

Background

The province of Nova Scotia approved a capital budget of \$796.0 million to assist in stimulating the provincial economy and providing jobs to Nova Scotians while maximizing available federal cost sharing dollars. The budget includes expected cost sharing of \$137.2 million on capital projects, \$125.2 million of which is from the federal government.

Overview

The Province is forecasting capital spending to be \$781.1 million in fiscal year 2009-2010, a decrease of \$14.9 million from the estimate at budget time. School and community college projects (\$7.8 million), government building projects (\$5.3 million), de-construction of Queen Elizabeth High School (\$1.5 million) and capital grants (\$2.5 million) are forecast to be under spent this year. Savings on these projects are partially offset by a \$2.6 million increase in costs for information technology projects, primarily the roll out of the SAP Financial system to district health authorities (DHAs). The following chart shows the capital budget forecast variances by spending category.

Capital Spending Forecast – November (\$ thousands)

Category	Budget	Forecast	Forecast Variance
Highways	325,000	325,000	---
Buildings	207,172	194,097	(13,075)
Information Technology	38,641	41,191	2,550
Land	81,250	79,775	(1,475)
Vehicles and Equipment	<u>22,131</u>	<u>21,786</u>	<u>(345)</u>
Departmental Capital	674,194	661,849	(12,345)
Capital Grants	<u>121,791</u>	<u>119,250</u>	<u>(2,541)</u>
Total	795,985	781,099	(14,886)

The following chart provides additional detail on the capital budget, forecast spending to year end and the forecast to budget variance expected at year end.

Project	Budget	November Forecast	Forecast Variance
Highways (Click for detail)	325,000	325,000	---
Buildings			
New Schools (Click for detail)	78,488	72,647	(5,841)
School Additions and Alterations	64,121	64,136	15
Community Colleges Upgrades	18,458	16,458	(2,000)
NSCC - Centre for the Built Environment	14,000	14,000	---
ACAI Building - AgriTECH Park	2,000	400	(1,600)
NS Agricultural College Greenhouse	600	600	---
NS Agricultural College Poultry Facilities	1,500	1,500	---
Lunenburg Justice Centre (Bridgewater)	800	800	---
Pictou Justice Centre (Renovations)	850	850	---
Correctional Facilities (Design)	1,000	1,000	---
Medical Examiner Facility	1,000	1,000	---
Halifax Law Courts	2,000	2,000	---
Bridgewater Provincial Building	1,000	600	(400)
Government House Renovations	1,900	2,294	394
Provincial Data Centre	2,483	2,483	---
Yarmouth Provincial Building	800	800	---
Energy Retrofits- Government Buildings	5,000	3,500	(1,500)
Other Government Buildings	11,172	9,029	(2,143)
Information Technology			
Student Information System	1,500	1,500	---
Finance IT Projects	7,017	7,017	---
SAP in Health Care (HASP)	7,800	10,270	2,470
Radiation Therapy IT Redesign	4,625	4,625	---
Electronic Health Record	3,890	3,890	---
Surgical Services - Phase 2	3,100	3,501	401
Surgery Ortho	2,227	2,227	---
Other Health IT Projects	2,631	1,589	(1,042)
Labour Market Development System	1,500	1,845	345
Other IT Projects	4,351	4,727	376
Land and Land Improvement			
Parks	1,150	1,150	---
Queen Elizabeth High De-construction	2,600	1,125	(1,475)
Land Purchases	77,500	77,500	---
Vehicles and Equipment			
School Buses	5,524	5,505	(19)
Ambulances	4,562	4,272	(290)
Other Vehicles	1,352	1,352	---
Bluenose II Restoration	6,000	6,000	---
Microfilm Preservation & Digitization	293	257	(36)
Broadband Towers	2,900	2,452	(448)
TMR Network - Towers	1,500	1,948	448
Departmental Capital	674,194	661,849	(12,345)
Capital Grants	121,791	119,250	(2,541)
Total	795,985	781,099	(14,886)

Highways

Capital spending on highways is forecast to be \$325 million (on budget). The highways capital allocation includes funding for roads, streets, highways, ferries and bridges. Highway projects continue on schedule and barring major interruptions, such as weather related delays, are forecast to be completed on schedule. Cost sharing on highway projects is also forecast to be on budget. A total of \$97.0 million was budgeted for cost sharing on highway projects with \$85 million of that total from the federal government.

Buildings

The November forecast for capital spending on buildings is under budget by \$13.1 million. Construction on new schools and community colleges is under budget by \$7.8 million and other government building projects are forecast to be under budget by \$5.3 million.

Information Technology

Increased spending on Information Technology projects is primarily attributable to cost overruns related to the need for three waves of implementation of the SAP for district health authorities project instead of the planned two waves. IT spending is forecast to be over budget by \$2.6 million.

Capital Grants

Capital grants to provincially owned entities such as district health authorities is forecast to be under the budget of \$121.8 million by \$2.5 million primarily due to less than budgeted spending on social housing projects.

Cost-Shared Revenue

Cost-shared revenues are forecast to be \$2.2 million over the budget of \$137.2 million primarily as a result of recoveries from ecoNova Scotia for energy retrofit projects.