

Province of Nova Scotia



Credit Update

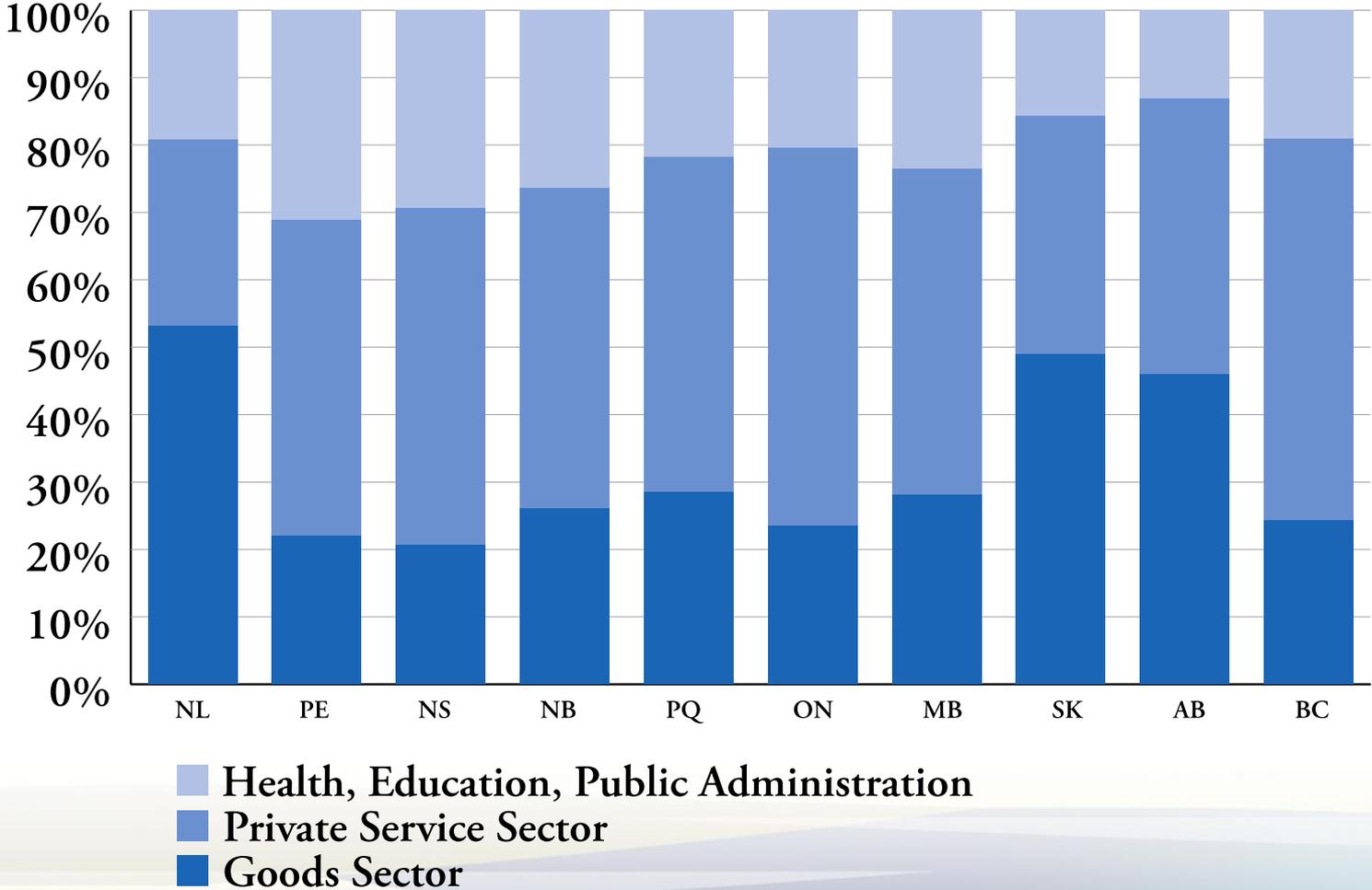
Peter V. Urbanc
Executive Director
Department of Finance

May 2013

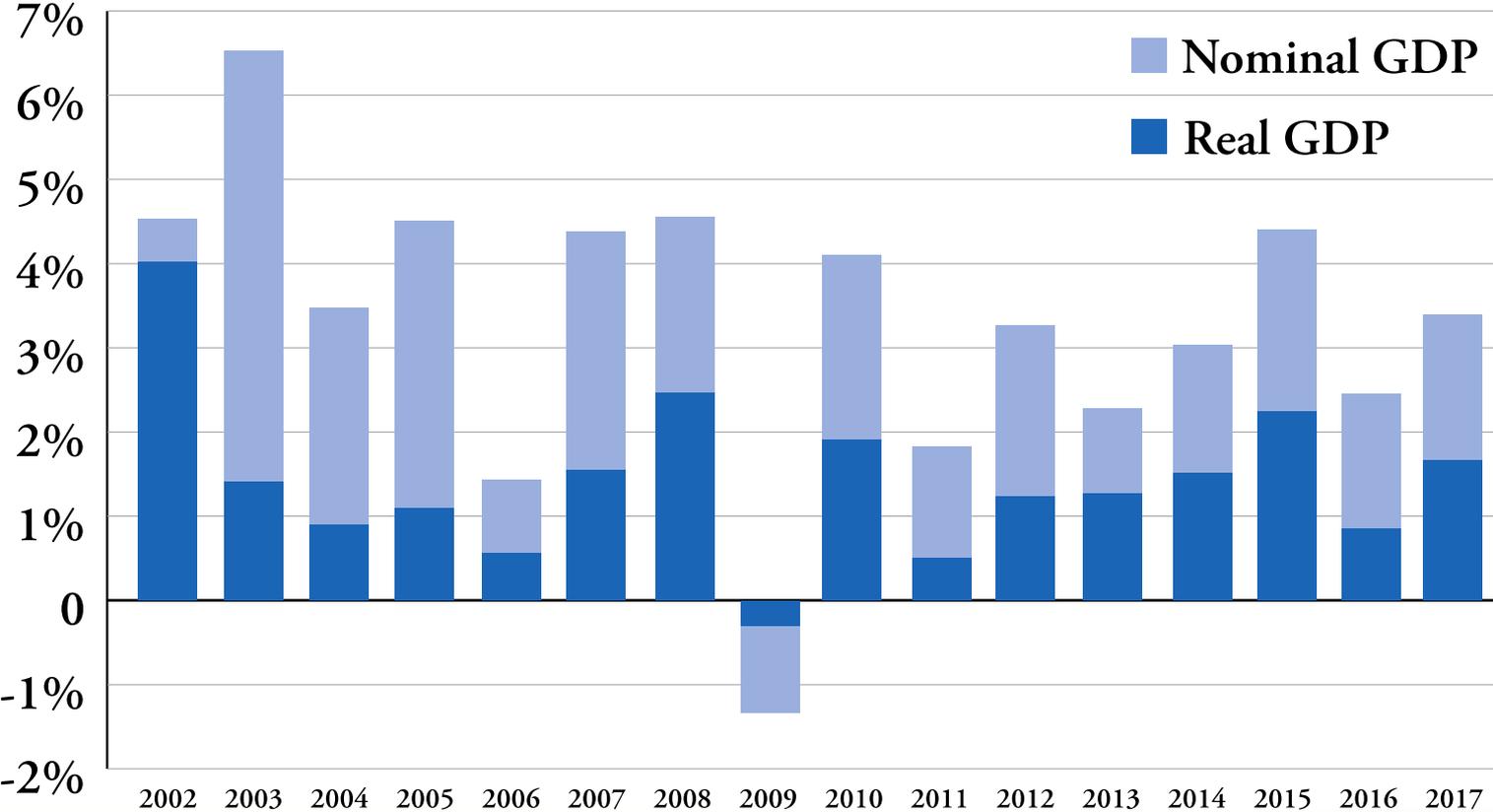
A brief overview

- Majority Government
- Key focus “Living within our means”
- Borrowing requirements of \$630 million for 2013–2014
- Net debt to GDP ratio of 36.3% at March 31, 2013
- Balanced budget in 2013–2014
- Elections by 2Q 2014

Nova Scotia's service economy



Nova Scotia's economic outlook

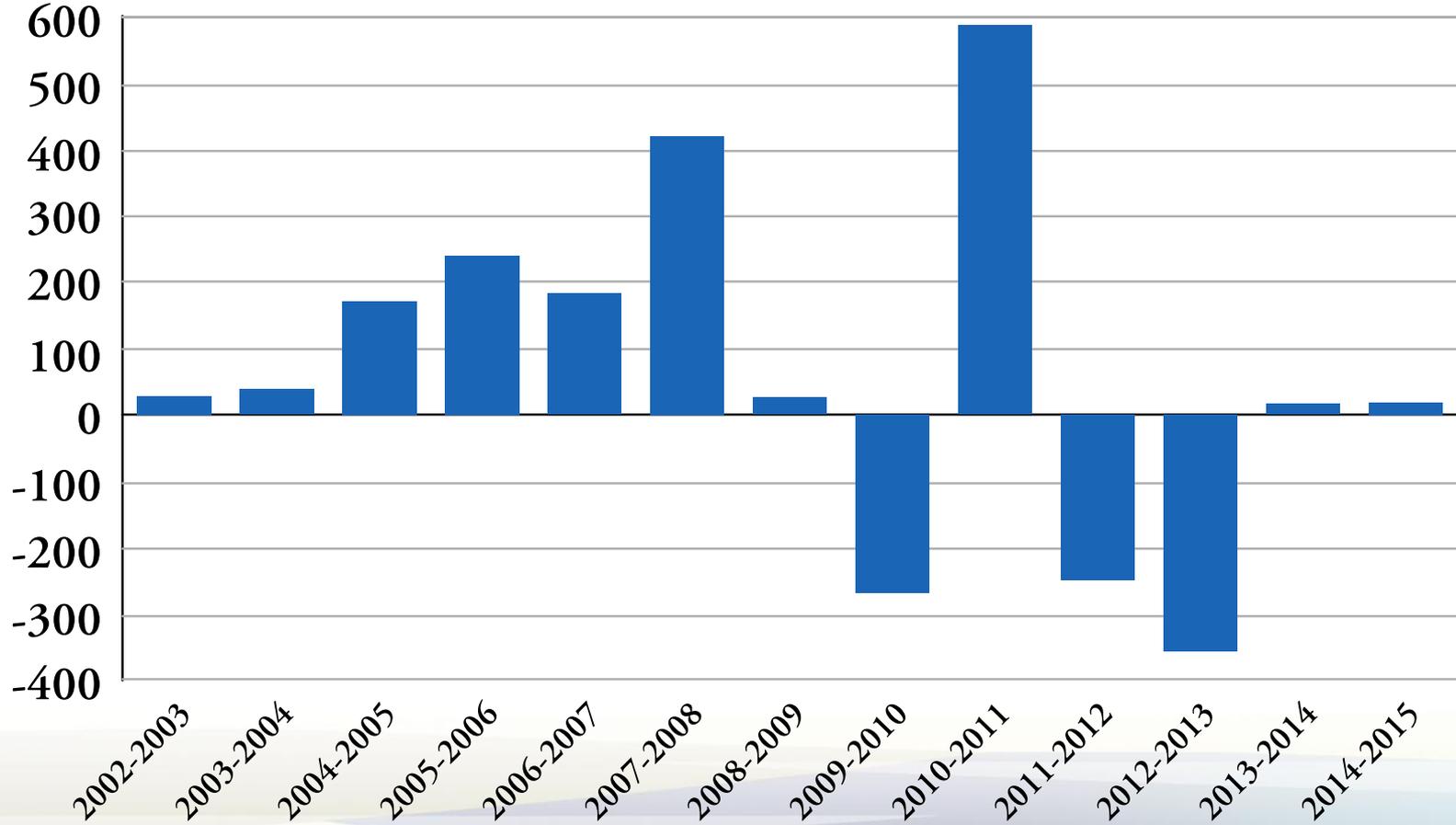


2012–2013 fiscal plan

<i>(\$ millions)</i>	Estimate 2012-2013	Forecast 2012-2013	Estimate 2013-2014
Revenues	9,270.3	9,180.3	9,481.2
Less: Departmental Expenses	8,534.6	8,481.1	8,395.1
Tax Credits and Rebates	73.5	123.5	129.4
Pension Valuation Adjustment	71.5	104.1	110.8
Debt Servicing Costs	881.7	896.8	888.9
	(291.0)	(425.2)	(43.0)
Consolidation Adjustment (School boards, DHAs' etc.)	79.8	68.8	59.4
Surplus/(Deficit)	(211.2)	(356.4)	16.4

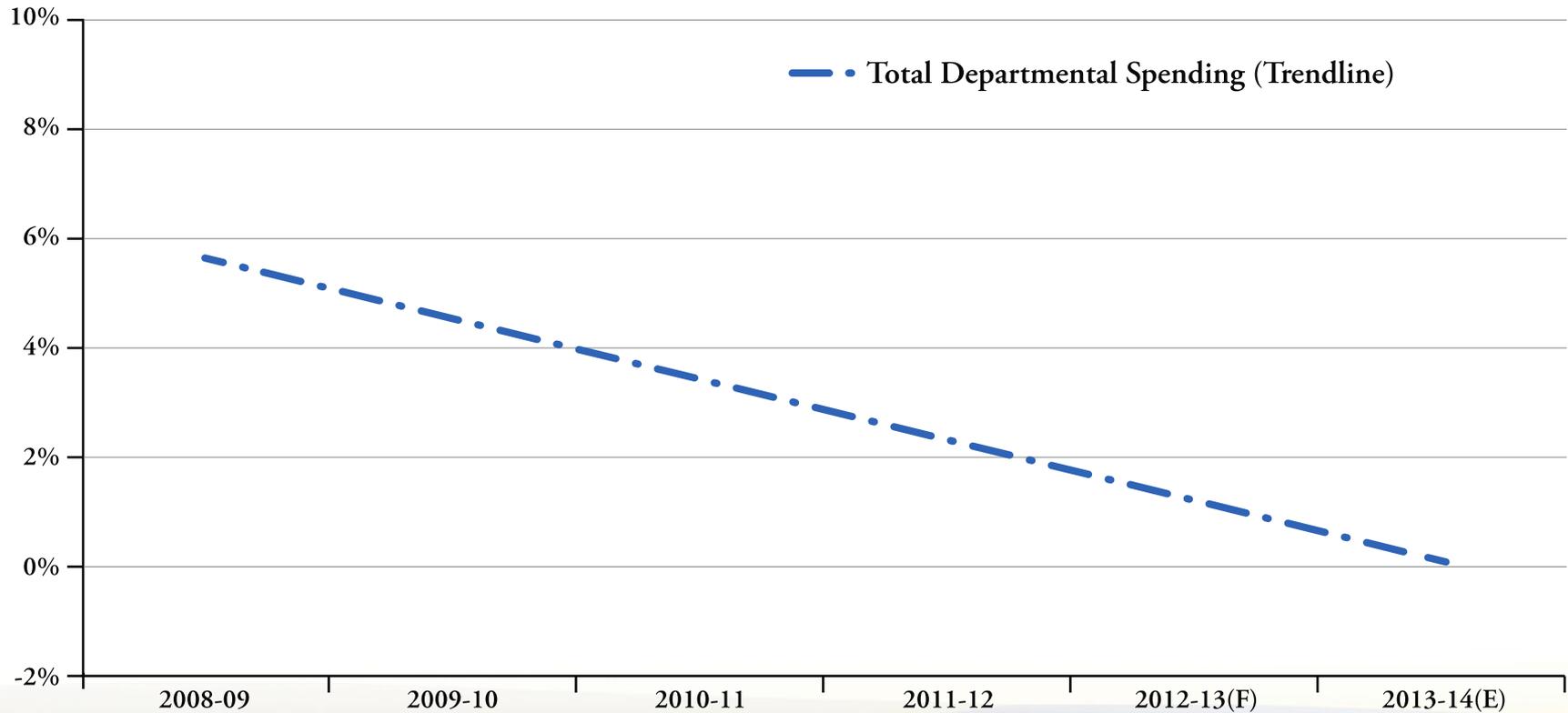
Return to balance in 2013-2014

Surplus (Deficit) Millions \$

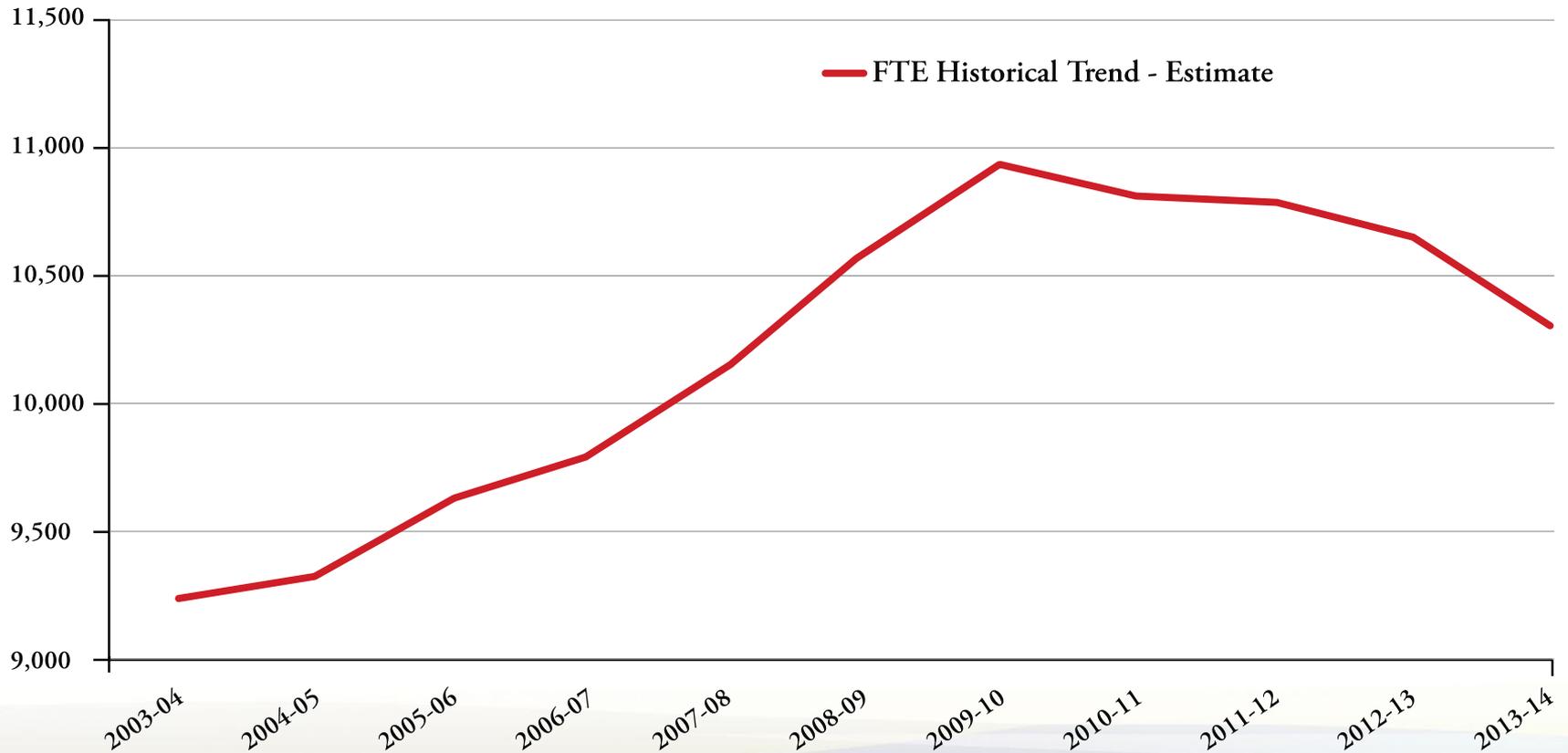


Departmental spending restrained

Year-over-year growth trend

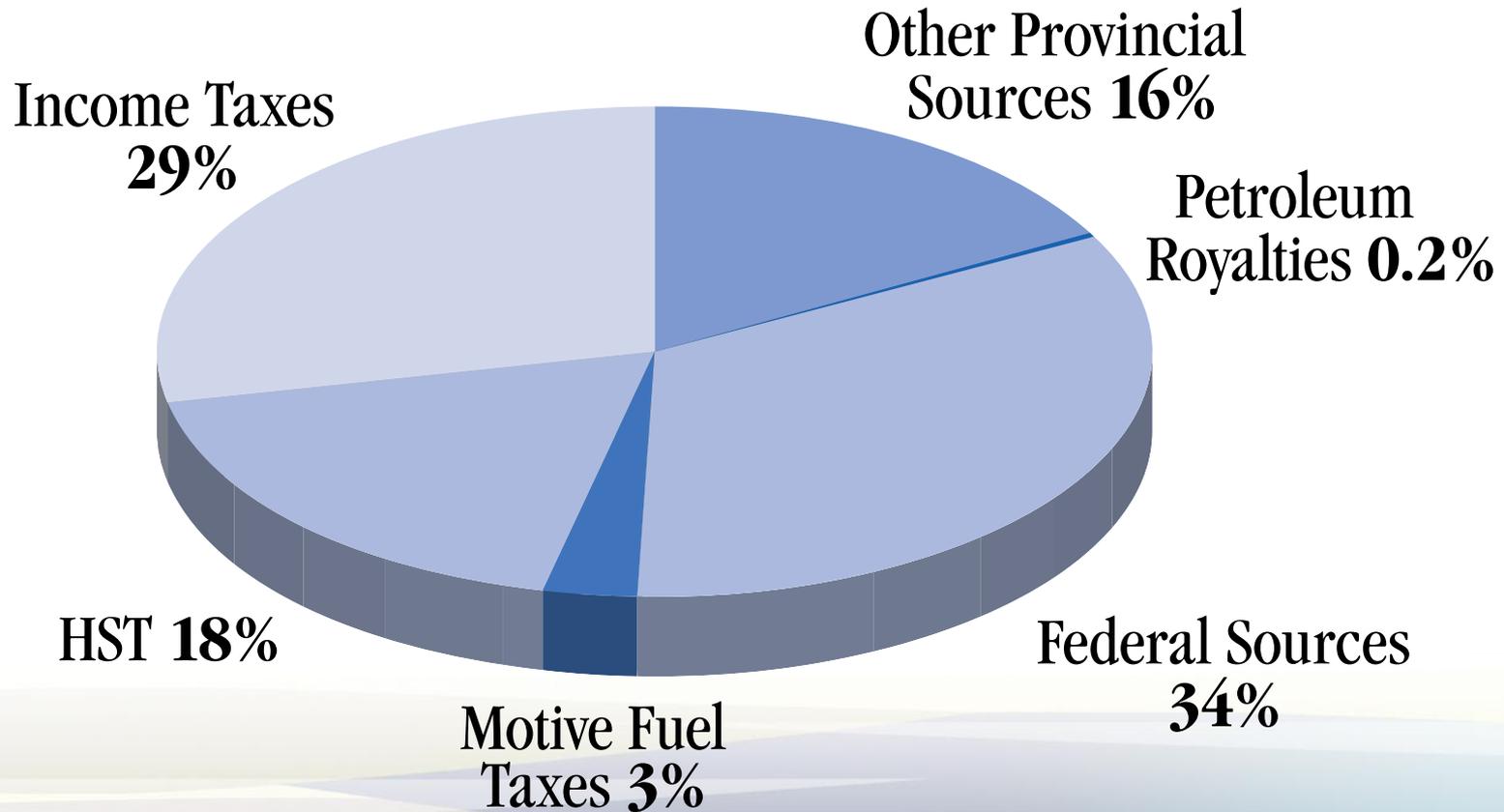


NS government staff levels decreasing



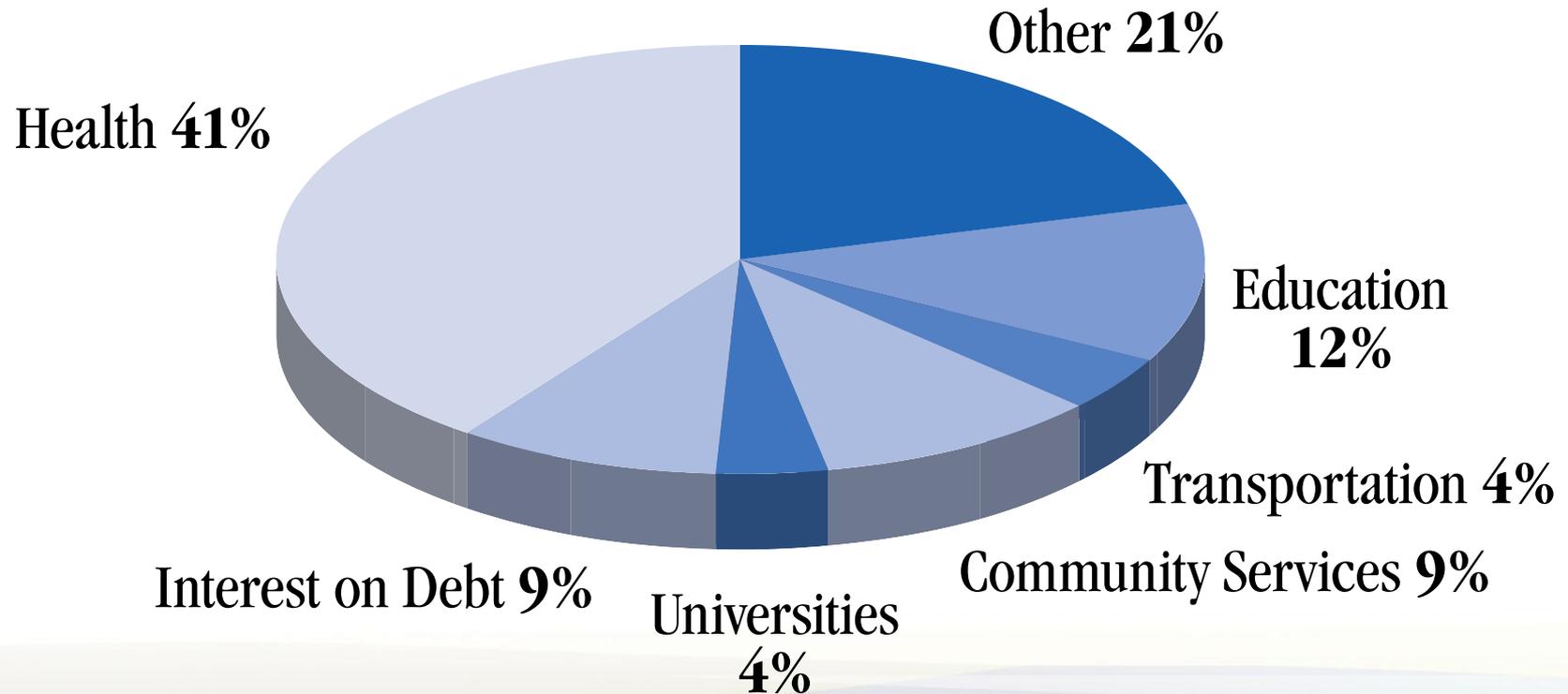
NS revenue sources; growth potential in Oil/Gas

Revenues by source, 2013–2014 estimate

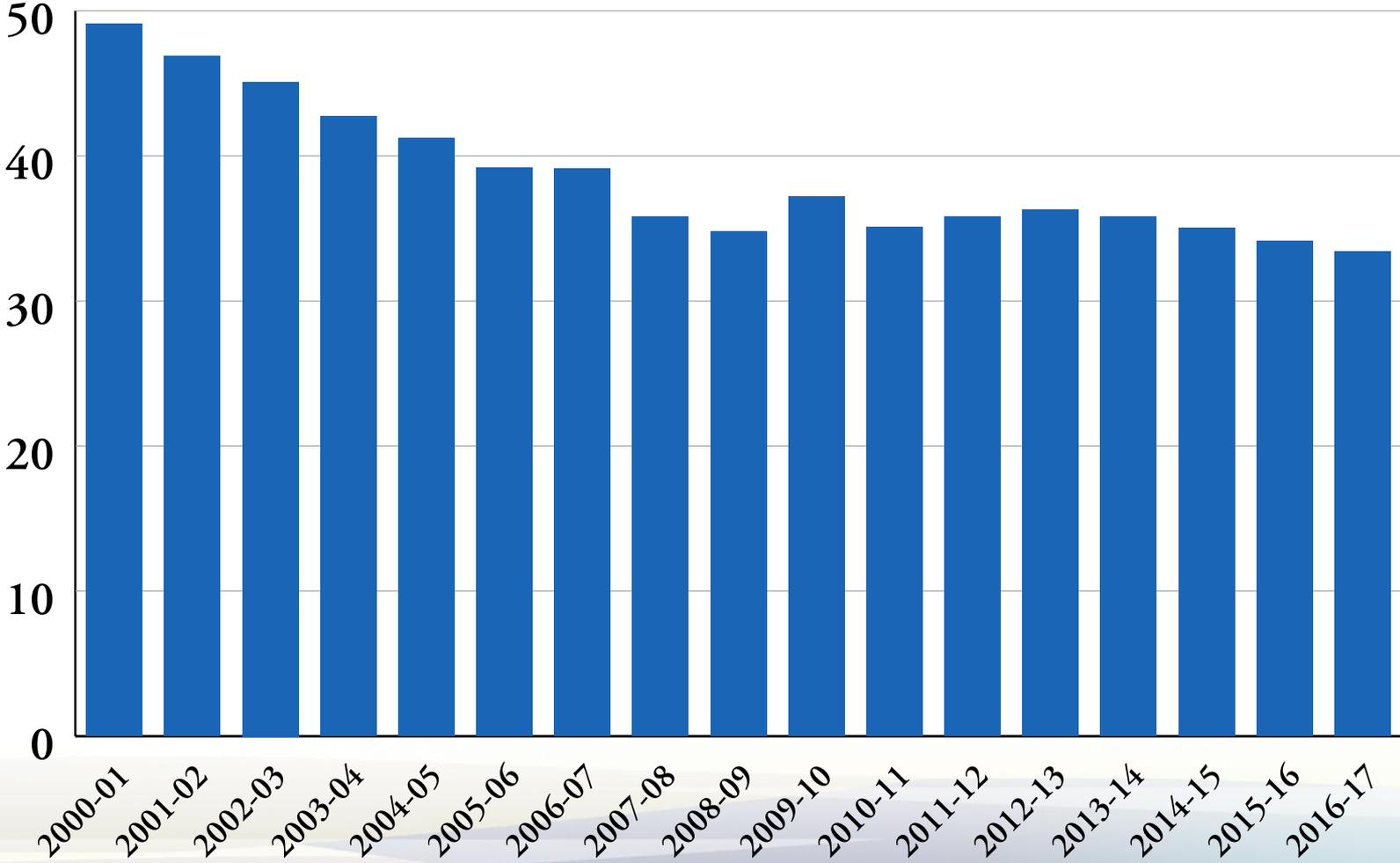


Healthcare dominates spending

Expenses, 2013–2014 estimate

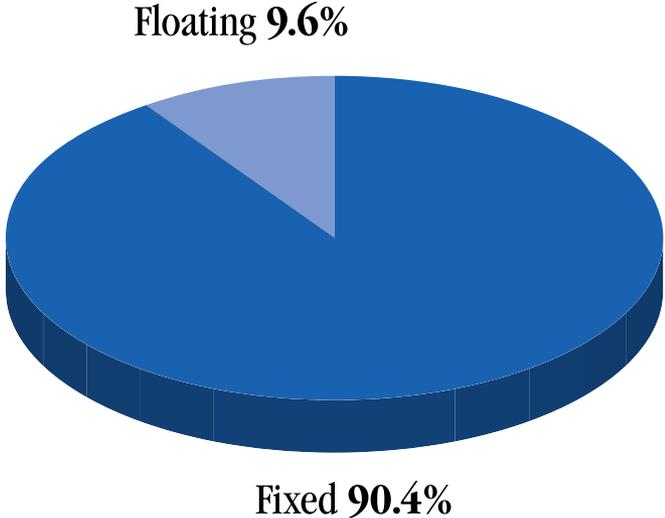


Nova Scotia's Net Debt/GDP

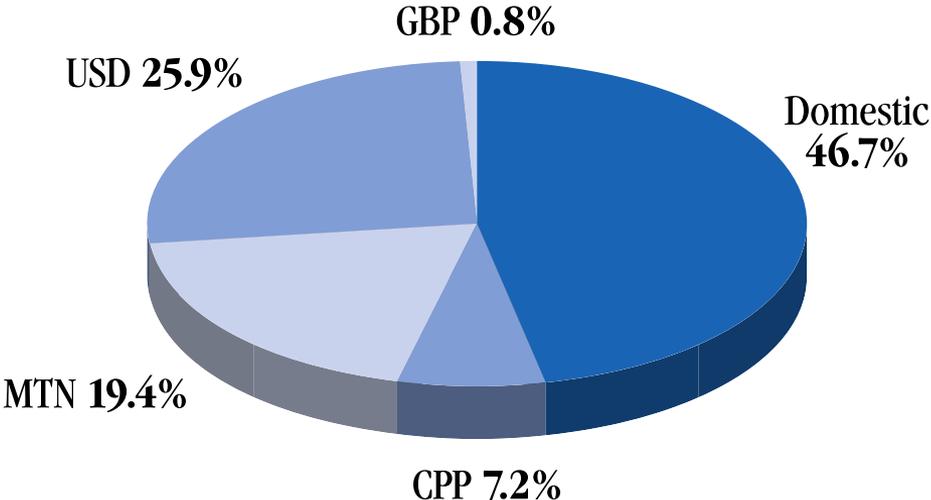


Prudent debt management practices

10% of Debt is Floating



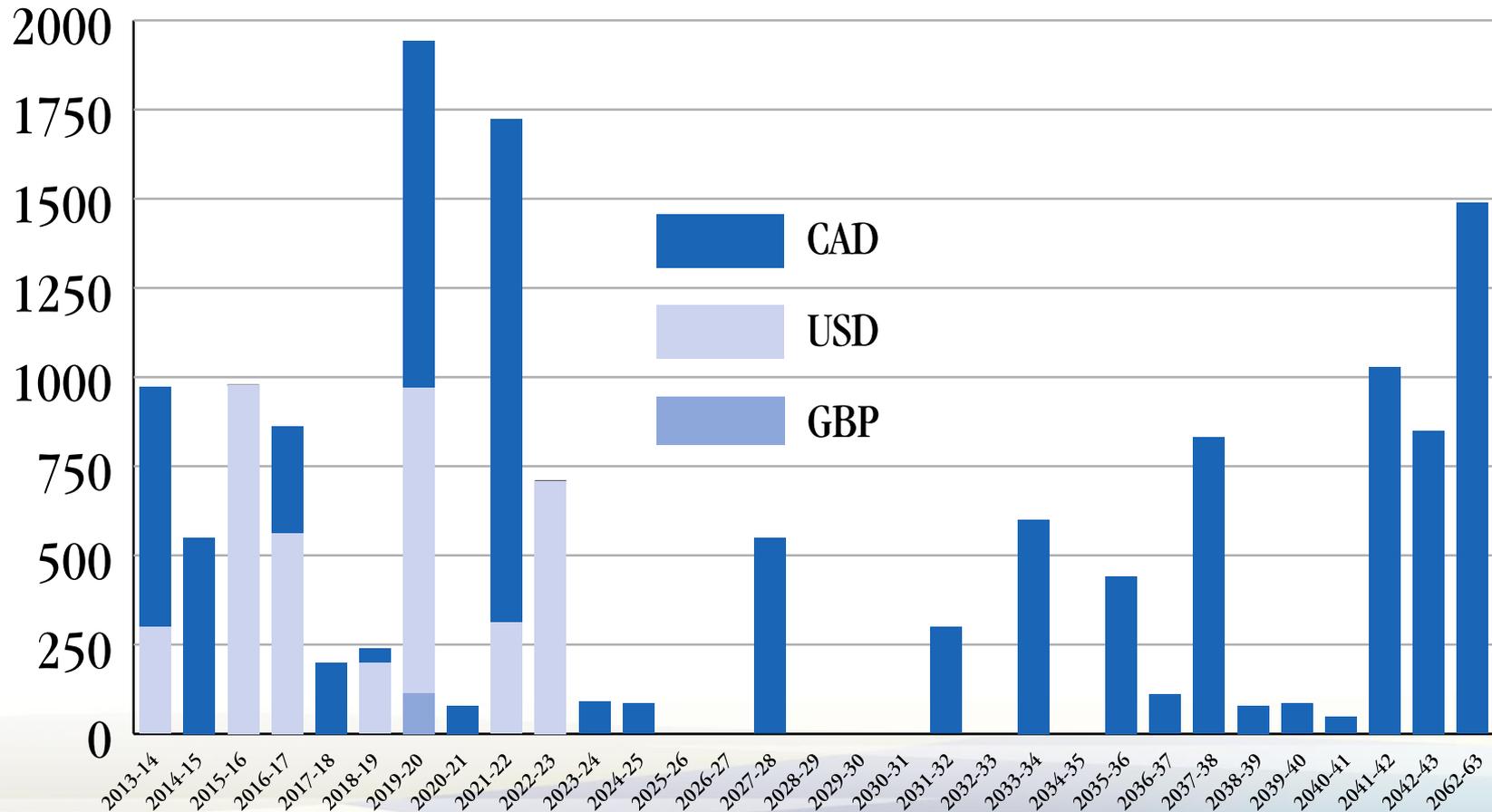
Diversified Funding Sources



Outstanding market debt of \$15.1 billion as of 31/3/2013

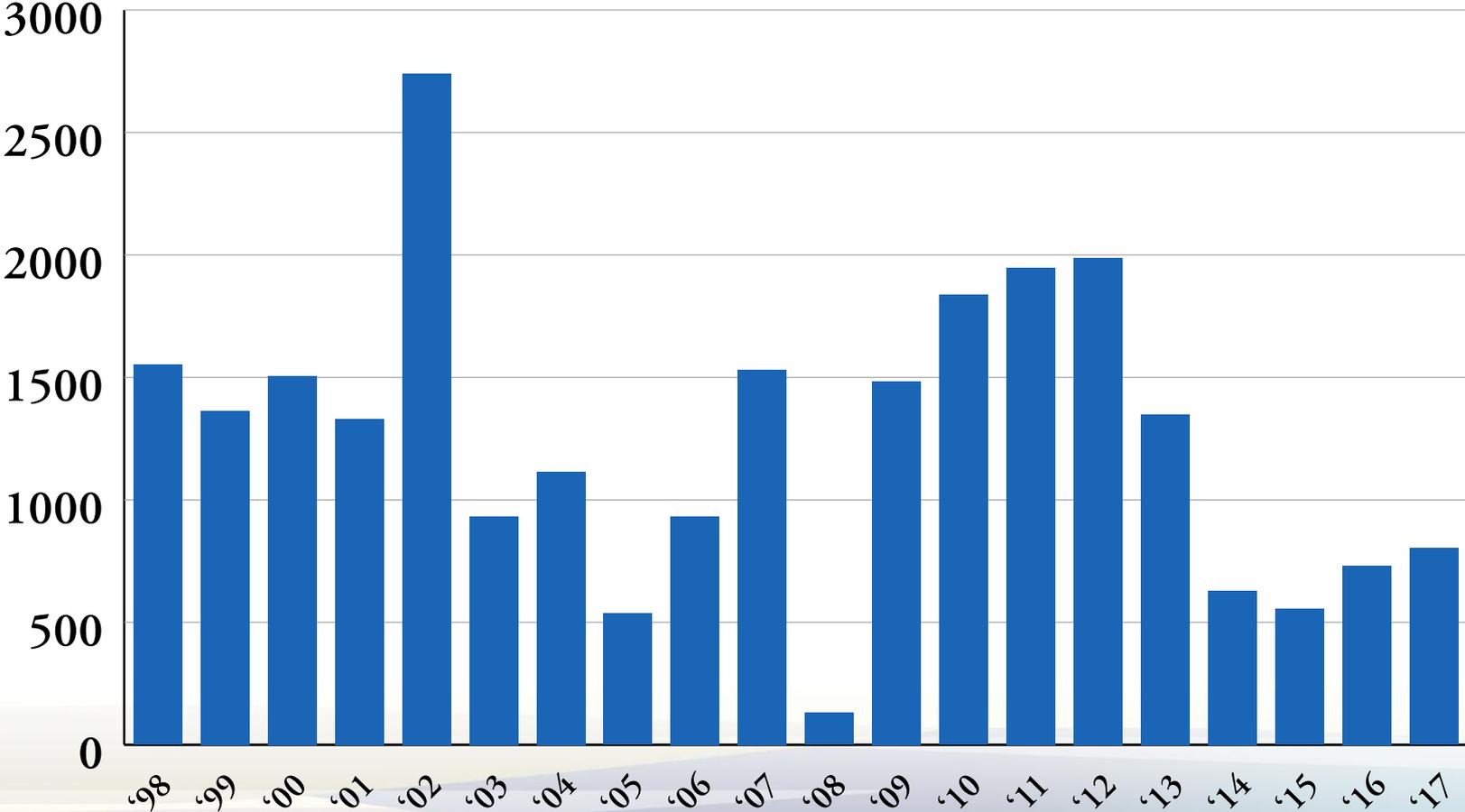
Gross debt maturity profile

Millions \$



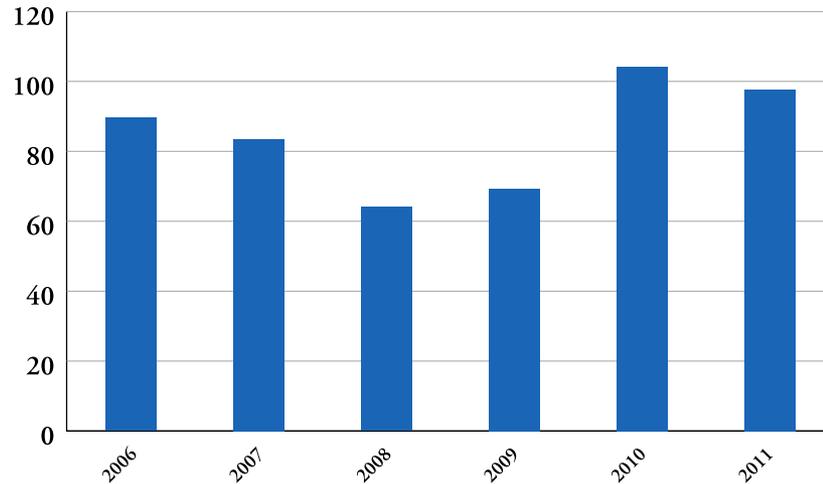
Borrowing needs have declined

Millions \$



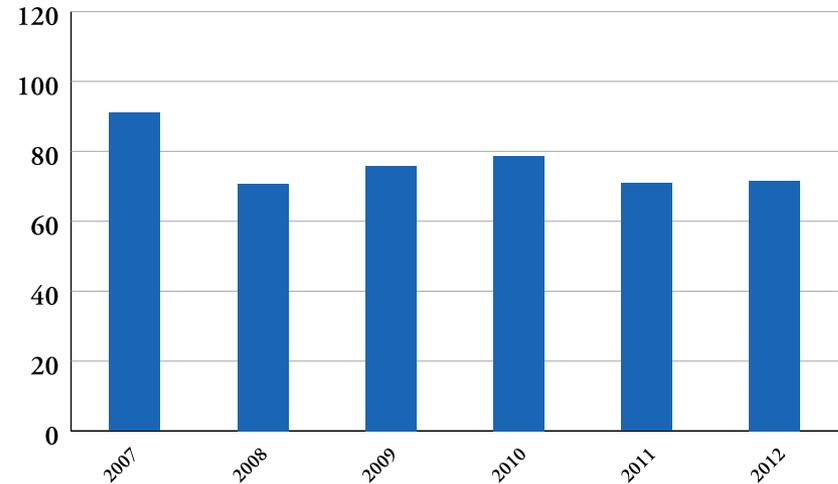
Pension liability is well managed

PSPP funded status



- Plan restored to health in 2010/11
- Indexing contingent on health of plan
- Joint Trusteeship legislation implemented on April 1, 2013

Teachers' PP funded status



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

Federal shipbuilding contract will have a tremendous impact on our economic future

The \$30 billion contract could:

- create and sustain an average of 8,500 jobs
- increase personal income by up to \$400 million per year
- increase provincial GDP by almost \$900 million during peak years

Nova Scotia's Credit Ratings *(as of May 2013)*

	Long-term	Outlook	Short-term
Moody's	Aa2	Stable	
S&P	A+	Stable	A-1+
DBRS	A	Positive	R-1 (low)

Moody's: *"Nova Scotia's rating reflects the province's improved debt profile over the past decade, which resulted from the combination of high revenue growth in recent years and a policy focus on debt reduction"*

S&P: *"The Province of Nova Scotia's ratings reflect a relatively stable and resilient economy ... and conservative debt management practices"*

DBRS: *"Nova Scotia's rating is supported by the Province's successful efforts to restrain spending, steady but slow economic growth, and a credible plan to return to fiscal balance by 2013-14."*

Fiscal Projections 2012-2013 to 2016-2017

Millions \$

	ESTIMATE 2012-2013	FORECAST 2012-2013	ESTIMATE 2013-2014	ESTIMATE 2014-2015	ESTIMATE 2015-2016	ESTIMATE 2016-2017
<i>General Revenue Fund</i>						
Revenue	8,919.3	8,829.9	9,130.9	9,278.5	9,460.1	9,666.3
Net Income Government Business Enterprises	351.0	350.4	350.3	357.4	362.9	368.2
Total Revenue	9,270.3	9,180.3	9,481.2	9,635.9	9,823.0	10,034.5
<i>Expenses</i>						
Departmental Expenses	8,534.6	8,481.1	8,395.1	8,509.7	8,654.7	8,848.5
Refundable Tax Credits	73.5	123.5	129.4	131.9	134.5	136.5
Pension Valuation Adjustment	71.5	104.1	110.8	125.2	156.7	170.8
Debt Servicing Costs	881.7	896.8	888.9	910.2	917.1	916.1
Total expense	9,561.3	9,605.5	9,524.2	9,677.0	9,863.0	10,071.9
	(291.0)	(425.2)	(43.0)	(41.1)	(40.0)	(37.5)
Consolidation Adjustments	79.8	68.8	59.4	59.4	59.4	59.4
Provincial Surplus (Deficit)	(211.2)	(356.4)	16.4	18.3	19.4	21.9
Net Debt	13,720.9	13,883.5	13,989.0	14,093.4	14,341.5	14,410.3
Nominal GDP	39,483.0	38,227.0	39,099.0	40,283.0	42,054.0	43,090.0
Debt-to-GDP Ratio	34.8%	36.3%	35.8%	35.0%	34.1%	33.4%

Questions?

