formerly occupied for 4 year olds so they can provide more infant and toddler spaces. This could occur in tandem with the implementation of universal care for four year olds. Additional funding is needed for staffing because of the lower early learning educator to child ratios for younger children and babies.

The phase-in process is important to provide time to work collaboratively with current community-based providers, as well as to allow for the education of additional trained early childhood educators, and renovations to existing public stock and child care spaces. We are not calling for a lengthy phase-in process, but rather one that recognizes the urgency of acting. It is possible to complete the phase-in over a period of four years. This will provide for a legacy for the government who introduces it, and provide the reality for parents who have lived with broken promises about child care before.

The provincial government needs to take a planned and strategic approach to creating a real Early Learning and Child Care system. So far, the community-based, non-profit sector has been the backbone of service provision. Care must be taken to ensure that the valuable experience, knowledge, and expertise of the community-based non-profit sector is respected as they become integrated into a publicly-managed system. This should include community participation in system planning and design, support for ECEs to move into the new system, and a role for the community-based sector in the governance of public ELCC. Participatory infrastructure must be created for parents, child care workers, community advocates involved in the ongoing governance of ELCC. We can learn from models in other jurisdictions, where elected boards allow communities to be actively involved in decision-making or we could use another model based on other bodies such as the Regional Development Authorities or Community Health Centres.

There are many other details that need to be carefully planned to create a comprehensive system of ELCC from birth to twelve years and to deal with the transition period. For example, the government should establish a provincial wage grid for early childhood educators, which the for-profit operators would be required to staff. A provincial sliding scale schedule of fees payable by parents should also be set which private for-profit operators would be required to charge.

Much work has been done on the neighbourhood "hub" model of a family centre which provides a comprehensive set of services that parents and their children, and the communities that they live in, need and deserve. Schools could become locations for such community hubs in communities where other facilities or resources do not exist. Programs would be inclusive of all children, including those with extra support needs. Parenting programs and resources would also be central to the mandate, as would programs and resources that meet various needs of families — e.g., health, skill development, pre and post-natal support, assistance and education, as well as leisure and social activities. Central to parenting programs would be to provide parents with knowledge and/or assistance in meeting the development and learning needs of their own children. The centres will develop partnerships with other community resources to extend children's learning opportunities — libraries, art galleries, gymnasiums and recreation facilities, museums, etc. A comprehensive set of services should be available for parents and children in rural and urban communities across Nova Scotia.

We should also look to the Acadian community, where the francophone child care is located either at schools or/and community centres. This community has been implementing innovative 'hub'-style programs for under 4 year olds as well as pre-primary including *Grandir en Français* for a few years. Additional investment would ensure more people can access these programs more quickly, which can also impact the sustenance and cultural health of this minority language community.

We currently do not have enough licensed and trained early childhood educators to provide universal pre-primary to the approximately 8,500 four year olds in Nova Scotia. The need to train sufficient early childhood educators and provide for the renovation of facilities means we have to start now, but we have to start slowly. The government has the data and resources to determine how best to do this.

To implement this program in September 2011 in the 19 test sites, which had already been used by the Pre-Primary 'pilot' Program cancelled by the previous government. Little, to no renovations would be required.

For 2011–12, the NSAB recommends that the Provincial Government:

- *Introduces a phased-in pre-primary learning and child care system in 19 sites in September 2011 — $2,375,000 in new spending*
- *Provide additional funding for existing non-profit centres to provide additional care for children under four, including francophone programs — $5 million*

Over the next 3–5 years, the NSAB recommends:

- *Develop a comprehensive and integrated public ELCC system that meets the care and early education needs of both children (birth to 12) and parents, which includes targets, timelines and accountability measures. A new system for the governance and management of this system is an integral part of this development and the work on this should begin immediately.*

Total Investment in Early Learning and Child Care: $5.375 million

Investment In the Conditions of Learning

Primary to 12 Education

There is a misleading debate in Nova Scotia about the affects of declining enrolment on the school system. The conclusion is that given declining enrolments, the system is over-funded. Determining the appropriate funding for the public education system requires a much more complex analysis that recognizes what the current system is funded to do. The purpose of the Alternative Budget is to recommend new spending that would enhance our ability as a society to achieve greater economic and social justice in our province. To that end, we support adequately funding a public system that is an inclusive, student-centred education system for the Twenty-First century. This is much more expensive than one that flows from a model of an authority, the teacher, espousing wisdom from the front of the class to a set number of students without considering who those students are and what additional supports the teacher might need. Autism and other learning disabilities were not even identified as such 20 years ago. The only educational model that fits the needs of today's students and a knowledge economy is one that provides the time and opportunity for teachers to work with each of their students, using new approaches to assessment for learning and differentiated instruction. A simple ratio of child to teacher does not reflect the current reality of education needs.

In addition, the need to address the inclusion of African Canadian[36] and Mi'kmaq students is more pressing than ever, yet it is clear that despite the best intentions of teachers, school boards and the Department of Education, there are insufficient resources. The Alternative Budget working group believes in these goals and supports funding programs to achieve them. In addition, we invest additional funds into Acadian and French Language Services. This is doubly justified given that the Acadian School Board is the only board that has seen its student numbers grow, if ever so slightly.

The NSAB recommends an immediate cash injection for classroom supplies in our public education system. Because of a lack of public funding, teachers are often forced to purchase classroom supplies out-of-pocket, this creates disparities between classrooms and puts an undue financial barrier on teachers. When our schools need to raise funds to buy paper and tissues, we have a major problem. The NSAB recommends $300/classroom in an immediate cash injection.

The Nova Scotia Alternative Budget Working group recommends additional investments into the primary to 12 education system as follows:

- *$300 to every classroom for school supplies ($1.5 million);*
- *10% increase in budget for students with Special Needs, $12.5 million*
- *$6 million targeted towards African Nova Scotian, Aboriginal, Acadian/French Language Services and ESL learners*

Total Investment in P-12: $20 million

Post-Secondary Education

Nova Scotia universities and the Nova Scotia Community College (NSCC) have a significant impact on the economy in the province. There are 11 universities and 13 NSCC campuses across the province. In 2009–10, there were over 42,000 full- and part-time students enrolled at universities in the province[37] and over 10,000 full-time and 18,000 part-timers at the NSCC.[38] Universities and colleges generate substantial returns on investments of public dollars, especially in rural communities. A recent report on the economic impact of universities in Atlantic Canada found that universities in Nova Scotia contribute $1.18 billion to the Nova Scotia economy.[39] Universities account for 18,518 jobs, which includes people directly employed by the university and indirect jobs. The provincial and federal governments collect $220 million of income tax revenue from those employed by universities. University education is one of our most successful exports.

Economic development is built into the foundation of the NSCC, which has as its mission: "Building Nova Scotia's economy and quality of life through education and innovation." In 2004, over 6,700 jobs totaling over $202 million in wages and salaries were directly attributable to the NSCC.[40] A recent survey also found that 86% of NSCC graduates were employed one year after graduation, 83% in their field of study.[41] Graduates from the NSCC are also very likely to stay in the county of their campus following their diploma program.

If our province is to overcome challenges such as an aging population, skills shortages, youth out-migration, and slow economic growth we must invest in post-secondary education. Policy decisions that jeopardize public post-secondary education in the interest of balancing the province's budget under the current timeline could seriously threaten the long-term economic and social health of the province.

University Funding and Tuition Fees

Over the past two decades, severe cuts to public funding for universities have shifted the burden of paying for education away from governments and onto individual students and their families through a flat tax: tuition fees. Tuition fee increases rapidly outpaced inflation — between 1991 and 2009 tuition fees in Nova Scotia almost tripled. Tuition fee increases have been even more significant for international students and students in professional programmes such as law, medicine and dentistry. As a result, students in Nova Scotia paid the highest average undergraduate tuition fees in the country between 1989 and 2009, and continue to pay the highest graduate student fees and the highest ancillary fees in the country. Currently, average undergraduate tuition fees in Nova Scotia are $5,495 (including the Nova Scotia student rebate), and average graduate tuition fees are $7,350.[42]

Provincial government investment in post-secondary education recently reached 1989 levels in gross terms (constant dollars). Because of increases in enrollment, however, per-student funding is still below 1990 levels. Per-student funding in Nova Scotia is also the lowest in the country and about $2,000 below the national average.[43] While the province suggests that the national average is an appropriate benchmark for tuition fees, this does not seem to be the case for funding determination.

On February 1, the government announced that it will cut funding to universities by four percent in the 2011–12 budget year, and allow undergraduate university tuition fees to increase three percent in 2011–12 and for the next two years following. The government also indicated that upcoming negotiations for a new funding agreement with Nova Scotia universities will begin from the starting point of reductions in transfer payments. Once again, students are asked to pay more, but get less.

High tuition fees are a contributing factor to out-migration, and affect Nova Scotia's ability to attract youth to the region. Between1999 and 2007, the number of students originally from Nova Scotia studying at Memorial University increased ten-fold, from 64 students in 1999–2000 to 725 students in 2006–07. The MPHEC attributes this increase partially to a demographic shift as well as "a tuition [fee] decrease and freeze at the Memorial University of Newfoundland," adding that "government policies relating to tuition seem to influence in which province students attend university."[44]

In order to maintain the tuition fee freeze, the NSAB recommends that the government increase funding to universities by five percent or $17 million and hold the universities accountable for spending it to reduce fees.

The NSAB also recommends that the government invest an additional $21 million in the Nova Scotia Student Bursary fund to eliminate the differential fee for out of province students and reduce fees for international students.

The government should be striving to bring per-student funding more in line with other provinces, and undo some of the damage done by consistent underfunding throughout the 1990s and early 2000s. The government should also create a legislated framework for reducing tuition fees over several years. The government has a good opportunity to do this through upcoming negotiations for a new Memorandum of Understanding with the universities. A legislated framework for reducing tuition fees would provide a long-term vision for universities, and help ensure post-secondary education is affordable.

Such a framework would also help the government achieve some of its goals in its jobsHere strategy, specifically encouraging young people to stay in school, encouraging graduates to stay in the province, and doubling the number of immigrants coming to the province by 2020.

The government should also work across departments and sectors to produce an integrated strategy for 'Green Jobs' to retain the best and brightest graduates here in Nova Scotia to work towards the transformation to sustainable prosperity. Burgeoning fields of study and employment include renewable energy, energy efficiency ,and conservation, as well as the associated planning and policy work required to achieve the sustainable future envisioned for Nova Scotia.

Community College Funding and Tuition Fees

While universities faced significant funding cuts, government investment in the Nova Scotia Community College remained strong, in terms of both operations and infrastructure. The community college system, however, has not been immune to tuition fee increases. Students pay $2,700 per year for a certificate or diploma program and $3,700 for an advanced diploma program.[45] In 2009, NSCC collected about $28 million from students in tuition fees. The NSCC provides free training in areas of Adult Learning for Nova Scotians who do not have a high school diploma, and through the Department of Community Services' Educate to Work program for people on income assistance. It has also developed successful programs such as *Women Unlimited* designed to assist unemployed women in various locations to explore, prepare for, obtain and maintain employment in the trades and technology fields.[46]

For many, the NSCC is the most accessible avenue for post-secondary education and skills training. The NSCC can also play a pivotal role providing re-training opportunities. However, there are two barriers to NSCC's ability to fulfill this role: tuition fees and a lack of spaces.

The Nova Scotia Alternative Budget reduces tuition fees by 50% over two years with a cost of $14 million per year. This policy would not only save the government money in other sectors of social services, such as income assistance and health care, but would also create a steady flow of educated workers who are not battling large student debts. This would also improve access to university, especially for rural students, as many community college programs are connected to university programs and allow a student to take the first two years of their degree in their community.

Student Debt

Tuition fee increases have a significant impact on student debt in Nova Scotia, with students graduating with unprecedented debt loads. Average student debt in Nova Scotia after an undergraduate degree is about $31,000.

A recent MPHEC study found that 21% of Maritimes graduates who owed more than $30,000 when they graduated, still owed at least that amount five years later. That report also found that students who graduated in 2003, were less likely to have paid off their student loans completely five years after graduation than students who graduated in 1999. [47] Research has found that students who do not have to borrow for their education are more likely to finish their degree, own a home, and save for retirement

The most effective way of reducing student debt is to reduce tuition fees. By eliminating the upfront financial barrier of tuition fees, the government also saves money on back-end debt reductions programmes and tax credits because fewer students are required to use these programmes. Legislated tuition fee reductions would provide a long-term vision for tuition fee levels, and give students, universities, and the government the necessary information to plan for the future.

Assistance to student families and students with disabilities

Due to the increased costs of post-secondary education, students with high need, such as students with disabilities and students with dependents, are forced to turn to the Department of Community Services for financial assistance for their living expenses while in school. In 2000, the government changed the Employment Support Income Assistance (ESIA) Act to exclude students from receiving assistance and, instead, directed them to student financial assistance for their costs. This effectively shut many high-need students out of university. A 2005 study found that a student with a dependent could face an income deficit of $180 to $415 per month.[53]

The Department of Community Services attempted to address this problem through pilot programmes that provide exceptions to the law.[54]

Currently, the Nova Scotia Government provides a grant of $20 per week to students with dependents. This cost does not come close to addressing their income, nor does it address costs faced by students with disabilities or students with dependents with disabilities. The Nova Scotia government should look to models like Quebec, where students have grants available to them to address these deficits. If high-need students have access to needs-based grants that adequately address their costs, complex pilot programmes would be unnecessary.

Even with additional grants available, there are several circumstances where access to social assistance programmes would significantly improve the quality of life of high-need students and better meet their needs. For example, access to pharmacare and subsidized housing for low-income students could help reduce costs while attending school. Currently, Regulation 67 of the ESIA Act prevents students from accessing social assistance, even if they have demonstrated need for income assistance.

The NSAB recommends the government immediately repeal regulation 67 of the ESIA act.

A recent report by the Treasury Board of Canada shows that in the last year, default rates on Canada Student Loans went up from 10% to 13%. At the same time, the Canada Student Loans Program had a six percent increase in the number of borrowers and 7.5% increase in the amount they lent out. The only exception is in Newfoundland and Labrador, which saw a seven percent reduction in the number of borrowers and an eight percent reduction in the amount lent to students.[48] This is not surprising, since tuition fees in Newfoundland and Labrador have been have been frozen and reduced for over a decade and are among the lowest in the country.

Many advocates of higher fees suggest that massive student debt loads are sound public policy because college and university graduates make more money after graduation. In reality, the majority of university graduates will be average income earners. 18% of university graduates in Canada make less than half the median income for that demographic.[49] A report by the Organization for Economic Cooperation and Development (OECD) finds the lifetime income disparity between degree holders and high school diploma holders to be $149,373 for men and only $87,280 for women.[50]

A model that requires low- and middle-income students to take on debt to pay for their education is at its heart an inequitable system. The principle of a debt-based system of student aid is that the upfront cost of tuition fees should be shifted to the after-study period and increased based on the accrual of interest. A debt-based system ensures that those students who are able to pay their fees up front face less of a financial burden than students forced to borrow money. The latter end up paying their loan principle and interest.

This type of programme requires a large and complicated institutional bureaucracy at the federal, provincial, and institutional level to monitor students and borrowers through both study and repayment. A system based on grants that provides non-repayable assistance up-front is a more equitable and more efficient programme. In 2009–10, the Nova Scotia Government lent more than $28 million to students, paying close to $3 million on in-study interest.[51]

By directly reducing student debt through grants, the province would save money on debt management costs including in-study interest, repayment assistance, and defaults. More public funds would directly reach students, improving access for those students who currently cannot access assistance or who are forced to borrow money and to pay back the principle plus interest after graduation.

Currently, the Department of Education provides 20% of a student's provincial student loan in the form of a non-repayable grant. In 2009–10, this program only cost the government $6.8 million.[52] This figure is less than half the estimated cost of the Graduate Retention Rebate — a tax rebate provided to students regardless of need, that has proven ineffective to achieve its goal.

The funding required for this programme could come from transferring money from ineffective measures for student financial assistance to up-front grants, and through the reinvestment of savings from in-study interest and other government programmes. Tuition fee reductions could further reduce the investment required for such a programme, through reducing student need.

The government has indicated that policy changes on student financial assistance intended to reduce student debt will be forthcoming. With the measures described, the government could drive the maximum student debt to about $20,000 after a four-year degree.

The NSAB recommends that the government immediately increase the Nova Scotia Student Grant to 60% of every student's provincial student loan, and introduce a plan that would shift student financial assistance in Nova Scotia away from a debt-based system and towards a grants-based system.

The NSAB recommends that the government reinvest money allocated ($14 million in 2010–11) for the Graduate Retention Rebate to help cover the cost of increases in the grants program.

Total Investment in Post-Secondary Education: $52 million

Moving Toward Environmental Sustainability

A key determinant of health is our physical environment — the air we breathe, the water we drink. The affect of not just the natural environment, but, the built environments in which we live are powerful determinants of health and include the provision of adequate housing.

Several government policies and strategies could either be refocused or strengthened and aligned with strong goals for achieving environmental sustainability.

Energy

Support Community Power

The Nova Scotia government has set several targets and policy goals for the transformation of the Nova Scotia electricity sector that call for a reduction in pollution and dependence on expensive imported coal, and move us towards the use of domestic renewable resources. These goals could lead us to become more economically, socially and environmentally sustainable, and help focus on sustainable prosperity and a green economy.

For example, the province has set a target of procuring 25% of its electricity supply from renewable resources such as wind, hydro-electricity, tidal and biomass by 2015. Although 25% is a reasonable demand by Canadian provincial norms, it could be more aggressive. One third of this energy is expected to be procured from Community Feed-In Tariffs (or COMFITS). COMFITS are aimed at increasing community-level participation in the electricity sector by providing long-term fixed electricity prices for small-scale renewable energy projects. Feed-In Tariffs have been used in over 60 countries as a means of 'levelling the playing field' between traditional, fossil fuel electricity supplies and new renewable supplies.

Currently, community renewable projects are limited in their success in Nova Scotia. One of the major obstacles to the success of the COMFIT is access to debt/equity financing and the ability to mobilize the capacity of community volunteer CEDIFS, debt-ridden municipalities and under-resourced First Nations to successfully and sustainably develop renewable projects to meet provincial policy goals. *The Nova Scotia government should seek to develop a loans program with small-scale lenders.* The development of a program, similar to the partnership in Ontario between the Ontario Power Authority and the Government of Ontario, could ensure the success of the COMFIT as a small first step towards decentralized community renewable power generation.

In relation to the COMFITS, there is also no mention of solar power, which is a huge oversight. The evidence on solar in Nova Scotia is clear: the potential for this industry is great, but we need more opportunities for small-scale community-based business to take this on and make it a reality.

Building domestic energy security requires that the renewable energy produced through the COMFIT program and the larger goals for renewable electricity remain here in Nova Scotia to meet provincial policy goals for greenhouse gas reductions and a renewable electricity supply transformation. This must happen before consideration of export markets to New England or elsewhere.[55]

Act Locally, Think Sustainable Prosperity

Currently, the Province of Nova Scotia and Nova Scotia Power Inc. (NSPI) are lobbying the federal government to provide a loan-guarantee of $375 million for the construction of a sub-sea cable to Newfoundland/Labrador. This is part of the 6.2 billion dollar project proposal to develop 800MW of hydro-electricity on the Churchill River. NSPI's parent company Emera has been guaranteed 20% of this power for 35 years by as early as 2017. However, there are no guarantees that this Labrador hydro-power will lead to the phase out and closure of coal-burning power plants in NS, which we all know to be unsustainable on economic, environmental and social levels. The claims that this huge project reduces our carbon foot-print is based on reducing fossil fuel consumption, but ignores the huge carbon footprint of its construction, in addition to destroying habitat for wildlife and disrupting aboriginal communities.

Although Churchill provides regional benefits, it is not a panacea for Nova Scotia's energy security and should not be treated as such by the government and NSPI. They should instead focus their attention on increasing the capacity domestic provincial electricity grid to enable greater penetration of renewable electricity supplies such as wind, both on and offshore. Clearly, one of the biggest impediments to successful penetration of renewable electricity supplies is the lack of domestic electricity grid transmission and distribution capacity. Grid strengthening is good for the province and should be the priority.

The revised Electricity Act is meant to encourage distributed and decentralized renewable supply generation and the abilities for small-scale renewable electricity production to occur here in NS. This resulted in the UARB's rejection of a request for NSPI to cap the net metering program at 20MW. This decision by the UARB is a re-assuring ruling from the provincial regulator with respect to supporting renewables at the community level. However, given its hesitation of adding 20MW (let alone the 100MW projected for 2015 through COMFIT) through net metering, NSPI may not be capable of facilitating the rapid and sustained transition to a renewable electricity supply.

As such the Alternative Budget Working Group recommends that government further investigate if changes are required to the Nova Scotia electricity market-place to support the transformation of the electricity distribution and transmission grid to renewable electricity. The democratization of the Nova Scotian electricity marketplace demands that the government play a leading role to ensure equitable access to the grid, particularly to enable small-scale producers to provide a distributed and decentralized renewable electricity supply. Currently neither NSPI nor government provide this leadership.

Hydraulic Fracturing

Many are heralding natural gas as fuel that can help transition us away from oil and coal. However, not enough is known about the green house gas emissions of fracked gas. Some preliminary studies have even indicated that the full life cycle emissions of fracked gas make it far less attractive than the use of oil and not significantly better than coal in terms of the consequences of climate change. This paired with serious concerns around contamination of groundwater and other health risks relating to the chemicals blasted into the ground, suggests a need for a provincial moratorium on fracking. Fracking is a process by which unconventional natural gas is extracted from dense rock beds such as shale. A combination of sand, water and chemicals is blasted into the rock, causing it to crack or fracture. The budget implications of onshore gas extractions is unclear, but the small royalties would not come close to the ecological damage.

A New Provincial Energy Policy

When it comes to energy policy, jurisdictions in the twenty-first century need to address two key questions with a view to become a low-carbon society, and to avert catastrophic climate change.

1. What energy services are needed in the future?
2. Where will the energy come from to meet the energy needs of these services?

To address questions around the development of a Provincial Energy Policy, the NSAB recommends that the Provincial Government develops a new energy policy based on the four 'R's:

- **Review:** understanding the present energy mix, the services, and where energy can be obtained in the future.
- **Reduce:** consume less energy overall via conservation measures or energy efficiency gains.
- **Replace:** replace existing insecure energy sources with ones that are secure, environmentally benign, and sustainable.
- **Restrict:** restrict new demand to energy sources that are secure, environmentally benign, and sustainable.

Water

Water governance is complex, as this resource falls under multiple jurisdictions, with private well owners, municipal governments, and the provincial government all assuming roles and responsibilities for the protection, maintenance, and delivery of drinking water. Released in December 2010, the long-awaited *Water for Life: Nova Scotia's Water Resource Management Strategy* provides some analysis of the scope of the task of managing water, the value and importance of water, and outlining broad goals, however is short on tangible goals other than the establishment of a water advisory group. Although it is a good first step in bring all of the stakeholders together and establishes the water advisory group, it fell seriously short of expectations.

Bottled Water-Free NS?

In the spring of 2010, Nova Scotia became the first province or territory in Canada to commit to phasing out the sale and provision of bottled water in provincial facilities. What this means is that the province will no longer be spending the money on providing bottles of water at meetings, and instead show commitment and pride in the tap water we have available in Nova Scotia. Implementation of this commitment has not been announced, so we assume this has not occurred as of yet.

Water As a Human Right

In July 2010, the United Nations General Assembly voted to recognize water as a human right, making the right to water international law. However, it is also treated as a commodity in Nova Scotia. This leaves our water supplies vulnerable to private market practices. Further, water is a resource, which is difficult to regulate, as the users of the water supply do often not own the lands that contain the watershed for any given source. This leaves our watersheds vulnerable to contamination.

Bill S-11

Bill S-11 (The Safe Drinking Water for First Nations draft) is currently being negotiated in the Federal Senate, and may have some impacts here in Nova Scotia in terms of ensuring First Nations access to water. Because First Nations communities are a federal responsibility, there are no implications for the province, but it is important to note that the United Nations General Assembly's recognition of the human right to water should see communities in Nova Scotia gain the access they've been lacking for so long. Although there are many concerns with this bill (including lack of consultation with a broad range of communities and constituencies, a lack of funding commitments, and the right for communities to construct, operate and manage their proper system, and the fact that it is the Senate and not the Government introducing legislation on water and not First Nations, Inuit and Métis), some movement on the right to water in Canada is hopeful. We should ensure public private partnerships are not used to develop safe drinking systems so the funds spent on the provision of a basic human right do not go to profit seeking enterprises.

Water and Wastewater Infrastructure

New federal regulations on the quality of water and wastewater without any provision of funding for these upgrades have left municipalities feeling the need to turn to P3s (private-public 'partnerships') as a the only viable way to upgrade current eroding systems, or to establish new facilities. Indeed, access to some federal monies requires municipalities to consider private and P3 options. Research across Canada and internationally has recognized that while public money is often spent to design and/or build public facilities like roads or hospitals or schools, inevitably the public loses when it enters into a "partnership" to continue to pay private operators for the ongoing use of such public facilities.

Wastewater treatment facilities are severely lacking in coastal communities, where historically it has been acceptable to dump raw sewage into rivers and the ocean. We now know that this untreated sewage can be a real problem for the ecosystems, and in some cases for access to freshwater for drinking and recreational purposes. New federal standards for wastewater treatment have been established, but upgrades have not been happening due to a lack of funding.

Groundwater Extraction

In Nova Scotia, approximately 34% of the 82 municipalities obtain their water supplies from groundwater sources, and 12% use a combination of groundwater and surface water. Groundwater is also an important source of water for private wells, agriculture, industry and enterprise, and is used by most of the small non-municipal public water systems in Nova Scotia.

In Nova Scotia, we allow companies to extract water, bottle it, and sell it back to us at an inflated price. Water should not be extracted by private companies for profit.

For 2011–12, the NSAB recommends that the Provincial Government :

- *Prohibit the use of public private partnerships for the provision of a human right*
- *Ensure access to potable water in all Nova Scotian communities, and legislate access to public water via taps in larger urban centres with appropriate levels of funding to implement the legislation*
- *Eliminate industrial extraction of water for private profit (bottling plants)*
- *Implement the phase-out of bottled water at meetings and in government offices*
- *Invest $1 million to establish a provincial public water infrastructure fund, which can assist municipalities with wastewater treatment facilities.*
- *Establish standards for water use for industrial purposes and agri-business*

  Investment in Water infrastructure: $1 million

Investments In Living Conditions: Making Life Healthier and More Affordable

A Housing First Approach

Affordable, safe and adequate housing for all people in Nova Scotia provides stability and is a key driver in the positive social determinants of health. The provincial government must make more affordable housing available especially to those living in poverty and specifically targeting the working poor. A lack of adequate, affordable housing can aggravate other problems associated with low income. Individuals and families who have to spend a disproportionate amount of their income on rent often face food insecurity and possible malnutrition.

The Canada Mortgage and Housing reports that in 2006 12.1% of 425,681 households in Nova Scotia were in core housing need.[56] This means that just over 51,500 households in Nova Scotia experience issues related to affordability, suitability and adequacy. Indeed, using this measure, renters in Nova Scotia face the biggest affordability burden in Canada. [57] Accordingly, "Nova Scotia renters face a huge affordability barrier — almost $10,000 separates the average income for the first income quintile

from the average market rent".[58] In addition, too many people throughout Nova Scotia live in substandard housing where the roof leaks, the windows are broken, there are problems with infestation of bugs and rodents — the list is endless.

Canada's National Affordable Housing Program ended in 1993. This meant drastic reductions in the level of government support towards supporting and expanding affordable housing initiatives. As a result of this policy switch *Canada is distinguished as the only major country in the industrialized world without a national housing strategy* and we currently have one of the smallest social housing sectors among industrialized countries.

Housing is not an optional item for consumption. It is a primary requirement for health and well-being. As a result it is relevant to public policy. Adequate housing, like adequate health care, is a recognized human rights obligation. New social and not-for-profit housing are desperately needed in Nova Scotia.

The number of new affordable housing units being built is not adequate to meet the pressing needs of many Nova Scotians who cannot afford to pay market rents. According to the Halifax Report Card on Homelessness 2010 only 44 affordable housing units were completed and rented last year.[59]

When we look at where and how the combination of federal/provincial housing funds is being spent we see that the bulk of the monies are being earmarked for seniors housing and renovations and retrofits. While safe and secure housing for seniors and persons with disabilities is a positive move by the provincial government, it is important to recognize that little to no funds are being spent to build affordable housing for individuals and families. Since 1999, only 352 affordable, self-contained, rental units were added to HRM's affordable housing stock.[60]

Canada's housing system is deficient in that it favours home ownership and discriminates against low-income households stuck in the low end of the rental sector.[61] This situation is mirrored in Nova Scotia as well. We need a provincial housing strategy, which clearly establishes targets and timelines for affordable and appropriate housing in rural and urban parts of the province. We need an adequate system of supports for households that do not have and never will have a place in the housing *market*.

Housing affordability is affected by several forces; policy decisions in income support combine with those related directly to housing to contribute to housing insecurity, and increased stress, morbidity, mortality, social exclusion, illness, and disease.[62] By definition, the social determinants of health require intervention by all three levels of government, but particularly by senior governments that have the revenues to support action. The private market cannot meet the needs of people who cannot afford to purchase private goods and services.[63]

For 2011–12, the NSAB recommends that the Provincial Government:

- *Develop a policy approach that promotes a provincial housing strategy with clearly established targets and timelines for affordable and appropriate housing in rural and urban parts of the province.*
- *Recognize housing as a basic human right that affects the other social determinants of health. Housing has been deemed a human right by the United Nations' International Covenant on Economic, Social and Cultural Rights to which Canada and all the provinces are signatories.*
- *Support Bill C-304, a petition for a National Housing Strategy, to be passed and enforced by all provinces and territories.*
- *Increase the amount of provincial funding earmarked to build new affordable housing units by allocating $200 million over three years, beginning with $60 million this year.* Investment in Affordable Housing: $60 million

Public Transportation

Transportation between rural and urban Nova Scotia will be key to economic success and revitalizing the rural economy and connecting it to the vibrant Halifax economy.

There are many models of public transportation around the world that Nova Scotia could draw on to explore how to innovative ways to provide vital linkages between communities. New technologies provide easier and faster ways of connecting people to ensure that we create sustainable transportation systems. As was recommended in the 2010 alternative budget, we create a new crown corporation, Transit Nova Scotia (TNS), which would have an initial mandate to provide inter-community bus transportation. Similar to what happened when Nova Scotia Power was created; the provincial government should assume control over all existing inter-community bus routes, including Kings County Transit and Acadian Lines.

Metro Transit and Transit Cape Breton should be left out of the equation as they operate in a single municipality and provide local transport, though TNS will need to enter into agreements with both municipal transit providers to connect CBRM and HRM to the new network of bus routes. TNS may also want to consider assuming responsibility for Metro Transit's suburban routes connecting communities like Timberlea, Mount Uniacke, and Fall River to the urban core via routes arriving from rural areas.

Taking over Kings County Transit and Acadian Lines will provide TNS with the initial access to motor coaches, agents and experienced staff.

The cost of these routes is impossible to predict. The Kings Transit Authority currently spends just over $500,000 per line (they operate 5 lines).[64] The Kings Transit Authority subsidies each route by about 60%. The cost for operating a provincial system would likely go down because of economies of scale and the introduction of higher traffic routes to the urban centres. Based on these numbers and with about 20 routes, the total budget for TNTNS would be just above $10 million. At a provincial subsidy rate of 60% this would cost the province about $6 million per year.

We also recommend that any new services are affordable and accessible including (and especially) for people with disabilities. Financial support should be targeted to the Community Transportation Assistance Program (CTAP). Launched in 2001 through Service Nova Scotia and Municipal Relations provincial office, the CTAP has grown from four programs to eleven. Known as dial-a-ride or community-based transportation, the mission is to provide affordable and accessible transportation to rural Nova Scotians.

For 2011–12, the NSAB recommends that the Provincial Government:

- *Provides an initial investment to finance the creation of a provincial transit corporation, Transit Nova Scotia and additional funding for the Community Transportation Assistance Program — $20 million in new spending*

In the 3–5 year range, the NSAB recommends:

- *An annual subsidy of 25% to 60% of total operating costs — estimated at about $6 million until the service becomes established and fully accessible*

Public Auto Insurance

The NSAB recommends the creation of a Public Insurance Corporation.

The Nova Scotia NDP promised to bring in a public auto insurance corporation in the 2003 and 2006 elections. This promise was notably absent in 2009 and was not part of the review process set up this year.[65] As was recommended in our alternative budget last year, the need for public ownership in the insurance industry is important to control costs and stop consumers from being gouged.[66]

The required investment is difficult to quantify. New Brunswick estimated start up costs for a public auto insurance system to be $82 million.[67] However, in 1971 it only cost the Manitoba government $375,000 to create their public auto insurance program[68] (about $2.2 million in today's dollars). The NDP in Nova Scotia suggested in 2003 that setting up a public auto insurance company would cost the public treasury nothing as premiums would cover the expenses almost immediately.[69] Our figure of $15 million is designed to provide for the upfront costs of setting up the public auto insurance corporation with the expectation that premiums will quickly cover all expenses as is the case in other provinces with such insurance programs.

For 2011–12, the NSAB recommends that the Provincial Government:

- *Provide a one-time investment of $15 million for initial capitalization to create a Public Insurance Corporation.*

Improve Prescription Drug Coverage

In September 2010, the provincial government launched the Fair Drug Prices Review.

This was in response to similar actions in other provinces, most notably Ontario. The Fair Drug Prices Review was designed to review the cost of generic drugs, to bring the cost of generics down, both for consumers and for provincial pharmacare programs.

The NSAB recommends a hard cap on the cost of generic drugs, as in Ontario, at about 25% of the name brand. The cap should be legislated, not negotiated with individual generic drug companies.

In the review consultations the province indicated that it was looking to save about $40 million annually from the changes and this $40 million would be taken out of the pharmacare program and put into general revenues.

Thousands of Nova Scotians have no prescription drug coverage. If this money were reinvested in the pharmacare programs it could either reduce co-payments and deductibles for thousands of low income Nova Scotians or even expand coverage to up to 70,000 people.[70]

The NSAB recommends that any money saved through the Fair Drug Prices Review be reinvested to improve or expand provincial Pharmacare Programs. **Cost: Revenue neutral**

Dental Care for Children

Dental care is an important part of our health care system and is a critical component of maintaining overall health. Unfortunately, it is also one of the most privatized parts of the system, forcing families to pay out-of-pocket for dental care.

Currently, the Government of Nova Scotia only covers 5.1% of the cost of dental health care in the province, down from 17.2% in 1990. The rest is paid either out-of-pocket (about 41%) or by employer-provided insurance (about 53%)[71].

The largest program that covers dental health publicly in Nova Scotia is the Children's Oral Health program (COHP). Created in 1974, the program is designed to provide basic coverage to children. It provides for an annual check-up, two x-rays, fillings, some preventative services and nutritional counselling. Additionally, one time only, it covers a sealant application on all first permanent molars. In some cases, it also covers flouride treatment[72].

COHP is an "insurer of last resort" — if a child has access to a private insurance plan, they are required to charge the costs of the services to private plan first. If there is a co-pay in the private plan, MSI will cover the co-pay portion.

Today, COHP covers children up to their 10th birthday. Previously it had covered children up to their 16th birthday, but funding was cut by various governments over the years.

The NSAB increases funding to the Children's Oral Health Program by $3.3 million and increase the age limit from 10 to 16, expanding coverage to an additional 65,000 children in Nova Scotia[73].

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66 The Consumers' Association of Canada, http://www.consumer.ca/index.php4?id=1558

67 http://www.gnb.ca/legis/business/committees/reports/2004auto/summary-e.asp (accessed February 25, 2010)

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70 Based on the existing Family Pharmacare Program

71 NS Oral Health Review, http://www.gov.ns.ca/hpp/publications/08–35069-Oral_Health_Review.pdf. Accessed Nov 3, 2009

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73 Under 40% of children actually access the program because of the "insurer of last resort" status. There are approximately 167,902 children aged 16 and under in Nova Scotia according the the Department of Finance. Cost per beneficiary is $108. Based on these numbers, the total cost of COHP would be $7.3 million, an increase of about $3.3 million per year to extend coverage to an additional 65,000 children.

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