



Budget Consultation Meetings

This document is intended to give CUPE members some speaking notes and provide answers to the questions.

Members are encouraged to use some or all of the information contained in this package.

At each consultation session, Minister Steele will give a short presentation that will lay-out the province's financial situation, as well as the options for closing the gap - increase revenues, reduce spending, and grow the economy.

Participants will be given questions to discuss in small groups with an opportunity to present their recommendations to the larger group.

The following questions are poised to the people of the province to answer in the group discussions.

1. What should the government do to increase revenues and reduce spending?
2. What changes should be made to programs and services? Are there things government should do better, stop doing, or do more of?
3. What investments should be made today that will help to grow the economy in the long term?
4. How soon should government bring Nova Scotia's finances back to balance?

We are encouraging our members to attend Provincial Budget Consultation meetings in your community and to also send in your feedback online.

Things to think about:

1. We need you to let the government know about the importance of public services to our communities and to our economy.
2. We need to speak up on the importance of the public services that you deliver.
3. We need to talk about the level of public services your

communities receive.

4. We need to talk about how you contribute economically to your community.
5. We need to talk about how the taxes you pay contribute to the health and well being of the province as a whole.
6. We need to speak out against P3's.

You can also go on line and provide your feed back at <https://www.gov.ns.ca/finance/backtobalance/feedback.htm>

We are asking our members who have attended a meeting and if they have heard something that concerns you to let us know. Do you have any ideas about how the province can grow its revenue or stimulate the economy that you think we should know about? You can reach us by e-mail at cupenovascotia@tru.eastlink.ca

SPEAKING NOTES FOR YOUR USE at these meetings.

Response to the government' "Getting back to Balance" sessions across Nova Scotia

We are very pleased to provide our thoughts to the government on finances. CUPE Nova Scotia represents just over 16,000 members who work in the public sector in many local communities. Together we need to find ways to build a future that ensures a more viable public sector providing critical services that respond effectively to the needs of all Nova Scotians.

We need to position Nova Scotia to achieve greater social and economic equality, create a greener economy, and thus a more sustainable and healthy province. When we talk about what makes us proud to be Nova Scotian and a Canadian, it's the economic back-bone in our communities of the public services that taxpayers provide for all our citizens. Whether it is universal health care, public education or the myriad of social and recreational services in communities across the province, public services are a vital part of any good economy, and contribute to community pride.

Investing in public services is proven to be an effective way to build stability in our economy. In fact, for the first time in a generation, our economic recovery will be driven we believe by the public sector. The more governments invest in public services, the stronger the engine driving our economy community by community. Public sector jobs provide decent wages and

benefits to workers. Those workers spend that money directly in their communities. The bumps in our employment statistics reflect an increase in only part-time, lower-paying jobs. This is where a strong public sector can help the economic engine community by community across Nova Scotia.

Investing in public services provides a double benefit; it provides public services and support where it is most needed in communities and provides an employment and economic boost. Even private bank economists have said that Canada needs trickle-up economics - investment in local communities and support for the vulnerable. The recession and the rising unemployment it has created has increased demand for a wide range of public services like affordable housing, social assistance, community health care, child care and employment and training support. Families forced to cut their spending are relying more on community and recreation programs, public transit, and libraries.

Creating local public-sector jobs creates higher spending in the community, which in turn creates more jobs. In fact, estimates show that for every job cut by a local government, up to four other jobs would be lost. Governments should not view public services as a luxury we cannot afford in a recession. What we cannot afford are more high-risk, unregulated investments.

The province needs to continue to push the federal government to fix our broken EI system. Not only would this save a lot in welfare payments, it would provide dignity to those of our neighbours who have lost their jobs. They also need to keep pushing on pension reform so everyone has a decent pension through the CLC's recommended changes to the CPP and the OAS. Government should move quickly to allow employers to get into CUPE's own Multi Sector Pension Plan (For more on the MSPP go to www.mspp.ca) <<http://www.mspp.ca>> as we outlined in our report to government in 2009. People who have pensions rely less on government funded services in retirement.

It is imperative that more Nova Scotians, particularly the most vulnerable, are adequately protected during the current downturn, and able to benefit from any recovery. Everyone agrees we must come out stronger on the other side of this economic downturn. Nova Scotia needs a thriving, robust society, which requires a well-educated workforce.

To that end we have provided our views on several issues as well as answers to the questions you have posed to taxpayers.

1(a). What should the government do to increase revenues?

- This year, our government will take in around \$8.5 billion in revenues from taxes and fees, federal transfers, offshore royalties, and government-owned businesses, such as the Nova Scotia Liquor Corporation.
- Whatever we do, don't eliminate the existing sources of revenue Don't sell public services or assets such as the Nova Scotia Liquor Commission for a "one time" shot of money.
- We need overall tax reform and not just a review of tax credits. Every possible source of new or additional revenue should be considered.
- DON'T reduce taxes for small or big business. Nova Scotia doesn't have a spending problem - it has a revenue problem. We can't afford to cut taxes. We need to educate the general populations on the services that tax dollars provide to them. Cutting taxes is an easy promise for politicians, raising taxes is difficult for people to buy into so education is needed. We can't cut taxes and then expect to have our roads and other services maintained.
- Don't reduce personal income taxes either - One billion dollars of personal tax cuts increases GDP (Gross Domestic Product) by just \$720 million and creates just 7,000 jobs - while \$1 billion spent on public infrastructure increases GDP by \$1.8 billion and creates 16,000 jobs.
- Eliminate low rates of tax on capital gains and stock options and impose a "financial transactions tax" on stock market speculators.
- Offer Nova Scotia Savings Bonds to us as an opportunity to invest in our future. Nova Scotia citizens would be pleased to lend their government money at a decent rate for investments in our future: health bonds, or green energy bonds
- Increase the marginal income tax rate to 30% for the 1% of Nova Scotians who earn more than \$150, 000 annually to raise about \$200 million annually in additional revenue.

- Increase the HST - but only on "luxury goods" like cars over \$40,000, yachts, etc. If the HST is increased overall, create an exemption for low-income citizens.
- Regain ownership of NS Power - CUPE advocates public ownership, operation, and control of all electrical energy production, transmission, and distribution.
- Increase the minimum wage to \$10 an hour to match Newfoundland and Labrador's new rate so that low wage workers have more disposable income to spend which will boost revenues from sales tax.
- Stop selling our ground water ('spring water') for dirt cheap to bottled water companies. If we are going to continue this practice, substantially increase the one-time only application fee and increase the fee on a per liter basis.

1 (b). What should the government do to reduce spending?

- We need openness and transparency from our Government
- Publish tax expenditure accounts (estimates of the cost of tax exemptions, credits, etc.), to provide transparency and intelligent policy-making.
- Nova Scotians need to be able to compare the cost of tax cuts and other tax measures with actual program spending.
- Provincial bonds that will come "due" in 2010 will have a much lower rate of interest, which will decrease provincial spending on annual interest payments significantly.
- Stop spending public money on private for-profit childcare operators. We believe that no one should make a profit on our children. Investments in childcare are crucial to our future, but also to our current workers and their families. Not only do young children benefit from affordable quality daycare, so do parents (especially mothers who are predominantly the primary caregivers) who are given the opportunity to work or attend school. For many, this helps them to escape poverty. For employers, adequate childcare means a more stable workforce with less absenteeism. Investments in childcare must be directed at day care workers. A critical corner stone of any successful early

learning and childcare plan is that workers are motivated, appropriately educated, and sufficiently rewarded.

- These workers - mostly women - deserve a decent wage for the valuable work they do. Rewarding these workers also contributes to our economy through higher spending and taxes. The current Child Care Expansion Loan program offers low cost capital financing to for-profit childcare enterprises, which will actually result in higher childcare costs for families. The new 'Kids & Co' corporate childcare centre will be charging families about 15% more than current non-profit centers or an increase of about \$100 more per month. Since 2007 the NS government paid corporate centers the same operating funding as non-profit centers no matter how much these for-profit centers charge parents or pay their employees. The Australian experience shows that corporate childcare does not provide accessible quality childcare and it puts smaller not-for-profit childcare centers out of business and results in higher fees for parents. Investment in childcare makes good economic sense; for every dollar invested in childcare two dollars is returned to the economy.
- Stop spending public money on private for-profit operators of long term care facilities - no one should make a profit on health care.
- Don't spend public money on P3's - PUBLIC PRIVATE PARTNERSHIPS. They don't work! CUPE has been sending the government research on this for years.
- Don't buy bottled water for government meetings. Tap water is perfectly fine and paid for by our tax dollars.
- Review the "royalty" structure on all use of public and Crown lands with an eye to increasing these fees.
- Don't spend money on "convention centers" which don't have the same economic spin off as investment in public infrastructure - like roads, bridges, community centers, schools, child care centers, etc.
- Don't spend money on tax write offs to bring in "fly by night" companies who will quickly leave for the next tax write off in some other jurisdiction.
- How many call centers can one small province subsidize?

- Invest in well-paid unionized jobs with decent pensions and benefits.

2. What changes should be made to programs and services? Are there things government should do better, stop doing, or do more of?

- Require school boards, district health authorities and long-term care facilities to "buy local" to help support rural Nova Scotia.
- Require the workers compensation board to use public health facilities and not for profit ones.
- The dollar value of public services that an average Canadian family receives amounts to over 60% of their income. For someone at the minimum wage, the value of these benefits can be equal to or higher than their wage income.
- Stronger public services would reduce the cost of living for households in a very progressive way and provide a solid foundation for a stronger recovery.
- Match the Newfoundland and Labrador minimum wage rate of \$10.00 an hour on July 1, 2010, and eliminate the "two tier" rate for "inexperienced" workers.
- Enact pay equity legislation that requires "equal pay for work of equal value", not just in the public and quasi public sector but in the private sector for groups of 10 or more employees. We need to ensure the limited pay equity gains that were made in the early 1990s are maintained and guarantee economic equality for men and women in the future.
- Consolidate all the programs and money that we spend on early learning and child care and create a publicly funded and publicly delivered system
- Build on affordable housing. The current program works in partnership with the private sector and only provides for the 'affordability' of rental units for 10 years. This works out to a significant investment, but it results in no permanent increase to the affordable housing stock. In addition, experience has shown that governments in Nova Scotia cannot rely on the private sector to meet the need

for affordable housing. The private sector has shown little past interest in the development of affordable housing, because it isn't financially lucrative.

- We need to establish non-profit housing development in rural areas. New social and not-for-profit housing is desperately needed in Nova Scotia. Already there are 4000 people on the waiting list for public housing in the province, and the turnover rate is only 13 to 15 per cent. Providing safe affordable social housing is an integral preventative measure. Housing for the homeless provides stability, makes it easier to provide other supports, and could actually achieve a long-term cost savings.
- In 2002, the Nova Scotia government entered a partnership with the federal government to provide and repair housing in the province. However, there has yet to be a clear and accurate accounting of these funds even though these agreements call for an annual accounting and performance report, and the communications protocol claims all information will be public. Unfortunately, provincial and federal officials have refused to disclose the specifics.
- It is estimated that with these funds in the (2002) phase of the Canada-Nova Scotia affordable housing agreement, 1500 affordable homes new or renovated could have resulted, with an average per-unit subsidy of just less than \$25,000. This agreement includes federal funding of \$18.63 million, with a matching contribution from the province and third parties, for a total of \$37.26 million.
- The second (2005) phase of the agreement includes federal funding of \$9.46 million, with a matching provincial/third party contribution, for a total of \$18.92 million. While there is no specific unit target, the per-unit subsidy was increased to \$75,000, suggesting 250 new homes could be built.

3. What investments should be made today that will help to grow the economy in the long term?

- Don't balance our books by cutting badly-needed investments in our community infrastructure
- Investment in public services and public infrastructure such as energy production, transmission and distribution, especially alternative energy production

- Investment in training and skills development for workers in the energy sector. Investments in Post Secondary Education and research stimulate economic growth.
- When British Columbia built the Vancouver Island Highway in the mid-1990s, it was the first time that equity measures were specifically included in a project in highway construction. The initiative required affirmative action for both women and aboriginal people from the local areas where the highway was being built, integrating them into the workforce and provided training in trades to them. The initiative required the support of the contractors and the trade unions. It was the central role of the government and the Office of the Premier that ensured that it worked. Not only were the equity provisions required, but there was follow-up so that the proportion of equity hires reached over 22 percent of the total workforce during peak periods. After the project was completed, qualified women and aboriginals were able to compete with white men for coveted skilled construction jobs.
- Good quality of life, a creative and skilled workforce and good public services play a much more important role than the tax environment does. Now is the time to invest in social infrastructure and provide more people with opportunities to further their education, gain skills and build their capacities.
- Green jobs in the public sector, to start. The province needs to look energy savings in its public buildings. Energy retrofits of all public buildings would reduce utility costs tremendously. Spending in green infrastructure and environmental priorities opens the door to new opportunities for local economies. We need to prepare Nova Scotians for the jobs of the future. To prepare for climate change, a new skill base is required to develop accurate maps and inventories of vulnerable resources, infrastructure, industries, and communities.
- Nova Scotia has a shortage of new farmers. Mentorships, on-farm training, and other farm-related skills need to be taught. Training new farmers should be matched with opportunities so they can set up businesses.
- Build on local economic development/community economic development community by community.

- Create strategic partnership councils between labour and business with real "teeth"
- Fund local infrastructure projects

4. How soon should government bring Nova Scotia's finances back to balance?

- Use accurate financial information
- This year's provincial deficit was increased dramatically by putting \$340 million of university funding from next year onto this year's budget. That more than doubled our deficit figure.
- The real deficit figure for this year should be around \$180 million.
- To put this in perspective, when John Hamm came to power in 1998, the provincial deficit was \$780 million and we managed to slowly chip away at that.
- There is no economic rule or need for government budgets to be balanced. In tough times, governments stimulate the economy by spending - even if it means running deficits.
- Use reasonable debt-to-GDP ratios to estimate the finances of the Province rather than simple dollar amounts of the deficit or debt.
- Don't try to eliminate the deficit in one year, that is, by 2010-11.
- Don't eliminate an annual deficit if it means huge gaps in programs and services that will cost more in the long-term.
- Take advantage of the current, extremely low interest rates and adopt a more gradual fiscal strategy to avoid slowing the economic recovery and destabilizing needed public services.
- For instance, some government loans that were negotiated years ago required us to pay 16% in at least one case, and rates of 9% and 10%. They will be paid in full this year and in 2011. This will give us significant relief in interest payments.

- Unlike previous recessions, interest rates are likely to remain quite low for some time, especially if there is no significant resumption of growth.
- Given low interest rates, we must proceed with public expenditures that are significant investments in our productive potential and thus raise the future tax base.

According to the CCPA when Atlantic Canadians when polled it showed that 76% of Atlantic Canadians agree that increasing taxes on wealthier Canadians to pay for programs that benefit all would be an effective way to reduce the growing gap between the rich and the poor.

Atlantic Canadians have also expressed support in our spending priorities:

1. 92% support creating more low-cost child care spaces;
2. 94% support creating more affordable housing;
3. 89% support improving income support programs to help poor families with the cost of raising kids; and
4. 84% support making sure welfare rates keep up with annual increase in the cost of living.

Provincial budgets, like all public policy, are about choices and values. We hope the government of the day makes the right choices in its budget and on a day-to-day basis. We need good public policy that becomes entrenched so that future governments cannot simply unwind the clock.

We trust this government will make the right decisions and will live up to its word to not cut public services, to not have layoffs in the public sector and to ensure that our system of taxation is both fair and progressive.

Thanks,

Danny Cavanagh
President, CUPE Nova Scotia

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