



Atlantica Party Alternative Budget 2011



**A budget to lower taxes, eliminate the deficit
and grow the economy in one year.**

Executive Summary

After years of unsustainable spending by Progressive Conservative and New Democratic governments, Nova Scotians are facing a structural deficit. Each year that we run a deficit, current and future generations of Nova Scotians lose ; deficits contribute to our total debt which will soon be a record **\$14 billion**, or \$15,000 for every man, woman and child in Nova Scotia. Annual interest payments on the debt cost us almost \$1 billion a year: \$1 billion that could have been used to lower taxes and provide services for Nova Scotians.

Instead of focusing on reversing the mass overspending that caused this fiscal mess, the Dexter government has focused on raising taxes for Nova Scotians. The 2% HST increase has increased costs for families and businesses, impeding economic growth and making Nova Scotia even less competitive.

Raising taxes and reducing growth while ignoring spending is the old-fashioned wrong-headed approach that will maintain, rather than reform, the tax-and-spend status-quo in Nova Scotia.

The Atlantica Party is fighting to keep Nova Scotia from becoming a 'failed' province by presenting a better plan for Nova Scotia. We want to lower taxes substantively for Nova Scotians, have smaller government, eliminate the deficit and grow the economy. While status-quo politicians tell you that balancing the budget will take years, we have an **alternative budget** to lower taxes, eliminate the deficit and grow the economy in **one year**. We can balance the budget by making four strategic changes:

1. Reverse the mass over-spending of government. Implement the **Atlantica Party's Spending Restraint Rule** and make it retroactive to 2003.
2. Getting Government back to its basics:
 - a. Cut departmental spending by 10%. **\$750 million saved.**
 - b. Eliminate corporate welfare and get government out of the private sector: Close the Departments of Economic and Rural Development, Agriculture, Fisheries and Aquaculture, Tourism and Nova Scotia Business Inc (NSBI). **\$230 million saved.**
 - c. Treat Nova Scotians equally: Eliminate the Offices of Acadian Affairs, Gaelic Affairs, African Nova Scotian Affairs, Status of Women and Aboriginal Affairs. **\$13 million saved.**
 - d. Eliminate the Nova Scotia Human Rights Commission. **\$2 million saved.**
3. Reverse the Dexter government's shameful tax hikes and lower taxes for Nova Scotians:
 - a. An immediate, 2% cut to the HST. **\$250 million in tax savings.**
 - b. Eliminate the Dexter government's fifth tax bracket on personal income tax. **\$32 million in tax savings.**

Reversing the Provincial Spending Spree: The Atlantica Party's Spending Restraint Rule

For the past decade, PC and NDP governments have recklessly overspent billions of taxpayer dollars at an alarming rate. Including the latest forecasts since 1995 government spending has more than doubled! By contrast, Nova Scotia's combined inflation and population growth for the same period was only 44 percent. Spending has increased by 60 percent more than necessary to maintain government programs and services. This mass overspending of taxpayer dollars has been used to finance more inefficient government, corporate welfare programs, failed "job creation" strategies, and unfair gold-plated MLA pensions.

Taxpayers are tired of reckless government spending sprees on their dime. The Atlantica Party is on the side of Nova Scotians and we will fight to ensure that the rights of ordinary taxpayers are protected against tax-and-spend governments. In order to protect taxpayers and control spending, we propose the implementation of the **Atlantica Party's Spending Restraint Rule**. Under our Spending Restraint Rule, the maximum increase in government spending would be at the combined rate of population growth and inflation. For 2011-2012, this is projected to be 2.5%¹².

While all Atlantica Party MLAs pledge to hold themselves to the Spending Restraint Rule, we will go a step further in protecting future taxpayers. **The Atlantica Party will fight to enshrine our Spending Restraint Rule in legislation** to make sure out-of-control spending cannot happen again.

While the Atlantica Party's Spending Restraint Rule will check future attempts at mismanagement, Nova Scotia will not be able to move forward towards a low tax, low spending, pro-growth environment unless the mass overspending of the past decade is reversed. It was and is wrong of PC and NDP governments to endanger Nova Scotia by push spending to unsustainable levels for short term political gains. If the Atlantica Party's Spending Restraint Rule had been implemented a decade ago, we would not be in our current structural deficit situation.

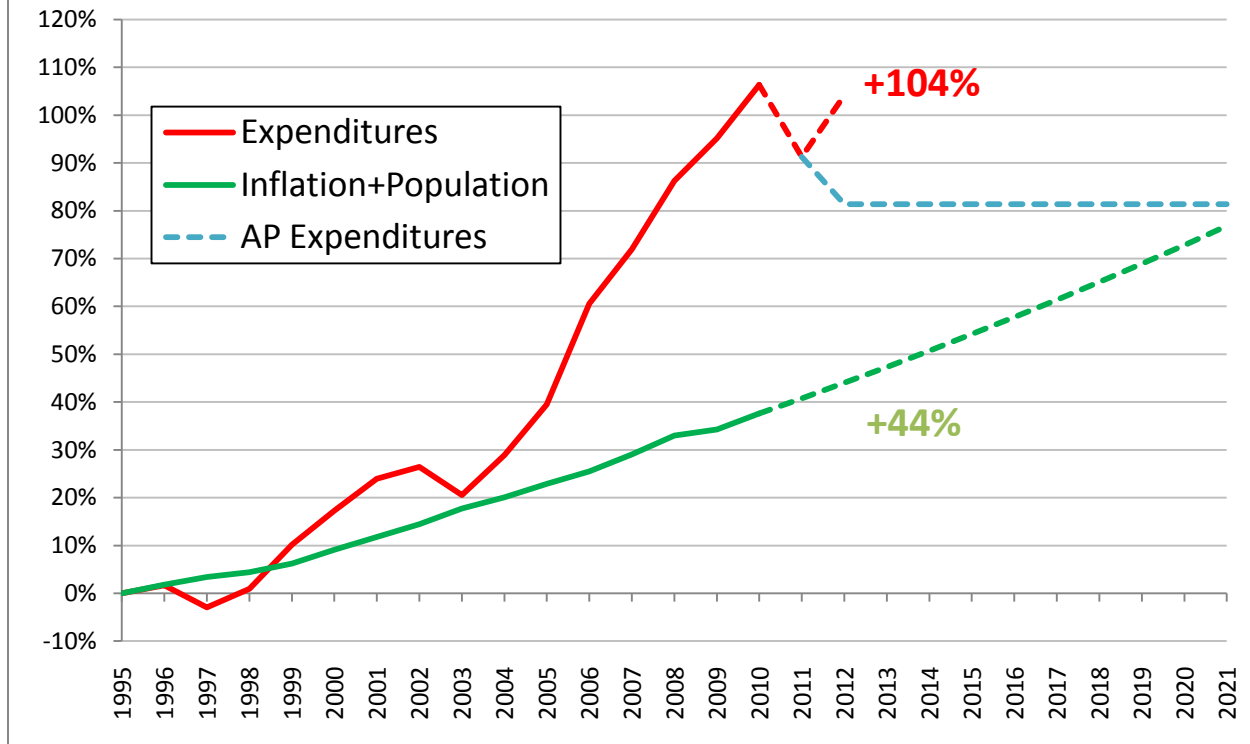
Therefore the Atlantica Party's alternative budget would make our Spending Restraint Rule retroactive to 2003. This means that government spending will be frozen for roughly 8 to 10 years until spending returns to a sustainable level as shown on this chart.

¹RBC, Nova Scotia GDP Projections 2011-2012

² Statistics Canada

Reckless Spending

Source: NS Finance & Stats Can



Getting Government Back to Basics: Departmental Cuts

Nova Scotia's government is bloated. For decades, politicians have misused taxpayer dollars for ill-conceived economic development schemes, growing government, gold-plated pension/benefits plans for politicians and bureaucrats, and for failed social experiments. Taxpayers must pay for these mistakes. Nova Scotia's government is one of the highest-spending regimes in the country; Nova Scotia's total government spending as a percentage of GDP is 55%³. To put that in perspective, Nova Scotia's spending/GDP ratio is even greater than that of Greece, a country which this past year faced a total collapse of government as a result of decades of unsustainable spending.

In order to avoid the same fate, Nova Scotians need to re-evaluate the role of government. For decades government has been growing and intruding into more and more of our lives in attempts to "fix" the economy, culture and people.

³ CFIB, "Restoring Canada's Fiscal Fitness" 2011

The Atlantica Party wants to get government back to basics: the failed experiment of government intervention has lead us into a high-tax, high-spending, high-debt, low-prosperity environment that has lead Nova Scotia to be declared a “backwater province”⁴. In order to restore Nova Scotia’s economic potential, the Atlantica Party Alternative Budget proposes a substantive re-evaluation of government spending programs:

1. Have each department find 10% in savings for 2011-2012. **\$750 million in savings.**
2. Getting government out of the economy: Eliminate any Department, program or service that favours one sector of the economy over another, that distorts the ability of the market to determine winners and losers or that transfers the cost of bad business decisions to the taxpayer: Eliminate the Departments of Agriculture, Fishers and Aquaculture, Economic and Rural Development, Tourism and Nova Scotia Business Inc (NSBI). **\$230 million in savings.**
3. Treating all Nova Scotians equally: Eliminate Departments and Offices that discriminate between Nova Scotians on the basis of ethnicity, language, sex or creed. Eliminate the Offices of Acadian Affairs, Gaelic Affairs, African Nova Scotian Affairs, Status of Women and Aboriginal Affairs. **\$13 million in savings.**
4. Respecting the individual rights of Nova Scotians: Eliminating the Human Rights Commission. **\$2 million saved.**

In total, the Atlantica Party Alternative Budget will give Nova Scotians **\$1 billion in savings**. By getting government back to basics, Nova Scotia can balance its budget in 1 year; \$1 billion in savings will allow us to pay down the debt, lower taxes and generate prosperity for Nova Scotians.

The Atlantica Party supports Finance Minister Steele’s plan to **eliminate \$1.1 billion** through expenditure management review and public sector pension and wage restraint. An Atlantica Party Alternative Budget would continue these programs, **bringing total savings to \$2.1 billion.**

The Atlantica Party’s Alternate Budget deliberately goes far beyond the restraints necessary to balance the budget in the short-term because we have a larger vision to see a low-tax, low-cost, low-debt, high-prosperity environment for business to grow and Nova Scotians to prosper. We will use the new **budget surplus** to lower taxes and slash the debt.

⁴ Moreira, Peter, “Backwater: Nova Scotia’s Economic Decline,” 2009

Reverse our 'Big Government' Tax Hikes

Nova Scotia's structural deficit was caused by successive failures in political leadership. Balancing the budget and returning Nova Scotia to prosperity should be achieved by cutting expenditures, not by raising taxes on Nova Scotians.

The NDP Government violated this principle when they chose to force taxpayers to bear the cost of government excess. The 2% hike in the HST has made every Nova Scotian poorer, oppressed business growth and hurt Nova Scotia's future competitiveness.

The Atlantica Party agrees that ordinary Nova Scotians do not deserve to bear the cost of government overspending. The Atlantica Party Alternative budget eliminates the deficit by targeting the source of the problem: expenditures. In doing so, the Atlantica Party Alternative Budget reverses the tax hikes on Nova Scotians made in 2009-2010.

1. An immediate, 2% cut in the HST, returning the HST to pre-2010 levels. **\$250 million in tax savings.**
2. Eliminating the fifth tax bracket on personal income tax, introduced by the Dexter government in 2009-2010. **\$32 million in tax savings.**
3. Stopping bracket-creep: Indexing personal income tax brackets with inflation so that Nova Scotians are protected from gradual increases in their tax rates.

The Big Picture

Our Alternative Budget is part of a larger vision that the Atlantica Party has for a low-tax, low-cost, low-debt and high-prosperity environment. We want to make Nova Scotia the most competitive province in Canada by **making it the lowest-taxed province in the country**. An Atlantica Party government pledges to:

1. Explore the elimination of the current personal income tax and social benefits scheme in favour of a **flat tax**.
2. Lowering taxes on personal income and eliminating corporate taxes to make Nova Scotia the **lowest-taxed** province in Canada.
3. Set hard targets to make Nova Scotia a 'have' province so we can get off of equalization payments.
4. Make Nova Scotia a 'hot' growth area in North America; an **Atlantic Tiger**.
5. Target eventual **debt elimination**.
6. Target government spending as a percentage of GDP in the mid-30s.
7. Adopt an aggressive privatization program targeting the liquor industry among others.
8. Create an office of deregulation.
9. Encourage regional private venture capital.

About the Atlantica Party

The Atlantica Party (AP) is Nova Scotia's newest political party. AP is dedicated to political and electoral reform, creating a prosperous Nova Scotia and Atlantic Canadian solidarity. As Nova Scotia's only fiscal conservatives we believe in free markets, individual liberty, pragmatic libertarianism and strong democratic institutions.

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