Province of Nova Scotia

CREDIT UPDATE

May 2014

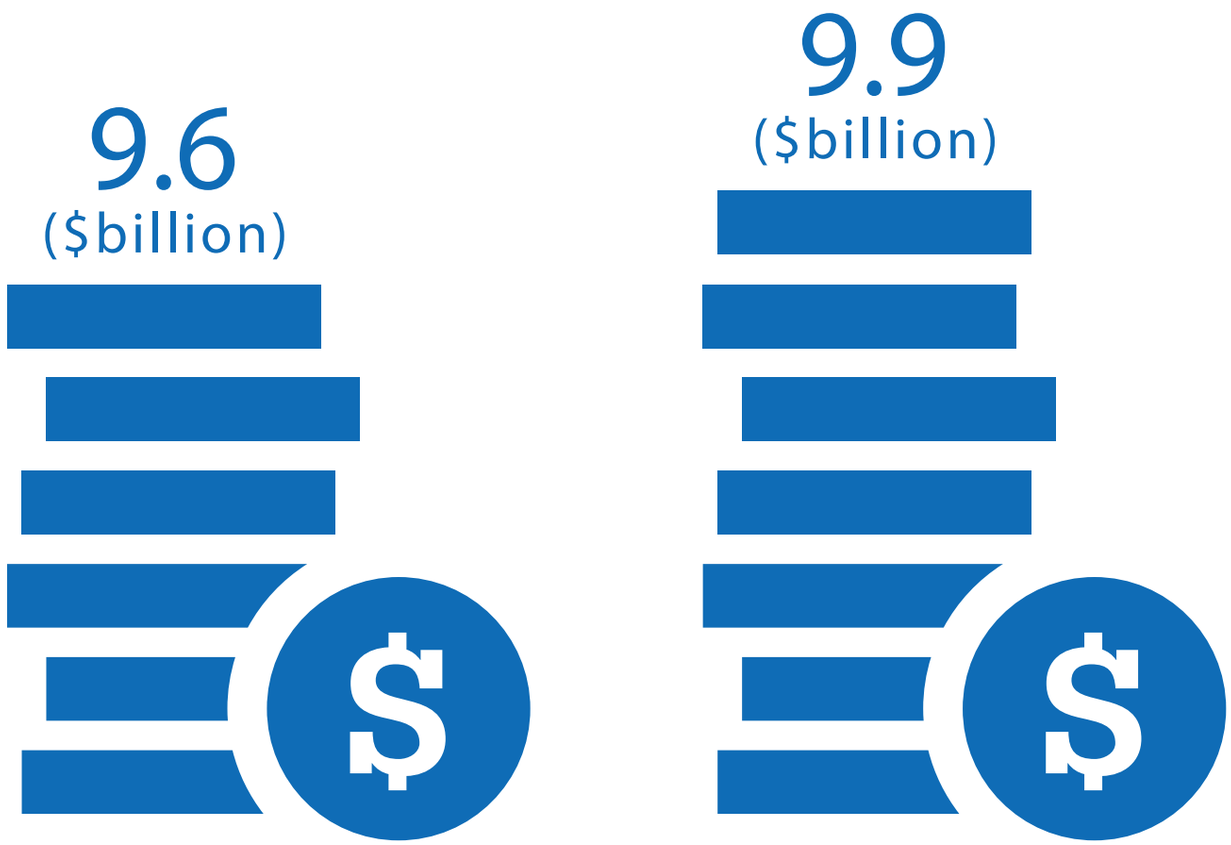
Peter V. Urbanc
Executive Director
Department of Finance and Treasury Board

NOVA SCOTIA

Overview

- Majority government elected in October 2013
- Stimulating private-sector economic growth is a key priority
- Borrowing requirements of $770 million for 2014–2015
- Net debt to GDP ratio of 37.5% as at March 31, 2014
- Deficit of $279.0 million for 2014–2015
- Balanced budget by 2017–2018

Nova Scotia At A Glance



TOTAL REVENUES
2014-2015

TOTAL EXPENSES
2014-2015

Deficit 279.0 ($million)

FISCAL PRESSURES

- Slow Revenue Growth

- Labour Costs
- Health Care Costs
- Demand for Social Services

ECONOMIC GROWTH

1.4%
in 2014

and

2.1%
in 2015

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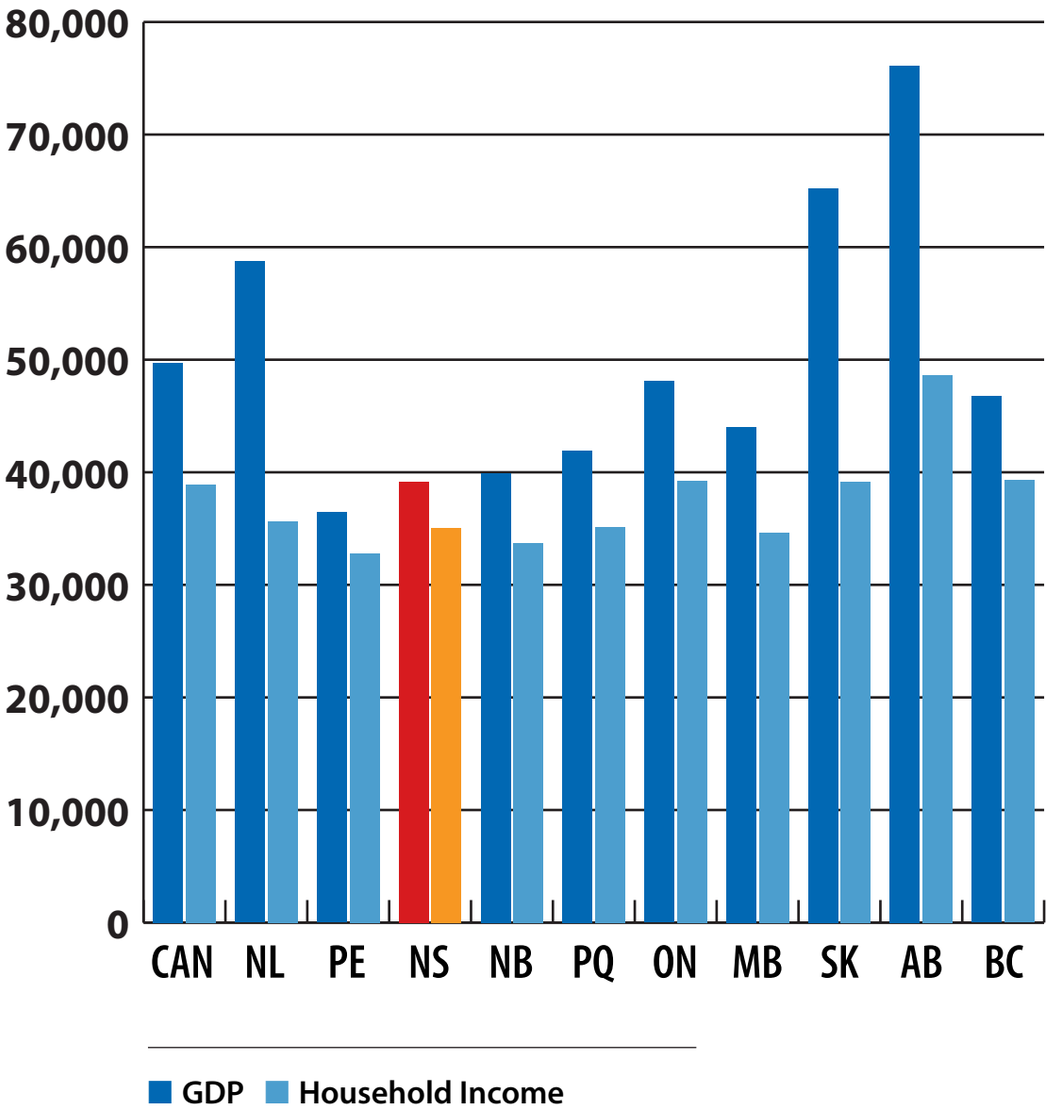
Nova Scotia's Economy

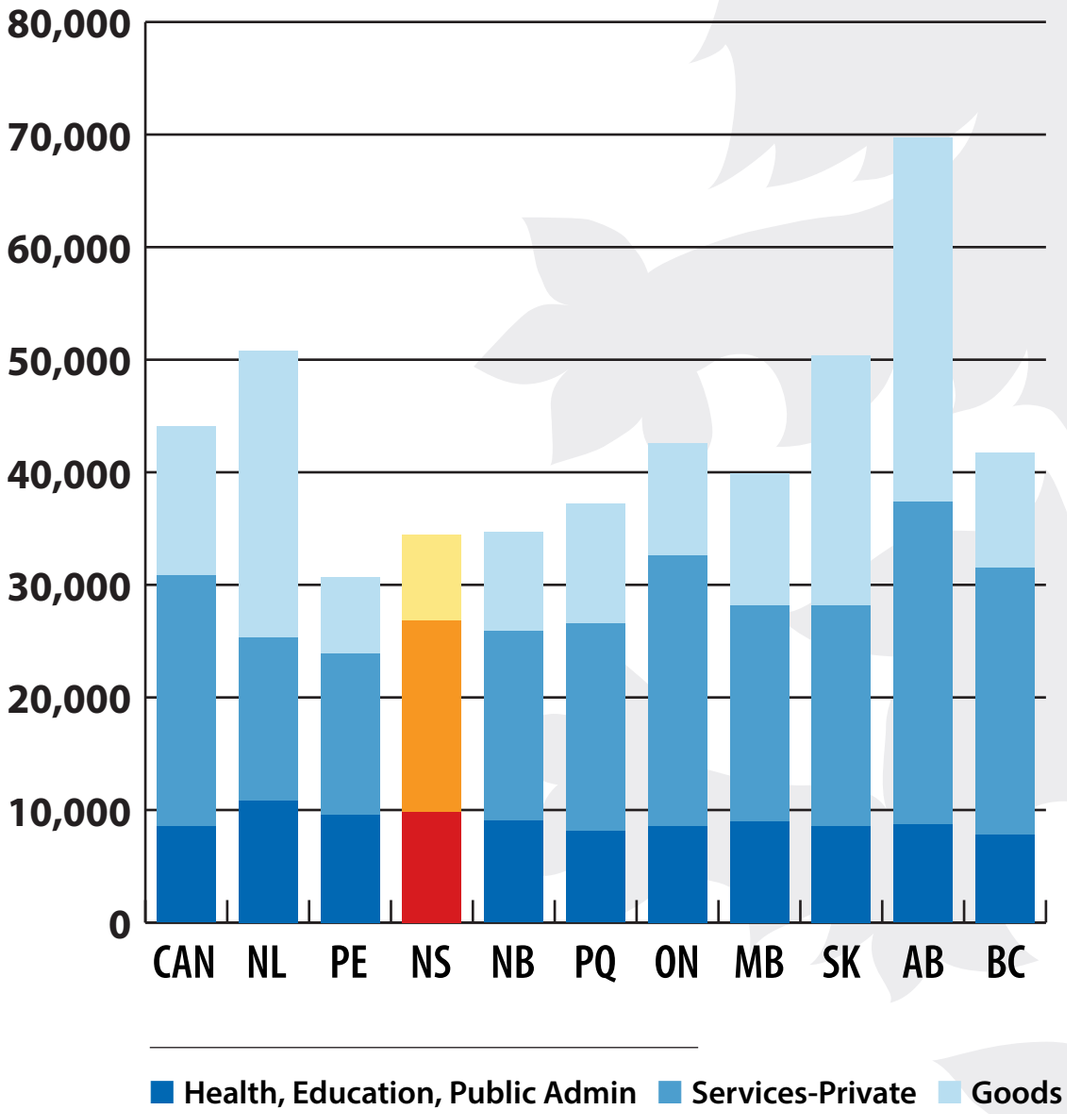
Output and Income

$ current per capita
Average 2008-2012



Output by Sector

$ 2007 chained per capita
Average 2008-2012



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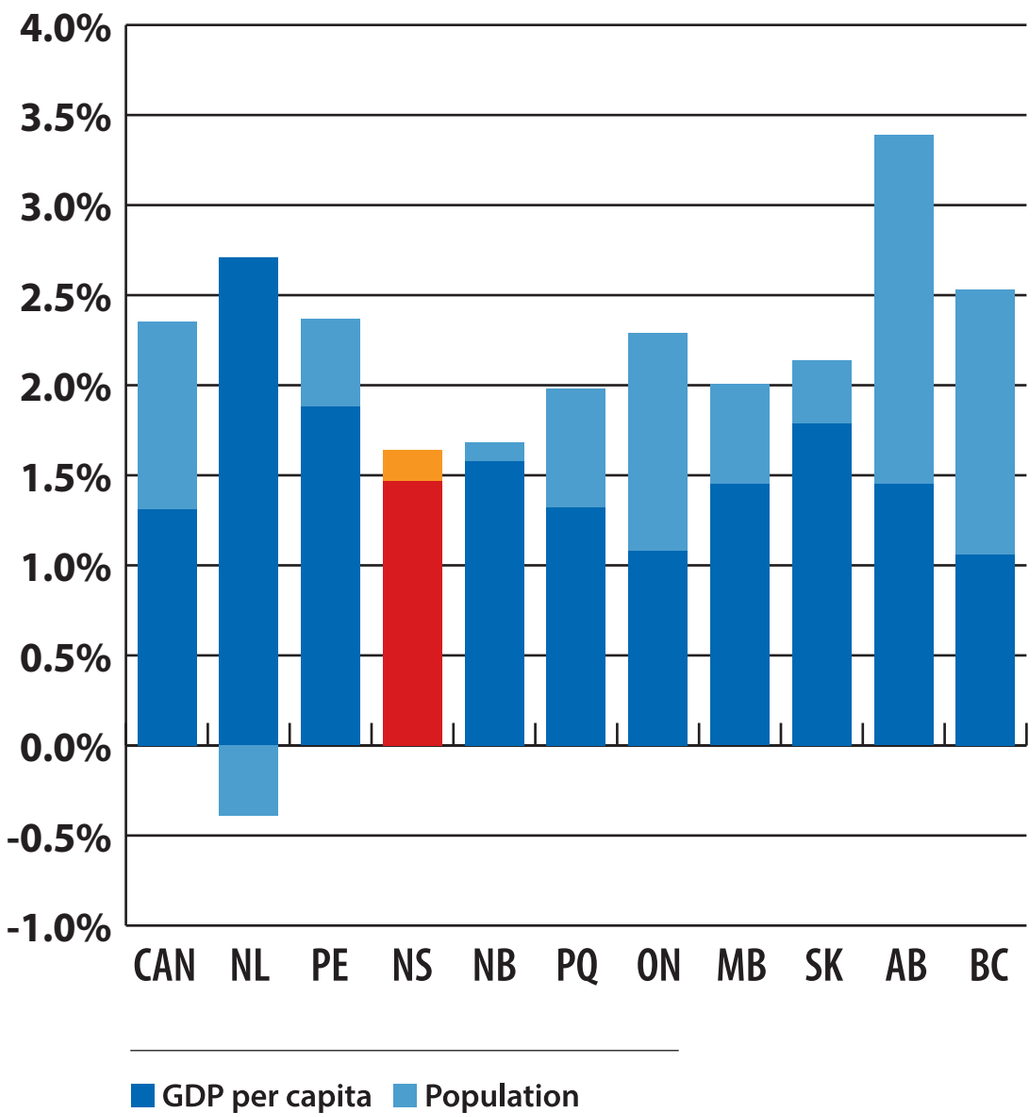
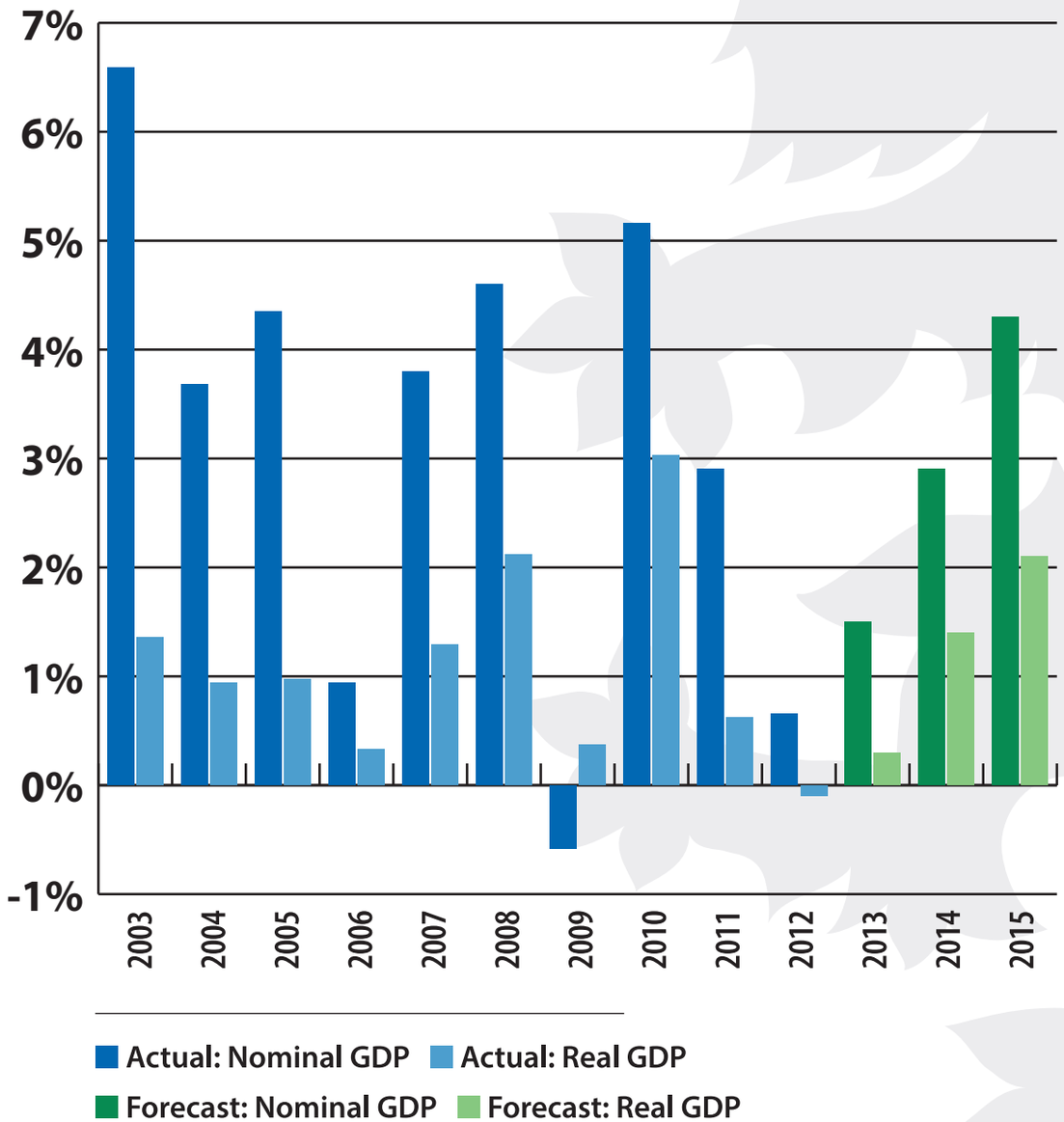
Demography and Economic Growth

Population vs Economic Growth

1990-2012, compound average growth rate
Real GDP, $ 2007 chained



Economic Growth



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2014-2015 Fiscal Plan

($ millions)	Estimate 2013-2014	Forecast 2013-2014	Estimate 2014-2015
Revenues	9,481.2	9,222.2	9,566.1
Less: Departmental Expenses	8,395.2	8,463.4	8,851.6
Tax Credits and Rebates	129.4	114.2	115.6
Pension Valuation Adjustment	110.8	391.0	90.5
Debt Servicing Costs	888.9	856.2	878.0
	9,524.2	9,825.0	9,936.0
Consolidation Adjustment (School boards, DHAs etc.)	59.4	40.5	90.6
Surplus/(Deficit)	**16.4**	**(562.1)**	**(279.0)**

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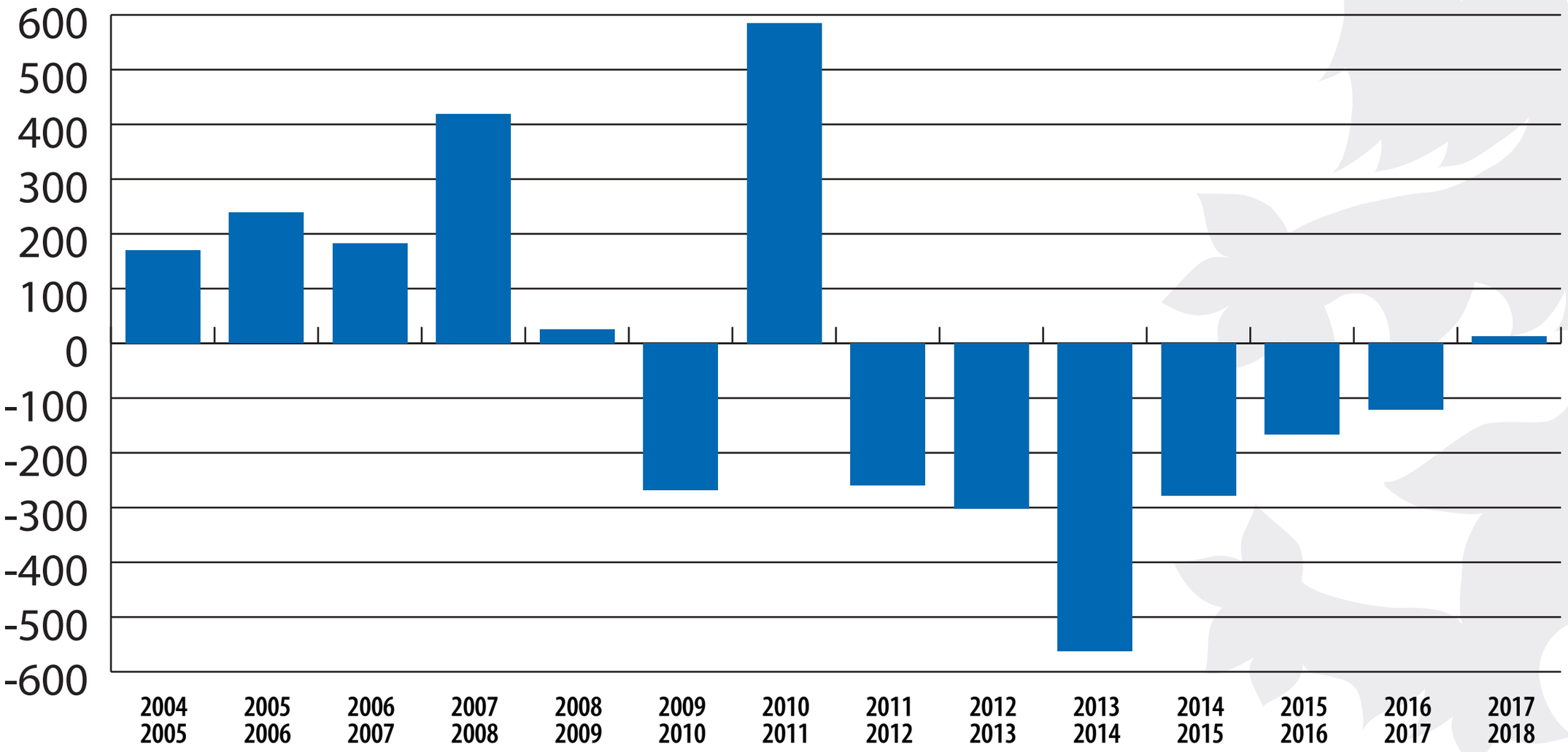
Budget Returning to Balance by 2017–18

Surplus (Deficit) *Millions $*



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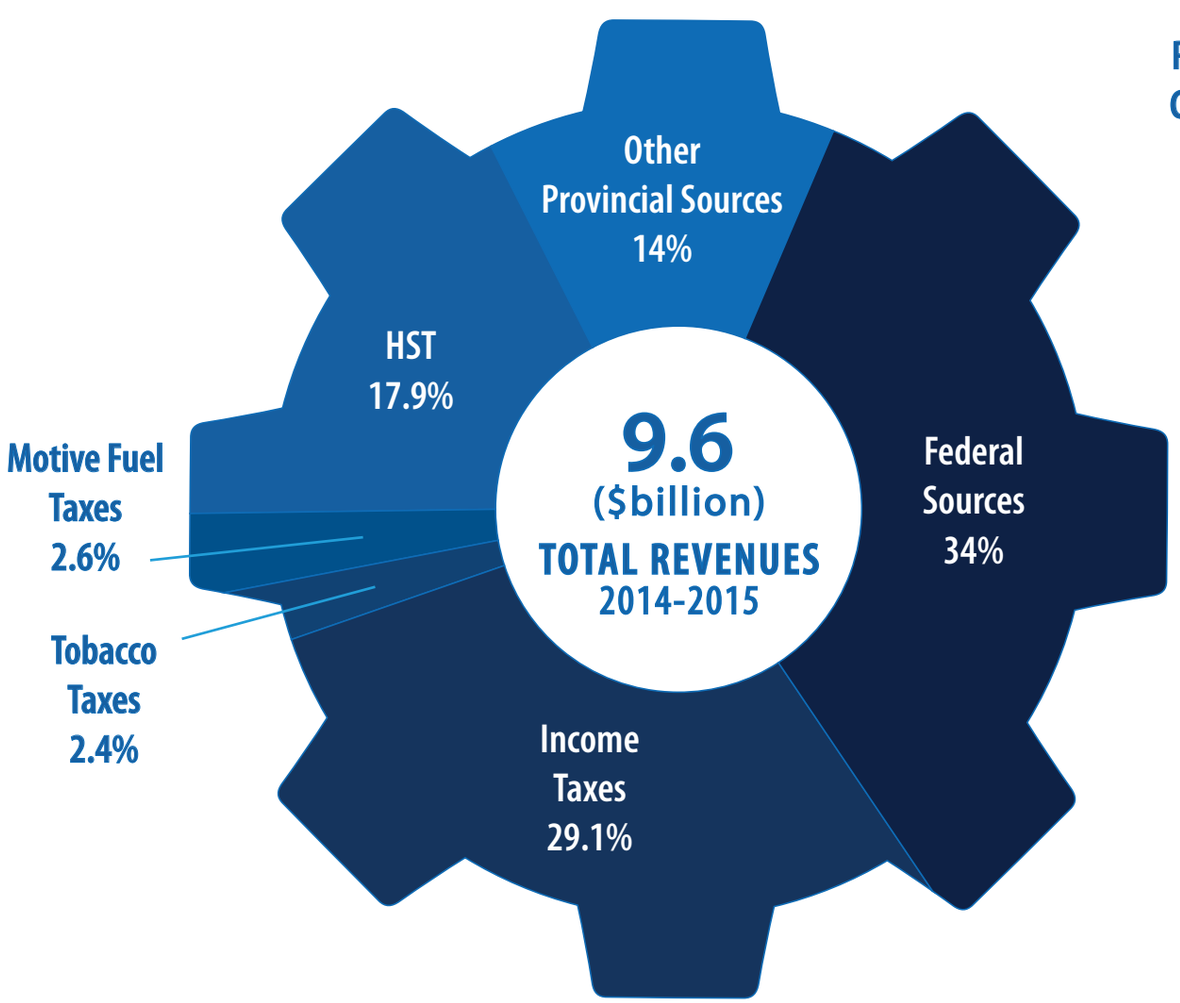
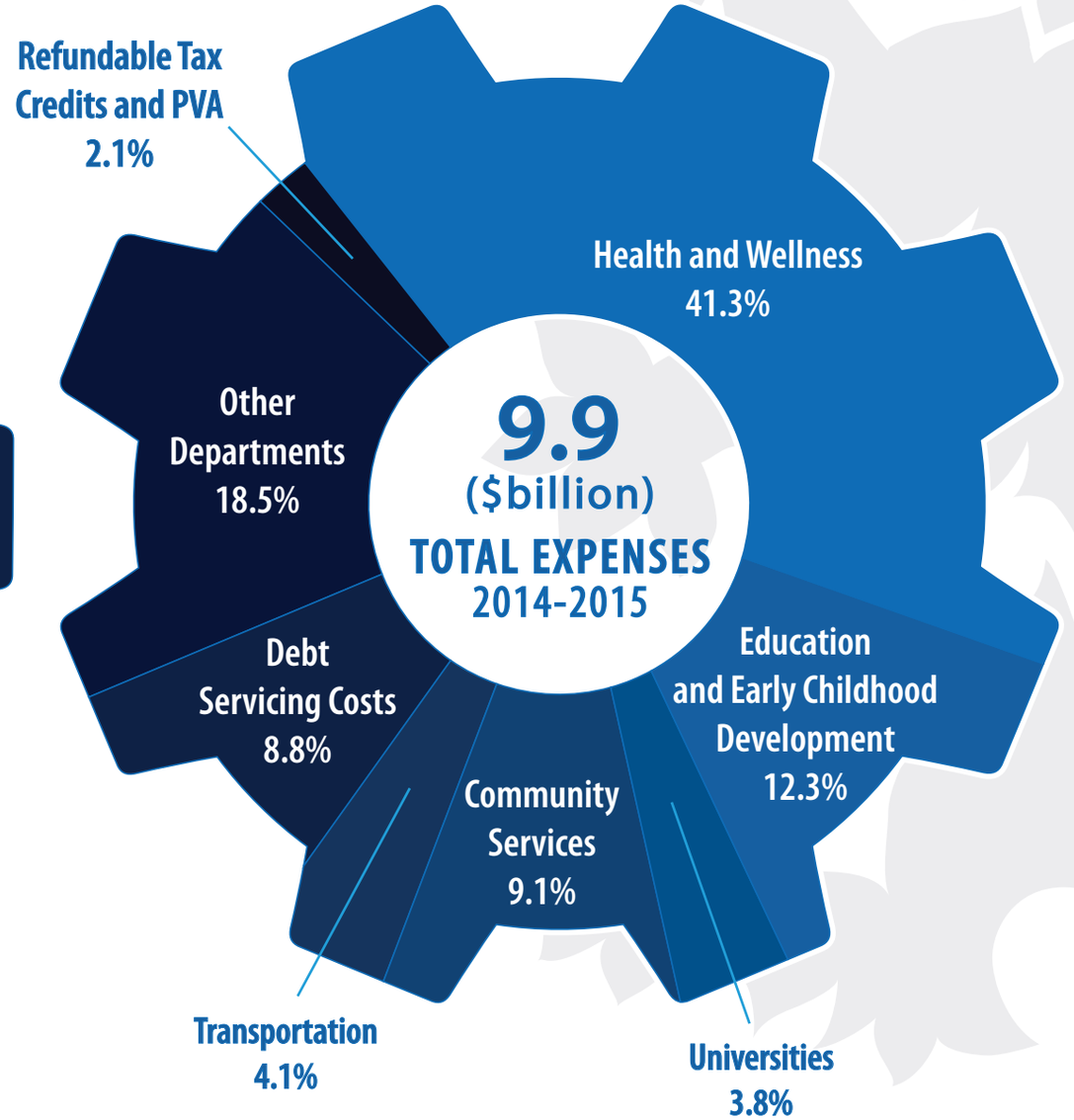
Nova Scotia's Revenues/Expenses





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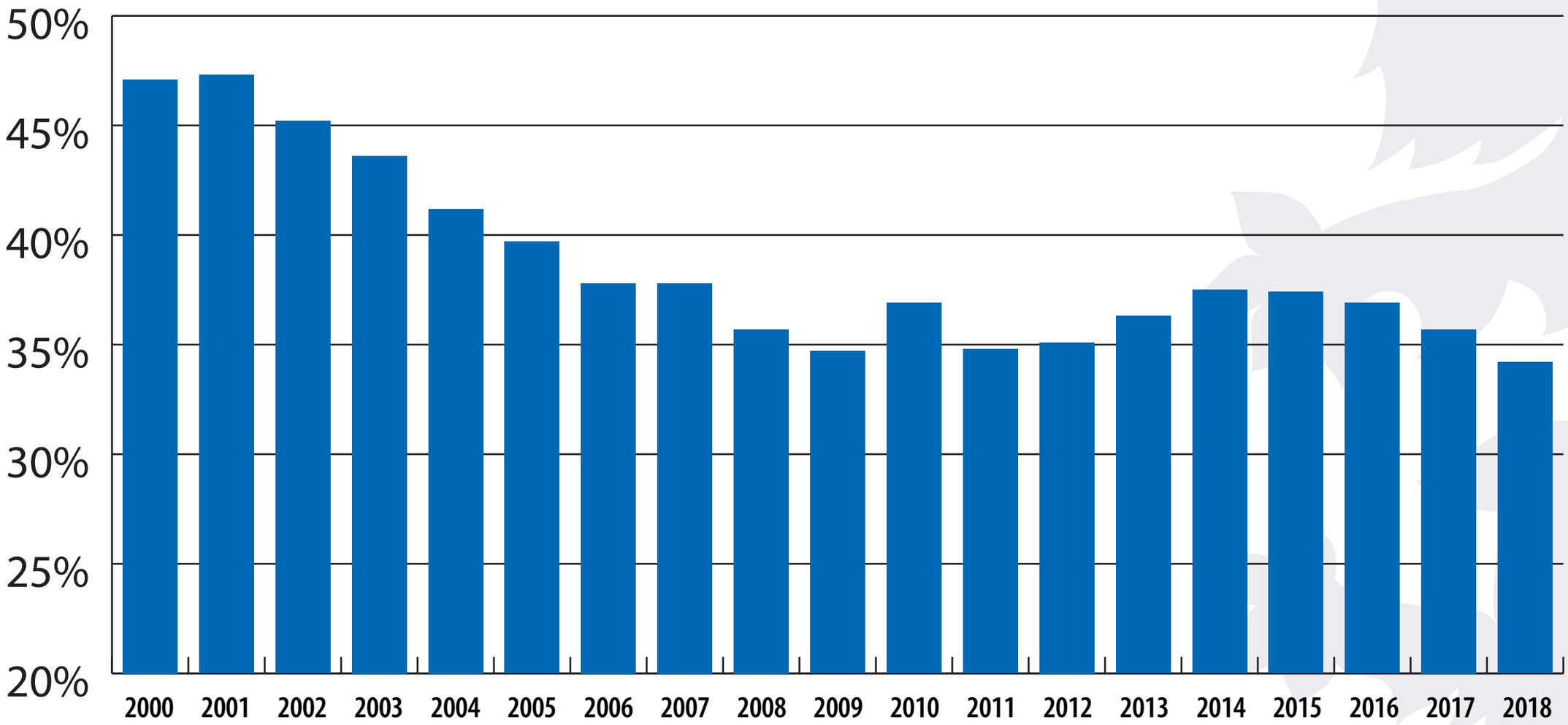
Nova Scotia's Net Debt to GDP



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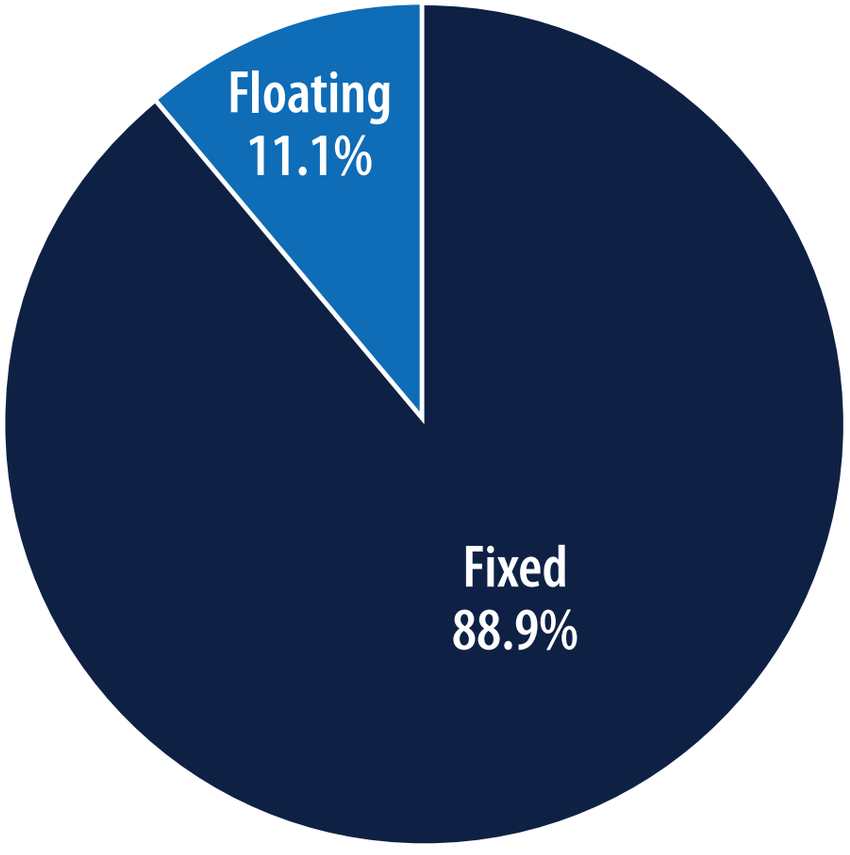
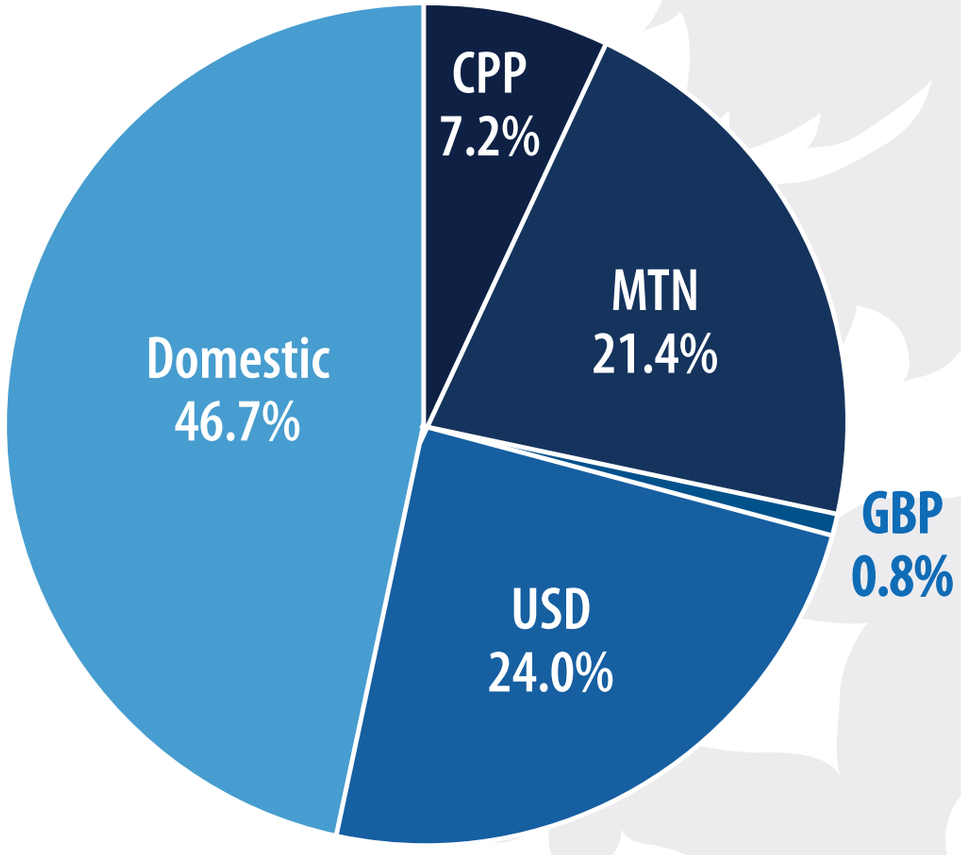
Debt Management Practices Are Conservative

11% of Debt is Floating



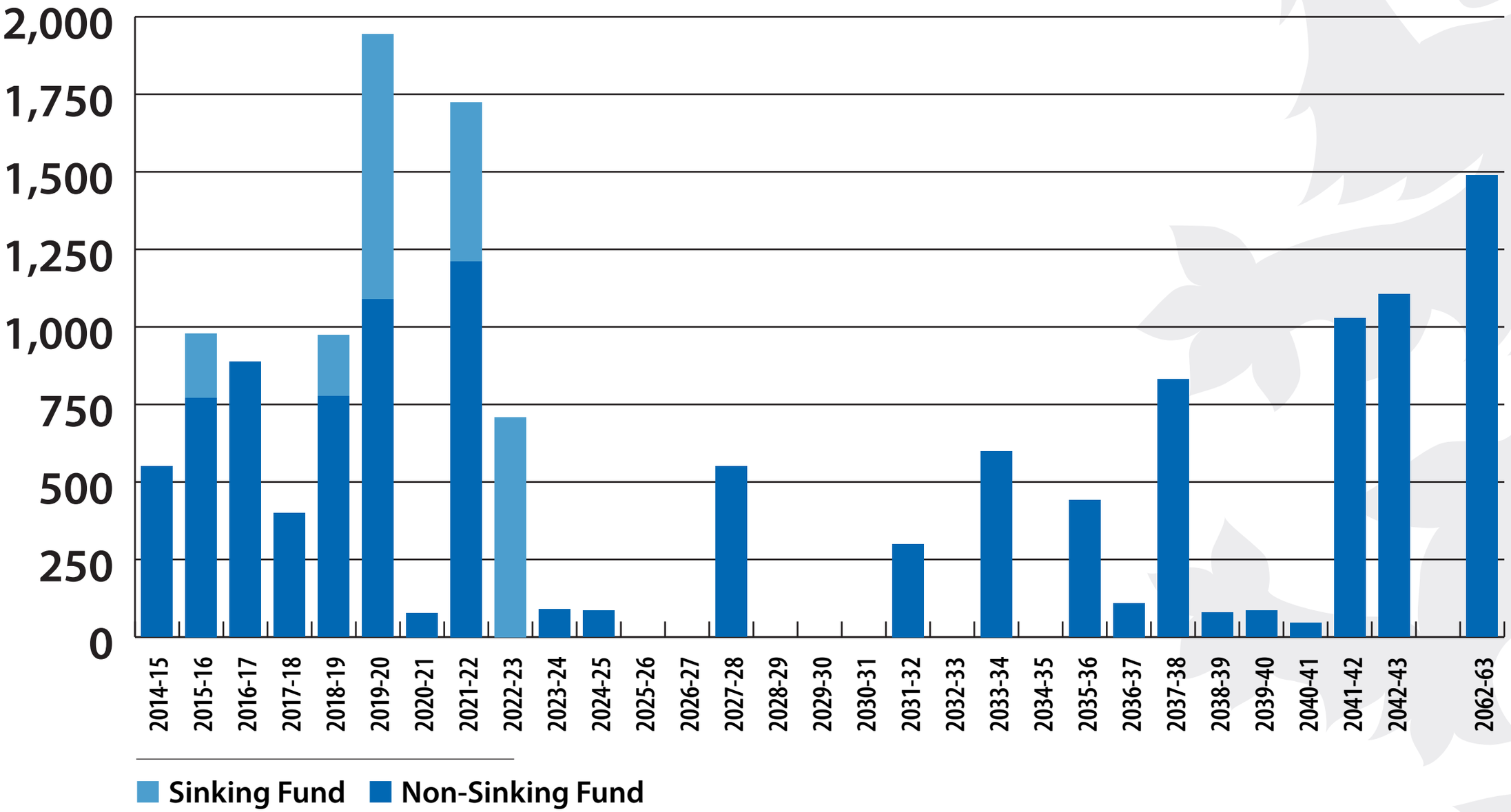
Diversified Funding Sources



Outstanding market debt of $15.1 billion as of March 31, 2014

Gross Debt Maturity Profile

Millions $



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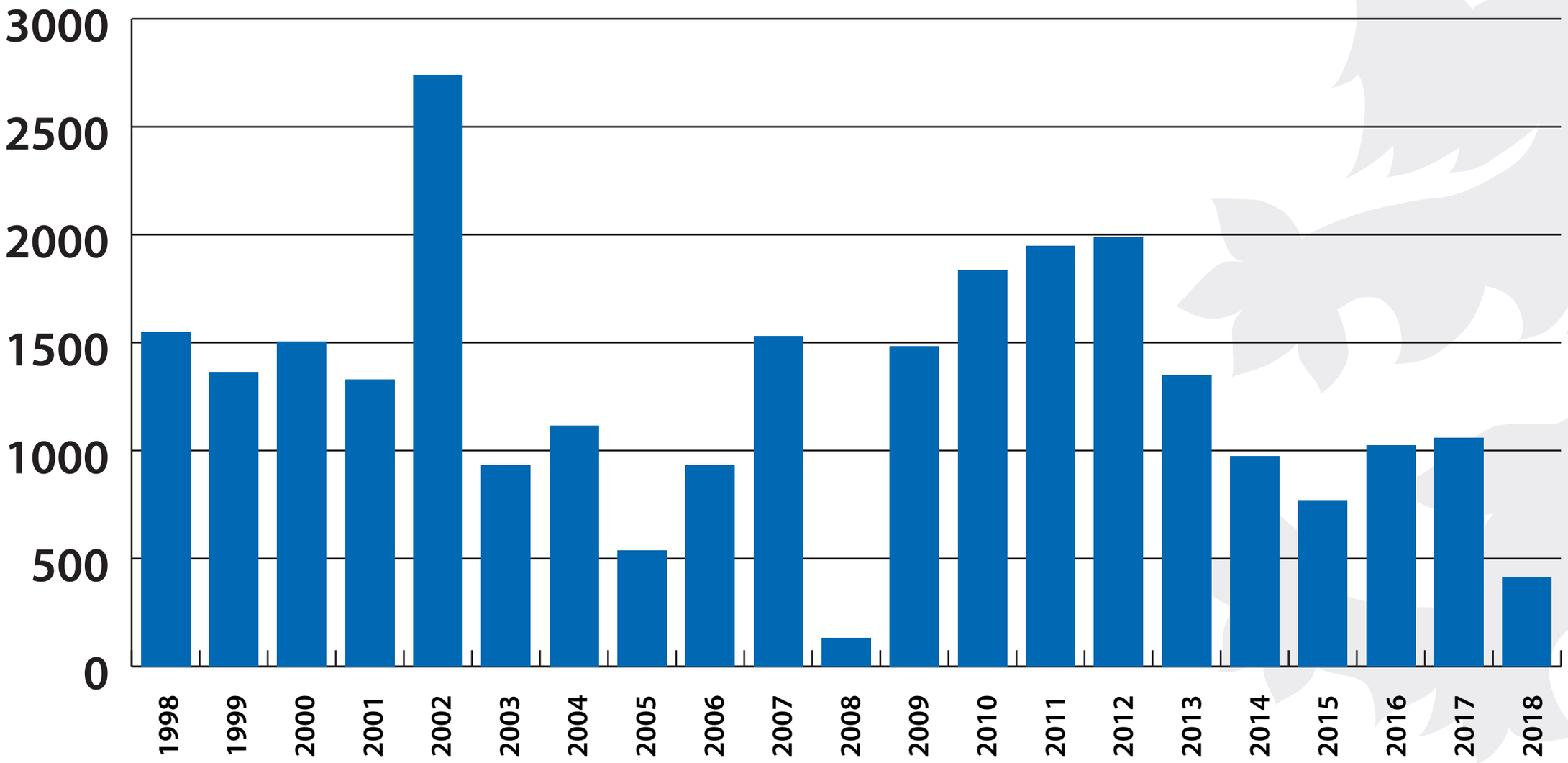
Modest Borrowing Needs

Millions $



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Flexible Funding Program

Flexible funding program allows us to match market demand with our needs

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
$1.2 billion MTNs						
	$3.8 billion in public issues, US $750 mln Global					
				$1.5 billion 50 year benchmark		
					$1.125 billion in CDOR & CORRA FRNs	
PROGRAM SIZE						
$1.48 BLN	$1.8 BLN	$2.0 BLN	$2.0 BLN	$1.4 BLN	$1.0 BLN	$770 MLN

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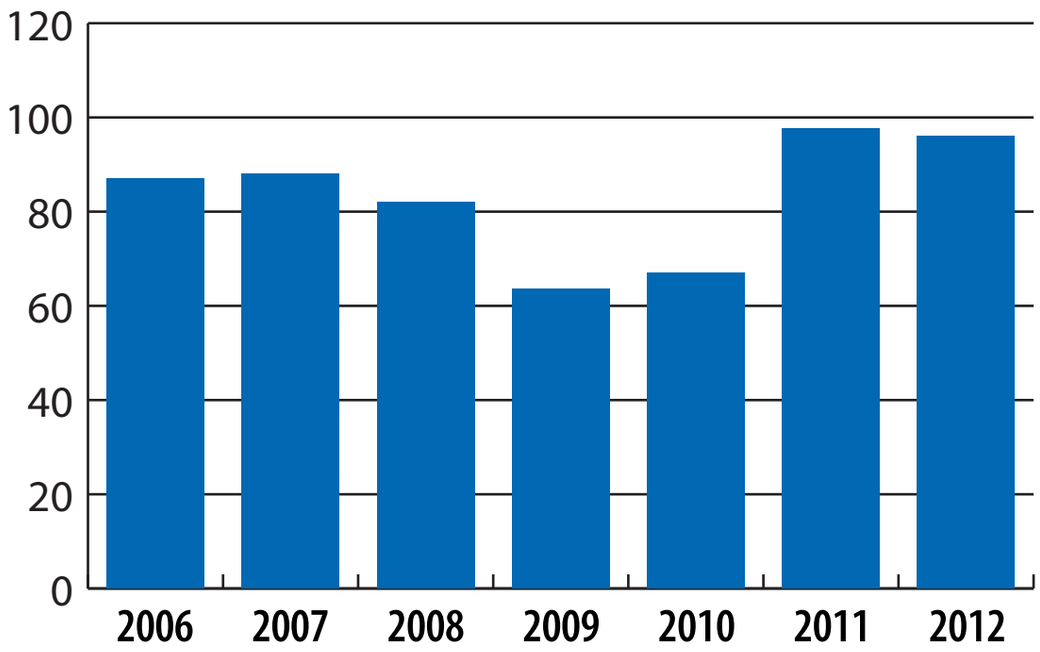
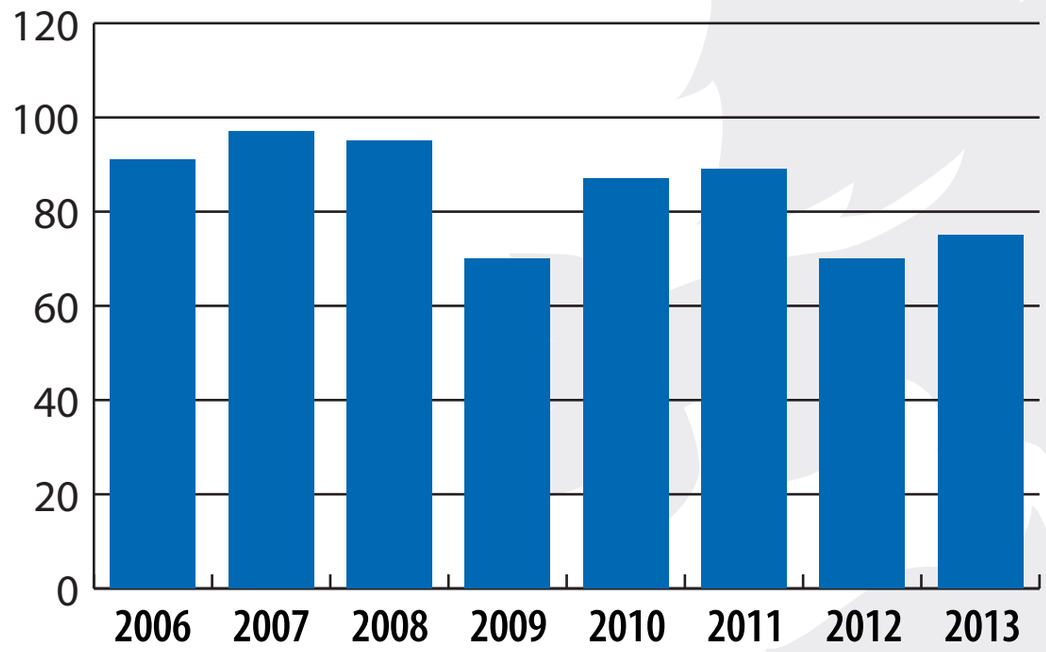
Well-Managed Pension Liability

PSSP Funded Status



- Plan very close to being fully funded
- Indexing contingent on health of plan
- Joint Trusteeship and target defined benefit structure adopted in 2013

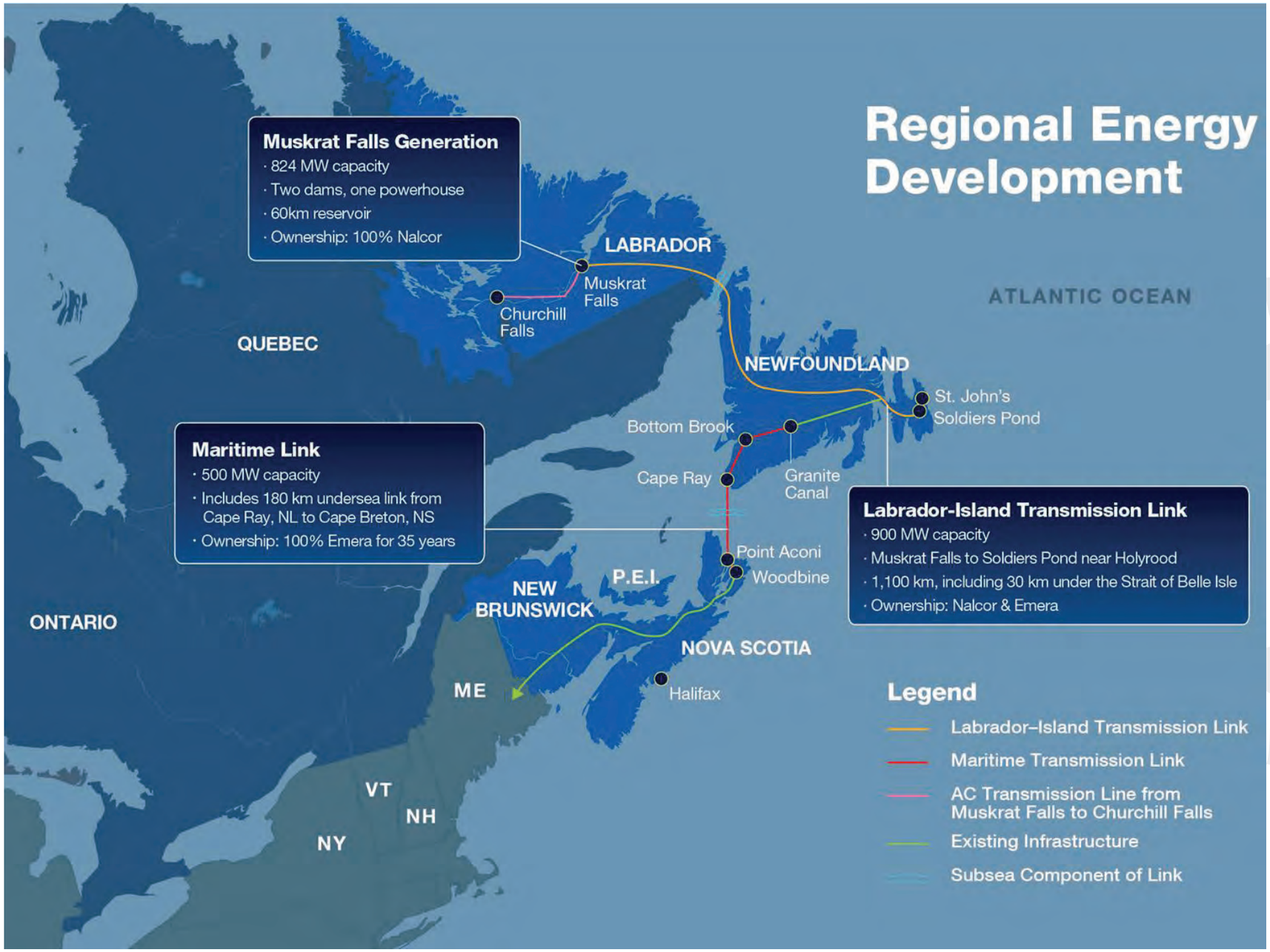
TPP Funded Status



- Joint Trusteeship, defined benefit-plan
- Pre-2006 retirees indexed at CPI less 1%
- Post-2006 retirees have indexing contingent on health of plan

Regional Energy Development

Lower Churchill/Maritime Link projects will provide stable renewable energy source



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Federal Shipbuilding Contract

Irving Shipbuilding's $300M modernization of the Halifax Shipyard is well underway

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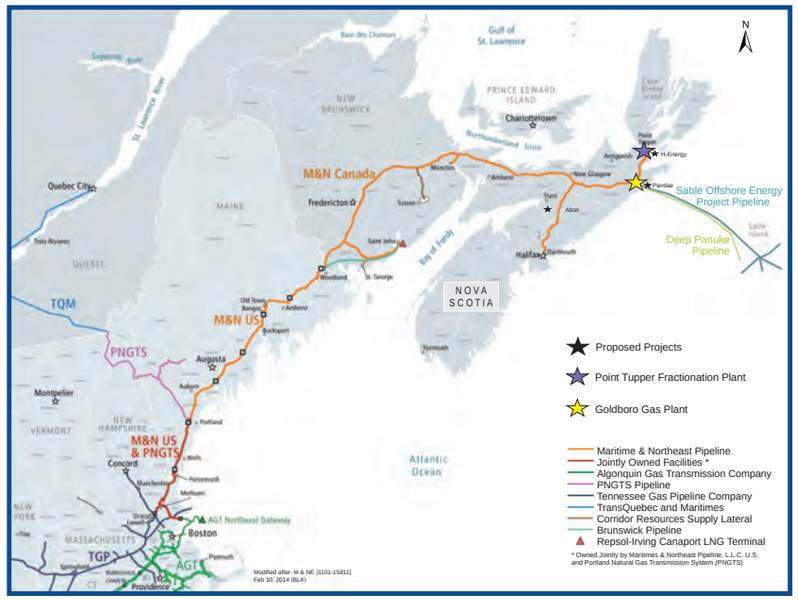
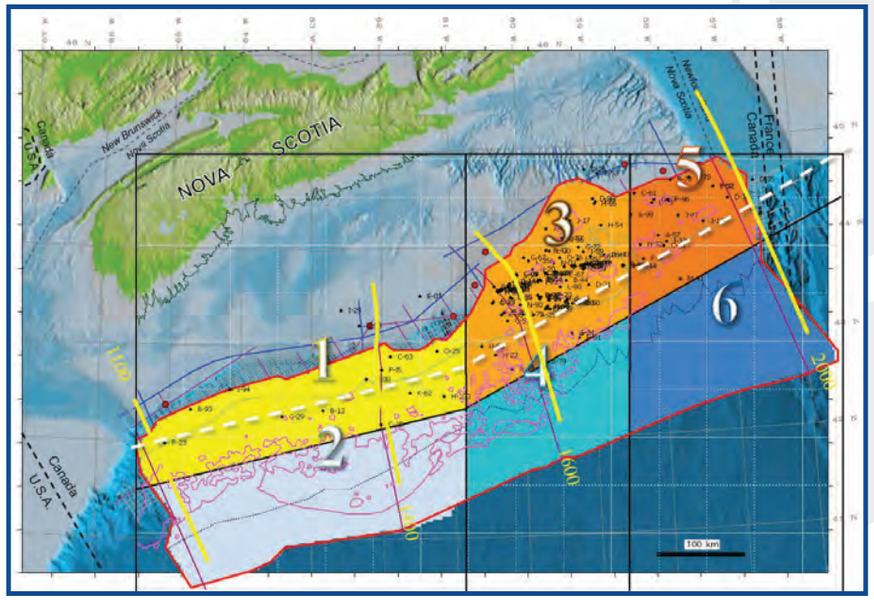
Significant Offshore Energy Potential

The 2011 Play Fairway Analysis has revealed an estimated 120-trillion cubic feet of natural gas and eight billion barrels of oil offshore





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Nova Scotia's Credit Ratings *(May 2014)*

	Long-Term	Outlook	Short-Term
Moody's	Aa2	Stable	
S&P	A+	Stable	A-1+
DBRS	A (high)	Stable	R-1 (middle)

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Fiscal Projections 2014-2015 to 2017-2018

($ millions)	Estimate 2013-2014	Forecast 2013-2014	Estimate 2014-2015	Estimate 2015-2016	Estimate 2016-2017	Estimate 2017-2018
Total Revenue	9,481.2	9,222.2	9,566.1	9,889.2	10,153.2	10,492.9
Departmental Expenses	8,395.1	8,463.4	8,851.6	9,028.7	9,209.2	9,393.3
Refundable Tax Credits	129.4	114.2	115.6	117.8	121.3	123.9
Pension Valuation Adjustment	110.8	391.0	90.5	92.2	106.4	117.6
Debt Servicing Costs	888.9	856.2	878.0	890.6	911.8	918.6
Total Expense	9,524.2	9,824.8	9,935.7	10,129.3	10,348.7	10,553.4
Consolidation Adjustments	59.4	40.5	90.6	74.1	74.1	74.1
Provincial Surplus (Deficit)	16.4	(562.1)	(279.0)	(166.0)	(121.4)	13.6
Net Debt	13,989	14,609	15,005	15,433	15,640	15,701
Nominal GDP	39,099	38,971	40,112	41,819	43,815	45,877
Debt GDP Ratio	35.8%	37.5%	37.4%	36.9%	35.7%	34.2%

Questions?

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