



# Public Accounts

Volume 1 — Consolidated Financial Statements  
For the fiscal year ended March 31, 2021



# Public Accounts

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Volume 1 — Consolidated Financial Statements

For the fiscal year ended March 31, 2021

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## **Message from the Minister**

Nova Scotia's Public Accounts show the magnitude of the Province's response to the COVID-19 pandemic during the 2020-21 fiscal year.

This has been a challenging time for many Nova Scotians, as well as small businesses, retailers, and tourism operators across our province.

The government responded to COVID-19 with close to \$940 million in operating and capital supports in 2020-21.

In the Public Accounts, we present the actual financial results at the end of the fiscal year and compare these to the budget approved at the beginning of the fiscal year.

The Province of Nova Scotia reported a deficit of \$341.6 million in its Public Accounts for the year ended March 31, 2021. This was \$396.6 million lower than the estimated surplus of \$55.0 million.

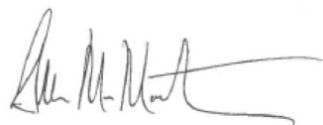
Total consolidated revenues were \$12.29 billion, a decrease of \$177.8 million or 1.4 per cent from estimate mainly due to changes in tax revenues and revenues from governmental units, partially offset by increases in federal transfers.

Total consolidated expenses were \$12.63 billion, an increase of \$218.8 million or 1.8 per cent from estimate mainly due to increased support for health care services during the pandemic and other COVID-19 supports to aid in recovery efforts.

The Province's Net Debt as of March 31, 2021 was \$16.40 billion. The net debt to GDP ratio for 2020-21 was 36.0 per cent.

Detailed analysis of these results is contained within this document.

These consolidated financial statements are in accordance with Canadian public sector accounting standards and have received an unmodified opinion from the Auditor General of Nova Scotia.



Honourable Allan MacMaster  
Minister of Finance and Treasury Board



### Introduction to the Public Accounts

In accordance with the *Finance Act*, the Minister of Finance and Treasury Board for the Province of Nova Scotia (Province) produces the Public Accounts annually to report on the operating results and financial condition of the Province. Volume 1 of the Public Accounts includes general purpose financial statements meant to meet the needs of a variety of users. They are prepared on a consolidated basis, which means that they include the financial information of the departments and public service units of government as well as the Crown corporations, boards, and other entities owned or controlled by the Province.

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. For purposes of the Province's financial statements, this refers to the Public Sector Accounting Standards (PSAS) of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada), supplemented where appropriate by other accounting standards of CPA Canada and the International Federation of Accountants.

The 2020-21 Public Accounts *Volume 1 – Consolidated Financial Statements* commences with the Financial Statement Discussion and Analysis (FSD&A) section. The FSD&A is a reporting practice recommended by PSAB, and responsibility for its preparation rests with management. This section presents comparative financial highlights of the consolidated financial statements as well as selected financial highlights of the General Revenue Fund. The FSD&A also includes an overview of the provincial debt and the Nova Scotia economy. The government is responsible for the integrity, objectivity, and fair presentation of the information in the FSD&A. The Controller prepares the FSD&A in accordance with PSAS on behalf of the Minister and the Deputy Minister of Finance and Treasury Board.

The General Revenue Fund is the level at which the annual estimates are prepared in detail for approval by the provincial government. Therefore, the FSD&A includes a section on the Selected Highlights of the General Revenue Fund that provides more detailed information and budget-to-actual analysis on revenues, departmental expenses, tangible capital assets, additional appropriations, and debt servicing costs. The General Revenue Fund is comprised of all departments and public service units of the Nova Scotia Government, as well as the net income of the Province's government business enterprises (GBEs), but excludes the other governmental units (GUs) owned or controlled by the Province and government partnership arrangements (GPAs).

There are two additional publications in the Public Accounts suite of annual financial reports. *Volume 2 – Entities and Funds* is a collection of the audited financial statements of various agencies, boards, commissions, other GUs, GBEs, GPAs, and special purpose funds. *Volume 3 – Supplementary Information* is produced in accordance with the *Finance Act* as a record of the payments made by the General Revenue Fund during the fiscal year for salaries, travel, grants, and other expenses.







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# **FINANCIAL STATEMENT DISCUSSION AND ANALYSIS**

**For the fiscal year ended March 31, 2021**

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## Financial Highlights of the Consolidated Financial Statements

### Financial Highlights

For the fiscal year ended March 31, 2021

(\$ thousands, except for Net Debt per Capita)

						* 5-Year Trend	Page Ref
Performance Measures	2017	2018	2019	2020	2021		
<u>Sustainability</u>							
Provincial Surplus (Deficit)	\$151,186	\$226,289	\$122,875	\$2,287	(\$341,595)	↓	12
Provincial Surplus (Deficit) to Nominal GDP	0.36%	0.52%	0.27%	0.00%	(0.75%)	↓	–
Net Debt	\$14,967,742	\$14,966,090	\$14,992,969	\$15,242,397	\$16,400,763	↑	13
Net Debt per Capita	\$15,876	\$15,752	\$15,644	\$15,719	\$16,746	↑	13
Net Debt to Nominal GDP	36.0%	34.6%	33.4%	32.7%	36.0%	–	14
<u>Flexibility</u>							
Debt Servicing Costs to Total Revenue	7.5%	7.0%	7.3%	6.7%	6.0%	↓	20
Own Source Revenue to Nominal GDP	18.6%	19.0%	18.0%	17.8%	16.9%	↓	16
<u>Vulnerability</u>							
Federal Transfers to Total Revenue	31.2%	31.2%	31.8%	32.3%	37.5%	↑	16
Other Financial Indicators							
Total Revenue	\$11,230,080	\$11,976,215	\$11,874,746	\$12,283,843	\$12,285,867	↑	15
Total Expenses	\$11,078,894	\$11,749,926	\$11,751,871	\$12,281,556	\$12,627,462	↑	19
Interest on Unmatured Debt	\$729,470	\$727,242	\$766,031	\$726,256	\$626,599	↓	20
Financial Assets	\$4,710,714	\$5,189,299	\$4,904,756	\$5,032,561	\$5,392,662	↑	22
Total Liabilities	\$19,659,969	\$20,155,389	\$19,897,725	\$20,274,958	\$21,793,425	↑	24
Unmatured Debt	\$13,089,820	\$13,420,391	\$13,520,878	\$13,683,163	\$14,812,829	↑	25
Non-Financial Assets	\$5,851,754	\$6,091,716	\$6,241,470	\$6,493,185	\$7,309,956	↑	28
Accumulated Deficits	\$9,115,988	\$8,874,374	\$8,751,499	\$8,749,212	\$9,090,807	↓	31

\* An upward 5-Year Trend does not necessarily mean a positive or favourable change, and a downward 5-Year Trend does not necessarily mean a negative or unfavourable change.

**Sustainability** indicates a government's ability to maintain existing services and financial obligations without the need to increase revenues or debt borrowings.

**Flexibility** indicates a government's ability to either expand revenues or increase debt borrowings to meet existing services and financial obligations.

**Vulnerability** indicates a government's reliance on revenue sources beyond its direct control or influence and exposure to funding risks.

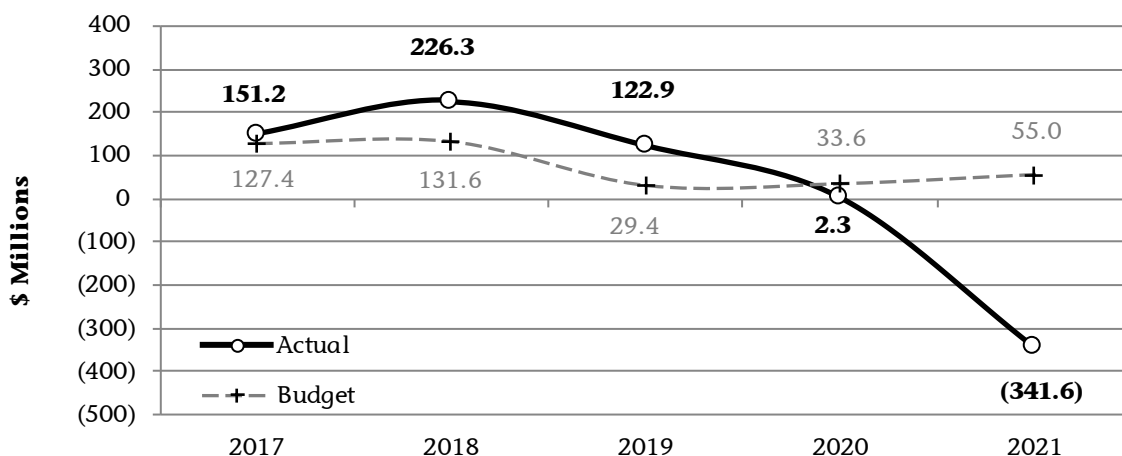


## Provincial Surplus (Deficit)

The provincial surplus (deficit) is the net financial result of the year's operations. For the fiscal year ended March 31, 2021, total revenue was \$12.29 billion (2020 – \$12.28 billion) and total expenses were \$12.63 billion (2020 – \$12.28 billion). The resulting deficit of \$341.6 million was \$396.6 million lower than the budgeted surplus of \$55.0 million and \$343.9 million lower than the prior year's surplus of \$2.3 million.

The Province has reported the following net financial results over the past five years:

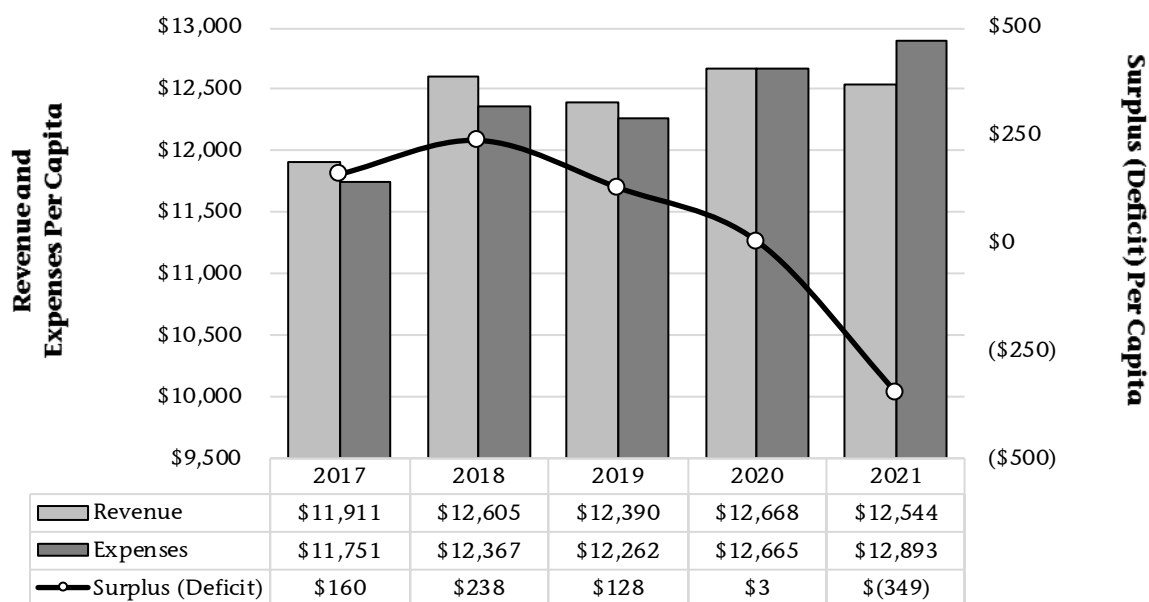
### Provincial Surplus (Deficit) - 5 Year Trend



### Revenue and Expenses per Capita

The provincial surplus (deficit) decreased by \$352 per capita, from a \$3 surplus in 2020 to a \$349 deficit in 2021. Per capita information for the past five years is shown below.

### Revenue and Expenses per Capita - 5 Year Trend



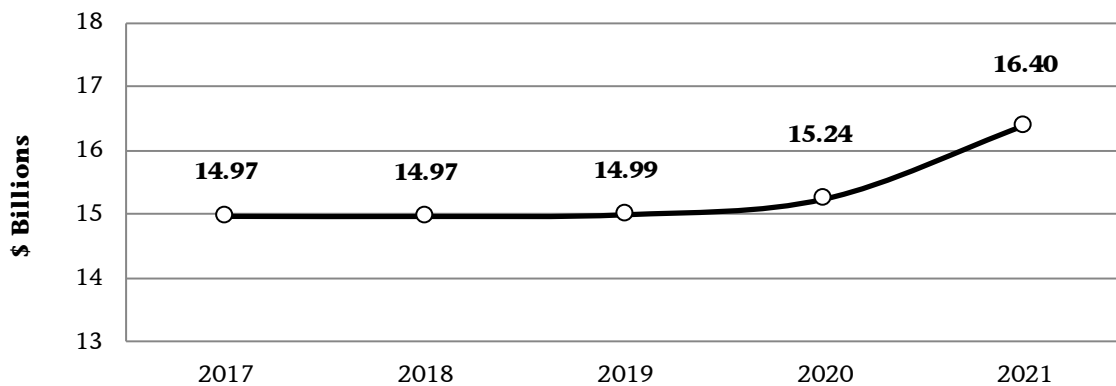
## Financial Highlights of the Consolidated Financial Statements

### Net Debt

Net debt is the result of a government's total liabilities exceeding total financial assets. As a key measure of the Province's financial position, net debt indicates the amount that current and past generations have accumulated through annual deficits, partially offset by surpluses, and net investments in non-financial assets. Net debt represents the liabilities to be funded by future revenues, including taxation. These amounts remain as obligations to continue to carry as debt or for future generations to fund through annual surpluses.

Net debt was \$16.40 billion at March 31, 2021, \$1.16 billion higher than the prior year due to the \$341.6 million deficit, net acquisitions of tangible capital assets of \$761.0 million, and net acquisitions of supplies inventory of \$61.0 million, offset by a change in prepaid expenses of \$5.2 million. This year, net debt includes \$274.5 million in accrued costs for the Boat Harbour remediation project, of which up to \$100.0 million is expected to be reimbursed as part of a commitment from the federal government. However, the corresponding federal revenue will not be recorded until the remediation activities occur. The Province has reported net debt in the past five years as follows:

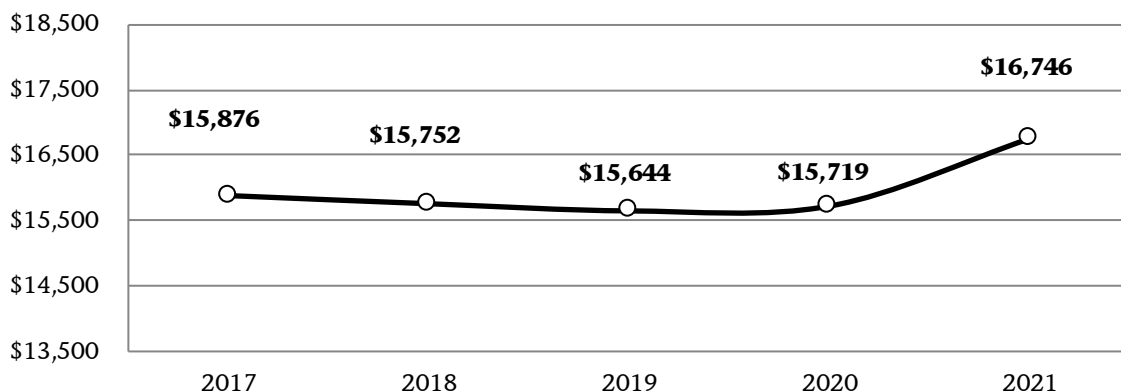
#### Net Debt - 5 Year Trend



### Net Debt per Capita

Net debt increased by \$1,027 on a per capita basis from \$15,719 in 2020 to \$16,746 in 2021. The increase in net debt per capita is attributable to the increase in the Province's net debt balance, partially offset by a small increase in Nova Scotia's population.

#### Net Debt per Capita - 5 Year Trend



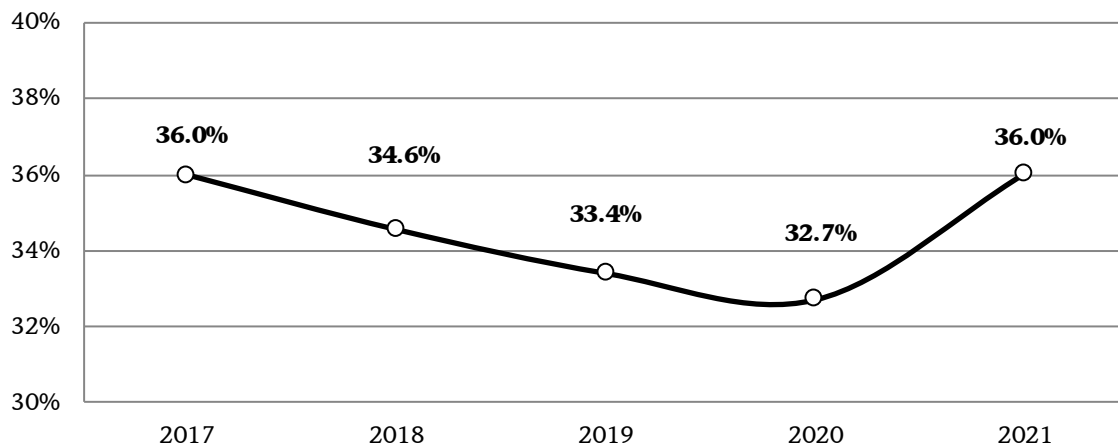




### **Net Debt to Nominal Gross Domestic Product (GDP)**

Net debt as a percentage of nominal GDP provides a measure of the level of future financial demands placed on the economy by the Province's spending and taxation policies. A higher ratio means the net debt of the Province is more onerous on future generations. This ratio increased 3.3 percentage points to 36.0 per cent in 2021. Over the past five years, the ratio of net debt to nominal GDP gradually decreased and then returned to 36.0 per cent as in 2017.

#### **Net Debt to Nominal GDP - 5 Year Trend**

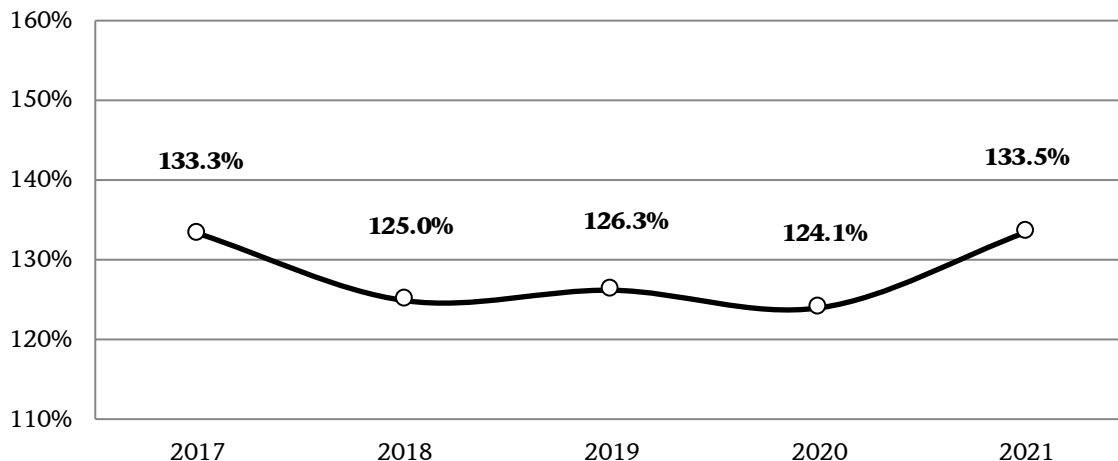


### **Net Debt to Total Revenue**

Net debt provides a measure of the future revenues required to pay for past deficits, less past surpluses, and investments in non-financial assets. An increasing ratio of net debt to total revenue indicates that more time is necessary to repay net debt.

Net debt as a percentage of total revenue increased 9.4 percentage points from the previous year to 133.5 per cent. Over the past five years, this ratio has increased 0.2 percentage points from 133.3 per cent in 2017.

#### **Net Debt to Total Revenue - 5 Year Trend**



## Financial Highlights of the Consolidated Financial Statements

### Revenue

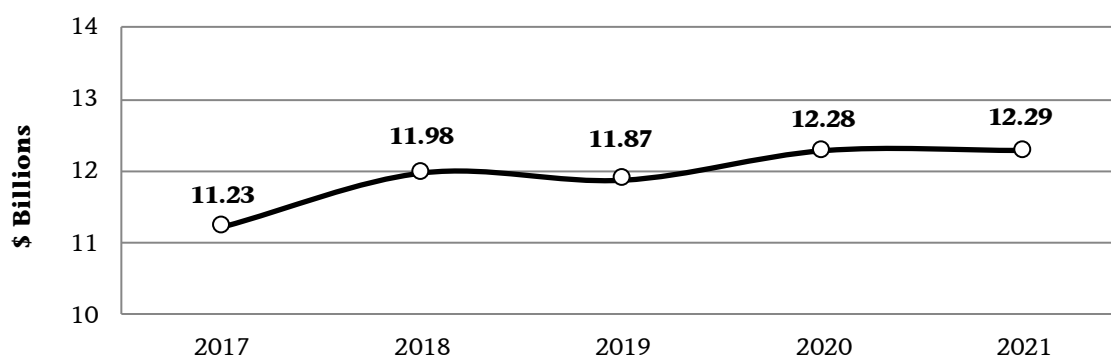
On a consolidated basis, total revenue for the year was \$177.8 million or 1.4 per cent lower than estimate and \$2.0 million or 0.02 per cent higher than the prior year. The decrease from estimate was mostly attributable to changes in tax revenues and revenues from governmental units (GUs), partially offset by increases in federal transfers. Other revenues were generated from a variety of sources by the General Revenue Fund (GRF) and the GUs. Additional details on GRF revenue variances are provided starting on page 38 of this publication.

#### Revenue

(\$ thousands)

	Adjusted Estimate 2021	Actual 2021	Actual 2020	Actual vs Estimate	Actual vs Actual
<b>Provincial Sources</b>					
Tax Revenue					
Income Taxes	3,521,447	3,198,367	3,453,521	(323,080)	(255,154)
Sales Taxes	2,487,269	2,277,923	2,501,627	(209,346)	(223,704)
Other Tax Revenue	182,654	188,241	208,047	5,587	(19,806)
Other Provincial Revenue					
Petroleum Royalties	—	38,794	7,813	38,794	30,981
Recoveries	371,685	416,687	443,828	45,002	(27,141)
Revenue of GUs	435,064	411,709	471,217	(23,355)	(59,508)
Municipal Contributions to RCEs	283,264	282,826	274,639	(438)	8,187
Miscellaneous	343,388	335,285	354,617	(8,103)	(19,332)
Net Income from GBEs	391,814	384,261	388,621	(7,553)	(4,360)
Investment Income					
Interest Revenue	103,315	88,705	114,812	(14,610)	(26,107)
Sinking Fund Earnings	65,373	57,802	93,670	(7,571)	(35,868)
	8,185,273	7,680,600	8,312,412	(504,673)	(631,812)
<b>Federal Sources</b>					
Equalization Payments	2,145,883	2,145,883	2,009,037	—	136,846
Other Federal Transfers	2,132,514	2,459,384	1,962,394	326,870	496,990
	4,278,397	4,605,267	3,971,431	326,870	633,836
<b>Total Revenue</b>	12,463,670	12,285,867	12,283,843	(177,803)	2,024

#### Total Revenue - 5 Year Trend

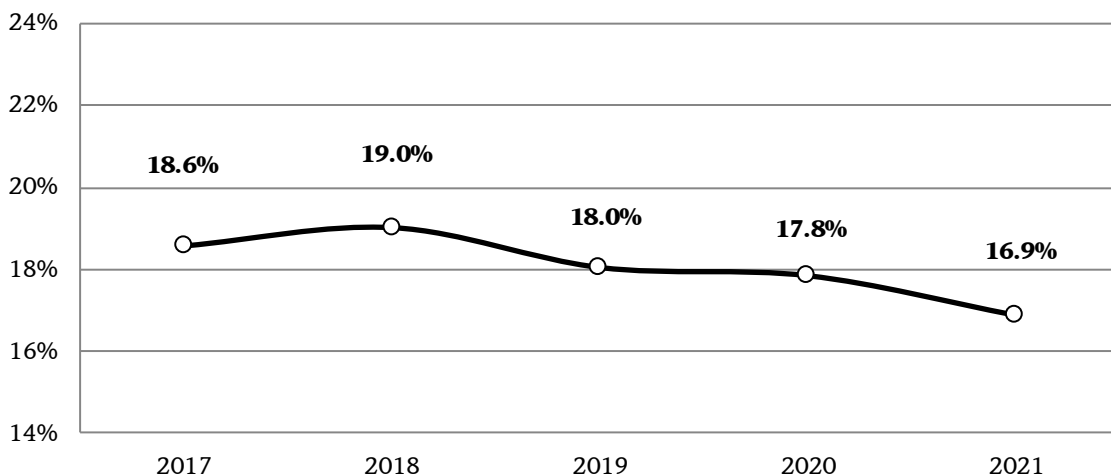




### **Own Source Revenue to Nominal Gross Domestic Product (GDP)**

Own source revenue as a percentage of nominal GDP measures the extent to which the Province derives income from the provincial economy, either through taxation, user fees, recoveries, or other provincial revenues. This ratio decreased by 0.9 percentage points from the previous year to 16.9 per cent. Over the past five years, this ratio has ranged from a high of 19.0 per cent in 2018 to a low of 16.9 per cent in 2021, which shows a gradual decrease of the Province's demands on the provincial economy during this time.

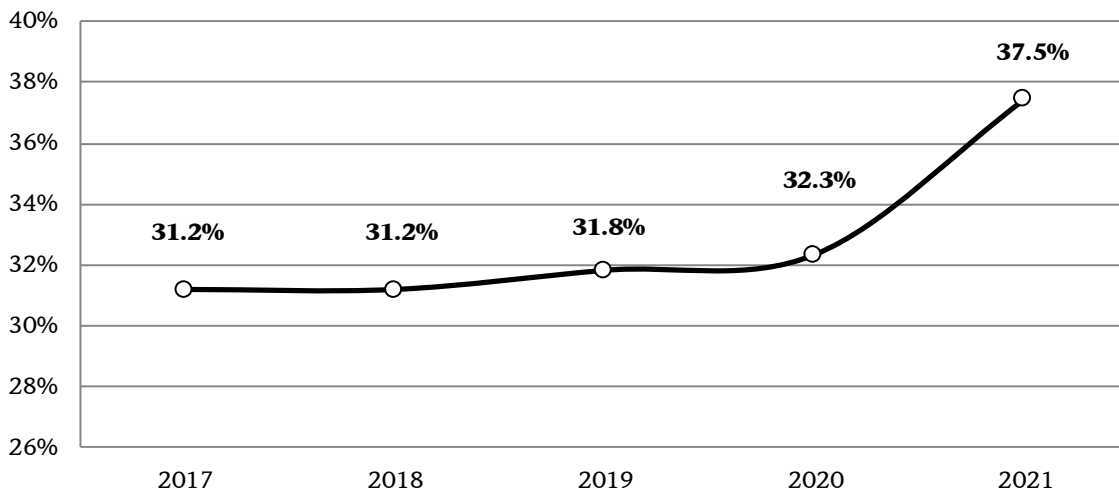
#### **Own Source Revenue to Nominal GDP - 5 Year Trend**



### **Federal Transfers to Total Revenue**

Federal transfers as a percentage of total revenue measures the extent of funding from the federal government. Some of these transfers are dependent on policy decisions at the federal level and are generally outside the control of the provincial government. This ratio increased by 5.2 percentage points from the previous year to 37.5 per cent mainly due to additional COVID-19 funding received in the year. Over the past five years, the percentage of federal transfers to total revenue has increased by 6.3 percentage points from 31.2 per cent in 2017.

#### **Federal Transfers to Total Revenue - 5 Year Trend**

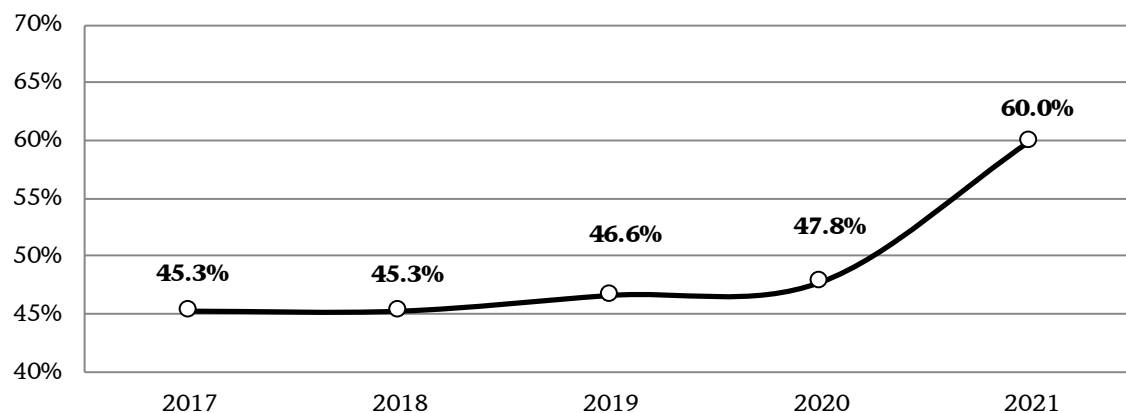


## Financial Highlights of the Consolidated Financial Statements

### Federal Transfers to Own Source Revenue

Federal transfers as a percentage of own source revenue measures the extent of revenue received from the federal government as compared to the amount of revenue generated from within the province. This ratio increased by 12.2 percentage points from the previous year to 60.0 per cent mainly due to additional federal COVID-19 funding and the downward impacts of COVID-19 on revenue from provincial sources. Over the past five years, this ratio has increased 14.7 percentage points from 45.3 per cent in 2017.

#### Federal Transfers to Own Source Revenue - 5 Year Trend

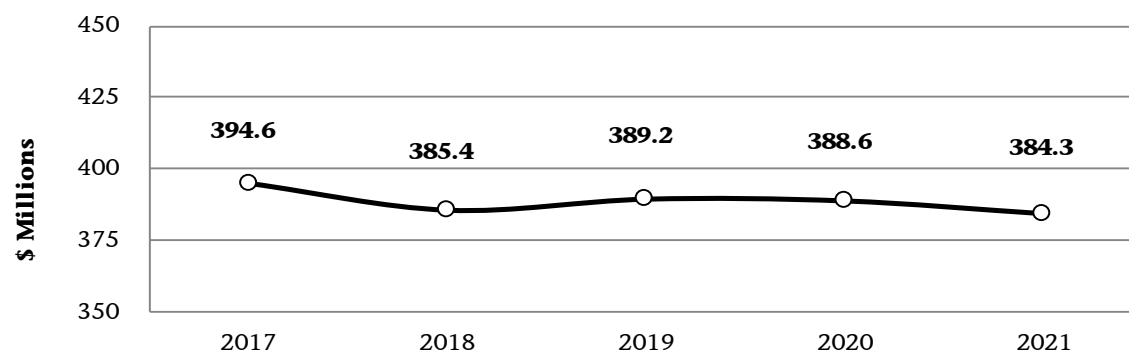


### Net Income from Government Business Enterprises (GBEs)

Net income from GBEs was \$4.3 million or 1.1 per cent lower than last year and \$7.6 million or 1.9 per cent lower than estimate. Net income from Nova Scotia Liquor Corporation was \$27.2 million or 11.0 per cent higher than the prior year primarily due to higher beverage alcohol sales in all categories as well as higher cannabis sales from new locations, fewer supply issues, and a full year of sales of edible products. Net income (before Win Tax) from Nova Scotia Gaming Corporation was \$18.2 million or 15.0 per cent lower than the prior year due to the intermittent suspension of video lottery terminals and closure of casinos during the COVID-19 pandemic.

Net income from Halifax-Dartmouth Bridge Commission was \$6.8 million or 90.3 per cent lower than the prior year and net income from Highway 104 Western Alignment Corporation was \$6.5 million or 51.9 per cent lower than last year both due to lower traffic volumes due to pandemic travel restrictions. Net income from GBEs over the past five years was as follows:

#### Net Income from GBEs - 5 Year Trend

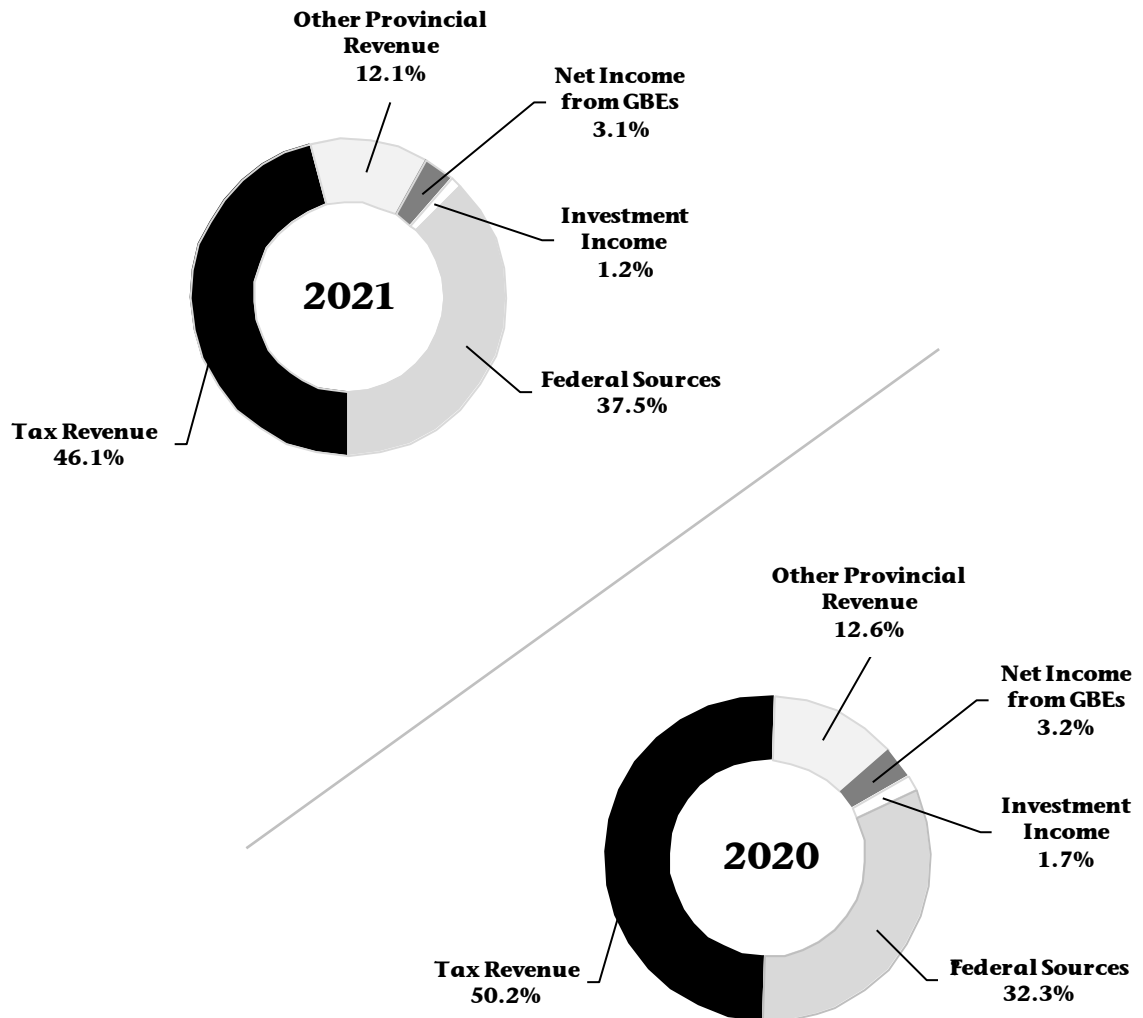




### Revenue by Source

The Province's revenue from taxation and federal sources changed significantly from the prior year mainly due to the impacts of COVID-19 and additional federal COVID-19 funding. The other major funding sources remained consistent with the prior year. The related breakdowns for fiscal years 2021 and 2020 were as follows:

#### Revenue by Source





## Financial Highlights of the Consolidated Financial Statements

### Expenses

The health and education sectors made up 56.1 per cent of total expenses, compared to 54.4 per cent in 2019-20. Total consolidated expenses were \$218.8 million or 1.8 per cent higher than estimate primarily due to increases of \$292.9 million in Health and Wellness mainly for additional funding to support the COVID-19 response, \$55.8 million in Labour and Advanced Education and Assistance to Universities to support recovery efforts in response to COVID-19, aid universities impacted by COVID-19, and expand and enhance computer science programs at four universities, and \$42.9 million in Transportation and Infrastructure Renewal for additional Boat Harbour site remediation and sludge clean-up costs relating to certain decommissioning activities. These increases were partially offset by net decreases of \$172.8 million in all other departments.

\$697.7 million in total expenses relating to COVID-19 were incurred during 2020-21 across all departments. Total expenses were \$345.9 million or 2.8 per cent higher than the prior year primarily due to increases of \$374.9 million in Health and Wellness, \$34.0 million in Labour and Advanced Education and Assistance to Universities, \$33.6 million in Education and Early Childhood Development, and net decreases of \$96.6 million in all other departments.

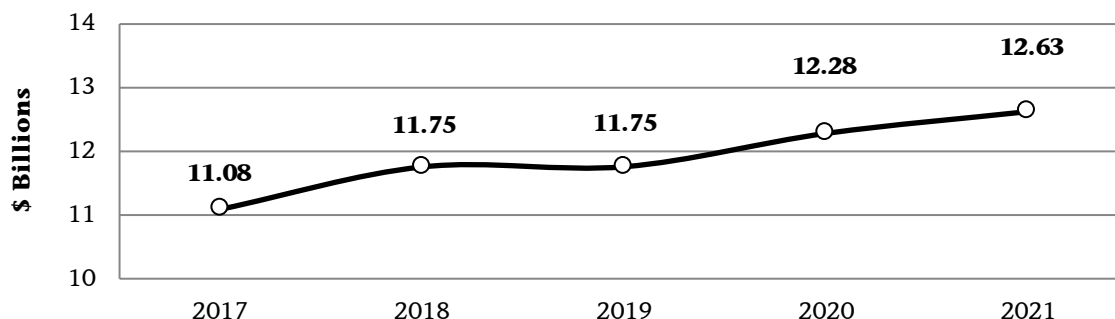
Additional details on General Revenue Fund expense variances are provided on page 44.

### Expenses

(\$ thousands)

	Adjusted Estimate 2021	Actual 2021	Actual 2020	Actual vs Estimate	Actual vs Actual
Health and Wellness	4,952,830	5,245,728	4,870,848	292,898	374,880
Education and Early Childhood Development	1,842,645	1,844,466	1,810,882	1,821	33,584
Community Services	1,002,202	1,016,984	994,833	14,782	22,151
Labour and Advanced Education and Universities	895,002	950,818	916,778	55,816	34,040
Transportation and Infrastructure Renewal	537,991	580,936	591,408	42,945	(10,472)
Municipal Affairs and Housing	444,295	472,260	446,519	27,965	25,741
Justice	374,397	389,257	365,870	14,860	23,387
Debt Servicing Costs	769,168	734,152	827,323	(35,016)	(93,171)
Other Expenses	1,590,114	1,392,861	1,457,095	(197,253)	(64,234)
<b>Total Expenses</b>	<b>12,408,644</b>	<b>12,627,462</b>	<b>12,281,556</b>	<b>218,818</b>	<b>345,906</b>

### Total Expenses - 5 Year Trend

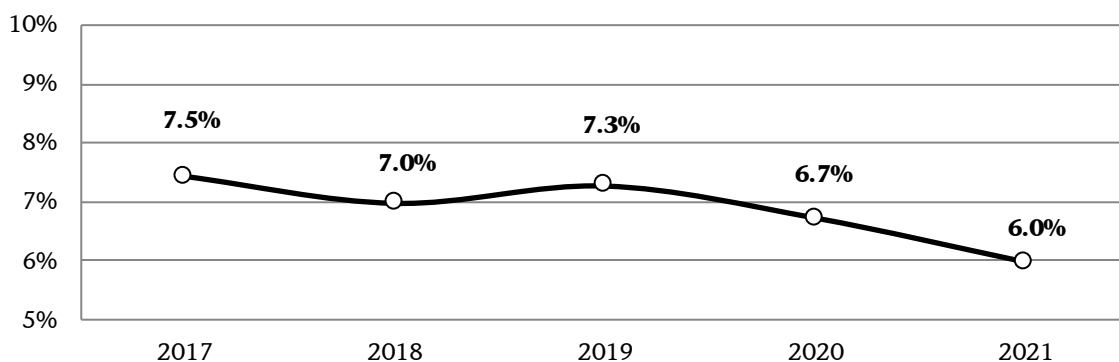




### Debt Servicing Costs to Total Revenue

Debt servicing costs as a percentage of total revenue shows the proportion of every dollar of revenue that is needed to pay interest and thus is not available to provide program initiatives, tax reductions, or debt reduction. A lower ratio means that the Province uses less revenues to meet the interest cost on total debt outstanding, which provides greater flexibility in meeting financial and service commitments in the current year. The ratio of debt servicing costs to total revenue decreased by 0.7 percentage points from the previous year to 6.0 per cent. Over the past five years, this ratio decreased by 1.5 percentage points, ranging from a high of 7.5 per cent in 2017 to a low of 6.0 per cent in 2021.

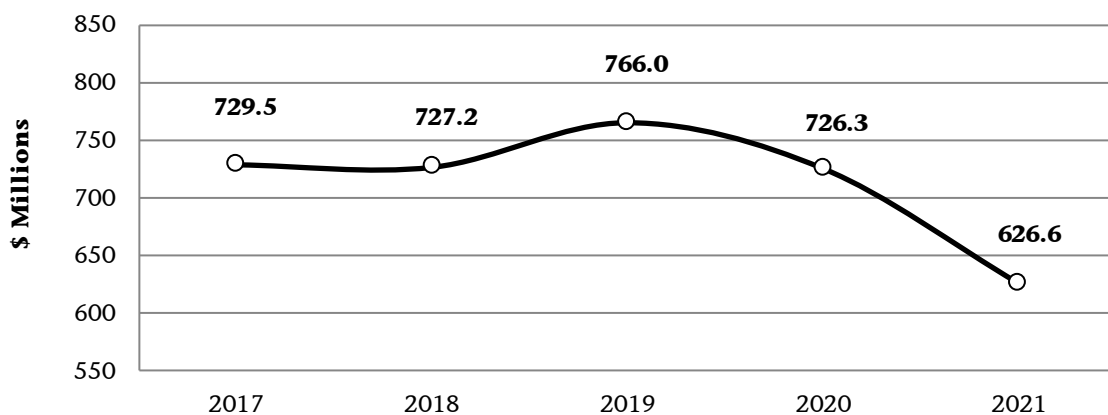
#### Debt Servicing Costs to Total Revenue - 5 Year Trend



### Interest on Unmatured Debt

Interest on unmatured debt is the cost associated with servicing past borrowing obligations, including capital leases and long-term debt under Public-Private Partnership (P3) agreements. The Province is obligated to pay these borrowing costs and thus are not available for the provision of programs and services to Nova Scotians. Interest on unmatured debt decreased by \$99.7 million to \$626.6 million in 2021. Over the past five years, interest on unmatured debt ranged from a high of \$766.0 million in 2019 to a low of \$626.6 million in 2021.

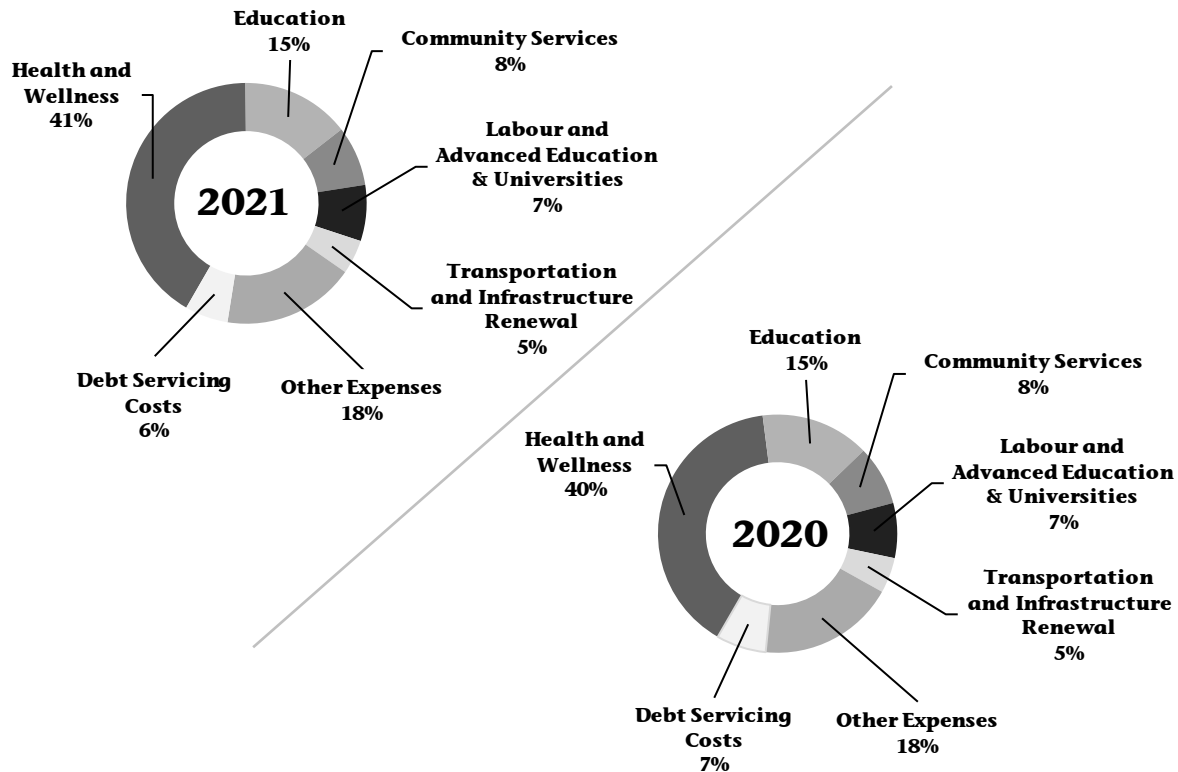
#### Interest on Unmatured Debt - 5 Year Trend



## Financial Highlights of the Consolidated Financial Statements

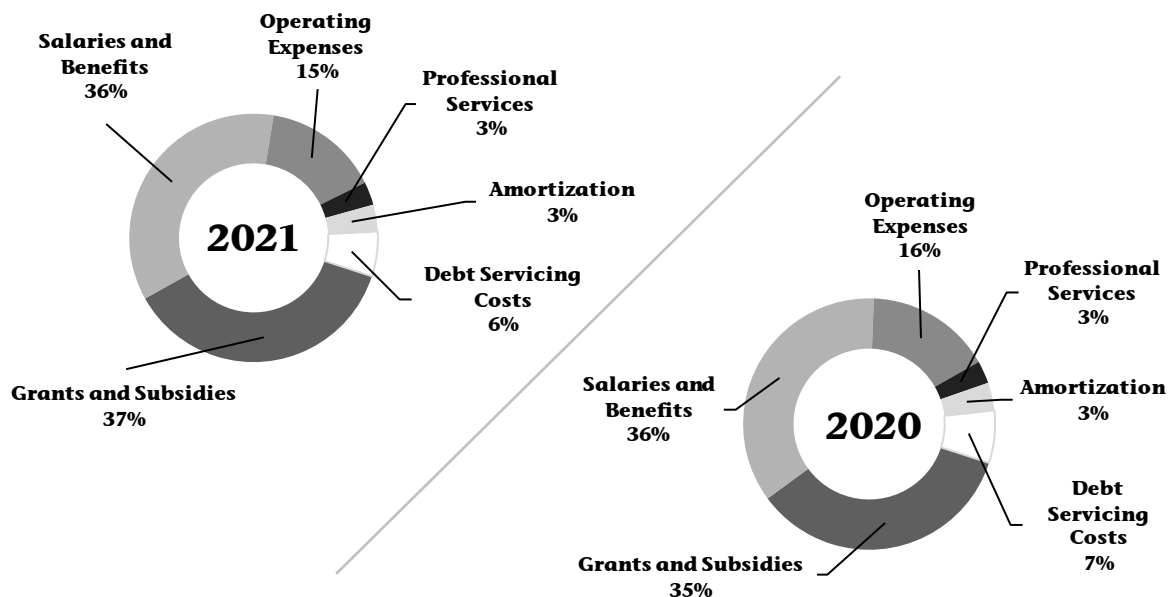
### Expenses by Function

The Province's expenses by major functions remained consistent compared to the prior year. The related breakdowns for fiscal years 2021 and 2020 were as follows:



### Expenses By Object

The Province's expenses by object remained consistent compared to the prior year. The related breakdowns for fiscal years 2021 and 2020 were as follows:





## Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to finance future operations. Financial assets increased by \$360.1 million or 7.2 per cent from the prior year to \$5.39 billion at the end of 2021. Cash and short-term investments increased by \$478.3 million as a result of the operating, investing, capital, and financing activities as explained on page 33. Accounts receivable were \$101.3 million lower than the prior year.

Loans receivable decreased by \$9.1 million mainly due to decreases of \$21.0 million in the loan portfolio of Nova Scotia Municipal Finance Corporation, \$11.1 million in Housing Nova Scotia loans, \$9.4 million in the Nova Scotia Jobs Fund, and \$8.5 million in other loan portfolios. These were partially offset by an increase of \$35.9 million in the Fisheries and Aquaculture loan portfolio and \$5.0 million in the Farm Loan Board portfolio.

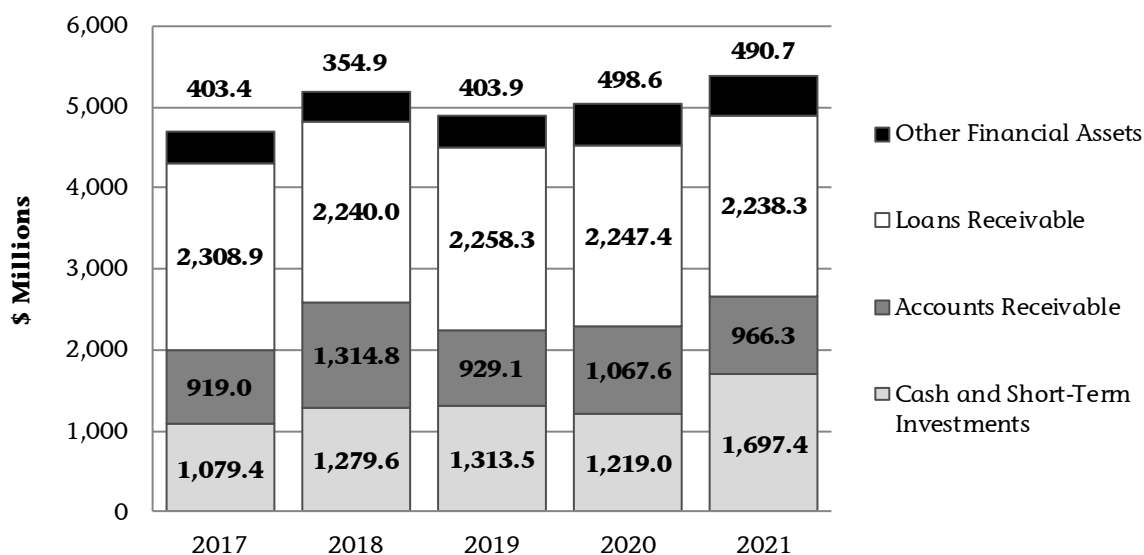
Other financial assets decreased by \$7.8 million due to a net decrease of \$8.2 million in the Province's investments, partially offset by an increase of \$0.4 million in other financial assets.

### Financial Assets

(\$ thousands)

	Actual 2021	% of Total	Actual 2020	% of Total	Variance Increase (Decrease)
Cash and Short-Term Investments	1,697,375	31.5%	1,219,037	24.2%	478,338
Accounts Receivable	966,269	17.9%	1,067,581	21.2%	(101,312)
Loans Receivable	2,238,330	41.5%	2,247,429	44.7%	(9,099)
Other Financial Assets	490,688	9.1%	498,514	9.9%	(7,826)
<b>Total Financial Assets</b>	<b>5,392,662</b>	<b>100.0%</b>	<b>5,032,561</b>	<b>100.0%</b>	<b>360,101</b>

### Financial Assets - 5 Year Trend



## Financial Highlights of the Consolidated Financial Statements

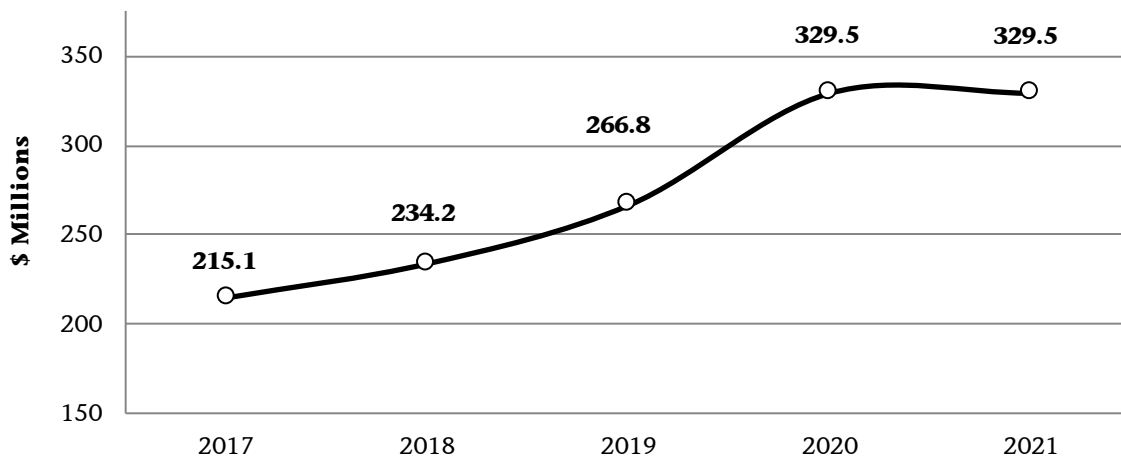
### ***Investment in Government Business Enterprises***

Other financial assets include the Province's financial position in four government business enterprises (GBEs) – Nova Scotia Liquor Corporation, Nova Scotia Gaming Corporation, Halifax-Dartmouth Bridge Commission, and Highway 104 Western Alignment Corporation. Investment in these four GBEs has continually improved over the past five years from a net investment of \$215.1 million at March 31, 2017 to \$329.5 million at March 31, 2021. The Province's investment in GBEs increased by \$28.0 thousand over the previous year.

The Province's investment in GBEs has increased by \$114.4 million over the last five years. The net equity of Highway 104 Western Alignment Corporation increased \$42.8 million, Nova Scotia Liquor Corporation increased \$40.0 million, Halifax-Dartmouth Bridge Commission increased \$26.5 million, and Nova Scotia Gaming Corporation increased \$5.1 million.

As publicly accountable enterprises, GBEs follow International Financial Reporting Standards (IFRS). More detailed information about the Province's GBEs is provided in Schedule 6 of the Public Accounts starting on page 114 of this publication.

#### **Investment in GBEs - 5 Year Trend**







## Liabilities

Liabilities, consisting of debts or other monetary obligations owing at year-end and to be settled in the future, increased by \$1.52 billion from the prior year to \$21.79 billion. The most significant liability, unmatured debt, increased by \$1.13 billion primarily due to proceeds of \$2,422.4 million from debt issued, partly offset by \$1,153.6 million in debt repayments, \$57.8 million in sinking fund earnings, and \$81.3 million in other net financing activities. Debentures and other debt borrowings were used to finance the fiscal year's deficit, activities of Crown corporations, acquire tangible capital assets, and refinance maturing debt.

Pension, retirement and other obligations increased by \$109.5 million due to a decrease in the discount rate and changes to actuarial valuations as a result of updated member data. Other changes to liabilities included increases of \$240.1 million in accounts payable and accrued liabilities, \$100.3 million in other liabilities, and \$14.1 million in liabilities for contaminated sites, partly offset by a decrease of \$75.2 million in bank advances and short-term borrowings.

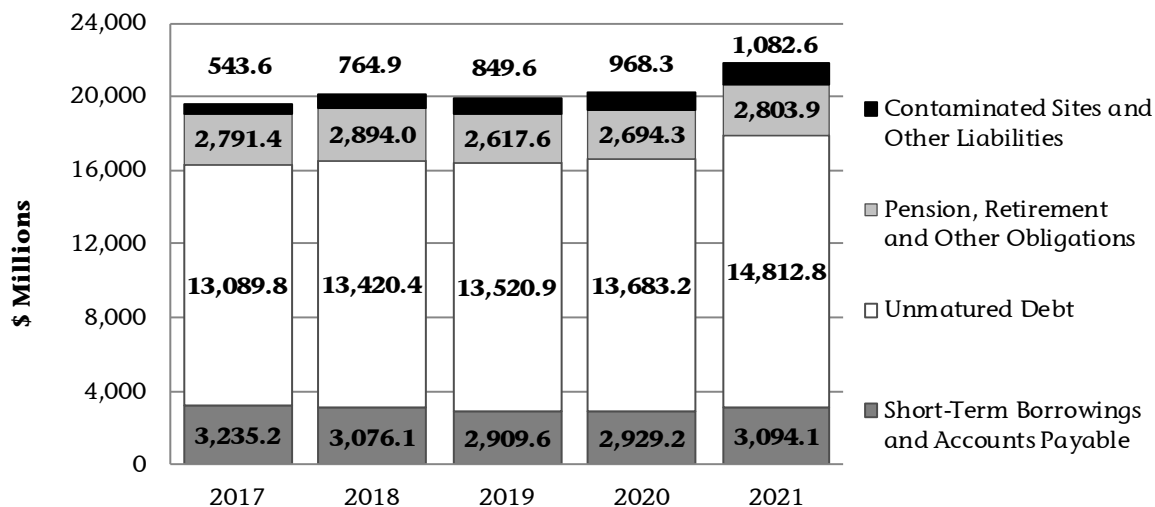
### Liabilities

(\$ thousands)

	Actual 2021	% of Total	Actual 2020	% of Total	Variance Increase (Decrease)
Bank Advances and Short-Term Borrowings	1,200,635	5.5%	1,275,824	6.3%	(75,189)
Accounts Payable and Accrued Liabilities	1,893,450	8.7%	1,653,378	8.2%	240,072
Pension, Retirement and Other Obligations	2,803,874	12.9%	2,694,329	13.3%	109,545
Liabilities for Contaminated Sites *	412,978	1.9%	398,909	2.0%	14,069
Unmatured Debt	14,812,829	67.9%	13,683,163	67.4%	1,129,666
Other Liabilities	669,659	3.1%	569,355	2.8%	100,304
<b>Total Liabilities</b>	<b>21,793,425</b>	<b>100.0%</b>	<b>20,274,958</b>	<b>100.0%</b>	<b>1,518,467</b>

\* Federal commitments of up to \$100.0 million for the Boat Harbour remediation project are not reflected as part of this liability. See Note 9 on page 96.

### Liabilities - 5 Year Trend



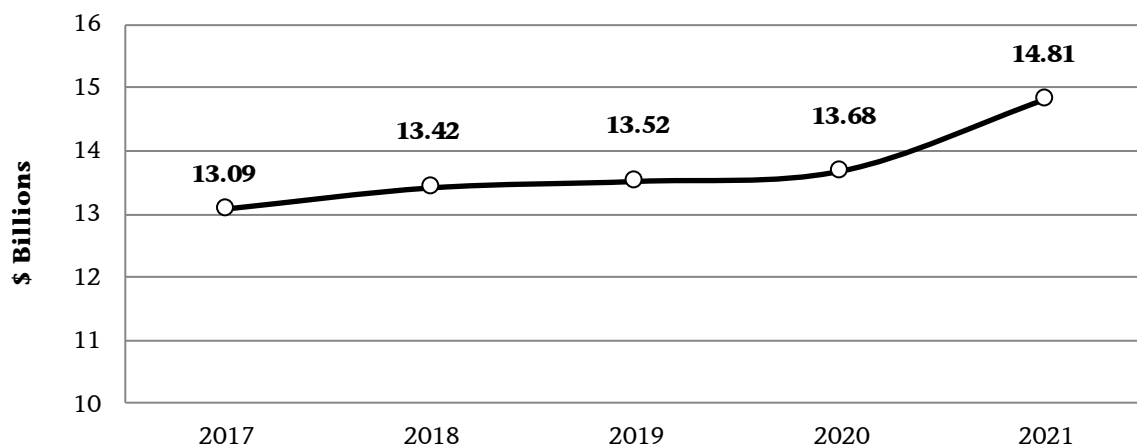
## Financial Highlights of the Consolidated Financial Statements

### Unmatured Debt

Unmatured debt, net of sinking funds and defeasance assets, increased by \$1,129.7 million to \$14.81 billion as at March 31, 2021, of which \$14.69 billion related to debt borrowings of the Department of Finance and Treasury Board and other debt of \$110.8 million of Housing Nova Scotia, \$5.9 million of Nova Scotia Municipal Finance Corporation, and \$4.3 million of Develop Nova Scotia.

Over the past five years, unmatured debt has increased \$1.72 billion from \$13.09 billion in 2017 to \$14.81 billion in 2021.

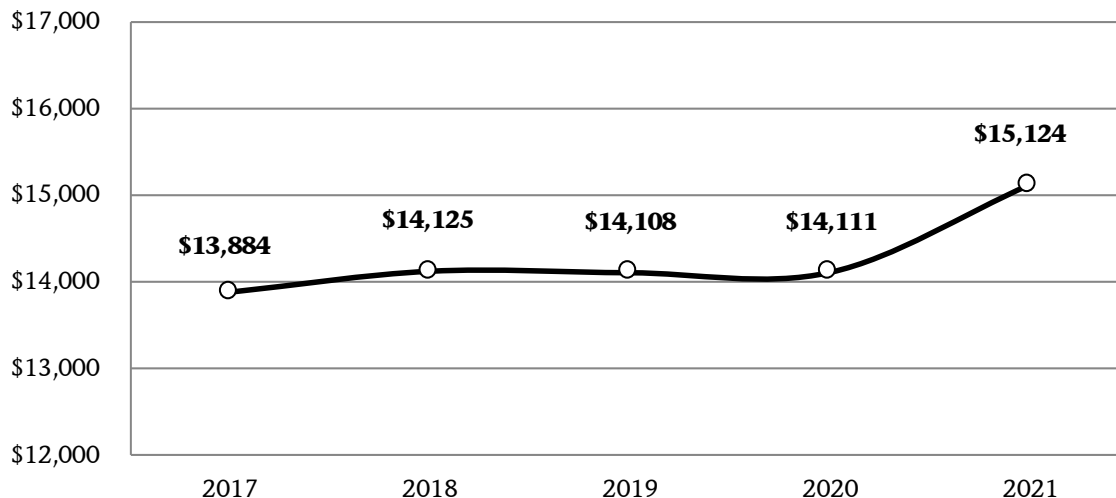
#### Unmatured Debt - 5 Year Trend



### Unmatured Debt per Capita

Unmatured debt increased by \$1,013 per capita from \$14,111 in 2020 to \$15,124 in 2021. Over the past five years, unmatured debt per capita increased by \$1,240 from \$13,884 in 2017 to \$15,124 in 2021.

#### Unmatured Debt per Capita - 5 Year Trend





### Credit Ratings

The Province's credit ratings were confirmed by all three major credit rating agencies during 2021 with no changes from the previous year. The Province's credit ratings are "A (high)" with a stable outlook from Dominion Bond Rating Service (DBRS), "AA-" with a stable outlook from Standard and Poor's (S&P), and "Aa2" with a stable outlook from Moody's Investor Services Inc. (Moody's). The following table summarizes the Province's credit ratings relative to its provincial and federal peers. Note that (neg) refers to a negative outlook and (pos) refers to a positive outlook, indicating the rating agency may change the respective province's credit rating over the next year.

#### Canadian Provincial Credit Ratings (as at September 9, 2021)

Province	Moody's	S&P	DBRS
Nova Scotia	Aa2	AA-	A (high)
New Brunswick	Aa2	A+	A (high)
Newfoundland and Labrador	A1 (neg)	A (neg)	A (low)
Prince Edward Island	Aa2	A	A
Quebec	Aa2	AA-	AA (low)
Ontario	Aa3	A+	AA (low)
Manitoba	Aa2	A+	A (high)
Saskatchewan	Aaa	AA	AA (low)
Alberta	Aa2	A+ (neg)	AA (low) (neg)
British Columbia	Aaa	AA+	AA (high)
Canada	Aaa	AAA	AAA

### Capital Markets Issuance Initiatives

The Province borrows funds in the capital markets on an ongoing basis to refinance maturing debt, fund budgetary deficits, acquire tangible capital assets, and lend monies to Crown corporations. In broad terms, budgetary deficits tend to increase the annual borrowing requirements, while surpluses serve to reduce the Province's borrowing needs. However, the relationship is not exact as there may be a number of cash flow timing differences.

The Province maintains the ability to borrow funds for future requirements should financial market conditions be favourable to do so, or may postpone borrowing in term debt markets if financial market conditions are unfavourable. The Province maintains discretionary sinking funds in the form of a pool of liquid assets to assist in the refinancing of maturing debt. Pre-borrowing for future years may add to the level of these funds, which can only be used to repay debt.

In 2021, the Department of Finance and Treasury Board borrowed \$2,150.0 million in par value (\$2,223.5 million in proceeds) of term debt compared to borrowing requirements of \$1,521.4 million estimated in Budget 2020-21. The budget estimate was prepared prior to the global outbreak of COVID-19. These borrowings were completed in the domestic public market by way of \$300.0 million in 30-year debentures with a coupon rate of 3.15 per cent (the actual yield-to-maturity was 2.11 per cent as the bond was issued above par value), \$300.0 million in ten-year debentures with a coupon rate of 2.00 per cent, and \$500.0 million in seven-year debentures with a coupon rate of 1.10 per cent. In April 2020, the Department also issued two fixed-interest rate bonds by way of private placement of \$515 million in the three-year term with a 1.10 per cent coupon rate and \$535 million in the five-year term with a 1.35 per cent coupon rate. The Province maintains access to a diversity of borrowing sources

## Financial Highlights of the Consolidated Financial Statements

in both domestic and international debt markets. This access is a key factor in maintaining a broad demand for Nova Scotia debt issues and achieving lower borrowing costs.

### **Financial Risk Management**

In order to fully access global capital markets, the Province maintains the ability to borrow in currencies other than the Canadian dollar, including the US dollar global market by filing the necessary documentation with the Securities and Exchange Commission in the United States.

### **Foreign Currency Risk**

In 2021, there were no foreign currency borrowings during the fiscal year (2020 – \$nil). The Province has mitigated exposure to foreign currency debt through the use of derivatives and by the accumulation of US dollar-denominated sinking fund assets to offset outstanding US dollar issues. As at March 31, 2021, the Province's debt continued to have no net exposure to foreign currency fluctuations. This position did not change in comparison to the last year-end.

The Province's sinking funds held no assets in US dollars as at March 31, 2021 (2020 – \$nil), other than the Province's own US dollar-denominated bonds. These funds were therefore not subject to net foreign exchange fluctuations.

Canadian public sector accounting standards require that all financial amounts be presented in Canadian dollars in these consolidated financial statements. Conversion of unhedged foreign currency amounts outstanding is calculated annually at March 31. This conversion results in a foreign currency gain or loss from year-to-year as the currency exchange rates fluctuate. As described in Note 1(d) on page 84, the foreign exchange gains and losses on long-term financial items are amortized over the remaining life of the related monetary items. At year-end, total unamortized foreign exchange gains and losses were in a net gain position of \$3.8 million, which is included in Unamortized Foreign Exchange Translation Gains and Losses, Premiums and Discounts on the Province's Consolidated Statement of Financial Position on page 77 of this publication.

### **Interest Rate Risk**

As a net debtor in financial markets, the Province is exposed to the risks posed by movements in interest rates. The Province is exposed to interest rate risk as maturing debenture issues are refinanced at current market rates. Some exposure to fluctuating short-term interest rates is maintained in the debt portfolio to lower expected debt servicing costs. The Province has policies in place that set exposure limits on interest rate risk. Control is maintained over this exposure through the active management by the Province of its gross debt and sinking fund asset portfolios.

The debt portfolio's exposure to floating interest rates decreased to 8.2 per cent for the fiscal year ended March 31, 2021, down from 10.1 per cent a year earlier. The Province is able to exercise control of this variable in the portfolio by maintaining access to both floating and fixed interest rate instruments in capital markets and through the use of derivatives. With 91.8 per cent of the total principal in fixed interest rate form (2020 – 89.9 per cent), a significant degree of stability in debt servicing costs is expected in coming years. As at March 31, 2021, the average term to maturity of the gross debt portfolio decreased to 13.7 years (2020 – 14.4 years) due to the 3- and 5-year term debt issued during the fiscal year relative to the existing average term to maturity of the gross debt portfolio.

The effect of a 1.0 per cent increase or decrease in interest rates would result in an increase or decrease of \$5.9 million in debt servicing costs on floating financial instruments outstanding at the end of the fiscal year.



## Non-Financial Assets

Non-financial assets are a significant component of the Province's financial position and are assets to be used for the provision of services in the future. Non-financial assets consist primarily of tangible capital assets but also include inventories of supplies and prepaid expenses.

Total non-financial assets increased by \$816.8 million or 12.6 per cent to \$7.31 billion at the end of 2021. Over the past five years, total non-financial assets increased from \$5.85 billion at the end of 2017 to \$7.31 billion at the end of 2021, an increase of \$1.46 billion largely in the form of net acquisitions of tangible capital assets.

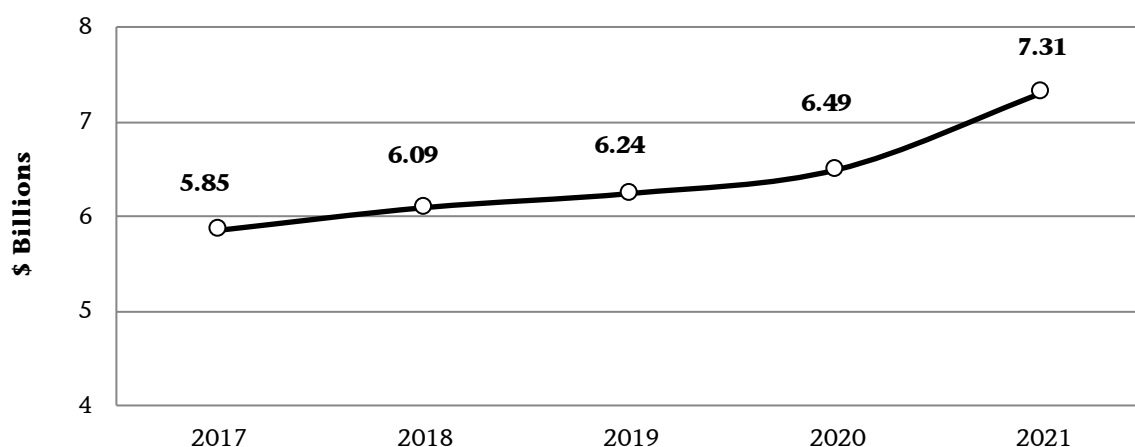
Further details on consolidated tangible capital assets can be found on the next two pages as well as in Schedule 7 of the Public Accounts on pages 120 and 121 of this publication. Additional details on tangible capital assets of the General Revenue Fund are provided on pages 50 and 51 of this publication.

### Non-Financial Assets

(\$ thousands)

	Actual 2021	% of Total	Actual 2020	% of Total	Variance Increase (Decrease)
Tangible Capital Assets	7,126,376	97.5%	6,365,379	98.0%	760,997
Inventories of Supplies	148,468	2.0%	87,489	1.4%	60,979
Prepaid Expenses	35,112	0.5%	40,317	0.6%	(5,205)
<b>Total Non-Financial Assets</b>	<b>7,309,956</b>	<b>100.0%</b>	<b>6,493,185</b>	<b>100.0%</b>	<b>816,771</b>

### Non-Financial Assets - 5 Year Trend



## Financial Highlights of the Consolidated Financial Statements

### Tangible Capital Assets

The net book value (acquisition cost less accumulated amortization) of tangible capital assets (TCA) makes up a substantial asset of the Province, totaling \$7.13 billion at the end of 2021, an increase of \$761.0 million or 12.0 per cent from the previous year. The Buildings and Land Improvements asset class includes all of the provincially owned buildings, schools, hospitals, including leased schools, correctional forensic facility, and the Halifax Convention Center.

The Province records the receipt of contributed tangible capital assets at fair market value on the date of contribution. Where an estimate of fair value cannot be made, the asset would be recognized at nominal value. The Province did not receive any contributed tangible capital assets during the 2021 fiscal year (2020 – \$46.5 thousand).

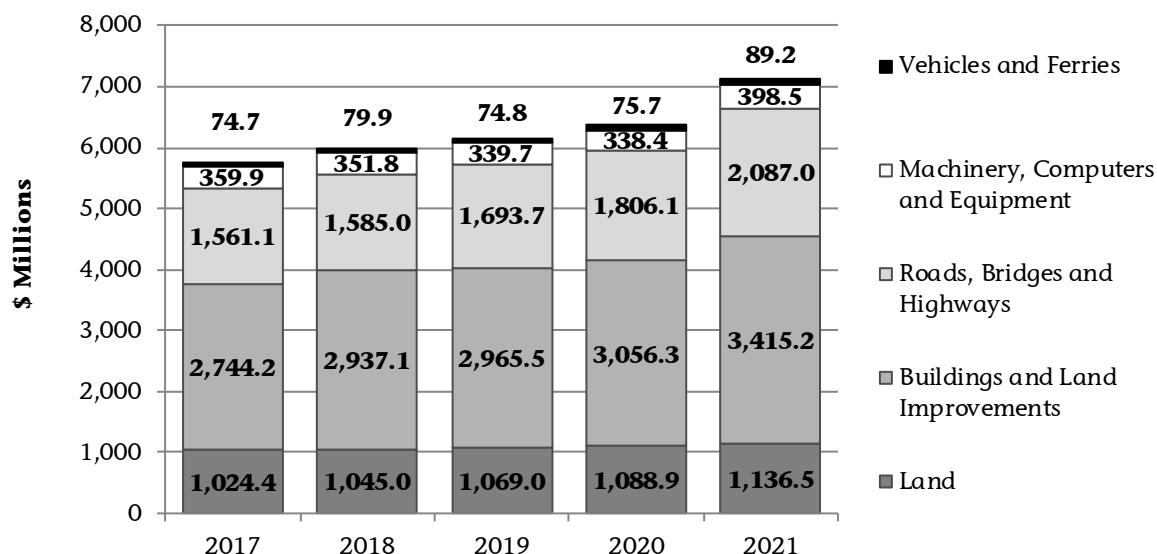
The table and chart below summarize the Province's TCA portfolio by major asset class and show the differences in each class compared to the prior year.

#### Tangible Capital Assets (Net Book Value)

(\$ thousands)

	Actual 2021	% of Total	Actual 2020	% of Total	Variance Increase (Decrease)
Land	1,136,528	15.9%	1,088,936	17.1%	47,592
Buildings and Land Improvements	3,415,152	47.9%	3,056,282	48.0%	358,870
Roads, Bridges and Highways	2,087,014	29.3%	1,806,056	28.4%	280,958
Machinery, Computers and Equipment	398,479	5.6%	338,390	5.3%	60,089
Vehicles and Ferries	89,203	1.3%	75,715	1.2%	13,488
<b>Total Tangible Capital Assets</b>	<b>7,126,376</b>	<b>100.0%</b>	<b>6,365,379</b>	<b>100.0%</b>	<b>760,997</b>

#### Tangible Capital Assets - 5 Year Trend



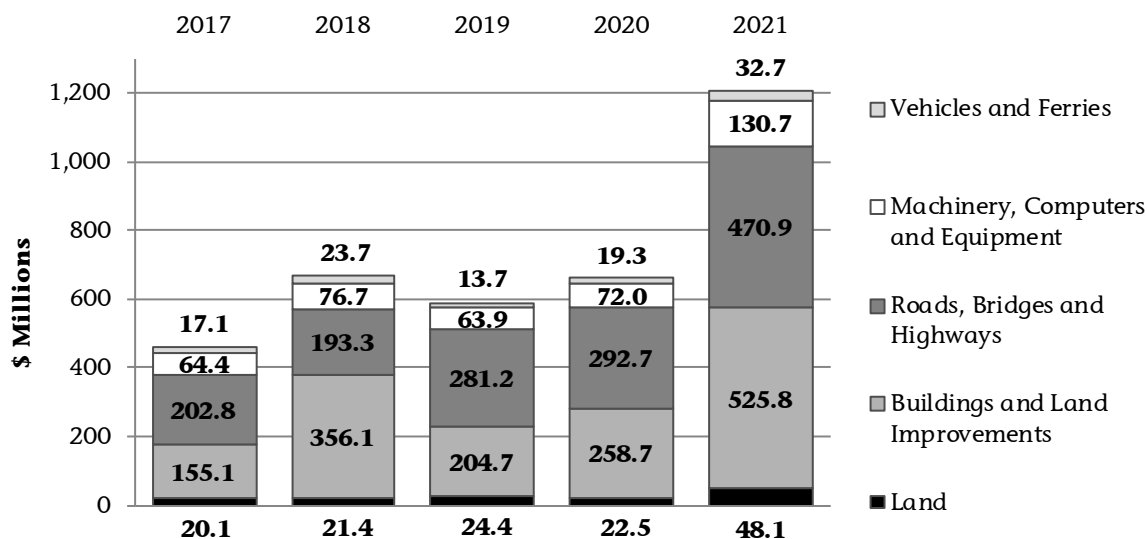


### Acquisition of Tangible Capital Assets (TCA)

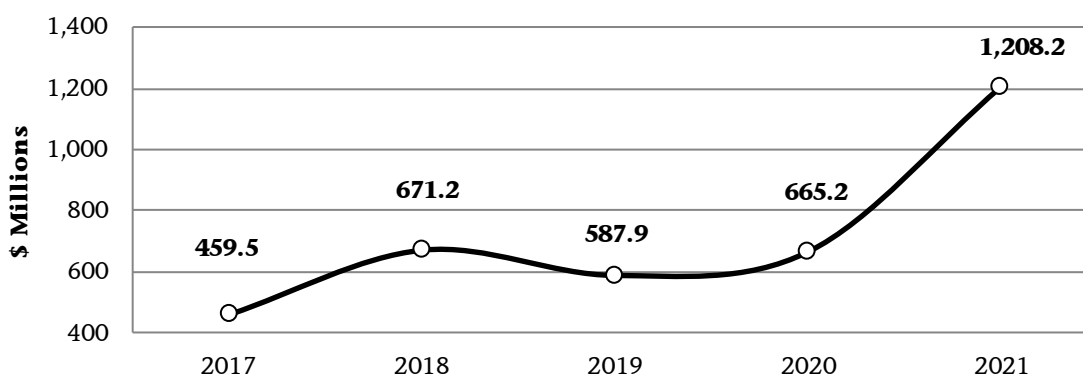
Acquisitions and transfers of TCA totaled \$1,208.2 million in 2021, which was \$165.8 million higher than estimate and \$543.0 million higher than the prior year mainly due to increases in current year acquisitions in buildings and land improvements of \$267.1 million and roads, bridges and highways of \$178.2 million. Additions to buildings and land improvements totaled \$525.8 million (2020 – \$258.7 million), of which \$391.3 million related to the construction and improvement of the buildings within the General Revenue Fund (GRF) including \$21.1 million (2020 – \$nil) under P3 arrangements, \$78.3 million related to the health authorities, \$32.7 million related to Develop Nova Scotia, \$4.2 million related to social housing, and \$19.3 million related to other governmental units.

Land purchases totaled \$48.1 million (2020 – \$22.5 million) during the year, and additions to roads, bridges and highways totaled \$470.9 million (2020 – \$292.7 million), of which \$93.3 million (2020 – \$2.3 million) related to P3 arrangements. Additions to machinery, computers and equipment were \$130.7 million (2020 – \$72.0 million), of which \$87.6 million was attributable to the health authorities, \$36.3 million to the GRF, and \$6.8 million to other governmental units. Over the past five years, TCA acquisitions ranged from a low of \$459.5 million in 2017 to a high of \$1,208.2 million in 2021.

#### TCA Acquisitions by Asset Class - 5 Year Trend



#### TCA Acquisitions at Gross Cost - 5 Year Trend

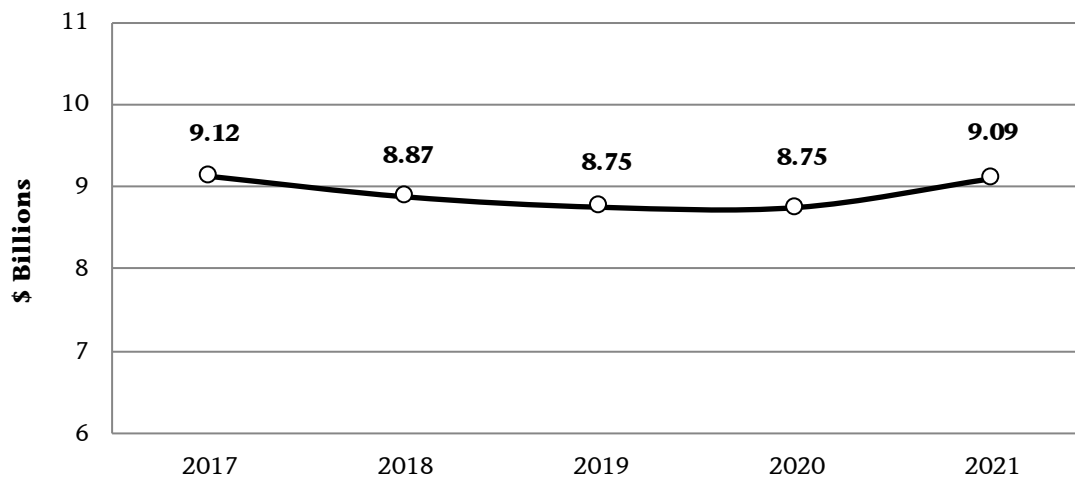


## Accumulated Deficits

Accumulated deficits represent the difference between the Province's liabilities and both financial and non-financial assets. Further, they are the sum of all past surpluses and deficits incurred to date, calculated according to current accounting policies. Accumulated deficits are a secondary measure of the Province's financial position.

The accumulated deficits were \$9.09 billion at March 31, 2021, \$341.6 million higher than a year ago as a result of the provincial deficit. The Province has reported accumulated deficits in the past five years as follows:

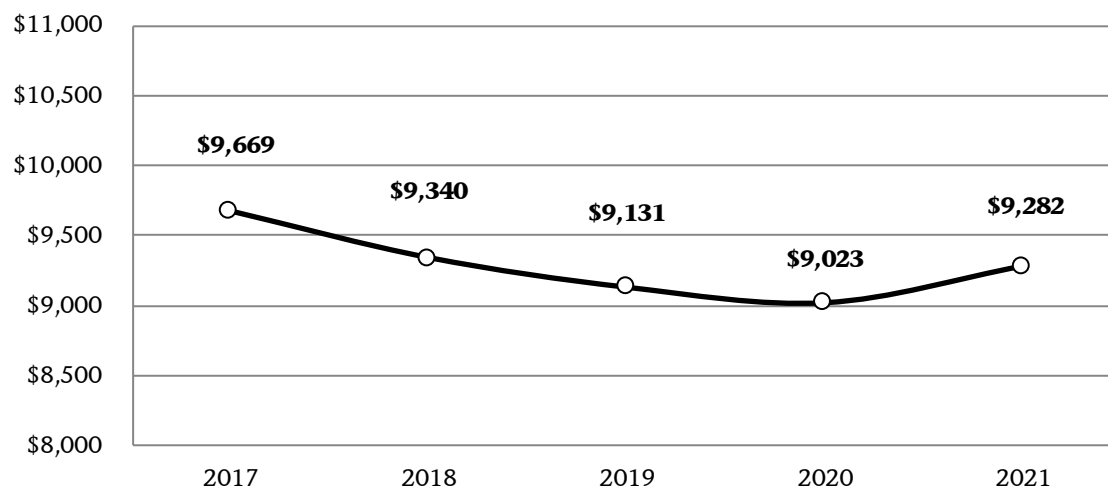
### Accumulated Deficits - 5 Year Trend



## Accumulated Deficits per Capita

Accumulated deficits increased by \$259 on a per capita basis from \$9,023 in 2020 to \$9,282 in 2021. Since 2017, accumulated deficits per capita have decreased overall by \$387.

### Accumulated Deficits per Capita - 5 Year Trend



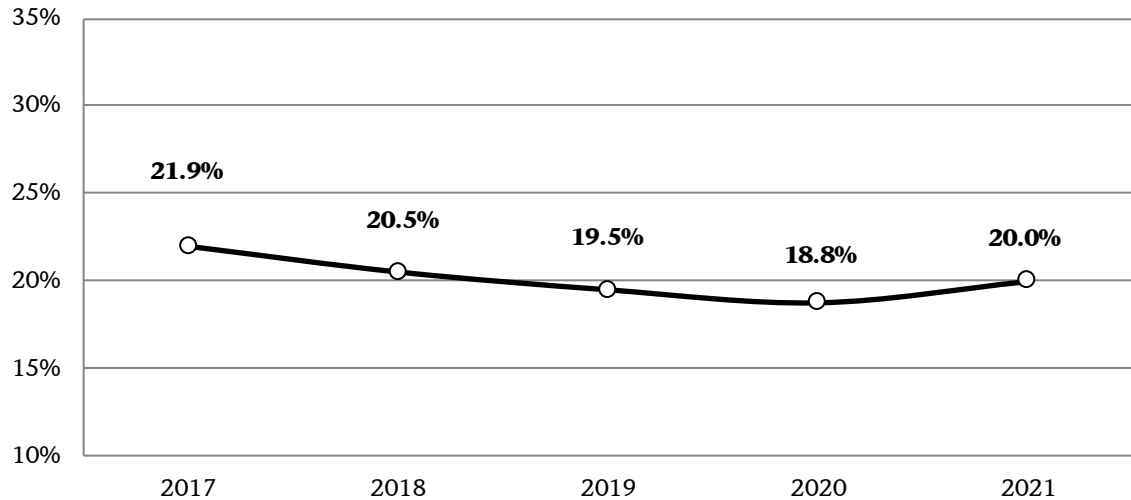




### ***Accumulated Deficits to Nominal Gross Domestic Product (GDP)***

Accumulated deficits expressed as a percentage of nominal GDP increased 1.2 percentage points from 18.8 per cent in 2020 to 20.0 per cent in 2021 mainly due to the provincial deficit and a reduction in GDP from the prior year. Over the past five years, this ratio ranged from a high of 21.9 per cent in 2017 to a low of 18.8 per cent in 2020. The overall decrease in this ratio has been 1.9 percentage points since 2017.

#### **Accumulated Deficits to Nominal GDP - 5 Year Trend**



## Financial Highlights of the Consolidated Financial Statements

### Cash Flows

The Province's consolidated financial statements are reported on the accrual basis in accordance with Canadian public sector accounting standards, whereby the timing of transactions may vary from when actual cash is paid or received. The Consolidated Statement of Cash Flow (Statement 4) on page 80 of this publication summarizes the increases and decreases in the Province's cash flows in terms of the sources and uses of cash identified within the following activities: operating, investing, capital, and financing.

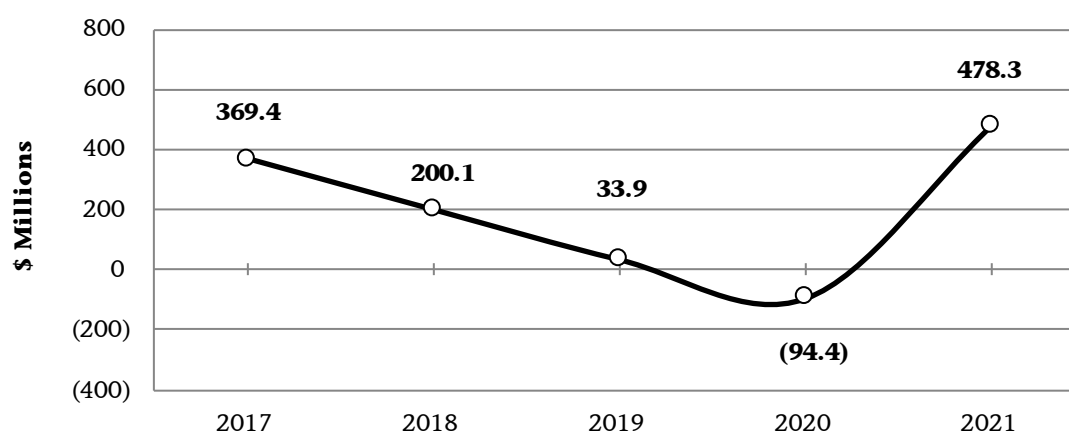
During 2021, the Province's cash position increased by \$478.3 million. Cash inflows of \$2,422.4 million were generated from the issuance of debt, \$385.7 million from the collection of loans receivable, and \$414.0 million from operating activities. Cash outflows were used to repay debt obligations of \$1,153.6 million, purchase \$1,208.2 million in tangible capital assets, finance \$373.5 million in loans and investments, and fund \$8.5 million in other net cash outflows.

#### Cash Flows by Activity

(\$ thousands)

	Actual 2021	Actual 2020	Variance Increase (Decrease)
Operating	413,950	238,963	174,987
Investing	17,271	(20,747)	38,018
Capital	(1,207,588)	(662,495)	(545,093)
Financing	1,254,705	349,830	904,875
<b>Net Inflows (Outflows)</b>	<b>478,338</b>	<b>(94,449)</b>	<b>572,787</b>

#### Net Cash Flows - 5 Year Trend



### Risks

The Province is subject to various forms of risks inherent in the nature of certain financial statement elements and financial markets. Exposure to risk from the use of accounting and other estimates in recording certain transactions is discussed in Note 1(e) of the consolidated financial statements on page 86 of this publication. Financial risks, including foreign currency risk and interest rate risk, were discussed on page 27, as well as in Note 11 of the Public Accounts on pages 100 and 101.



## **Presentation of Estimates**

The annual budget, referred to as the Estimates, represents the financial plan of the Province of Nova Scotia in a format that facilitates departmental management of the revenue and expense transactions of the General Revenue Fund, as well as the debate and appropriations process thereon in the House of Assembly.

In order to present comparative Estimates on the Consolidated Statement of Operations and Accumulated Deficits, as well as in the preceding pages of variance analyses, the original Estimates as presented in Budget 2020-21, tabled on February 25, 2020, have been adjusted on a line-by-line basis for consolidation purposes. The table on the subsequent page illustrates how the consolidation and accounting adjustments from the original Estimates are reallocated to gross up the related revenue and expense lines for presentation on the Consolidated Statement of Operations and Accumulated Deficits.

When consolidating the governmental units into these financial statements, the Province adjusts those entities' accounting policies to conform with its own so the amounts can be combined on a consistent basis. Also, significant inter-entity transactions are eliminated. For example, grant expenses recorded in departmental expenses are eliminated with the corresponding grant revenue in the related governmental unit. This transfer between the two related entities does not increase or decrease the net financial position of the Province on a consolidated basis. After eliminations, the remaining revenues and expenses represent transactions with external parties not controlled by the Province. Only transactions with these outside parties represent the increase and decrease in the Province's financial position.

A listing of the Province's governmental units can be found in Schedule 10 of the Public Accounts on pages 126 and 127 of this publication.

## Financial Highlights of the Consolidated Financial Statements

### Reconciliation of Estimates

#### Adjusted Estimates of the Consolidated Financial Statements

For the fiscal year ended March 31, 2021

(\$ thousands)

	Estimate 2021	Adjustments	Adjusted Estimate 2021
<b>Revenue</b>			
<b>Provincial Sources</b>			
Tax Revenue	6,191,370	—	6,191,370
Other Provincial Revenue	715,073	718,328	1,433,401
Net Income from Government Business Enterprises	391,814	—	391,814
Investment Income	152,457	16,231	168,688
	7,450,714	734,559	8,185,273
<b>Federal Sources</b>	4,146,326	132,071	4,278,397
<b>Total Revenue</b>	11,597,040	866,630	12,463,670
<b>Expenses</b>			
Departmental Expenses			
Agriculture	42,075	5,987	48,062
Business	149,022	11,259	160,281
Communities, Culture and Heritage	96,890	3,294	100,184
Community Services	1,002,202	—	1,002,202
Education and Early Childhood Development	1,479,302	363,343	1,842,645
Energy and Mines	63,509	226	63,735
Environment	42,492	59,385	101,877
Finance and Treasury Board	24,282	—	24,282
Fisheries and Aquaculture	17,792	301	18,093
Health and Wellness	4,822,637	130,193	4,952,830
Justice	374,244	153	374,397
Labour and Advanced Education	400,631	60,951	461,582
Assistance to Universities	433,420	—	433,420
Lands and Forestry	78,215	4,404	82,619
Municipal Affairs and Housing	308,513	135,782	444,295
Public Service	136,354	3,983	140,337
Seniors	2,711	—	2,711
Service Nova Scotia and Internal Services	299,199	419	299,618
Transportation and Infrastructure Renewal	535,752	2,239	537,991
Restructuring Costs	341,032	—	341,032
	10,650,274	781,919	11,432,193
Refundable Tax Credits	131,451	—	131,451
Pension Valuation Adjustment	75,832	—	75,832
Debt Servicing Costs	758,393	10,775	769,168
<b>Total Expenses</b>	11,615,950	792,694	12,408,644
	(18,910)	73,936	55,026
<b>Consolidation and Accounting Adjustments</b>			
General Revenue Fund Consolidation Adjustments	76,520	(76,520)	—
Special Purpose Funds	(57)	57	—
Other Organizations	(2,527)	2,527	—
<b>Total Adjustments</b>	73,936	(73,936)	—
<b>Provincial Surplus</b>	55,026	—	55,026



## Selected Highlights of the General Revenue Fund

### Selected Highlights of the General Revenue Fund

For the fiscal year ended March 31, 2021

(\$ thousands)

	Estimate 2021	Actual 2021	Actual 2020
<b>General Revenue Fund *</b>			
<b>Revenues</b>			
Ordinary Revenue	10,538,506	10,332,031	10,263,423
Ordinary Recoveries	666,720	708,383	728,328
Net Income from Government Business Enterprises	391,814	384,261	388,621
	11,597,040	11,424,675	11,380,372
<b>Expenses</b>			
Departmental Expenses	10,650,274	11,019,405	10,521,598
Refundable Tax Credits	131,451	123,842	64,391
Pension Valuation Adjustment	75,832	61,066	50,246
Debt Servicing Costs	758,393	724,881	818,160
	11,615,950	11,929,194	11,454,395
	(18,910)	(504,519)	(74,023)
<b>Consolidation and Accounting Adjustments</b>			
General Revenue Fund			
Consolidation Adjustments	76,520	147,529	75,488
Special Purpose Funds	(57)	1,933	2,238
Other Organizations	(2,527)	13,462	(1,416)
	73,936	162,924	76,310
<b>Provincial Surplus (Deficit)</b>	55,026	(341,595)	2,287

\* The General Revenue Fund (GRF) is comprised of the Province's departments, public service units, special operating agencies, as well as the net income from government business enterprises. The GRF excludes the governmental units and special purpose funds owned or controlled by the Province, as well as the Province's share of government partnership arrangements.



## General Revenue Fund – Revenue

In total, revenue of the General Revenue Fund for the fiscal year ending March 31, 2021 was \$172.4 million or 1.5 per cent lower than estimate and \$44.3 million or 0.4 per cent higher than the prior year. The table below shows the current year estimate, current and prior year actual revenue, and current year variances compared to estimate and prior year. The analysis that follows this table includes explanations, by source, for the more significant variances.

### Revenue

(\$ thousands)

	Estimate 2021	Actual 2021	Actual 2020	Actual vs Estimate Increase (Decrease)	Actual vs Actual Increase (Decrease)
<b>Provincial Sources</b>					
Tax Revenue					
Personal Income Tax	2,979,575	2,928,319	2,890,224	(51,256)	38,095
Corporate Income Tax	541,872	410,906	537,865	(130,966)	(126,959)
Harmonized Sales Tax	2,004,070	1,901,013	1,936,772	(103,057)	(35,759)
Tobacco Tax	196,501	208,002	183,035	11,501	24,967
Motive Fuel Tax	277,161	223,787	266,539	(53,374)	(42,752)
Cannabis and Vaping Tax	9,537	9,241	7,341	(296)	1,900
Other Tax Revenue	182,654	188,241	200,621	5,587	(12,380)
Other Provincial Revenue					
Registry of Motor Vehicles	135,380	137,128	135,023	1,748	2,105
Prior Years' Adjustments	—	(166,184)	148,611	(166,184)	(314,795)
Offshore License Forfeitures	—	2,000	1,000	2,000	1,000
Other Provincial Sources	140,264	148,936	148,070	8,672	866
Ordinary Recoveries	371,685	366,917	386,466	(4,768)	(19,549)
Other Fees and Charges	64,023	51,765	65,641	(12,258)	(13,876)
TCA Cost Shared Revenue	3,721	5,309	17,392	1,588	(12,083)
Net Gain (Loss) on Disposal of Crown Assets	—	(736)	754	(736)	(1,490)
Net Income from Government Business Enterprises	391,814	384,261	388,621	(7,553)	(4,360)
Investment Income					
Interest Revenue	87,084	81,164	106,208	(5,920)	(25,044)
Sinking Fund Earnings	65,373	57,802	93,670	(7,571)	(35,868)
<b>Total Provincial Sources</b>	<b>7,450,714</b>	<b>6,937,871</b>	<b>7,513,853</b>	<b>(512,843)</b>	<b>(575,982)</b>
<b>Federal Sources</b>					
Equalization Payments	2,145,883	2,145,883	2,009,037	—	136,846
Canada Health Transfer	1,080,690	1,078,379	1,043,370	(2,311)	35,009
Canada Social Transfer	387,762	386,932	376,945	(830)	9,987
Prior Years' Adjustments	—	(2,489)	(502)	(2,489)	(1,987)
Ordinary Recoveries	295,035	341,466	341,862	46,431	(396)
Offshore Accord	86,000	—	8,227	(86,000)	(8,227)
TCA Cost Shared Revenue	111,779	85,421	35,112	(26,358)	50,309
Crown Share	—	(994)	4,340	(994)	(5,334)
Other Federal Sources	39,177	452,206	48,128	413,029	404,078
<b>Total Federal Sources</b>	<b>4,146,326</b>	<b>4,486,804</b>	<b>3,866,519</b>	<b>340,478</b>	<b>620,285</b>
<b>Total Revenue</b>	<b>11,597,040</b>	<b>11,424,675</b>	<b>11,380,372</b>	<b>(172,365)</b>	<b>44,303</b>

## General Revenue Fund – Revenue Variance Analysis

### Personal Income Tax

Personal Income Tax (PIT) revenue was \$51.3 million or 1.7 per cent lower than the estimate due to both lower taxable income and projected yield rates primarily as a result of the COVID-19 pandemic. Taxable income decreased by 2.2 per cent in 2020 and by 1.8 per cent in 2021, while the yield rate declined by 1.3 per cent in 2020 and by 0.8 per cent in 2021.

PIT revenue was \$38.1 million or 1.3 per cent higher than the prior year primarily due to a larger growth rate in both taxable income and the yield rate in the current year.

### Corporate Income Tax

Corporate Income Tax (CIT) revenue was \$131.0 million or 24.2 per cent lower than estimate. The Province's share of national taxable income decreased by 5.1 per cent in both 2020 and 2021. Provincial corporate taxable income declined in 2020 and 2021 by 29.1 per cent and 13.2 per cent, respectively, primarily due to an increase in loss carry back provisions. The small business share of taxable income increased by 2.9 percentage points to 38.1 per cent of corporate taxable income.

CIT revenue was \$127.0 million or 23.6 per cent lower than the prior year mainly due to a significant decline in national taxable income as well as a decline in Nova Scotia's share of national taxable income.

### Harmonized Sales Tax

Harmonized Sales Tax (HST) revenue was \$103.1 million or 5.1 per cent lower than the estimate primarily due to lower taxable consumer expenditures resulting from the public health restrictions in place during the pandemic, offset by higher than estimated public sector body and residential housing investment spending. The HST tax base decreased 5.5 per cent in 2020 and 2.9 per cent in 2021.

HST revenue was \$35.8 million or 1.8 per cent lower than the prior year mainly due to an overall decline in Nova Scotia's tax base, partially offset by decreased rebates.

### Tobacco Tax

Tobacco Tax revenue was \$11.5 million or 5.9 per cent higher than the estimate primarily due to an increase of 5.6 per cent in the consumption of cigarettes, which was partially offset by a decrease of 21.4 per cent in the consumption of fine cut tobacco.

Tobacco Tax revenue was \$25.0 million or 13.6 per cent higher than the prior year mainly due to an increase in tax rates and an overall increase in consumption.

### Motive Fuel Tax

Motive Fuel Tax revenue was \$53.4 million or 19.3 per cent lower than the estimate primarily due to a decrease of 16.6 per cent in the consumption of gasoline and 8.5 per cent in diesel oil consumption. The average price for gasoline decreased by 10.5 per cent and 12.5 per cent for diesel oil during the 2021 fiscal year.

Motive Fuel Tax revenue was \$42.8 million or 16.0 per cent lower than the prior year mainly due to a significant decline in consumption attributable to the province-wide lockdowns triggered by the COVID-19 pandemic.





### **Cannabis Tax**

Cannabis Tax revenue was \$0.2 million or 3.2 per cent higher than the estimate as shipments to the Province by licensed producers were largely in line with the estimate.

Cannabis Tax revenue was \$0.1 million or 1.3 per cent higher than the prior year.

### **Vaping Product Tax**

Vaping Product Tax revenue was \$0.5 million or 22.6 per cent lower than the estimate primarily due to consumption being lower than projected.

The Vaping Product Tax was established in the 2021 fiscal year; therefore, no revenue was generated in the prior year.

### **Petroleum Royalties**

No revenue from petroleum royalties was estimated or earned in the 2020-21 and 2019-20 fiscal years as production has ceased for both the Sable Offshore Energy Project and Deep Panuke; however, Prior Years' Adjustments relating to petroleum royalties were recorded as per below.

### **Prior Years' Adjustments — Provincial Sources**

Prior Years' Adjustments (PYAs) from provincial sources resulted in a reduction to revenue of \$166.2 million, reflecting the normal function of adjusting prior year revenues based on actual administrative data received for open taxation years. The PYAs in the current year resulted from updates to the Province's economic forecast and administrative information received from the federal government, which are used to forecast taxable incomes and tax yields of PIT and CIT. PYAs also resulted from revisions to HST forecasts for open years, revenue forecast updates, and audit adjustments to petroleum royalties.

PYAs are not budgeted and are recorded in the current year as actual or more current information becomes available and impacts the accounting estimates of revenues recorded in prior years. PYAs from provincial sources were attributable to -\$95.0 million for CIT, -\$64.1 million for HST, and -\$45.9 million for PIT, which were partially offset by PYAs of \$38.8 million for petroleum royalties.

The current year revenues and corresponding PYAs are disclosed in Note 5 on page 95 and reported in Schedule 1 on page 105 of this publication.

### **Offshore License Forfeitures**

Revenue from offshore license forfeitures was \$2.0 million. Forfeiture is not unusual given the unpredictable nature of the offshore industry. The Province records forfeiture revenue when a notice of forfeiture is given. Offshore license forfeitures are not budgeted because the amount and timing cannot be reasonably predicted.

Revenue from offshore license forfeitures was \$1.0 million or 100.0 per cent higher than the prior year.

### **Ordinary Recoveries — Provincial Sources**

Ordinary Recoveries from provincial sources were \$4.8 million or 1.3 per cent lower than the estimate primarily due to a decrease of \$14.0 million in the Department of Health and Wellness from other provinces for non-residents receiving health care services in Nova Scotia, \$6.3 million in the Department of Justice for lower than anticipated collection of overdue fines and the RCMP contract, and \$5.4 million in Assistance to Universities due to a revision in the Regional Transfer Agreement.

These decreases were partially offset by increases of \$13.8 million in prior year adjustments, \$4.3 million in the Department of Education and Early Childhood Development for decreased NSTU medical/dental plan usage related to COVID-19, and \$2.5 million in the Department of Communities, Culture and Heritage for additional operating grants.

Ordinary Recoveries from provincial sources were \$19.5 million or 5.1 per cent lower than the prior year primarily due to a decrease of \$19.1 million in the Department of Health and Wellness from other provinces for non-residents receiving health care services in Nova Scotia and Physician Reciprocal Billings as a result of COVID-19 closures and travel restrictions.

### **Other Fees and Charges**

Other Fees and Charges were \$12.3 million or 19.1 per cent lower than the estimate and \$13.9 million or 21.1 per cent lower than the prior year primarily due to the impacts of public health restrictions to help contain the spread of COVID-19.

### **TCA Cost Shared Revenue — Provincial Sources**

TCA Cost Shared Revenue from provincial sources was \$1.6 million or 42.7 per cent higher than the estimate.

TCA Cost Shared Revenue from provincial sources was \$12.1 million or 69.5 per cent lower than the prior year primarily due to the \$13.8 million contribution of real property from Housing Nova Scotia in 2019-20 that did not reoccur this year.

### **Interest Revenue**

Interest Revenue was \$5.9 million or 6.8 per cent lower than the estimate primarily due to the impact of lower than expected interest rates on short-term investments.

Interest Revenue was \$25.0 million or 23.6 per cent lower than the prior year primarily due to decreases of \$15.2 million in short-term investment income as a result of lower interest rates and \$8.9 million in interest revenue from loan programs.

### **Sinking Fund Earnings**

Sinking Fund Earnings were \$7.6 million or 11.6 per cent lower than the estimate primarily due to short-term interest rates being lower than estimated at the time of the budget.

Sinking Fund Earnings were \$35.9 million or 38.3 per cent lower than the prior year primarily due to lower interest rates and the on-going reduction in the level of these investment holdings used to pay off maturing debentures.



### **Equalization Payments**

Equalization payments were unchanged from the estimate. Equalization is based upon the Province's election to receive payments calculated according to the Expert Panel approach, which is a one-estimate, one-payment approach.

Equalization payments were \$136.8 million or 6.8 per cent higher than the prior year.

### **Canada Health Transfer**

Canada Health Transfer (CHT) revenue was \$2.3 million or 0.2 per cent lower than estimate. This was based on revised federal estimates of the Province's share of national population released by the federal government in the fall of 2020, which declined from 2.581 per cent to 2.576 per cent.

CHT revenue was \$35.0 million or 3.4 per cent higher than the prior year.

### **Canada Social Transfer**

Canada Social Transfer (CST) revenue was \$0.8 million or 0.2 per cent lower than the estimate. This was based on revised federal estimates of the Province's share of national population released by the federal government in the fall of 2020.

CST revenue was \$10.0 million or 2.6 per cent higher than the prior year.

### **Prior Years' Adjustments — Federal Sources**

Prior Years' Adjustments (PYAs) from federal sources resulted in a reduction to revenue of \$2.5 million reflecting revisions to federal population estimates of open years for the CHT and CST payments.

PYAs are not budgeted. As actual or more current information becomes available for prior years, PYAs are recorded in the current year. The federal PYA revenues included -\$1.8 million for CHT and -\$0.7 million for CST both due to revised estimates for the 2020 fiscal year. The related current year federal revenues and PYAs are disclosed in Note 5 on page 95 and reported in Schedule 1 on page 105 of this publication.

### **Ordinary Recoveries — Federal Sources**

Ordinary Recoveries from federal sources were \$46.4 million or 15.7 per cent higher than the estimate primarily due to a \$23.4 million increase in the Department of Labour and Advanced Education under the Labour Market and Workforce Development Agreements (\$20.0 million related to COVID-19), \$17.0 million in the Department of Health and Wellness mainly for donated COVID-19 personal protective equipment, \$6.6 million in additional Investing in Canada Infrastructure Program funding in the Department of Transportation and Infrastructure Renewal, and \$5.3 million for additional funding under the Workforce Development Agreement in Community Services for COVID-19 response efforts.

These increases were partially offset by a \$9.8 million reduction in the Investing in Canada Infrastructure Program in the Departments of Energy and Mines and Municipal Affairs and Housing.

## **Selected Highlights of the General Revenue Fund**

Ordinary Recoveries from federal sources were \$0.4 million or 0.1 per cent lower than the prior year primarily due to \$62.9 million in the Department of Municipal Affairs and Housing for the one-time Federal Gas Tax funding for municipalities, which occurred in the 2020-21 fiscal year. This decrease was partially offset by net increases in other departments primarily related to \$27.0 million in additional Workforce Development Agreement funding to support COVID-19 recovery efforts, \$18.4 million in COVID-19 personal protective equipment contributed from the federal government, and \$7.6 million related to Investing in Canada Infrastructure Program funding and the National Trades Corridor Fund for the Highway 103 interchange.

### **Offshore Accord**

Offshore Accord Payments were \$86.0 million or 100.0 per cent lower than the estimate as the federal legislation required to extend the Offshore Accord did not receive Royal Assent until after the 2021 fiscal year. Offshore Accord Payments are based upon a one-estimate, one-payment approach.

Offshore Accord Payments were \$8.2 million or 100.0 per cent lower than the prior year.

### **TCA Cost Shared Revenue — Federal Sources**

TCA Cost Shared Revenue from federal sources was \$26.4 million or 23.6 per cent lower than the estimate primarily due to delays and changes in various federal cost-shared road work projects.

TCA Cost Shared Revenue from federal sources was \$50.3 million or 143.3 per cent higher than the prior year primarily due to increases in federal cost-shared road work projects throughout the province.

### **Crown Share**

Crown Share Payments were \$1.0 million lower than the estimate as a result of a prior year adjustment related to royalty payments. No Crown Share Adjustment Payments were estimated for 2020-21.

Crown Share Payments were \$5.3 million or 122.9 per cent lower than the prior year.

### **Other Federal Sources**

Revenue from other federal sources was \$413.0 million or 1,054.3 per cent higher than the estimate primarily due to the Province's share of federal COVID-19 funding that was not budgeted. This funding related to the Safe Restart Agreement, Essential Health Care Workers Program, and Safe Return to Class Fund, which was partially offset by lower than expected Targeted Health Funding.

Revenue from other federal sources was \$404.1 million or 839.6 per cent higher than the prior year primarily due to the Province's share of federal COVID-19 funding.



## General Revenue Fund – Departmental Expenses

Overall, departmental expenses of the General Revenue Fund for the fiscal year ended March 31, 2021 were \$369.1 million or 3.5 per cent higher than estimate and \$497.8 million or 4.7 per cent higher than the prior year. The table below shows the current year estimate, current and prior year actual expenses, and current year variances compared to estimate and prior year. The analysis that follows this table includes explanations, by department, for the more significant variances.

### Departmental Expenses

(\$ thousands)

	Estimate 2021	Actual 2021	Actual 2020	Actual vs Estimate Increase (Decrease)	Actual vs Actual Increase (Decrease)
			(as restated)		
Agriculture	42,075	45,947	52,224	3,872	(6,277)
Business	149,022	183,770	204,375	34,748	(20,605)
Communities, Culture and Heritage	96,890	117,943	103,793	21,053	14,150
Community Services	1,002,202	1,020,624	999,085	18,422	21,539
Education and Early Childhood					
Development	1,479,302	1,536,030	1,440,647	56,728	95,383
Energy and Mines	63,509	60,986	34,222	(2,523)	26,764
Environment	42,492	44,804	41,019	2,312	3,785
Finance and Treasury Board	24,282	23,514	122,093	(768)	(98,579)
Fisheries and Aquaculture	17,792	17,296	21,508	(496)	(4,212)
Health and Wellness	4,822,637	5,104,652	4,650,910	282,015	453,742
Justice	374,244	390,627	366,064	16,383	24,563
Labour and Advanced Education	400,631	420,352	401,842	19,721	18,510
Assistance to Universities	433,420	475,631	448,042	42,211	27,589
Lands and Forestry	78,215	105,223	79,661	27,008	25,562
Municipal Affairs and Housing	308,513	363,655	356,960	55,142	6,695
Public Service	136,354	134,166	130,729	(2,188)	3,437
Seniors	2,711	2,586	2,741	(125)	(155)
Service Nova Scotia and					
Internal Services	299,199	302,886	299,295	3,687	3,591
Transportation and					
Infrastructure Renewal	535,752	587,258	595,726	51,506	(8,468)
Restructuring Costs	341,032	81,455	170,662	(259,577)	(89,207)
<b>Total Departmental Expenses</b>	<b>10,650,274</b>	<b>11,019,405</b>	<b>10,521,598</b>	<b>369,131</b>	<b>497,807</b>

On February 23, 2021 under Orders in Council #2021-53 to #2021-60, and again on August 31, 2021 under Orders in Council #2021-208 to #2021-215, certain departmental restructurings and name changes were announced and made effective. For purposes of these Public Accounts and comparability with Budget 2020-21, the estimates and prior year actuals of the affected departments have not been reclassified and the name changes have not been reflected.

Request for final additional appropriations for year-end adjustments must be submitted to the Governor in Council no later than 15 days after the date of the tabling of these Public Accounts. These amounts are summarized by appropriation on pages 52 and 53.

The table above provides the expenses by department prior to consolidation for comparison to the budget and prior fiscal year, on the same basis as the Estimates, as approved by the Legislature in the annual Appropriations Act.

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## Departmental Expenses Compared To Estimate

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### Agriculture

Department of Agriculture expenses were \$3.9 million or 9.2 per cent higher than the estimate primarily due to \$5.0 million in funding for the Clean Agriculture Technology Fund, partially offset by operational savings due to COVID-19 and vacancy savings.

### Business

Department of Business expenses were \$34.7 million or 23.3 per cent higher than the estimate primarily due to \$49.5 million in net COVID-19 supports, which included \$32.2 million in capital stimulus funding to Develop Nova Scotia (DNS), \$6.8 million for the Tourism Accommodations Real Property Tax Rebate Program, \$6.2 million for the Canada Emergency Commercial Rent Assistance Program, \$3.1 million to Events East Group to offset lost revenues for the Halifax Convention Centre, and \$2.5 million for the Small Business Loan Guarantee Program Extension supporting expanded capacity for businesses to access financing.

These COVID-19 expense increases were partially offset by decreases of \$4.7 million in the Nova Scotia Business Inc. (NSBI) Forestry Innovation Rebate Program due to lower demand than anticipated resulting from stronger lumber and woodchip markets, \$4.1 million in the reserves of the Nova Scotia Jobs Fund, \$2.7 million in DNS capital projects due to the timing of cash flows, and \$3.6 million in other operational and vacancy savings.

### Communities, Culture and Heritage

Department of Communities, Culture and Heritage expenses were \$21.1 million or 21.7 per cent higher than the estimate primarily due to net COVID-19 related expenses of \$8.0 million, which included \$3.8 million in fully recoverable Sport Canada Bilateral Agreement support, \$2.4 million for Meals on Wheels and the Atlantic Compassion Fund fully recoverable from Efficiency Nova Scotia, and \$2.1 million for emergency funding for arts and culture organizations. Other increases contributing to the variance included \$6.8 million for various community infrastructure projects, \$5.0 million investment in sport equity initiatives, and \$1.0 million in support to the Lebanese Red Cross.

### Community Services

Department of Community Services expenses were \$18.4 million or 1.8 per cent higher than the estimate due to \$22.9 million in net COVID-19 related expenses, which included temporary Disability Support Program shelter arrangements, Essential Health Care Workers Program funding, federal Workforce Development Agreement funding, additional federal Safe Restart initiatives, and capital stimulus investments for four replacement small option homes. These expenses were partially offset by declining caseloads in Employment Support and Income Assistance as a result of federal COVID-19 programs and reduced utilization costs in Child, Youth and Family Services due to COVID-19 related restrictions.

These COVID-19 expense increases were partially offset by a net \$4.5 million, which included reductions of \$15.6 million for implementation delays in Disability Support Program projects, \$6.4 million for the Nova Scotia Child Benefit due to timing of implementation, \$5.1 million in Pharmacare utilization, and \$1.6 million in Employment Support Services programming. These spending decreases were partially offset by increases of \$14.0 million for Child, Youth and Family Services emergency placement and foster care costs, \$7.0 million for Disability Support Program temporary shelter arrangements and extra staffing, and \$5.2 million in Service Delivery to address service demand.



## Education and Early Childhood Development

Department of Education and Early Childhood Development expenses were \$56.7 million or 3.8 per cent higher than the estimate primarily due to \$57.4 million in net increases related to COVID-19, which included \$39.7 million for the safe re-opening of schools, \$22.3 million in operating support grants provided to the childcare sector during closures and periods of decreased enrollment, \$4.3 million for personal protective equipment (PPE) provided to the childcare sector and schools, and \$1.1 million in additional technology purchases to support on-line learning.

These COVID-19 expense increases were partially offset by \$3.5 million in reduced spending on new inclusive education initiatives due to school closures, \$2.1 million in reduced pre-primary expenses due to lower enrollments, \$2.0 million in lower departmental expenses in the areas of travel, training, and meetings, and \$2.4 million in other expenses.

## Energy and Mines

Department of Energy and Mines expenses were \$2.5 million or 4.0 per cent lower than the estimate primarily due to a \$11.7 million underspend in partially recoverable Investing in Canada Infrastructure Program costs and \$2.0 million in other operational savings.

These decreases were partially offset by \$9.5 million in funding for the new Electric Vehicles Incentive Program and \$1.6 million in additional fully recoverable Low Carbon Economy Fund expenses.

## Health and Wellness

Department of Health and Wellness expenses were \$282.0 million or 5.8 per cent higher than the estimate primarily due to \$288.3 million in additional funding to support COVID-19 response efforts, which included \$72.8 million for federal Safe Restart initiatives, \$70.7 million for the Essential Health Care Workers Program, \$39.6 million for PPE, \$38.5 million for provincial stimulus projects, \$30.8 million for COVID-19 related supplies including gloves, gowns, lab testing supplies, and new office space needs, and \$35.9 million in other COVID-19 related expenses. Other increases contributing to the variance included \$16.6 million in LPN Reclassification costs and \$11.0 million to the Nova Scotia Health Authority for various health care services and other items.

These increases were partially offset by a \$33.9 million decrease in capital grants for infrastructure due to changes in cash flows.

## Justice

Department of Justice expenses were \$16.4 million or 4.4 per cent higher than the estimate primarily due to \$11.5 million in RCMP costs related to the response efforts for the April 2020 mass shooting incident and Fall 2020 fisheries dispute, \$5.8 million in workers' compensation payments mainly for correctional officers, \$5.0 million in COVID-19 related costs for salary, operating costs, and supportive case management initiatives, and \$3.0 million for the Land Titles Initiative Compensation Fund.

These increases were partially offset by \$8.9 million in vacancy and operational savings.

## Labour and Advanced Education

Department of Labour and Advanced Education expenses were \$19.7 million or 4.9 per cent higher than the estimate primarily due to \$20.0 million in support of recovery efforts in response to COVID-19, which was funded under the federal Workforce Development Agreement.

## **Selected Highlights of the General Revenue Fund**

### **Assistance to Universities**

Assistance to Universities expenses were \$42.2 million or 9.7 per cent higher than the estimate primarily due to \$25.0 million to aid universities impacted by COVID-19 and \$16.8 million to four Nova Scotia universities (Dalhousie, Acadia, Saint Mary's, and St. Francis Xavier) to expand and enhance their computer science programs.

### **Lands and Forestry**

Department of Lands and Forestry expenses were \$27.0 million or 34.5 per cent higher than the estimate primarily due to \$12.1 million in remediation costs of contaminated sites, \$10.3 million for forestry transition initiatives, and \$5.1 million in other operational expenses.

### **Municipal Affairs and Housing**

Department of Municipal Affairs and Housing expenses were \$55.1 million or 17.9 per cent higher than the estimate primarily due to \$67.5 million for federal Safe Restart initiatives for municipalities.

This increase was partially offset by underspends of \$6.3 million in project costs under the Investing in Canada Infrastructure Program and \$5.0 million in New Build Canada Fund costs due to project delays.

### **Service Nova Scotia and Internal Services**

Department of Service Nova Scotia and Internal Services expenses were \$3.7 million or 1.2 per cent higher than the estimate primarily due to \$1.3 million in net COVID-19 related expenses, which included increases of \$2.6 million for the SAP Health project and \$2.1 million in various operational expenses, partially offset by reductions of \$3.5 million in COVID-19 related delays in the SAP Modernization project. Other expense increases included \$5.7 million for software licensing, \$5.3 million for Health Network and IT Support, and \$1.1 million in Property Tax Rebate for Seniors grants.

These increases were partially offset by decreases of \$6.1 million due to further delays in the SAP Modernization project as well as \$3.2 million in amortization costs.

### **Transportation and Infrastructure Renewal**

Department of Transportation and Infrastructure Renewal expenses were \$51.5 million or 9.6 per cent higher than the estimate primarily due to \$41.8 million for additional Boat Harbour remediation and sludge clean-up costs, \$7.5 million for Highway 104 P3 operating and contract costs, \$3.4 million for additional Harrietsfield remediation costs, \$2.1 million for COVID-19 related costs including janitorial and PPE, \$1.7 million for required provincial ferry maintenance, and \$1.5 million for a capital grant to Harbourside Commercial Park Inc. for the Port Mersey Commercial Park.

These increases were partially offset by decreases of \$4.4 million in fully recoverable costs from Highway 104 Western Alignment Corporation due to project delays related to Highway Safety Improvements and \$1.5 million in winter maintenance costs due to mild weather.

### **Restructuring Costs**

Restructuring expenses were \$259.6 million or 76.1 per cent lower than the estimate primarily due to lower than anticipated requirements for corporate initiatives.





## Departmental Expenses Compared To Prior Year

### Business

Department of Business expenses were \$20.6 million or 10.1 per cent lower than the prior year primarily due to investments in 2019-20 of \$50.0 million in the Nova Scotia Forestry Innovation Trust and \$10.0 million for Air Route Access, neither of which reoccurred in 2020-21, partially offset by 2020-21 COVID-19 related supports of \$49.5 million. Additional variances included decreases of \$9.0 million in the Nova Scotia Jobs Fund, \$2.2 million related to the prior year line of credit reduction for DNS, \$2.0 million in changes in cash flows for DNS capital projects, and \$1.0 million related to the prior year sale of Digby Pines, partly offset by a \$4.5 million increase in the Nova Scotia Film and Television Production Fund and \$3.0 million in NSBI payroll rebates.

### Community Services

Department of Community Services expenses were \$21.5 million or 2.2 per cent higher than the prior year primarily due to \$19.0 million in net COVID-19 supports, which related to temporary Disability Support Program shelter arrangements, the Essential Health Care Workers Program, federal Workforce Development Agreement funding, additional federal Safe Restart initiatives, and capital stimulus investments for four replacement small option homes. These expenses were partially offset by declining caseloads in Employment Support and Income Assistance as a result of federal COVID-19 programs and reduced utilization costs in Child, Youth and Family Services as a result of COVID-19 related restrictions.

Other expenses increased by a net \$2.5 million primarily due to \$8.3 million in Employment Support and Income Assistance for enhancements to the Nova Scotia Child Benefit and annualization of the Standard Household Rate, with a slight decline in Pharmacare and Employment Support Services utilization. These increases were partially offset by decreases of \$3.8 million in the Disability Support Program as a result of one-time service provider wage funding and capital contributions to several Adult Service Centres, with some increased costs for additional temporary shelter arrangements, utilization and new investment for Adult Residential Centres / Regional Rehabilitation Centres Transition, and \$1.9 million in Service Delivery to address service demand.

### Education and Early Childhood Development

Department of Education and Early Childhood Development expenses were \$95.4 million or 6.6 per cent higher than the prior year primarily due to \$58.5 million in net COVID-19 related expenses, which included \$39.6 million for the safe re-opening of schools, \$16.8 million in increased operating support grants provided to the childcare sector during closures and periods of decreased enrollment, \$4.3 million for PPE provided to the childcare sector and schools, and \$3.1 million in additional technology purchases to support on-line learning, partially offset by COVID-19 departmental savings of \$5.3 million. Other increases included \$23.1 million in additional net operating funding to the Regional Centres for Education and Conseil scolaire acadien provincial (CSAP), \$16.4 million to complete the roll-out of the remaining pre-primary classrooms, and \$11.5 million to advance recommendations from the Commission on Inclusive Education.

These increases were partially offset by decreases of \$7.4 million in a one-time reduction in the accumulated surplus of the Atlantic Provinces Special Education Authority (APSEA), \$3.0 million in Teachers Pension Plan contributions, \$2.2 million in childcare subsidy grants due to lower utilization, and \$1.9 million in amortization expense.

## **Selected Highlights of the General Revenue Fund**

### **Energy and Mines**

Department of Energy and Mines expenses were \$26.8 million or 78.2 per cent higher than the prior year primarily due to \$10.3 million in Efficiency Low Income Programming costs, \$9.5 million in funding for the new Electric Vehicle Program, \$7.0 million in fully recoverable Low Carbon Economy Fund expenses, \$1.8 million in partially recoverable Investing in Canada Infrastructure Program costs, partially offset by \$1.8 million in operational savings.

### **Finance and Treasury Board**

Department of Finance and Treasury Board expenses were \$98.6 million or 80.7 per cent lower than the prior year primarily due to \$100.0 million in COVID-19 relief funding provided in 2019-20, which was administered by Dalhousie University, and did not reoccur in 2020-21.

### **Health and Wellness**

Department of Health and Wellness expenses were \$453.7 million or 9.8 per cent higher than the prior year primarily due to \$279.1 million in additional funding to support COVID-19 response efforts, \$91.7 million to Nova Scotia Health Authority for funding increases including utilization, inflation, contractual obligations, and compensation, capital projects that became operational throughout the year, and other initiatives such as patient flow and human organ tissue donation, \$42.9 million to Physician Services for the Physician Master Service Agreement, \$31.7 million related to the reclassification of capital grants in the prior year for the QEII New Generation health care project, \$16.6 million for LPN Reclassification, \$15.2 million increase in Mental Health & Addictions primarily due to Gambling Awareness Nova Scotia initiatives, \$13.6 million in Continuing Care due to wage increments and changes in utilization, \$12.4 million to Pharmaceutical Services due to increases in Seniors Pharmacare and Oncology, and \$3.9 million in various other programs.

These increases were partially offset by a decrease of \$53.3 million in capital grants.

### **Justice**

Department of Justice expenses were \$24.6 million or 6.7 per cent higher than the prior year primarily due to \$14.8 million in RCMP costs mainly related to the contract increase and response efforts for the April 2020 mass shooting incident and Fall 2020 fisheries dispute, \$5.0 million in COVID-19 related costs for salaries, operations, and supportive case management initiatives, \$3.0 million for the Land Titles Initiative Compensation Fund, and \$2.2 million in additional workers compensation payments primarily for correctional officers.

### **Assistance to Universities**

Assistance to Universities expenses were \$27.6 million or 6.2 per cent higher than the prior year primarily due to \$25.0 million to aid universities impacted by COVID-19, \$16.8 million to four Nova Scotia universities (Dalhousie, Acadia, Saint Mary's, and St. Francis Xavier) to expand and enhance their computer science programs, \$3.6 million for an operating increase under the Memorandum of Understanding, \$1.5 million to continue expansion of medical school seats at Dalhousie University, and \$0.7 million to expand the number of nursing seats at Cape Breton University and the Dalhousie Yarmouth Campus.

These increases were partially offset by a \$20.0 million decrease in deferred maintenance initiatives that occurred in 2019-20.

### **Lands and Forestry**

Department of Lands and Forestry expenses were \$25.6 million or 32.1 per cent higher than the prior year primarily due to \$12.1 million in remediation costs of contaminated sites, \$10.3 million for forestry transition initiatives, and \$5.1 million in other operational expenses.



## General Revenue Fund – Tangible Capital Assets

### Gross Capital Purchases

In accordance with Canadian public sector accounting standards, the Province's policy is to capitalize the gross cost of tangible capital assets (TCA). TCA is recorded at gross historical cost (or estimated cost when the actual cost is unknown) and include all costs directly related to the acquisition, design, construction, development, installation, and betterment of the asset. Capital contributions received from external sources are recognized as revenue in the year the asset is purchased or constructed. Under the Province's TCA policy, a percentage of the original cost of an asset is charged to expenses in each year of the useful life of the asset. This charge, called amortization, does not commence until the asset is available for use.

Departments are required to budget for TCA purchases and the resulting amortization from the acquisition of these assets. The costs of the gross capital purchases are appropriated as the Capital Purchase Requirements in the annual Estimates, and the departmental details are noted below. Gross capital purchases also include tangible capital assets that are received by contribution from external parties. These assets are recorded at their fair market value on the date of contribution. There were no contributed tangible capital assets received during the 2021 fiscal year (2020 – \$46.5 thousand).

Spending on gross capital purchases was \$65.9 million or 7.2 per cent higher than the estimate primarily due to increased spending of \$123.1 million on highways and structures and \$5.7 million on vehicle and equipment purchases. This was largely offset by a reduction in contingency of \$40.0 million and a decrease in building costs of \$24.0 million.

### Gross Capital Purchases

(\$ thousands)

	Estimate 2021	Actual 2021	Variance Increase (Decrease)
Agriculture	3,010	5,581	2,571
Communities, Culture and Heritage	1,980	80	(1,900)
Community Services	1,740	1,235	(505)
Education and Early Childhood Development	271,529	267,763	(3,766)
Environment	453	1,499	1,046
Fisheries and Aquaculture	—	34	34
Health and Wellness	114,453	69,085	(45,368)
Justice	2,118	5,695	3,577
Labour and Advanced Education	33,832	34,795	963
Lands and Forestry	4,650	4,471	(179)
Municipal Affairs and Housing	476	268	(208)
Public Service	1,000	21	(979)
Service Nova Scotia and Internal Services	8,172	8,438	266
Transportation and Infrastructure Renewal			
Highways and Bridges	396,583	517,073	120,490
Buildings and Infrastructure	30,966	60,811	29,845
Cash Flow Contingency	40,000	—	(40,000)
<b>Total Gross Capital Purchases</b>	<b>910,962</b>	<b>976,849</b>	<b>65,887</b>

## Selected Highlights of the General Revenue Fund

Included in the gross capital purchases in 2020-21 are acquisitions under P3 arrangements totaling \$114.4 million (\$21.1 million for health care infrastructure and \$93.3 million for highways) and purchases of \$167.2 million in P3 schools previously held under capital lease agreements.

### **Amortization**

The schedule below reflects the current year's estimate and actual amortization charged to operations of the General Revenue Fund for tangible capital assets acquired in 2020-21 and prior fiscal years. Annual amortization expense is calculated on a declining balance basis for most assets of the General Revenue Fund.

The declining balance amortization rates of the more common tangible capital assets are as follows:

Buildings and Land Improvements	5 – 30 per cent
Machinery, Computers and Equipment	20 – 50 per cent
Vehicles and Ferries	15 – 35 per cent
Roads, Bridges and Highways	5 – 15 per cent

Capital leases of the General Revenue Fund are amortized on a straight-line basis over the length of each lease, ranging from 3 to 25 years.

### **Amortization**

(\$ thousands)

	<b>Estimate 2021</b>	<b>Actual 2021</b>	<b>Variance Increase (Decrease)</b>
Agriculture	883	879	(4)
Business	6,768	6,768	—
Communities, Culture and Heritage	1,952	1,571	(381)
Community Services	899	707	(192)
Education and Early Childhood Development	73,863	75,054	1,191
Environment	619	456	(163)
Fisheries and Aquaculture	102	103	1
Health and Wellness	9,021	8,033	(988)
Justice	4,105	3,314	(791)
Labour and Advanced Education	5,250	5,341	91
Lands and Forestry	3,715	3,725	10
Municipal Affairs and Housing	494	232	(262)
Service Nova Scotia and Internal Services	15,262	12,024	(3,238)
Transportation and Infrastructure Renewal	219,818	218,548	(1,270)
<b>Total Amortization</b>	<b>342,751</b>	<b>336,755</b>	<b>(5,996)</b>



NOVA SCOTIA

## Additional Appropriations by Resolution

Relative to the Appropriations Act, 2020

For the fiscal year ended March 31, 2021

(\$ thousands)

Res #	Appropriation	Original Estimate	Additional Approved	Actual	Variance	Final Additional Appropriation Required
<b>Departmental Expenses</b>						
1	Agriculture	42,075	4,614	45,947	(742)	—
2	Business	149,022	45,253	183,770	(10,505)	—
3	Communities, Culture and Heritage	96,890	21,243	117,943	(190)	—
4	Community Services	1,002,202	38,952	1,020,624	(20,530)	—
5	Education and Early Childhood Development	1,479,302	103,978	1,536,030	(47,250)	—
6	Energy and Mines	63,509	2,890	60,986	(5,413)	—
7	Environment	42,492	2,840	44,804	(528)	—
8	Finance and Treasury Board	24,282	—	23,514	(768)	—
10	Fisheries and Aquaculture	17,792	—	17,296	(496)	—
11	Health and Wellness	4,822,637	462,208	5,104,652	(180,193)	—
12	Justice	374,244	16,557	390,627	(174)	—
13	Labour and Advanced Education	400,631	40,067	420,352	(20,346)	—
14	Assistance to Universities	433,420	41,840	475,631	371	371
15	Lands and Forestry	78,215	13,365	105,223	13,643	13,643
16	Municipal Affairs and Housing Public Service	308,513	76,561	363,655	(21,419)	—
17	Aboriginal Affairs	4,362	—	4,302	(60)	—
18	Communications Nova Scotia	7,817	—	7,080	(737)	—
19	Elections Nova Scotia	6,363	—	6,330	(33)	—
20	Executive Council	8,198	—	6,800	(1,398)	—
21	Freedom of Information and Protection of Privacy Review Office	947	—	934	(13)	—
22	Government Contributions to Benefit Plans	7,788	—	11,858	4,070	4,071
23	Human Rights Commission	2,660	—	2,620	(40)	—
24	Intergovernmental Affairs	4,585	—	3,979	(606)	—
25	Legislative Services	23,877	—	21,339	(2,538)	—
26	Nova Scotia Police Complaints Commissioner	395	—	371	(24)	—
27	Nova Scotia Securities Commission	2,922	—	2,658	(264)	—
28	Nova Scotia Utility and Review Board	2,116	—	2,116	—	—
29	Office of Immigration	10,127	—	8,953	(1,174)	—
30	Office of the Auditor General	4,831	—	4,336	(495)	—
31	Office of the Ombudsman	1,873	—	1,831	(42)	—
32	Public Prosecution Service	25,019	1,040	26,389	330	330
33	Public Service Commission	20,183	—	20,128	(55)	—
34	Regulatory Affairs and Service Effectiveness	2,291	—	2,142	(149)	—
35	Seniors	2,711	—	2,586	(125)	—
36	Service Nova Scotia and Internal Services	299,199	7,850	302,886	(4,163)	—
37	Transportation and Infrastructure Renewal	535,752	37,610	587,258	13,896	13,896
38	Restructuring Costs	341,032	—	81,455	(259,577)	—
<b>Total Departmental Expenses</b>		<b>10,650,274</b>	<b>916,868</b>	<b>11,019,405</b>	<b>(547,737)</b>	<b>32,311</b>

## Selected Highlights of the General Revenue Fund

### Additional Appropriations by Resolution *(continued)*

Relative to the *Appropriations Act, 2020*

For the fiscal year ended March 31, 2021

(\$ thousands)

Res #	Appropriation	Original Estimate	Additional Approved	Actual	Variance	Final Additional Appropriation Required
<b>Other Appropriations</b>						
9	Debt Servicing Costs	758,393	—	724,881	(33,512)	—
39	Refundable Tax Credits	131,451	—	123,842	(7,609)	—
40	Pension Valuation Adjustment	75,832	—	61,066	(14,766)	—
	<b>Total Other Appropriations</b>	<b>965,676</b>	<b>—</b>	<b>909,789</b>	<b>(55,887)</b>	<b>—</b>
<b>Statutory Capital</b>						
41	Capital Purchase Requirements	910,962	149,315	976,849	(83,428)	—
42	Sinking Fund Installments and Serial Retirements	43,091	—	43,081	(10)	—
	<b>Total Statutory Capital</b>	<b>954,053</b>	<b>149,315</b>	<b>1,019,930</b>	<b>(83,438)</b>	<b>—</b>
	<b>Total Additional Appropriations</b>		<b>1,066,183</b>			<b>32,311</b>

### Additional Appropriations Approved During the Fiscal Year

Additional appropriations were approved during the year by Governor in Council. The details of these additional requests, by Order in Council (OIC), were as follows:

Appropriation by OIC	2020-172	2020-209	2020-338	2021-88	Total
Agriculture	—	—	—	4,614	4,614
Business	37,850	7,403	—	—	45,253
Communities, Culture and Heritage	—	4,226	5,549	11,468	21,243
Community Services	4,400	13,028	21,524	—	38,952
Education and Early Childhood Development	—	62,538	41,440	—	103,978
Energy and Mines	—	—	—	2,890	2,890
Environment	—	—	2,840	—	2,840
Health and Wellness	35,100	339,228	87,880	—	462,208
Justice	—	6,399	5,777	4,381	16,557
Labour and Advanced Education	—	7,670	32,397	—	40,067
Assistance to Universities	—	—	—	41,840	41,840
Lands and Forestry	—	—	4,890	8,475	13,365
Municipal Affairs and Housing	—	—	76,561	—	76,561
Public Prosecution Service	—	—	—	1,040	1,040
Service Nova Scotia and Internal Services	—	1,247	—	6,603	7,850
Transportation and Infrastructure Renewal	1,500	1,672	19,986	14,452	37,610
Capital Purchase Requirements	149,315	—	—	—	149,315
	<b>228,165</b>	<b>443,411</b>	<b>298,844</b>	<b>95,763</b>	<b>1,066,183</b>

### Borrowing Appropriation

*Appropriations Act, 2020* provided an original borrowing appropriation of \$1.5 billion for 2020-21. On December 17, 2020 under OIC #2020-338, Governor in Council approved an additional \$1.0 billion in borrowing appropriation for 2020-21.

*Note:* Section 28(4) of the Finance Act requires that any final additional appropriation required for year-end adjustments be made to Governor in Council no later than 15 days after the date of the tabling of the Public Accounts.



## General Revenue Fund – Debt Servicing Costs

Gross debt servicing costs of the General Revenue Fund were \$724.9 million in 2020-21, which was \$33.5 million or 4.4 per cent lower than the estimate and \$93.3 million or 11.4 per cent lower than the prior year. The reduction in debt servicing costs from estimate was mainly due to a decrease of \$34.3 million in interest on long-term debt from the maturity of high-coupon debt, some issued in the late 1980s and early 1990s as well as another high-coupon debt issue in 2009. General interest was lower than estimate by \$8.9 million due to lower than expected interest rates, a smaller average balance of short-term borrowings held during the year, and higher amortization of premiums and discounts. The interest on pension, retirement and other obligations increased by \$9.7 million primarily as a result of a reduction in the return on plan assets.

### Debt Servicing Costs

(\$ thousands)

	Estimate 2021	Actual 2021	Actual 2020	Actual vs Estimate Increase (Decrease)
Interest on Long-Term Debt	638,431	604,165	688,143	(34,266)
General Interest	9,987	1,091	20,955	(8,896)
Interest on Pension, Retirement and Other Obligations	109,975	119,625	109,062	9,650
<b>Debt Servicing Costs – Gross</b>	<b>758,393</b>	<b>724,881</b>	<b>818,160</b>	<b>(33,512)</b>
Less: Sinking Fund Earnings	65,373	57,802	93,670	(7,571)
<b>Debt Servicing Costs – Net</b>	<b>693,020</b>	<b>667,079</b>	<b>724,490</b>	<b>(25,941)</b>

### Debenture Debt

The General Revenue Fund's net debenture debt (outstanding debentures less Sinking Fund and Public Debt Management Fund assets) was \$14.41 billion in Canadian dollar equivalents at March 31, 2021 (2020 – \$13.40 billion).

The Province provides sinking fund installments for certain term debt issues. Annual sinking fund installments generally range from 1.0 to 3.0 per cent of the original issue but may vary slightly from year to year based on actual and anticipated rates of return on sinking fund assets. Installments are designed to fully fund the debt over the life of the debenture. Sinking Fund and Public Debt Management Fund assets are used solely for debt retirement.

### Outstanding Debentures – (CDN\$ Equivalents)

(\$ thousands)

	Actual 2021	Actual 2020
Debentures Payable in Canadian Dollars		
Canada Pension Plan Investment Fund	900,050	978,328
Other Issues	15,612,129	14,442,129
Less: Sinking Funds and Public Debt Management Funds	(2,099,798)	(2,024,099)
<b>Net Debenture Debt</b>	<b>14,412,381</b>	<b>13,396,358</b>

## **General Revenue Fund – Annual Borrowing Plan**

Pursuant to Section 35 of the *Finance Act*, the Minister of Finance and Treasury Board must prepare and submit to Governor in Council for approval an annual borrowing plan at least once in each fiscal year. In 2020-21, the Minister was granted an approval for a \$1.75 billion borrowing plan and was granted a further \$1.0 billion in authority under a revised borrowing plan in December 2020 under OIC #2020-338. The original borrowing plan for 2020-21 was prepared prior to the global outbreak of COVID-19.

During the 2021 fiscal year, the Province borrowed in three-, five-, ten-, and 30-year terms in Canadian public financial markets. These issues amounted to a total of \$2.15 billion in par value (\$2.22 billion in proceeds).





## Economic Highlights

In advance of receiving statements of actual tax revenues collected, the Department of Finance and Treasury Board relies on economic forecasts and their relationships with historical administrative tax data to estimate tax revenues for each fiscal year.

Nominal Gross Domestic Product (GDP) is the broadest measure of the potential tax base, and subcomponents of nominal GDP provide indications of growth in specific tax bases including household income, consumer expenditures, and residential construction.

The economic outlook prepared as part of the 2021-22 Estimates was tabled March 25, 2021 and used data and information up to November 9, 2020. The 2020-21 Public Accounts economic outlook is based on a forecast with data up to May 14, 2021. Data in the discussion below may have been released beyond this date and will be incorporated into future economic outlooks.

### Nova Scotia Economic Outlook: 2020 and 2021

(Per cent change, except where noted)

	2021-22 Estimates		2020-21 Public Accounts	
	2020	2021	2020	2021
Real GDP (\$ 2012 chained)	-5.3%	4.6%	-3.2%	3.5%
Nominal GDP	-4.2%	6.2%	-2.2%	5.6%
Compensation of Employees	-2.7%	3.2%	0.0%	2.1%
Household Income	5.2%	-1.5%	6.8%	-0.6%
Household Final Consumption	-5.4%	5.3%	-7.0%	4.9%
Retail Sales	-6.0%	4.5%	<sup>A</sup> -2.2%	4.2%
Consumer Price Index	0.3%	1.7%	<sup>A</sup> 0.3%	2.3%
Investment in Residential Structures	-7.6%	6.0%	4.7%	12.2%
Non-Res, Machinery, Intellectual Property	-4.5%	8.0%	-4.3%	7.0%
Net Operating Surplus: Corporations	-16.7%	9.7%	-7.1%	11.9%
Net Mixed Income: Unincorporated	3.4%	1.6%	4.5%	4.2%
Exports of Goods and Services	-14.5%	8.1%	-12.3%	7.9%
Exports of Goods to Other Countries	-14.8%	7.1%	-10.8%	8.8%
Imports of Goods and Services	-7.7%	4.6%	-10.0%	5.8%
Population at July 1, all ages (thousands)	<sup>A</sup> 979.4	981.2	<sup>A</sup> 979.4	981.2
Population at July 1, ages 18-64 (thousands)	<sup>A</sup> 604.6	600.6	<sup>A</sup> 604.6	600.6
Labour Force (thousands)	491.8	496.7	<sup>A</sup> 487.3	501.4
Employment (thousands)	443.7	456.6	<sup>A</sup> 439.7	461.2
Unemployment Rate (annual average)	9.8%	8.1%	<sup>A</sup> 9.8%	8.0%

<sup>A</sup> ~ Actual

### External Conditions

The supply and demand shocks resulting from the fast spread of COVID-19 put the global economy into severe recession in 2020. The pandemic affected most global supply chains with production slowing down significantly. On the demand side, social distancing measures introduced in the first half of 2020 to limit the spread of COVID-19 caused a significant



slowdown in economic activity with uneven impacts across regions, sectors, and demographic cohorts. Declines in household and business income and a period of lower confidence reduced consumption and investment.

Governments provided fiscal support to households while central banks lowered interest rates to mitigate the economic shock. As outbreaks eased, economic recovery started to take place in the second half of 2020 and accelerated with broader vaccination distribution in 2021. Following an estimated 3.2 per cent decline in 2020, global real GDP is expected to grow 6.0 per cent in 2021. However, there is an increasing gap between the economic recovery trajectories of advanced and emerging market economies, which reflects the differences in vaccination rates. The path to a full recovery will not be straightforward and will depend on the pandemic, pace of vaccination, policy actions, financial conditions, commodity prices, and adjustments to health-related impediments. Recent inflationary pressures reflect pandemic-related price movements and transitory supply-demand mismatches. Inflation is expected to return to its pre-pandemic levels by 2022 in most economies. However, there is a risk that transitory factors could become more persistent.

Following more than a decade of economic growth, the COVID-19 pandemic led to a 3.5 per cent contraction in the United States (US) economy in 2020. COVID-related restrictions on households and businesses resulted in a significant slowdown in economic activity during the first half of 2020. Economic activity started to recover in the second half. While momentum in the US economic recovery slowed down through the end of 2020, substantial fiscal stimulus and a rapid vaccination campaign have provided a boost to recovery in 2021. Fiscal support pushed household consumption higher, and widespread vaccination enabled sectors to return to pre-pandemic production. Recovery in major trading partners is supporting US export growth. Overall, the International Monetary Fund (IMF) projects US real GDP to grow 7.0 per cent in 2021. Year-over-year inflation in the US accelerated 5.4 per cent in both June and July 2021. This was the highest since August 2008. Inflation has been increasing since the beginning of the year mostly due to base year effects from 2020, but also due to increased demand and supply constraints. The US Federal Reserve notes that this uptick is mostly due to transitory factors.

In the Euro Area, the reopening of economies in the summer of 2020 triggered a strong rebound in economic activity. However, a resurgence of COVID-19 cases through the end of the year brought new containment measures including lockdowns, which reduced mobility and slowed economic recovery. While policy support from the European Central Bank and member countries provided some assistance, real GDP in the Euro Area declined 6.5 per cent in 2020. The IMF forecasts Euro Area real GDP to grow 4.6 per cent in 2021.

In the United Kingdom (UK), lower demand and supply resulted in a 9.8 per cent decline in economic activity in 2020. As businesses were required to close, supply capacity fell while uncertainties around employment and income weighed on demand. A quick and successful vaccination rollout has been supporting economic recovery in 2021. As restrictions ease and concerns around health and uncertainty fade, UK household consumption is expected to support economic recovery. With the reopening and return of furloughed employees to work, it is expected that UK real GDP will grow 7.0 per cent and excess economy will be eliminated in 2021.

## Economic Highlights

Despite experiencing the first major outbreak of the COVID-19 pandemic, China's early containment of the virus together with accommodative fiscal and monetary policies resulted in positive real GDP growth in 2020 (+2.3 per cent). Improved labour market conditions and increased consumer confidence have supported household consumption while growth in exports and domestic demand drive manufacturing investment in 2021. A slow vaccine rollout may weigh on China's recovery in the short term. China's economy is expected to grow 8.1 per cent in 2021.

Japan's real GDP declined 4.7 per cent in 2020 as the government supported the economy and the country had fewer cases. However, slow vaccine rollout as well as renewed containment measures due to resurgence of COVID-19 cases in the first half of 2021 slowed economic recovery. A stronger rebound is expected for the second half of the year as vaccination proceeds and the economy reopens. Strong global demand for exports and continued government support, specifically for service sectors combined with structural reforms including investment in local government digital infrastructure, are also supporting economic recovery. Japan's real GDP is expected to increase 2.8 per cent in 2021.

Beginning in early 2020, Canada's economy was impacted by the COVID-19 pandemic. The Canadian economy shrank 5.4 per cent in 2020. The economy was largely shut down to limit the spread of the virus and protect public health. Employment fell 5.2 per cent and the unemployment rate rose to an average of 9.5 per cent. Economic shutdowns reduced consumer spending by 5.2 per cent. Exports fell 13.4 per cent and imports fell 11.8 per cent as the Canadian border was closed to non-essential travel for most of the year.

As the virus is contained through public health restrictions and the vaccine rollout takes shape, the economy is set to recover through 2021 and 2022. Canada's consumer spending is expected to fuel the recovery in the second half of 2021. Relatively low interest rates, improving consumer confidence, and the return of high-contact services will support spending. Government transfers are expected to become less important as a source of income as employment recovers across the country. Canada's real GDP is forecast to grow 6.0 per cent in 2021. Inflation in Canada is expected to temporarily run above target in 2021. The Bank of Canada has indicated that the benchmark interest rate will remain at its current level as long as required to support economic recovery.

### **Nova Scotia Economic Performance and Outlook**

Nova Scotia's real GDP is estimated to have declined 3.2 per cent amid the COVID-19 restrictions in 2020. Prior to the pandemic, the economy had grown for six consecutive years at an average annual pace of 1.6 per cent. Economic activity was volatile in 2020 with periods of contraction and rebound depending on virus outbreaks and public health measures. Some sectors and workers were disproportionately affected. The global decline in demand reduced Nova Scotia exports and many service-producing sectors faced mandated closures, travel restrictions, social distancing measures, and general uncertainty. Fiscal support helped maintain household incomes through the pandemic and provide support for consumer spending. Nominal GDP is estimated to have declined 2.2 per cent in 2020.

Real GDP is projected to grow 3.5 per cent in 2021 with nominal GDP rising 5.6 per cent in a broad recovery. The third-wave lockdown in the spring is expected to again slow activity in some sectors but to a lesser extent than in 2020. Businesses, workers and consumers were better prepared to adjust. Economic recovery is expected to accelerate as the vaccine rollout allows for re-opening of businesses and easing of travel restrictions. Strong projected US



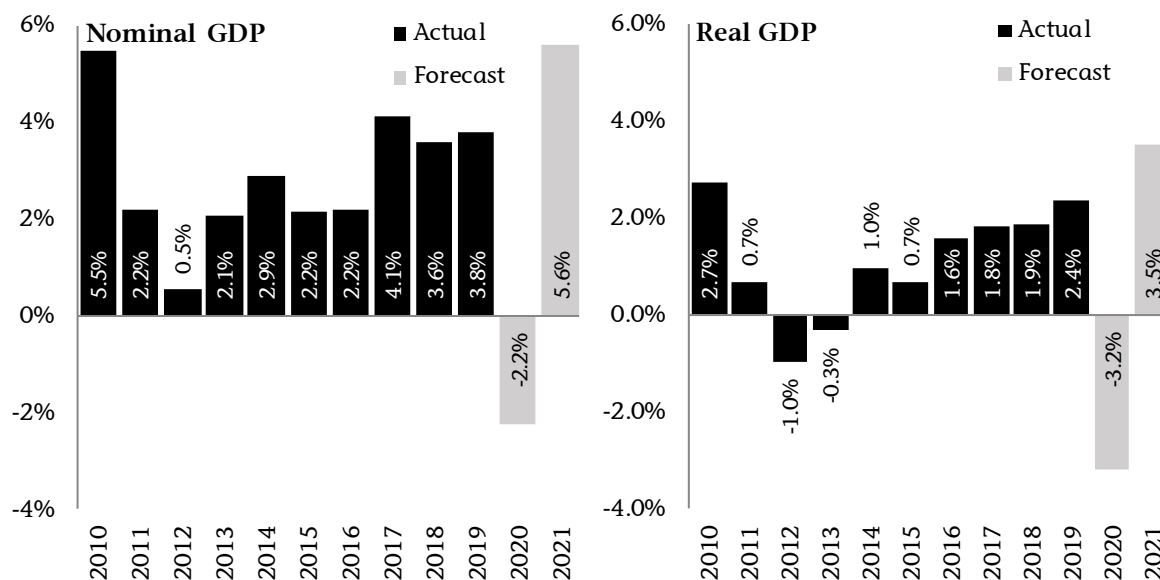
growth and the improved COVID-19 situation among other trading partners is expected to support recovery in exports. Tourism spending is expected to recover only partially in 2021.

Goods-producing sectors had a real GDP decline of 2.3 per cent in 2020. The global recession and closure of Northern Pulp lowered activity in the manufacturing sector, which fell 5.3 per cent. Fishing, hunting, and trapping activity fell 3.6 per cent while mining, quarrying, and oil and gas extraction had growth from rising gold output. Construction output increased in 2020 with growth of 3.4 per cent. Residential building construction grew 1.3 per cent on the strong housing market while engineering construction was up 14.1 per cent in part due to highway and road work. Utilities output was down 6.5 per cent with the contraction in economic activity.

For 2021, the goods-producing sectors are expected to recover with rising global demand and minimal direct disruptions from the pandemic. Construction activity is projected to accelerate with continued strength in housing and provincial capital spending continuing at over \$1.0 billion.

### Nova Scotia Economic Outlook

(Gross Domestic Product Growth, at market prices)

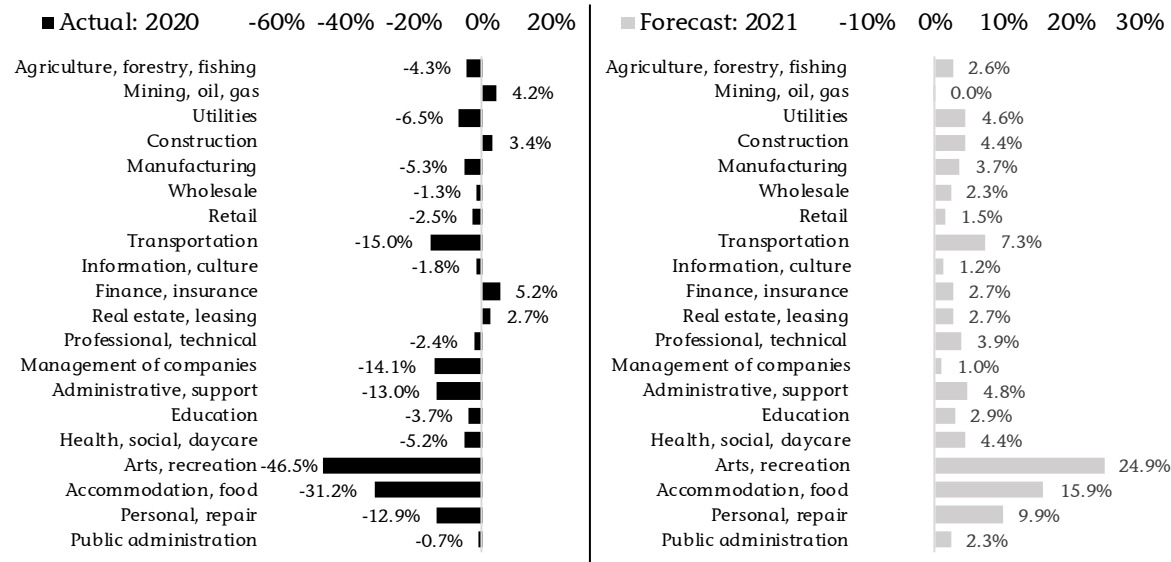


Source: Statistics Canada, table 36-10-0222-01; Nova Scotia Department of Finance and Treasury Board projections

## Economic Highlights

### Nova Scotia Industrial Outlook

(Growth in Real Gross Domestic Product by Industry, at basic prices)



Source: Statistics Canada, table 36-10-0402-01; Nova Scotia Department of Finance and Treasury Board projections

Service-producing sectors had a 3.5 per cent decline in real GDP, a rare occurrence as the service economy had grown uninterrupted for over 20 years. Industries relying on face-to-face interaction and tourism visitation reported some of the largest declines. Arts, entertainment, and recreation (-46.5 per cent), accommodation and food services (-31.2 per cent), other services except public administration (-12.9 per cent, including personal care services), and retail trade (-2.5 per cent) all faced significant constraints on operations in 2020. Transportation services declined, particularly in air transportation and ground passenger transportation (urban transit, taxi, and sightseeing) while postal services, couriers, and warehousing did grow. Information and cultural industries (-1.8 per cent) was divided with significant declines in publishing industries, motion picture production and exhibition, and broadcasting offset by rising activity among telecommunication, data services, and software publishers. Financial and insurance services grew broadly with a 5.2 per cent increase. Growth in offices of real estate agents and the imputed value for owner-occupied dwellings supported an increase in the real estate, rental, and leasing services sector (+2.7 per cent). Educational services declined for all types of activity with elementary and secondary schools accounting for most of the decline. Health care and social assistance declined in most subsectors, including offices of physicians, dentists, ambulatory health care services, hospitals, and child-care, particularly during the more severe first-wave lockdown period.

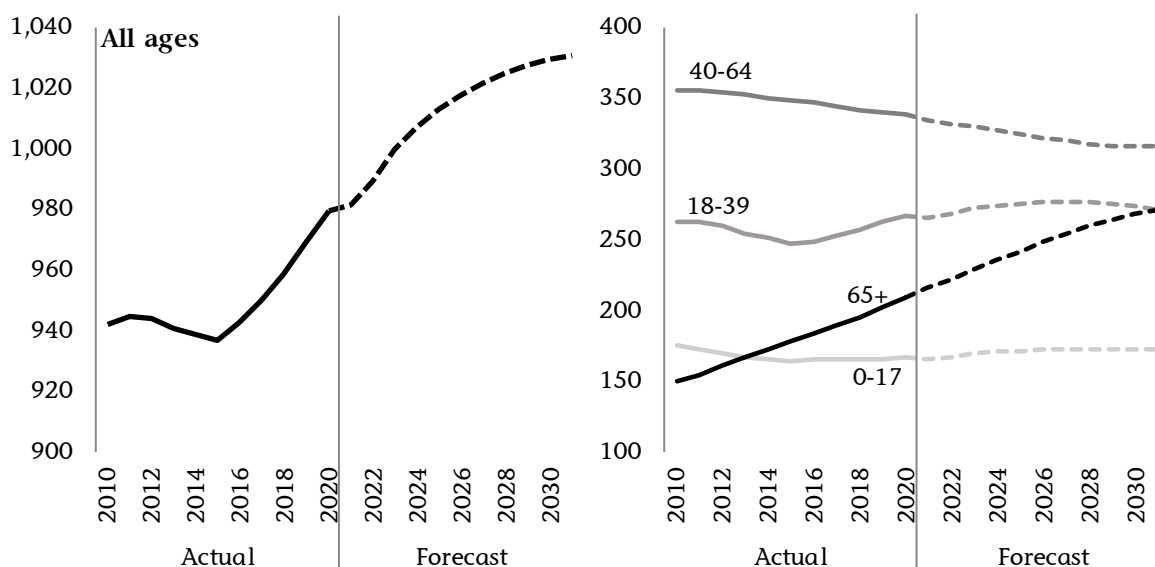
Service sector real GDP is projected to return to around 2019 levels in 2021; however, this is an uneven recovery with some sectors growing over the 2-year period and the most severely impacted sectors in 2020 only recovering partially amid continued and renewed restrictions.



Nova Scotia's population has continued to grow and reached an all time high of 982,326 as of April 1, 2021. Travel restrictions and processing issues slowed immigration of permanent residents. Non-permanent residents, including international students, declined by around 1,500 over the past year up to April 1, 2021. While movement of people has decreased, net interprovincial migration into Nova Scotia has continued through the pandemic, with nearly 5,500 more people moving to Nova Scotia than moving out of Nova Scotia to other parts of Canada.

### Nova Scotia Population

('000s, July 1)



Source: Statistics Canada, table 17-10-0005-01; Nova Scotia Department of Finance and Treasury Board projections

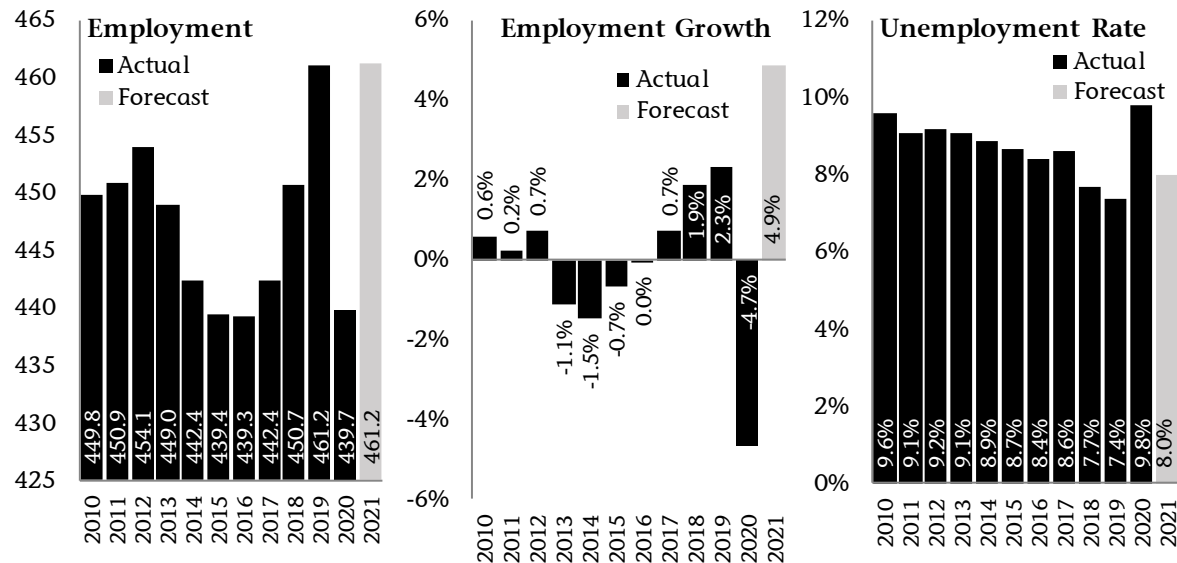
Variation in the labour market was extreme in 2020 with the largest monthly increases and decreases on record. Overall, employment declined 4.7 per cent or 21,500 in 2020 with a larger decline among part-time employment (-7.2 per cent) than full-time employment (-4.1 per cent). The employment decline among women (-5.3 per cent) was larger than among men (-4.0 per cent), and it was larger among youth (-12.7 per cent) than for core-aged (-2.7 per cent) or older workers (-4.8 per cent). The unemployment rate rose from 7.4 per cent in 2019 to 9.8 per cent in 2020. There were elevated numbers of people that continued to be employed but at significantly reduced hours from March 2020 onwards. Private sector employees accounted for all net job losses in 2020, while public sector and self-employment levels were on average a little higher.

Employment had nearly recovered to pre-pandemic February 2020 levels by April 2021 before declining 4.8 per cent in May 2021 amid the third wave of COVID-19. However, employment recovered in June and July as restrictions were eased. It is expected that as re-opening continues, the labour market will make another quick recovery and begin to grow in the second half of 2021.

## Economic Highlights

### Nova Scotia Labour Markets

(Employment in '000s, Employment Growth, Unemployment Rate)

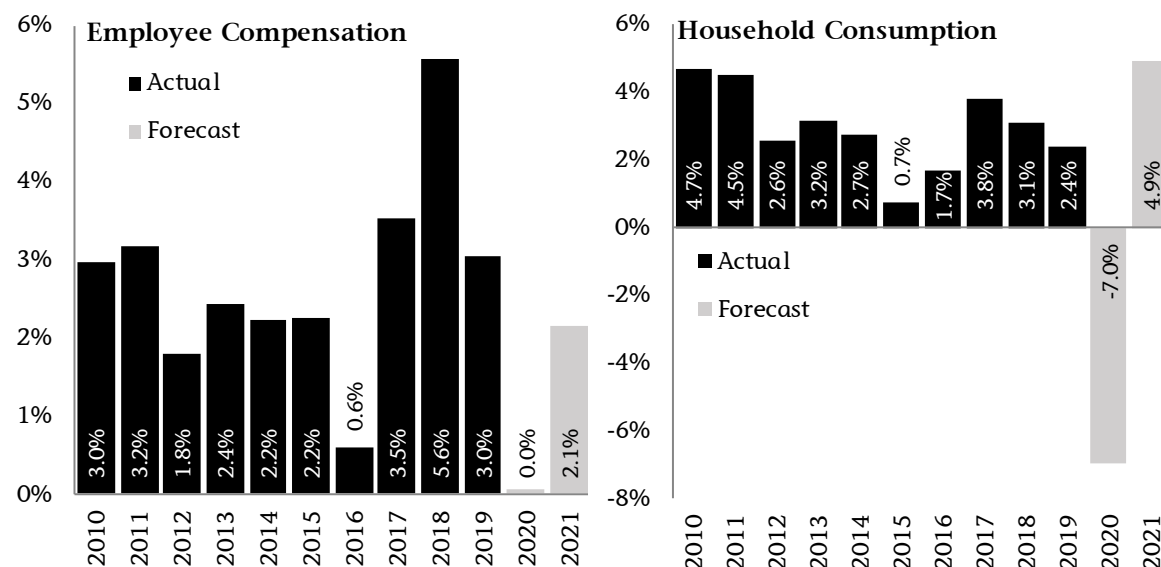


Source: Statistics Canada, table 14-10-0327-01; Nova Scotia Department of Finance and Treasury Board projections

Total wages and salaries earned by workers were essentially unchanged in 2020 while household income was lifted by significant COVID-19 transfer payments and support programs. It is estimated that around \$4.0 billion in COVID-19 support payments flowed to Nova Scotia businesses, organizations, and households in 2020. The forecast for 2021 expects a reduction in COVID-19 support programming and modest employee compensation growth.

### Nova Scotia Employee Compensation and Household Consumption

(Growth rate, nominal)



Source: Statistics Canada, tables 36-10-0221-01, 36-10-0222-01; Nova Scotia Department of Finance and Treasury Board projections



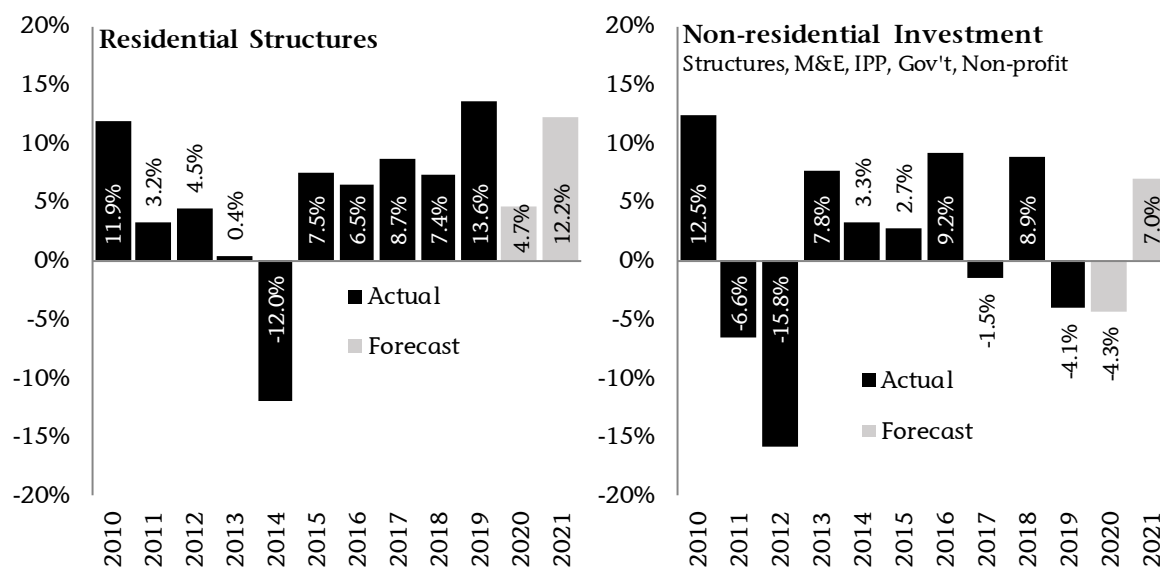


Household spending declined sharply (-7.0 per cent) in 2020. Retail spending fell sharply during the initial wave in March and April but recovered quickly and exceeded pre-pandemic levels over the second half of the year. Large spending reductions occurred at automobile dealers, furniture stores, clothing and clothing accessories stores, and gasoline stations. Spending at grocery stores, building material, garden equipment, and supplies dealers, and on general merchandise increased in 2020. Opportunities to spend on many services were limited in 2020 with mandated closures and social distancing measures. Food services and drinking places receipts fell in both first and second-wave lockdown periods and were 23.7 per cent lower overall in 2020. For 2021, household consumption is projected to partially recover with service spending still constrained for parts of the year.

Inflation was subdued in 2020 with lower energy prices. The Nova Scotia Consumer Price Index (CPI) increased 0.3 per cent. Similar to other advanced economies, inflation in the province is expected to rise above 2.0 per cent on a transitory basis in 2021.

### Nova Scotia Construction and Investment

(Growth rate, nominal)



Source: Statistics Canada, table 36-10-0222-01; Nova Scotia Department of Finance and Treasury Board projections

Residential building construction declined during the spring of 2020 but picked up afterward. Compared to 2019, spending on residential structures is estimated to have increased 4.7 per cent. New construction declined slightly, but this was offset by rising renovation activity. In 2020, single home construction rose while investment in new multiple unit buildings fell – a reversal of pre-pandemic trends. Strong demand (including net inter-provincial migration) and weak supply resulted in a significant acceleration in home prices. Trends in the housing market are projected to continue into 2021 with conditions driving home building and prices in this outlook.

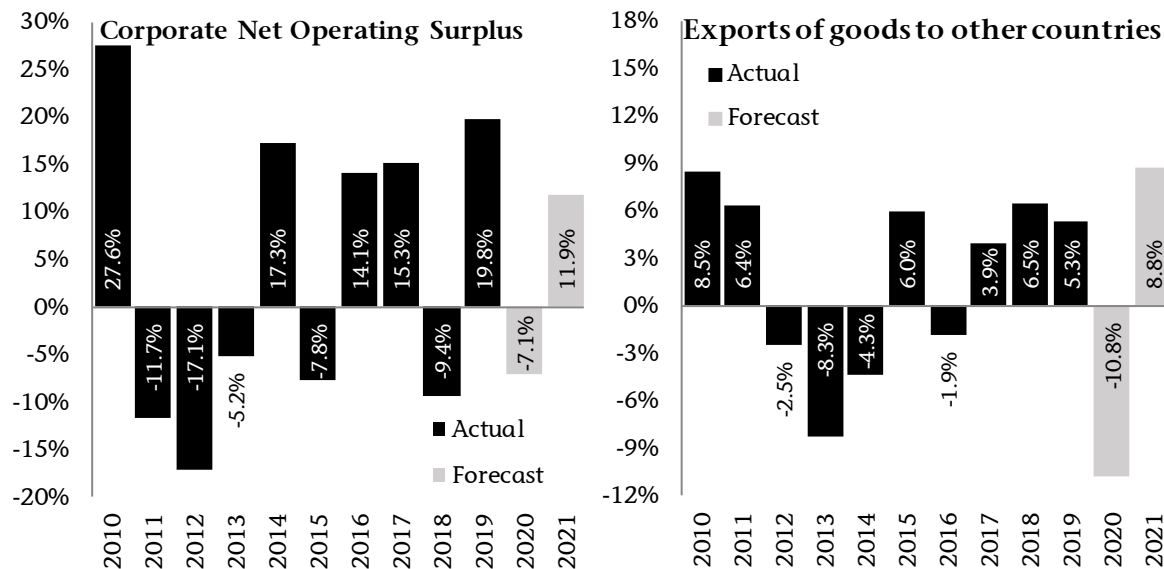
Business investment declined in 2020 with less machinery and equipment purchases and slowing major projects spending. Government gross fixed capital formation, including spending on highway twinning and hospital redevelopment projects supported GDP and employment in 2020, and this is expected to continue in 2021.

## Economic Highlights

Nova Scotia's exports are estimated to have declined in 2020 with several factors having a role. Closure of wood pulp production, temporary COVID-19 work stoppages, and weak global demand contributed to lower goods exports in 2020. International shipments of seafood, tires, and wood pulp that accounted for over 60.0 per cent of 2019 exports were all significantly lower in 2020. Shipments increased in some commodities including lumber, frozen fruit, and gypsum. Tourism spending in the province saw a substantial decline because of the COVID-19 pandemic. Economic activity was lower in the related sectors of accommodation, food services, and transportation. Accommodation providers reported a 54.0 per cent decrease in room nights sold for 2020 impacting all regions of the province. The re-opening of businesses and reduced travel restrictions accompanying wide-spread vaccination should allow tourism spending to begin to rebound, but full recovery is not expected until after 2021.

### Nova Scotia Profits and Exports

(Growth rate, nominal)



Source: Statistics Canada, tables 36-10-0221-01, 36-10-0222-01; Nova Scotia Department of Finance and Treasury Board projections

### Risks and Adjustments

Although these economic indicators for 2020 and 2021 form the basis for the final revenues presented in the 2020-21 Public Accounts, many of them are still projections. Further economic and administrative data will be released relating to 2020, and economic performance in the second half of 2021 remains a source of uncertainty. This risk is particularly elevated because of the COVID-19 pandemic, which altered some of Statistics Canada's survey practices. New data may result in adjusted revenues in respect to the taxation years reported in this document and will be reflected in subsequent fiscal years as prior years' adjustments. As a result, differences may arise between the tax revenues for PIT, CIT, and HST reported in these Public Accounts and actual revenues for each taxation year.



## Public Accounts Volume 1 — Consolidated Financial Statements

### Nova Scotia Key Economic Indicators

(\$ millions current, unless otherwise indicated)

	ACTUAL FORECAST					
	2016	2017	2018	2019	2020	2021
Nominal Gross Domestic Product (GDP) at Market Prices	41,599	43,314	44,877	46,586	45,543	48,096
% Change	2.2%	4.1%	3.6%	3.8%	-2.2%	5.6%
Real GDP at Market Prices (\$ millions, chained 2012)	39,038	39,757	40,496	41,453	40,124	41,542
% Change	1.6%	1.8%	1.9%	2.4%	-3.2%	3.5%
Compensation of Employees	21,911	22,681	23,946	24,676	24,687	25,216
% Change	0.6%	3.5%	5.6%	3.0%	0.0%	2.1%
Household Income	40,223	41,802	43,424	44,682	47,698	47,422
% Change	0.7%	3.9%	3.9%	2.9%	6.8%	-0.6%
Household Final Consumption Expenditure	29,373	30,484	31,421	32,174	29,928	31,405
% Change	1.7%	3.8%	3.1%	2.4%	-7.0%	4.9%
Retail Sales	14,710	15,861	15,888	16,289	15,924	16,597
% Change	4.7%	7.8%	0.2%	2.5%	-2.2%	4.2%
Consumer Price Index (all items, Index 2002 = 100)	130.9	132.4	135.3	137.5	137.9	141.1
% Change	1.2%	1.1%	2.2%	1.6%	0.3%	2.3%
Investment in Residential Structures	2,744	2,984	3,205	3,641	3,812	4,277
% Change	6.5%	8.7%	7.4%	13.6%	4.7%	12.2%
Non-Residential Investment *	5,958	5,870	6,395	6,136	5,874	6,282
% Change	9.2%	-1.5%	8.9%	-4.1%	-4.3%	7.0%
Net Operating Surplus: Corporations	2,673	3,082	2,793	3,347	3,110	3,480
% Change	14.1%	15.3%	-9.4%	19.8%	-7.1%	11.9%
Net Mixed Income: Unincorporated	4,570	4,816	5,002	5,068	5,297	5,518
% Change	3.5%	5.4%	3.9%	1.3%	4.5%	4.2%
Exports of Goods and Services	14,989	15,637	16,664	17,383	15,245	16,454
% Change	0.0%	4.3%	6.6%	4.3%	-12.3%	7.9%
Exports of Goods to Other Countries	5,223	5,427	5,782	6,088	5,430	5,908
% Change	-1.9%	3.9%	6.5%	5.3%	-10.8%	8.8%
Imports of Goods and Services	26,297	27,190	28,778	29,264	26,345	27,880
% Change	1.8%	3.4%	5.8%	1.7%	-10.0%	5.8%
Population (all ages, thousands at July 1)	942.8	950.1	958.4	969.7	979.4	981.2
% Change	0.7%	0.8%	0.9%	1.2%	1.0%	0.2%
Population (ages 18-64, thousands at July 1)	595.0	596.3	598.8	602.9	604.6	600.6
% Change	0.0%	0.2%	0.4%	0.7%	0.3%	-0.7%
Labour Force (thousands)	479.7	483.8	488.1	498.0	487.3	501.4
% Change	-0.3%	0.9%	0.9%	2.0%	-2.1%	2.9%
Participation Rate (per cent)	61.4%	61.4%	61.3%	61.8%	59.9%	61.5%
Change	-0.6%	0.0%	-0.1%	0.5%	-1.9%	1.6%
Employment (thousands)	439.3	442.4	450.7	461.2	439.7	461.2
% Change	0.0%	0.7%	1.9%	2.3%	-4.7%	4.9%
Employment Rate (per cent)	56.2%	56.1%	56.6%	57.2%	54.0%	56.5%
Change	-0.4%	-0.1%	0.5%	0.6%	-3.2%	2.5%
Unemployment Rate (per cent)	8.4%	8.6%	7.7%	7.4%	9.8%	8.0%
Change	-0.3%	0.2%	-0.9%	-0.3%	2.4%	-1.8%

\* Non-Residential Investment includes investments in non-residential structures, machinery and equipment, intellectual property products, and government and non-profit sectors.

Unless otherwise indicated, the analysis included in the Economic Highlights section is based on the calendar year, not the fiscal year.



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# **CONSOLIDATED FINANCIAL STATEMENTS**

**For the fiscal year ended March 31, 2021**

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## **Statement of Responsibility for the Consolidated Financial Statements of the Province of Nova Scotia**

Responsibility for the integrity, objectivity, and fair presentation of the consolidated financial statements of the Province of Nova Scotia rests with the government. These financial statements are prepared on behalf of the Minister and Deputy Minister of Finance and Treasury Board by the Controller in accordance with Canadian public sector accounting standards.

The consolidated financial statements include a Consolidated Statement of Financial Position, Consolidated Statement of Operations and Accumulated Deficits, Consolidated Statement of Changes in Net Debt, Consolidated Statement of Cash Flow, and notes to the consolidated financial statements. They present fairly, in all material respects, the financial position and the results of operations for the year ended March 31, 2021. The government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded, and financial records are properly maintained.

Under the mandate in Section 19 of the *Auditor General Act*, the Auditor General of Nova Scotia provides an independent opinion on the consolidated financial statements prepared by the government.



Geoffrey Gatien, CPA, CA  
Associate Deputy Minister and Controller





# Independent Auditor's Report

To the Members of the Legislative Assembly of Nova Scotia:

## Report on the Audit of the Consolidated Financial Statements

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### Opinion

I have audited the consolidated financial statements of the Province of Nova Scotia, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statement of operations and accumulated deficits, consolidated statement of changes in net debt and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Province of Nova Scotia as at March 31, 2021, and its consolidated results of operations, consolidated changes in its net debt and its consolidated cash flow for the year then ended in accordance with Canadian public sector accounting standards.

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### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Province of Nova Scotia in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

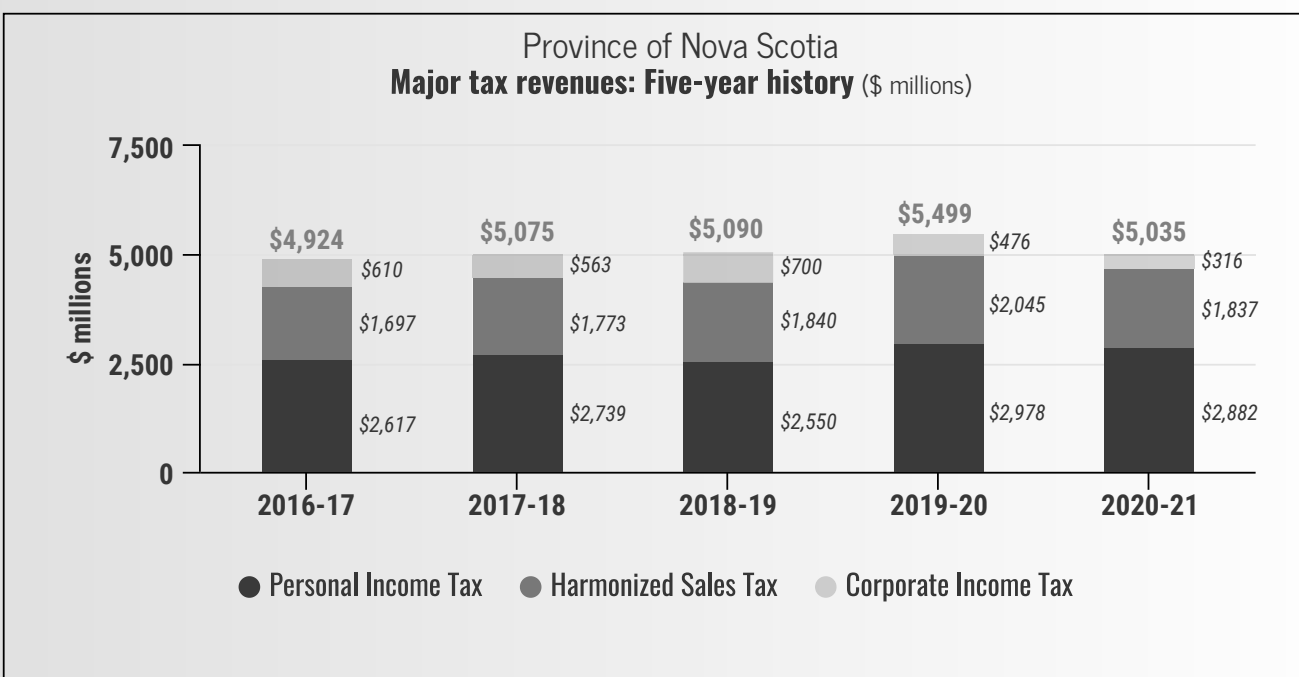


## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance to the audit of the consolidated financial statements of the Province of Nova Scotia for the current year. In applying my professional judgement to determine key audit matters, I considered those matters that are complex, have a high degree of uncertainty, or are important to the public because of their significance.

The key audit matters were addressed in the context of my audit of the consolidated financial statements of the Province of Nova Scotia as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters. Key audit matters are as follows:

KEY AUDIT MATTER	HOW WE ADDRESSED THIS MATTER
<p><b>Major tax revenues (PIT, CIT, HST)</b></p> <p>Major tax revenues include personal income tax (PIT), corporate income tax (CIT), and harmonized sales tax (HST) and were determined to be a key audit matter because:</p> <ul style="list-style-type: none"> <li>Major tax revenues are material and are based on management's best estimates using statistical models and assumptions regarding future events; and</li> <li>Significant uncertainty is present in these estimates, as they involve forecasting future economic and tax filing data since there is a delay in when the Province receives actual results (i.e. once personal tax returns are filed). This uncertainty has increased due to the unprecedented impact of COVID-19 on the Province.</li> </ul> <p>Major tax revenues are disclosed in:</p> <ul style="list-style-type: none"> <li>Note 1, Financial Reporting and Accounting Policies; and</li> <li>Schedule 1, Revenue.</li> </ul>	<p>We concluded that major tax revenues are fairly stated, in all material respects, and are disclosed appropriately in accordance with Canadian public sector accounting standards.</p> <p><b>The matter was addressed by:</b></p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the systems, processes, and controls over major tax revenues.</li> <li>Testing the underlying data used in the various tax revenue estimation models and reviewing evidence to support the key assumptions.</li> </ul>



## KEY AUDIT MATTER

### Pension, retirement and other obligations

Pension, retirement, and other obligations are a key audit matter because:

- The Province's liability is material and is determined by an actuarial expert;
- Significant uncertainty exists as the liability is based on detailed actuarial assumptions which are subject to change in the future; and
- Amounts recorded in the financial statements may materially change as assumptions vary.

Pension, retirement, and other obligations are disclosed in:

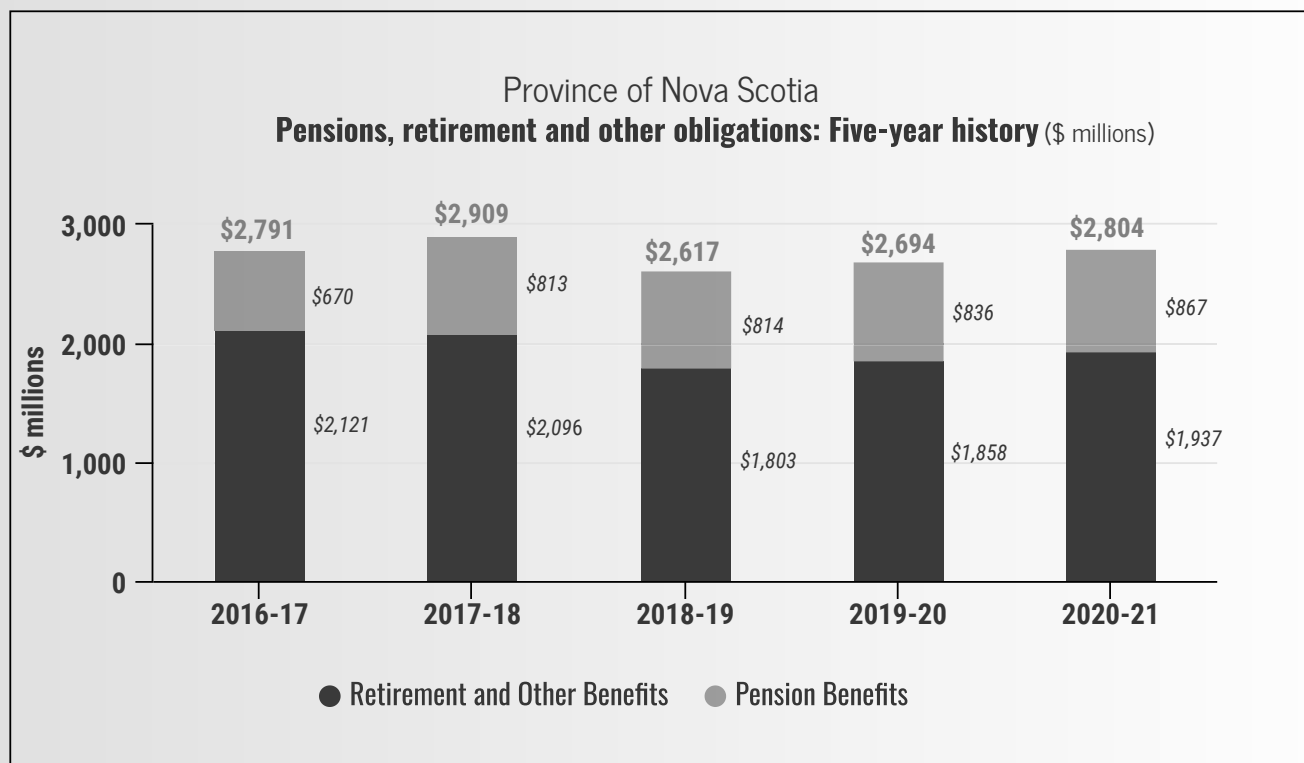
- Note 1, Financial Reporting and Accounting Policies; and
- Note 4, Pension, Retirement and Other Obligations.

## HOW WE ADDRESSED THIS MATTER

We concluded that pension, retirement, and other obligations are fairly stated, in all material respects, and are disclosed appropriately in accordance with Canadian public sector accounting standards.

### The matter was addressed by:

- Obtaining an understanding of the systems, processes, and controls used to value the liability.
- Testing the employee data used by the Province's actuary in their valuation for accuracy and completeness.
- Relying on the work of the Province's consulting actuary.
- Testing the underlying data used in the valuation of the Province's liability and reviewing evidence to support the key assumptions used.



## KEY AUDIT MATTER

### Liabilities for contaminated sites

Liabilities for contaminated sites are a key audit matter because:

- The liabilities are subject to significant uncertainty, are material and are estimates of the future costs required to complete the necessary clean-up of the Province's contaminated sites;
- The Province identified 133 contaminated and other environmental sites which are at various stages of evaluation. A liability has been recorded for 42 sites; and
- In the future, as additional environmental investigations are completed, it may be possible that the Province will need to account for additional liabilities related to these sites if it determines that contamination exceeds an environmental standard, a reasonable estimate of the related remediation costs can be made, and it is expected future economic benefits will be given up to remediate the sites.

Liabilities for contaminated sites are disclosed in:

- Note 1, Financial Reporting and Accounting Policies; and
- Note 9, Contaminated Sites.

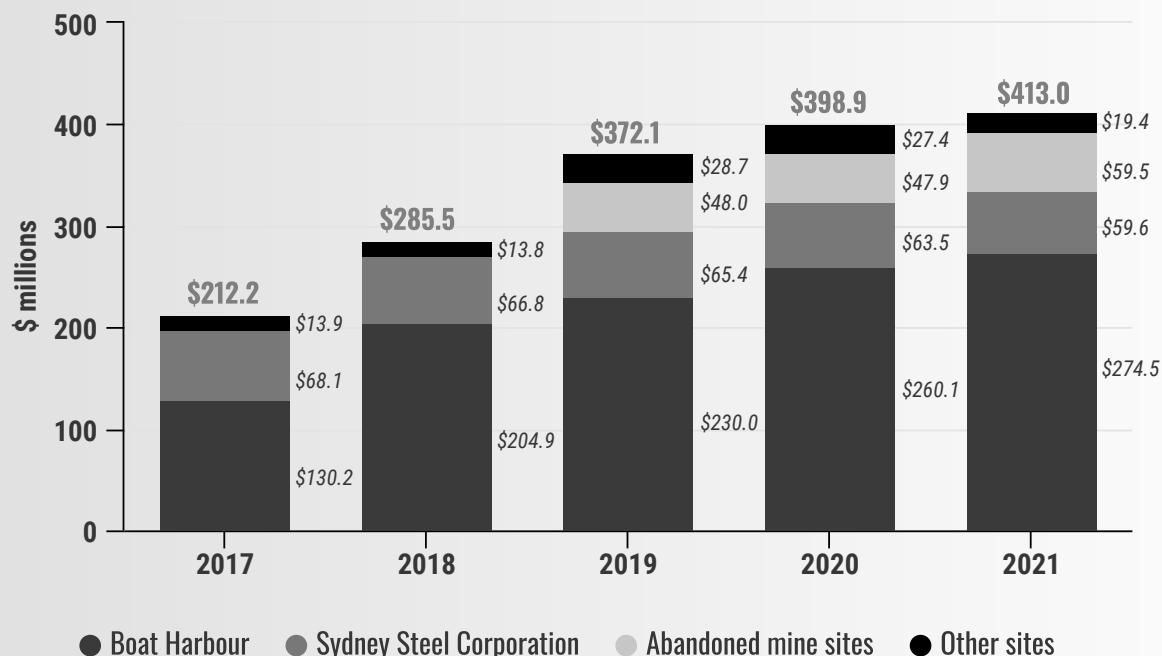
## HOW WE ADDRESSED THIS MATTER

We concluded that liabilities for contaminated sites are fairly stated, in all material respects, and are disclosed appropriately in accordance with Canadian public sector accounting standards.

This matter was addressed by:

- Obtaining an understanding of the systems, processes, and controls relating to identifying and evaluating contaminated sites.
- Assessing the reasonability of clean-up costs for contaminated sites, including changes to the Province's estimated costs to clean up Boat Harbour.
- Assessing the Province's accounting for liabilities associated with the clean up of abandoned mine sites based on the criteria for recognition in accordance with Canadian public sector accounting standards.
- Reviewing the Province's disclosure of the uncertainty associated with this liability to ensure it is appropriate in accordance with Canadian public sector accounting standards.

Province of Nova Scotia  
Liabilities for Contaminated Sites: Five-year history (\$ millions)



## Other Information

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The Government of Nova Scotia is responsible for the other information. The other information comprises the information included in Volume 1 of the Public Accounts of Nova Scotia, but does not include the consolidated financial statements and my auditor's report thereon, which I obtained prior to the date of this auditor's report, and the Form 18-K Securities and Exchange Commission filing, which is expected to be made available to us after that date.

My opinion on the consolidated financial statements does not cover the other information and I do not and will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

When I read the Form 18-K Securities and Exchange Commission filing, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards (PSAS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Province of Nova Scotia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern assumption. The going concern basis of accounting has been used in the preparation of the consolidated financial statements, as the Province of Nova Scotia continues to operate as a going concern.

Those charged with governance are responsible for overseeing the Province of Nova Scotia's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

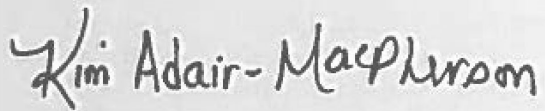
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Province of Nova Scotia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Province of Nova Scotia's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Province of Nova Scotia to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Province of Nova Scotia to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision, and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**Kim Adair-MacPherson, FCPA, CA, ICD.D**  
**Auditor General of Nova Scotia**

Halifax, Nova Scotia  
 September 13, 2021



## Consolidated Financial Statements

### Statement 1

**Province of Nova Scotia**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2021**  
(\$ thousands)

	2021	2020
<b>Financial Assets</b>		
Cash and Short-Term Investments	1,697,375	1,219,037
Accounts Receivable	966,269	1,067,581
Inventories for Resale	3,180	2,862
Loans Receivable (Schedule 3)	2,238,330	2,247,429
Investments (Schedule 3)	158,015	166,187
Investment in Government Business Enterprises (Schedule 6)	329,493	329,465
	<u>5,392,662</u>	<u>5,032,561</u>
<b>Liabilities</b>		
Bank Advances and Short-Term Borrowings	1,200,635	1,275,824
Accounts Payable and Accrued Liabilities	1,893,450	1,653,378
Deferred Revenue (Note 3)	279,408	247,998
Accrued Interest	199,453	191,814
Pension, Retirement and Other Obligations (Note 4)	2,803,874	2,694,329
Liabilities for Contaminated Sites (Note 9)	412,978	398,909
Unmatured Debt (Schedules 4 and 5)	14,812,829	13,683,163
Unamortized Foreign Exchange Translation Gains and Losses, Premiums and Discounts	190,798	129,543
	<u>21,793,425</u>	<u>20,274,958</u>
<b>Net Debt</b>	<u>(16,400,763)</u>	<u>(15,242,397)</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule 7)	7,126,376	6,365,379
Inventories of Supplies	148,468	87,489
Prepaid Expenses	35,112	40,317
	<u>7,309,956</u>	<u>6,493,185</u>
<b>Accumulated Deficits</b>	<u>(9,090,807)</u>	<u>(8,749,212)</u>
Restricted Assets (Note 2)		
Contingencies and Contractual Obligations/Rights (Note 10)		
Trust Funds Under Administration (Note 12)		
Impact of COVID-19 Pandemic (Note 15)		

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements



NOVA SCOTIA

Statement 2

**Province of Nova Scotia**  
**Consolidated Statement of Operations and Accumulated Deficits**  
**For the fiscal year ended March 31, 2021**  
(\$ thousands)

	<b>Adjusted Estimate 2021</b>	<b>Actual 2021</b>	<b>Actual 2020</b>
<b>Revenue (Schedule 1)</b>			
<b>Provincial Sources</b>			
Tax Revenue	6,191,370	5,664,531	6,163,195
Other Provincial Revenue	1,433,401	1,485,301	1,552,114
Net Income from Government			
Business Enterprises (Schedule 6)	391,814	384,261	388,621
Investment Income	168,688	146,507	208,482
	8,185,273	7,680,600	8,312,412
<b>Federal Sources</b>	4,278,397	4,605,267	3,971,431
<b>Total Revenue</b>	12,463,670	12,285,867	12,283,843
<b>Expenses (Schedule 2)</b>			
Agriculture	48,062	54,186	58,042
Business	160,281	164,048	211,390
Communities, Culture and Heritage	100,184	119,859	105,578
Community Services	1,002,202	1,016,984	994,833
Education and Early Childhood Development	1,842,645	1,844,466	1,810,882
Energy and Mines	63,735	60,721	34,242
Environment	101,877	133,302	99,032
Finance and Treasury Board	24,282	23,456	122,093
Fisheries and Aquaculture	18,093	14,963	21,797
Health and Wellness	4,952,830	5,245,728	4,870,848
Justice	374,397	389,257	365,870
Labour and Advanced Education	461,582	475,371	468,989
Assistance to Universities	433,420	475,447	447,789
Lands and Forestry	82,619	107,628	83,473
Municipal Affairs and Housing	444,295	472,260	446,519
Public Service	140,337	141,996	138,130
Seniors	2,711	2,575	2,716
Service Nova Scotia and Internal Services	299,618	299,546	295,110
Transportation and Infrastructure Renewal	537,991	580,936	591,408
Restructuring Costs	341,032	81,455	170,662
Pension Valuation Adjustment (Note 4)	75,832	61,066	50,439
Refundable Tax Credits	131,451	123,842	64,391
Net Loss on Disposal of Crown Assets	—	4,218	—
Debt Servicing Costs (Note 6)	769,168	734,152	827,323
<b>Total Expenses (Note 7)</b>	12,408,644	12,627,462	12,281,556
<b>Provincial Surplus (Deficit)</b>	55,026	(341,595)	2,287
<b>Accumulated Deficits, Beginning of Year</b>		(8,749,212)	(8,751,499)
<b>Accumulated Deficits, End of Year</b>		(9,090,807)	(8,749,212)

## Statement 3

**Province of Nova Scotia**  
**Consolidated Statement of Changes in Net Debt**  
**For the fiscal year ended March 31, 2021**  
(\$ thousands)

	<b>Adjusted Estimate 2021</b>	<b>Actual 2021</b>	<b>Actual 2020</b>
<b>Net Debt, Beginning of Year</b>	(15,242,397)	(15,242,397)	(14,992,969)
<b>Changes in the Year</b>			
Provincial Surplus (Deficit)	55,026	(341,595)	2,287
Acquisitions and Transfers of Tangible Capital Assets	(1,042,407)	(1,208,207)	(665,241)
Amortization of Tangible Capital Assets	452,804	442,190	440,228
Disposals of Tangible Capital Assets	—	5,020	2,292
Acquisitions of Inventories of Supplies	—	(60,979)	(9,495)
Use (Acquisitions) of Prepaid Expenses	—	5,205	(19,499)
<b>Total Changes in the Year</b>	<b>(534,577)</b>	<b>(1,158,366)</b>	<b>(249,428)</b>
<b>Net Debt, End of Year</b>	<b>(15,776,974)</b>	<b>(16,400,763)</b>	<b>(15,242,397)</b>





NOVA SCOTIA

Statement 4

**Province of Nova Scotia**  
**Consolidated Statement of Cash Flow**  
**For the fiscal year ended March 31, 2021**  
(\$ thousands)

	2021	2020
<b>Operating Transactions</b>		
Provincial Surplus (Deficit)	(341,595)	2,287
Sinking Fund and Public Debt Management Fund Earnings	(57,802)	(93,670)
Amortization of Premiums and Discounts on Unmatured Debt	(5,982)	(1,156)
Net Income from Government Business Enterprises (Schedule 6)	(384,261)	(388,621)
Profit Distributions from Government Business Enterprises	384,233	325,969
Amortization of Tangible Capital Assets (Schedule 7)	442,190	440,228
Loss (Gain) on Disposal of Tangible Capital Assets	4,401	(454)
Net Change in Other Items (Note 8)	372,766	(45,620)
	413,950	238,963
<b>Investing Transactions</b>		
Repayment of Loans Receivable	385,717	284,589
Advances and Investments	(373,459)	(416,228)
Write-offs	5,013	110,892
	17,271	(20,747)
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets	(1,208,207)	(665,241)
Proceeds from Disposal of Tangible Capital Assets	619	2,746
	(1,207,588)	(662,495)
<b>Financing Transactions</b>		
Debentures and Other Debt Issued	2,422,363	1,654,167
Amortization of Foreign Exchange Gains and Other Items	3,838	(16,547)
Net Sinking Fund Withdrawals (Instalments)	(17,899)	837,519
Repayment of Debentures and Other Long-Term Obligations	(1,153,597)	(2,125,309)
	1,254,705	349,830
<b>Cash Inflows (Outflows)</b>	478,338	(94,449)
Cash Position, Beginning of Year	1,219,037	1,313,486
Cash Position, End of Year	1,697,375	1,219,037
<b>Cash Position Represented by:</b>		
Cash and Short-Term Investments	1,697,375	1,219,037

**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

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**1. Financial Reporting and Accounting Policies**

The Province's consolidated financial statements are prepared in accordance with Canadian public sector accounting standards using the following significant accounting policies:

**(a) Government Reporting Entity**

The government reporting entity (GRE) is comprised of government components within the General Revenue Fund, other governmental units (GUs), government business enterprises (GBEs), and the Province's share of government partnership arrangements (GPAs). GUs and GBEs represent the entities that are controlled by the government. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend legislation or agreements. GPAs represent entities for which decision making and significant risks and benefits are shared with other parties outside of the GRE.

Trust funds that are administered by the Province but not controlled are excluded from the GRE and disclosed in Note 12.

**(b) Principles of Consolidation**

A government component is not a separate entity but is an integral part of government, such as a department, agency, or public service unit within the General Revenue Fund, or a special purpose fund. A GU is a government organization that is not a GBE, GPA, or government component. GUs include certain boards, commissions, service organizations, and government not-for-profit entities. The accounts of government components and GUs are consolidated on a line-by-line basis after adjusting the accounting policies to be consistent with those described in Note 1(d). Significant inter-organization balances and transactions are eliminated.

A GBE is a self-sustaining organization that has the financial and operating authority to sell goods and services to individuals and organizations outside of the Province's GRE as its principal activity and source of revenue. GBEs are accounted for on the modified equity basis. Their accounting principles are not adjusted to conform with those of the Province. The total net assets of all GBEs are reported as Investment in Government Business Enterprises on the Consolidated Statement of Financial Position. The total net income from all GBEs is reported separately as revenue on the Consolidated Statement of Operations and Accumulated Deficits.

A GPA is a contractual arrangement between the government and a party or parties outside the GRE. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership. The Province's interest in partnerships is accounted for using the modified equity method, as GPAs do not meet the threshold of materiality and cost-benefit to use the proportionate consolidation method.

A complete listing of the organizations within the Province's GRE is provided in Schedule 10.



**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**1. Financial Reporting and Accounting Policies (*continued*)**

**(c) Presentation of Estimates**

Each year, the Province prepares an annual budget, referred to as the Estimates, which represents the financial plan of the Province presented by the government to the House of Assembly for the fiscal year commencing April 1. The Estimates, forming the basis of the *Appropriations Act*, are prepared primarily for the management and oversight of the General Revenue Fund based upon the government's policies, programs, and priorities. Impacts of consolidation are summarized in the Estimates and included on a net basis as Consolidation and Accounting Adjustments.

For consolidation purposes, the estimates in Budget 2020-21, tabled on February 25, 2020, were adjusted on a line-by-line basis by grossing up the associated revenues and expenses with those of the Province's governmental units in order to properly reflect the estimates on a comparative basis in these consolidated financial statements.

**(d) Significant Accounting Policies**

**Revenues**

Revenues are recorded on the accrual basis in the fiscal year that the events giving rise to the revenues occurred. Revenues from personal and corporate income taxes and harmonized sales taxes are recorded in the year in which the taxable event occurs based upon estimates using statistical models after considering certain non-refundable tax credits and other adjustments from the federal government. As actual or more current economic data and information from the federal government becomes available for prior years, adjustments to tax revenues are recorded in the current year. Non-refundable personal and corporate income tax credits are tax concessions (relief of taxes owing), which are recorded as reductions to the corresponding tax revenues. Refundable personal and corporate income tax credits are transfers made through the tax system (financial benefits other than relief of taxes owing), which are recorded as expenses, not as reductions to tax revenues. Petroleum royalties are recorded based upon estimates using economic models and may be adjusted in the current year based on updated forecasts, as well as estimated abandonment costs for the future decommissioning or restoration of offshore field assets.

Government transfers received for operating purposes are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria (if any) are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recorded as deferred revenue and are recognized as revenue as the stipulations are satisfied.

Government transfers received for capital purposes and contributed assets are recognized as revenue in the period that the tangible capital assets are acquired. Capital transfers that have been received in advance of project completion are recorded as deferred revenue and are recognized as revenue as the related eligible expenditures are incurred.

**Expenses**

Expenses are recorded on the accrual basis in the fiscal year that the events giving rise to the expenses occurred and are reported in more detail in Note 7, Expenses by Object. Grants and other government transfers are recognized as expenses in the period at the earlier of: 1) the transfer being authorized and all eligibility criteria are met by the recipients, and 2) time of the payment.

**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

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**1. Financial Reporting and Accounting Policies (continued)**

Provisions are made for probable losses on certain loans, investments, loan guarantees, accounts receivable, advances, forgivable loans, and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

**Financial Assets**

Cash and Short-Term Investments are recorded at cost, which approximates market value, and include R-1 (low, middle, high) rated federal and provincial government bills or promissory notes, bankers' acceptances, term deposits, and commercial paper. Terms of investments are generally 1 to 90 days. The weighted average interest rate of short-term investments was 0.14 per cent at year-end.

Accounts Receivable are recorded at the principal amount less valuation allowances.

Inventories for Resale are held for sale in the ordinary course of operations and are recorded at the lower of cost and net realizable value.

Loans Receivable and Investments are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by the Province and is recognized as an expense at the date of issuance of the loan or date of the investment. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules. Any write-down of a loan or investment to reflect a loss in value is not reversed if there is a subsequent increase in value. Any write-offs must be approved by Governor in Council.

**Liabilities**

Bank Advances and Short-Term Borrowings have initial maturities of one year or less and are recorded at cost, which approximates market value. At year-end, short-term Canadian dollar borrowings had a weighted average interest rate of 0.13 per cent.

Deferred Revenue is recorded when funds received are restricted by external parties for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized as revenue as the stipulations are met, funds are used for their intended purpose, or related eligible capital expenditures are incurred.

Pension, Retirement and Other Obligations include various employee future benefit plans, including accumulated sick leave benefits, where responsibility for the provision of benefits rests with the Province. Liabilities for these plans are calculated using the projected benefit actuarial method using accounting assumptions that reflect the Province's best estimates of performance over the long term. The projected benefit actuarial method attributes the estimated cost of benefits to the periods of employee service. The net liability represents accrued employee benefits less the market related value of plan assets (if applicable) and the balance of unamortized experience gains and losses. The market related values are determined in a rational and systematic manner so as to recognize asset market value gains and losses over a five-year period.

Liabilities for Contaminated Sites are recognized when an existing environmental standard is exceeded, the Province is directly responsible or accepts responsibility, the Province expects to remediate and give up future economic benefits, and a reasonable estimate of the amounts can be made. Contaminated sites are a result of any chemical, organic, radioactive material, or live



**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**1. Financial Reporting and Accounting Policies (*continued*)**

organism being introduced directly or via the air into soil, water, or sediment that exceeds an environmental standard. These liabilities include the costs directly attributable to remediation activities, including costs related to post-remediation operation, maintenance, and monitoring that are an integral part of the remediation strategy. They are measured based on the best estimate of the expenditures required to complete the remediation, net of any expected recoveries. The carrying amounts of liabilities for contaminated sites are reviewed at each financial reporting date and updated as additional information is available. Any revisions to the amounts previously recognized are accounted for in the period in which the revisions are made.

Unmatured Debt is comprised of debentures and various loans in Canadian and foreign currencies, capital leases, and long-term debt related to Public-Private Partnership (P3) assets. Debt is recorded at par, net of sinking funds, which include the Public Debt Management Funds. Under P3 arrangements, the Province uses private sector partners to design, build, finance, and maintain certain infrastructure assets. Assets procured through P3s are recognized as tangible capital assets, and the related long-term obligations are recognized as other unmatured debt in these consolidated financial statements as the assets are constructed.

Hedge accounting is used when financial instruments form a hedging relationship, which is highly effective, and is considered to be consistent with the Province's financial risk management goals. To have reasonable assurance of the effectiveness of a hedging relationship, the Province must expect the relationship to be effective in achieving offsetting changes in the fair value or cash flows of the hedged item and the hedging item.

Hedge effectiveness requires a high correlation of changes in fair values or cash flows. To ensure effectiveness, the Province employs non-speculative derivatives that match the critical terms of the underlying hedged item. Hedging relationships include synthetic instruments, which involve relationships between two or more assets or liabilities with matching terms for the purpose of emulating the net cash flows or other characteristics of a single asset or liability. Synthetic instrument accounting is used to account for the assets and liabilities in a synthetic instrument relationship as though they were the item being emulated.

Sinking Fund and Public Debt Management Fund investments are recorded at cost, netted against unmatured debt, and consist primarily of debentures of the Province of Nova Scotia, other provincial governments, and the Government of Canada. Premiums and discounts on sinking funds are deferred and amortized over the life of the investment. Amortization and realized gains and losses for premiums and discounts relating to sinking fund balances and installments are recorded as part of sinking fund earnings.

Unamortized Foreign Exchange Translation Gains and Losses result when debentures payable and sinking funds invested in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at March 31 and upon entering into derivative contracts. Unrealized foreign exchange gains and losses on the translation of foreign currency are deferred and amortized on a straight-line basis over the remaining term of the related monetary item.

Premiums and Discounts, as well as underwriting commissions relating to the issuance of debentures, are deferred and amortized over the term of the related debt. Amortization and realized foreign exchange gains and losses, premiums and discounts relating to debt balances, serial retirements, sinking fund balances, and installments are charged to debt servicing costs except as noted above.

**Province of Nova Scotia**

**Notes to the Consolidated Financial Statements**

**As at March 31, 2021**

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**1. Financial Reporting and Accounting Policies (continued)**

Contingent Liabilities, including provisions for losses on loan guarantees, are potential obligations that may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements. In cases where an accrual is made, but exposure exists beyond the amount accrued, this excess exposure would also be disclosed, unless the impact is immaterial or the disclosure would have an adverse effect on the outcome of the contingency.

**Net Debt**

Net Debt is measured as the difference between the Province's liabilities and financial assets, which represents the accumulation of all past annual surpluses/deficits and cumulative net acquisitions of non-financial assets.

**Non-Financial Assets**

Tangible Capital Assets have useful lives extending beyond the accounting period, are held for use in the production and supply of goods and services, and are not intended for sale in the ordinary course of operations. They are recorded at gross historical cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, design, construction, development, installation, and betterment of the tangible capital asset, as well as interest related only to the financing of P3 assets during construction. Tangible capital assets include land, land improvements, buildings, major equipment and software, vehicles, ferries, roads, highways, and bridges.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Province's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as amortization expense and are not reversed.

Contributed tangible capital assets received are recorded at their fair market value on the date of contribution, except in circumstances where the value cannot be reasonably determined, in which case they are recognized at nominal value. Tangible capital assets do not include intangibles or assets acquired by right, such as forests, water, and mineral resources, or works of art and historical treasures. Tangible capital assets are amortized to expense over the useful lives of the assets. The amortization methods and rates applied by the other governmental units are not adjusted to the methods and rates used by the General Revenue Fund.

Inventories of Supplies are held for consumption or use by the Province in the course of its operations and are recorded at the lower of cost and current replacement cost.

Prepaid Expenses are cash disbursements for goods or services, other than tangible capital assets and inventories of supplies, that will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the good or service is used or consumed.

**Accumulated Deficits**

Accumulated Deficits are measured as the difference between the Province's Net Debt and non-financial assets. This represents the cumulative balance of net surpluses and deficits arising from the operations of the Province.



**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**1. Financial Reporting and Accounting Policies (*continued*)**

**(e) Measurement Uncertainty**

Measurement uncertainty exists in determining certain amounts at which items are recorded or disclosed in these consolidated financial statements. Many items are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Uncertainty exists whenever estimates are used because actual results may differ materially from the Province's estimates.

Measurement uncertainty that is material exists in the estimation of tax revenues, pension, retirement and other obligations, liabilities for contaminated sites, and the value of tangible capital assets.

Personal Income Tax (PIT) revenue of \$2.88 billion (2020 – \$2.98 billion), Corporate Income Tax (CIT) revenue of \$315.9 million (2020 – \$475.6 million), and Harmonized Sales Tax (HST) revenue of \$1.84 billion (2020 – \$2.04 billion), see Schedule 1, may be subject to subsequent revisions based on changes to key tax revenue inputs. Changes to tax revenue inputs can be based on new or revised information, possible differences between the estimated and actual economic growth, and other assumptions used in statistical modelling to accrue these revenues. When these changes are to revenue estimates of prior years, they are classified as prior years' adjustments (PYAs), see Note 5. Revisions to tax revenue inputs and variances in actual experience can result in significant estimate changes. Some of the key variable inputs related to tax revenues include, but are not limited to, the following:

<b>Personal Income Tax</b>	<b>Corporate Income Tax</b>	<b>Harmonized Sales Tax</b>
<ul style="list-style-type: none"> <li>• Personal taxable income levels</li> <li>• Provincial taxable income yield</li> <li>• Tax credits uptake</li> </ul>	<ul style="list-style-type: none"> <li>• National corporate taxable income levels as provided by Finance Canada</li> <li>• Nova Scotia's share of national taxable income</li> <li>• Tax credits uptake</li> </ul>	<ul style="list-style-type: none"> <li>• Personal consumer expenditure levels</li> <li>• Provincial GDP</li> <li>• Spending by exempt industries</li> <li>• Rebate levels</li> <li>• Residential housing investment</li> </ul>

The liabilities for pension, retirement and other obligations of \$2.80 billion (2020 – \$2.69 billion), see Note 4, are subject to uncertainty because actual results may differ significantly from the Province's various long-term assumptions about plan members, return on investment of pension fund assets, health care cost trend rates for retiree benefits, the Province's long-term cost of borrowing, and other economic conditions. Uncertainty exists in the liabilities for contaminated sites of \$413.0 million (2020 – \$398.9 million), see Note 9, because the actual nature and extent of the remediation activities, methods, and site contamination may differ significantly from the Province's anticipated remediation plans. The net book value of tangible capital assets of \$7.13 billion (2020 – \$6.37 billion), see Schedule 7, is subject to uncertainty because of differences between estimated useful lives of the assets and their actual useful lives. Other areas requiring the use of management estimates include allowances for doubtful accounts and the valuation of loans receivable and investments.

**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**1. Financial Reporting and Accounting Policies (continued)**

**(f) Future Changes in Accounting Standards**

The Public Sector Accounting Board (PSAB) has issued the following new accounting standards effective April 1, 2022:

- *PS 1201 Financial Statement Presentation* replaces PS 1200 with general reporting principles for disclosure of information and is effective in the period PS 2601 and PS 3450 are adopted
- *PS 2601 Foreign Currency Translation* replaces PS 2600 with revised accounting and reporting principles for transactions that are denominated in a foreign currency
- *PS 3041 Portfolio Investments* replaces PS 3040 with revised accounting and reporting principles for portfolio investments and is effective in the period PS 2601 and PS 3450 are adopted
- *PS 3280 Asset Retirement Obligations* defines and provides guidance for accounting and reporting retirement obligations associated with tangible capital assets and includes the withdrawal of *PS 3270 Solid Waste Landfill Closure and Post-Closure Liability*
- *PS 3450 Financial Instruments* defines and provides guidance for accounting and reporting all types of financial instruments including derivatives

PSAB has also issued the following new accounting standards effective April 1, 2023:

- *PS 3160 Public Private Partnerships* provides guidance on the accounting, measurement, and disclosure of infrastructure assets and related liabilities where the government procures the assets using a private sector partner
- *PS 3400 Revenue* provides guidance on the accounting and reporting of revenue from exchange and non-exchange transactions

These new accounting standards have not been applied in preparing these consolidated financial statements. The Province does not expect PS 3160 to have a significant impact on the current accounting and disclosures of public private partnerships. The Province is currently assessing the impact of the other standards, and the extent of the impact of their adoption on the consolidated financial statements has not yet been fully determined.

**2. Restricted Assets**

As at March 31, 2021, assets of \$106.3 million (2020 – \$101.2 million) were designated for restricted purposes by parties external to the Province. Restricted cash and short-term investments totaled \$33.7 million (2020 – \$30.3 million), comprised of: \$26.1 million for Nova Scotia Health Authority (NSHA) Centre for Clinical Research (2020 – \$20.8 million), \$4.5 million for gas market development as part of the Nova Scotia Market Development Initiative Fund (2020 – \$4.4 million), \$2.0 million for endowment and scholarship funds (2020 – \$2.3 million), and \$1.1 million for various other purposes (2020 – \$2.8 million).

Restricted investments totaled \$72.6 million (2020 – \$70.9 million), comprised of: \$50.2 million for NSHA Centre for Clinical Research and other purposes (2020 – \$49.3 million), and \$22.4 million for endowment funds (2020 – \$21.6 million).

Externally restricted inflows not spent by year-end create a liability that will be settled by using the restricted assets for their intended purposes. The restricted assets described in this note are segregated from other assets and will be used as prescribed in a future period.





**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**3. Deferred Revenue**

(\$ thousands)

	2021	2020
Canada - Nova Scotia Emergency Treatment Fund	1,455	2,183
Canada - Nova Scotia Home and Community Care and Mental Health and Addictions Services Funding Agreement	4,600	4,549
Canada - Nova Scotia Workforce Development Agreement	11,348	—
Cape Breton-Victoria Regional Centre for Education	2,181	2,288
Chignecto Central Regional Centre for Education	1,193	1,297
Conseil scolaire acadien provincial	3,259	2,487
Develop Nova Scotia	2,920	2,698
Federal Gas Tax Fund	3,239	2,896
Halifax Regional Centre for Education	4,771	5,400
Housing Nova Scotia – Social Housing Agreement and Other Federal Funding	65,733	53,013
Izaak Walton Killam Health Centre – Capital, Research, and Other Restricted Funds	30,913	28,185
Nova Scotia Community College	30,762	26,701
Nova Scotia Health Authority – Capital, Research, and Other Restricted Funds	76,320	70,107
Nova Scotia Market Development Initiative Fund	1,076	—
Perennia Food & Agriculture Incorporated	93	4,781
Public Archives of Nova Scotia	2,404	2,422
Resource Recovery Fund Board Inc. – Unearned Revenue from Container Deposits, Paint Levies, and Tire Deposits	22,284	21,893
Seniors Pharmacare	6,234	8,205
Other Externally Restricted Funds	8,623	8,893
<b>Total Deferred Revenue</b>	<b>279,408</b>	<b>247,998</b>

**4. Pension, Retirement and Other Obligations**

The Province offers its employees a variety of pension and other retirement, post-employment, compensated absences (accumulated sick leave), and special termination benefits. Most plans are unfunded and are economically dependent on the Province. Except as otherwise noted, the cost of benefits is recognized in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the Province to pay benefits occurs.

**(a) Description of Obligations**

**Pension Benefit Plans**

The Province participates in multiple funded pension plans. The Nova Scotia Public Service Superannuation Plan (PSSP) and the Nova Scotia Teachers' Pension Plan (TPP) are defined benefit plans with plan assets primarily composed of Canadian and foreign equities, government and corporate bonds, debentures, secured mortgages, and real estate. The plans are jointly funded with contributions from employees being matched by the Province. Benefits paid upon retirement are based on an employee's length of service, rate of pay, and inflation adjustments.

Since April 1, 2013, the PSSP operates under a joint governance structure whereby the Minister of Finance and Treasury Board transferred responsibility of the PSSP to the Public Service Superannuation Plan Trustee Inc. (PSSPTI), the new trustee of the PSSP. PSSPTI is a body corporate comprised of 13 board members – six represent the Province as the employer, six

**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**4. Pension, Retirement and Other Obligations (continued)**

represent the employees, and an independent chairperson. Due to this transfer and the changes made to the *Public Service Superannuation Act* effective April 1, 2013, the Province no longer has any residual liability for the PSSP and therefore does not record PSSP assets or liabilities in these consolidated financial statements. The Province's pension expense for the PSSP is limited to the employer contributions paid to the PSSP, which are equal to the employee contributions. The contribution rate is set by PSSPTI pursuant to the legislated funding policy and is set for a five-year cycle.

As at March 31, 2021, the PSSP was 97.6 per cent funded. Based on the PSSP's funded health, indexing of 0.85 per cent per year was previously approved for the period of January 1, 2016 to December 31, 2020 and no changes to member and employer plan contributions were made. The most recent funded health review for the five-year cycle starting January 1, 2021 and ending December 31, 2025 was completed in 2019-20. As at December 31, 2019, the funded ratio was 98.5 per cent, below 100.0 per cent; therefore, no indexing will be paid during the current five-year cycle, and no changes to member and employer plan contributions were made. The Province's contributions to the PSSP in 2021 were \$92.3 million (2020 – \$88.7 million).

On April 1, 2006, the Minister of Finance and Treasury Board transferred responsibility for the governance of the TPP to the Teachers' Pension Plan Trustee Inc. (TPPTI). TPPTI is a body corporate comprised of nine board members – four nominated by the Nova Scotia Teachers' Union (NSTU), four nominated by the Province, and one Chair agreed to by both parties. Under a joint governance structure, the Province and NSTU membership equally share all surpluses and deficits of the plan. The Province accounts for one-half of all components of the accrued benefit liability associated with this plan in these consolidated financial statements. In addition, the Province recognizes one-half of the components associated with the net benefit plan expense associated with this plan. As at March 31, 2021, the total accrued benefit liability associated with this plan was \$897.3 million (2020 – \$804.0 million).

As at December 31, 2020, the TPP was 79.0 per cent funded. The *TPP Regulations* stipulate that when the most recent actuarial valuation shows an actuarial deficit of more than 10.0 per cent, no indexing shall be provided to those pensioners under the variable indexing provision (those who retired on or after August 1, 2006, and those who retired prior to August 1, 2006 but elected to participate in the variable indexing provision). In accordance with Regulation 27C(1), the Province contributed an additional \$20.7 million to the TPP in 2021 (2020 – \$23.3 million) based on the present value of the forgone indexing as determined by the TPP's actuary. The Province's total contributions to the TPP in 2021 were \$128.3 million (2020 – \$129.6 million).

During the year, the weighted average actual rate of return on TPP plan assets was 17.8 per cent (2020 – -2.5 per cent). The total market value of plan assets at March 31, 2021 was \$5.5 billion (2020 – \$4.9 billion). The liability recorded in 2021 for the TPP was based on the most recent actuarial valuation performed at December 31, 2019, extrapolated to March 31, 2021.

Another one of the Province's significant funded pension plans is the Nova Scotia Health Employees' Pension Plan (NSHEPP), a multiemployer defined benefit pension plan, funded by employer and employee contributions. As at December 31, 2020, the NSHEPP was 126.0 per cent funded. As the Province does not sponsor this plan, the annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. The accrued benefit asset (liability) of this plan is not recognized in these consolidated financial statements. The most recent actuarial valuation was performed on July 1, 2020 and extrapolated to December 31, 2020, which indicated a funding surplus of \$2.2 billion (2020 – \$2.1 billion). The Province's contributions to this plan in 2021 were \$117.1 million (2020 – \$109.7 million).



NOVA SCOTIA

**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**4. Pension, Retirement and Other Obligations (continued)**

The Province is also responsible for the Pension Plan for the Non-Teaching Employees of the Nova Scotia Education Entities, which provides pension benefits to the non-teaching employees of the participating Regional Centres for Education (RCEs) and the Conseil scolaire acadien provincial (CSAP). The Province fully accounts for the accrued benefit asset and net benefit plan expense of this plan. The most recent actuarial valuation was performed on December 31, 2019 and extrapolated to March 31, 2021. As at December 31, 2019, the plan was 108.2 per cent funded, and the total market value of the plan assets at March 31, 2021 was \$206.2 million (2020 – \$170.4 million). Employer contributions in 2021 were \$5.6 million (2020 – \$5.2 million).

The Province has several other unfunded defined benefit pension plans. The liabilities for these other plans recorded in 2021 were based on the most recent actuarial valuations performed between December 31, 2018 and September 30, 2020 and extrapolated to March 31, 2021.

**Retirement Allowances**

The Province sponsors retirement allowance plans for which benefits are paid upon retirement based on an employee's length of service and rate of pay. The Province discontinued its retirement allowance plans for unionized staff and non-union civil servant/management employees on April 1, 2015 and August 11, 2015 (discontinuation dates), respectively, and no new members will be admitted into the plans. Effective April 1, 2020, service accumulation was discontinued for public service awards for those entitled to receive a service award under the *Public Service Award Regulations* made under the *Provincial Court Act*. An early service award pay-out has not yet been communicated to those eligible. The payment of any remaining retirement allowances will be deferred until retirement and calculated based on accumulated service as of the respective discontinuation dates, or as of the first day of a new collective agreement for those contracts expiring after that date, and salary upon retirement.

The liabilities for these retirement allowance plans recorded in 2021 were based on the most recent actuarial valuations performed between March 31, 2018 and October 31, 2020 and extrapolated to March 31, 2021.

**Post-Employment Benefits**

The Province sponsors two unfunded post-employment benefit plans: a Self-Insured Workers' Compensation Plan and retirement health benefits, some of which contain a life insurance provision. Retirement health benefits vary depending on the collective agreements negotiated with each group. The Province pays 65.0 per cent and 100.0 per cent of the cost of retirement health benefits for the PSSP and TPP retirees, respectively.

For the Self-Insured Workers' Compensation Plan, the amount recorded in these consolidated financial statements represents the actual amount of benefits paid during the year plus the actuarial estimate of future payments based on claims ongoing at year-end.

The liabilities for these post-employment benefit plans recorded in 2021 were based on the most recent actuarial valuations performed between December 31, 2019 and March 31, 2021 and extrapolated to March 31, 2021.

**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

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**4. Pension, Retirement and Other Obligations (continued)**

The Province also participates in the Nova Scotia Public Service Long Term Disability Plan (LTD Plan). The Province has no residual responsibility to the LTD Plan for any shortfalls in funding. As a result, the Province does not account for any net position of the LTD Plan in these consolidated financial statements. The LTD Plan is managed and administered, under joint trusteeship, by a Board of Trustees appointed by the two plan sponsors: five nominated by the Province, five nominated by the Nova Scotia Government and General Employees Union (NSGEU), and one Chair agreed to by both sponsors. The LTD Plan is funded equally by employer and employee contributions and all liability for benefits resides exclusively with the LTD Plan's trust fund. The most recent actuarial valuation was performed at December 31, 2020 and indicated a funded ratio of 150.0 per cent. The Province's contributions to this plan in 2021 were \$7.5 million (2020 – \$7.4 million).

**Accumulated Sick Leave Benefits**

The Province's RCEs and CSAP, health authorities, and Nova Scotia Community College (NSCC) have collective agreements containing sick leave provisions that accumulate but do not vest. The Province must measure and record a liability associated with the accumulated sick leave benefits (ASLBs) anticipated to be used in future years. The Province's ASLBs are unfunded, meaning there are no assets set aside to cover the related costs of these benefits in the future.

Due to the nature of these benefits, a liability and expense are measured using actuarial valuations to estimate their financial value. An actuarial assumption must be developed to reflect the probability of employees actually using ASLB "banked days". This involves a detailed analysis of several years of data to determine historical usage. A historical usage pattern is not based on the data group as a whole but must take into account a number of specific factors such as, but not limited to, gender, age, and type of contract or job functions, each of which may impact the anticipated amount of accumulated sick leave time to be taken in the future. As a result, the anticipated usage assumption may involve a number of criteria and circumstances that then must be applied to the data in coordination with other actuarial assumptions such as the discount rate, retirement age assumptions, future salary increases, mortality rates, etc.

The liabilities for ASLBs recorded in 2021 were based on the most recent actuarial valuations performed between March 31, 2018 and August 15, 2020 and extrapolated to March 31, 2021.

**Special Termination Benefits**

The Province offered early retirement incentive programs to members of the PSSP and TPP in 1986 and 1994, respectively. Qualified members were offered additional years of pensionable service if they elected to retire early. The cost of these benefits was accrued in the year the employee accepted the early retirement option and continue to be calculated using actuarial valuations.

The liabilities for these termination benefits recorded in 2021 were based on the most recent actuarial valuations performed at December 31, 2018 and extrapolated to March 31, 2021.



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**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**4. Pension, Retirement and Other Obligations (continued)**

**(b) Summary of Balances at Year-End**

(\$ thousands)

			2021	2020
	Pension Benefits	Other Benefits	Total	Total
Projected Benefit Obligation,				
Beginning of Year	3,932,842	1,846,380	5,779,222	5,722,671
Current Benefit Cost	90,610	89,983	180,593	165,150
Interest Cost	222,497	58,240	280,737	284,367
Actuarial Losses (Gains)	225,637	(157,312)	68,325	(71,723)
Benefit/Premium Payments	(251,029)	(66,915)	(317,944)	(323,503)
Other	1,822	(294)	1,528	2,023
Curtailement	—	50	50	—
Plan Settlement	—	—	—	237
<b>Projected Benefit Obligation,</b>				
<b>End of Year</b>	<b>4,222,379</b>	<b>1,770,132</b>	<b>5,992,511</b>	<b>5,779,222</b>
Market Related Value of Plan Assets,				
Beginning of Year	2,868,270	—	2,868,270	2,842,309
Expected Return on Plan Assets	161,161	—	161,161	175,149
Actuarial Gains (Losses)	21,716	—	21,716	(68,251)
Benefit Payments	(251,029)	—	(251,029)	(248,384)
Other	1,302	—	1,302	1,270
Employer Contributions	105,783	—	105,783	105,841
Employee Contributions	61,680	—	61,680	60,336
<b>Market Related Value of Plan Assets,</b>				
<b>End of Year</b>	<b>2,968,883</b>	<b>—</b>	<b>2,968,883</b>	<b>2,868,270</b>
Net Benefit Plans Deficiency, End of Year	1,253,496	1,770,132	3,023,628	2,910,952
Unamortized Net Actuarial Gains (Losses)	(386,526)	166,772	(219,754)	(216,623)
<b>Accrued Benefit Liability,</b>				
<b>End of Year</b>	<b>866,970</b>	<b>1,936,904</b>	<b>2,803,874</b>	<b>2,694,329</b>

## Notes to the Consolidated Financial Statements

### Province of Nova Scotia Notes to the Consolidated Financial Statements As at March 31, 2021

#### 4. Pension, Retirement and Other Obligations (continued)

##### (c) Actuarial Assumptions

Below are the significant assumptions used to measure the Province's benefit plan obligations.

	2021		2020	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits
Long-term inflation rate	2.00%	2.00%	2.00%	2.00%
Expected real rate of return on plan assets: TPP	3.68%		4.26%	
Rate of compensation increase	1.5% - 2.0% + merit	1.5% - 2.0% + merit	2.0% - 2.5% + merit	2.0% - 2.5% + merit
Discount rates:				
TPP	5.75%		6.35%	
Other Plans		3.01%		3.24%

##### Other assumptions

- 7.0 per cent annual rate increase in the cost per person of covered health care benefits for 2020-21, decreasing to an ultimate rate of 4.0 per cent per annum over 20 years
- 7.0 per cent annual rate increase in the cost per person of covered prescription drugs for 2020-21, decreasing to an ultimate rate of 4.0 per cent per annum over 20 years

Actuarial assumptions are reviewed and assessed on an annual basis to ensure that they take into account various changing conditions and reflect the Province's best estimate of performance over the long term.

The net unamortized actuarial gains (losses) are amortized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee groups ranging from 5.0 to 18.0 years. The Province's weighted-average EARSL is 15.0 years.

##### (d) Sensitivity Analysis

Changes in actuarial assumptions can result in significantly different estimates of the projected benefit obligations. The table below indicates the possible changes to these obligations for the more significant benefit plans as a result of slightly different key actuarial assumptions.

(\$ thousands)

	2021		2020		2021	
					Pension Benefits	Other Benefits
Possible change in obligations due to:						
a) Discount Rate – 0.5% Decrease	249,874	6.3%	181,571	10.4%	431,445	7.6%
b) Salary Growth Rate – 1.0% Increase	143,555	3.6%	13,999	0.8%	157,554	2.8%
c) Health Care Cost Trend Rate – 1.0% Increase	n/a	n/a	375,265	21.5%	375,265	6.6%

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the projected benefit obligations to significant actuarial assumptions, the same method was applied as when calculating the projected benefit obligations recognized on the statement of financial position.



**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**4. Pension, Retirement and Other Obligations (continued)**

**(e) Net Benefit Plans Expense**

The table below shows the components of the net benefit plans expense.

(\$ thousands)

			<b>2021</b>	<b>2020</b>
	<b>Pension Benefits</b>	<b>Other Benefits</b>	<b>Total</b>	<b>Total</b>
Current Benefit Cost	90,610	89,983	180,593	165,150
Employee Contributions	(61,680)	—	(61,680)	(60,346)
Employer Contributions *	64,161	—	64,161	64,796
Plan Settlement	—	—	—	237
Loss on Curtailment	—	50	50	—
Amortization of Net Actuarial Losses (Gains)	45,840	(1,623)	44,217	42,890
Recognition of Actuarial Losses (Gains) on Settlement	—	(711)	(711)	(204)
Other	33	(599)	(566)	(7)
Interest Cost	222,497	58,240	280,737	284,367
Expected Return on Plan Assets	(161,161)	—	(161,161)	(175,149)
Employer Contributions to Multi-Employer Plans	209,415	7,465	216,880	205,896
<b>Net Benefit Plans Expense</b>	<b>409,715</b>	<b>152,805</b>	<b>562,520</b>	<b>527,630</b>
<b>Recorded as:</b>				
Fringe Benefits Expense	323,626	58,252	381,878	367,973
Pension Valuation Adjustment	24,753	36,313	61,066	50,439
Net Pension Interest Cost	61,336	58,240	119,576	109,218
<b>Net Benefit Plans Expense</b>	<b>409,715</b>	<b>152,805</b>	<b>562,520</b>	<b>527,630</b>

\* This represents one-half of the employer contributions made by the Province to the TPP. Included in the figures above are one-half of all transactions associated with the TPP to reflect the Province's share of this plan under joint trusteeship.

## Notes to the Consolidated Financial Statements

### Province of Nova Scotia Notes to the Consolidated Financial Statements As at March 31, 2021

#### 5. Prior Years' Adjustments (PYAs)

PYAs resulting from measurement uncertainty reflect updates to the Province's forecasts and revisions to information obtained from the federal government relating to prior years. The current year revenues and corresponding PYAs are reported on Schedule 1 as follows:

(\$ thousands)

	2021			2020		
	Current	PYA	Total	Current	PYA	Total
<b>Provincial Sources</b>						
Personal Income Tax	2,928,319	(45,859)	2,882,460	2,890,224	87,672	2,977,896
Corporate Income Tax	410,906	(94,999)	315,907	537,865	(62,240)	475,625
Harmonized Sales Tax	1,901,013	(64,120)	1,836,893	1,936,772	107,940	2,044,712
Petroleum Royalties	—	38,794	38,794	—	7,813	7,813
Preferred Share Dividend <sup>1</sup>	14,417	—	14,417	3,777	7,475	11,252
Large Corporations Tax <sup>1</sup>	—	—	—	—	(49)	(49)
		(166,184)			148,611	
<b>Federal Sources</b>						
Canada Health Transfer	1,078,379	(1,828)	1,076,551	1,043,370	(367)	1,043,003
Canada Social Transfer	386,932	(661)	386,271	376,945	(135)	376,810
		(2,489)			(502)	

<sup>1</sup> Included in Other Tax Revenue on Schedule 1

#### 6. Debt Servicing Costs

(\$ thousands)

	2021	2020
CDN\$ Denominated Debt	610,001	692,897
Pension, Retirement and Other Obligations	119,576	109,218
Capital Leases	9,525	11,247
Other Debt	7,073	22,112
Amortization of Premiums and Discounts on Unmatured Debt	(5,982)	(1,156)
Amortization of Foreign Exchange Gains	(6,041)	(6,995)
<b>Total Debt Servicing Costs</b>	<b>734,152</b>	<b>827,323</b>

For the year ended March 31, 2021, total debt servicing costs for the Province's government business enterprises were \$9.4 million (2020 – \$10.4 million).

#### 7. Expenses by Object

(\$ thousands)

	2021	2020
Grants and Subsidies	4,656,001	4,286,537
Salaries and Employee Benefits	4,506,731	4,381,405
Operating Goods and Services	1,901,670	1,986,696
Professional Services	382,361	356,519
Amortization	442,190	440,228
Debt Servicing Costs	734,152	827,323
Other	4,357	2,848
<b>Total Expenses by Object</b>	<b>12,627,462</b>	<b>12,281,556</b>





**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
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**8. Cash Flow — Net Change in Other Items**

(\$ thousands)

	2021	2020
Decrease (Increase) in Receivables from Government		
Business Enterprises	4,537	(41,900)
Decrease (Increase) in Accounts Receivable	96,775	(96,596)
Increase in Inventories for Resale	(318)	(359)
Increase (Decrease) in Bank Advances and Short-Term Borrowings	(75,189)	197,585
Increase (Decrease) in Accounts Payable and Accrued Liabilities	240,072	(178,013)
Increase in Deferred Revenue	31,410	27,101
Increase (Decrease) in Accrued Interest	7,639	(27,985)
Increase in Pension, Retirement and Other Obligations	109,545	76,747
Increase in Liabilities for Contaminated Sites	14,069	26,794
Increase in Inventories of Supplies	(60,979)	(9,495)
Decrease (Increase) in Prepaid Expenses	5,205	(19,499)
<b>Total Net Change in Other Items</b>	<b>372,766</b>	<b>(45,620)</b>

**9. Liabilities for Contaminated Sites**

Various provincially owned sites throughout the province are known to be or at risk of being contaminated. Studies are ongoing to assess the nature and extent of damage to develop remediation plans. Provisions for these costs are recorded when it is determined a liability exists and a reasonable estimate of the remediation costs can be made. As at March 31, 2021, a total liability for contaminated sites of \$413.0 million (2020 – \$398.9 million) has been recorded in these consolidated financial statements.

The Province's estimates for remediation are based on environmental studies, engineering reports, and if appropriate, extrapolation techniques similar to those used for other contaminated sites with which the Province was involved. These estimates have been measured on an undiscounted basis. As at March 31, 2021, the Province has identified and continues to track approximately 133 sites in total. Of these, 42 were identified as sites where action is likely and for which a liability was recorded, including the following:

*Boat Harbour in Pictou County*

As at March 31, 2021, a liability of \$274.5 million (2020 – \$260.1 million) has been recognized for the remediation of effluent on site. At this stage in the process, the Province continues to test and refine its current remediation strategy, and as a result, there is still significant measurement uncertainty related to this estimate. A comprehensive remediation plan is under review by the federal regulator, and an approval decision is pending.

The federal government has committed to reimbursing the Province for up to \$100.0 million in eligible remediation costs incurred on this project. This federal commitment has not been reflected as part of the Boat Harbour remediation liability but has been disclosed as a contractual right in Note 10(e) and is expected to result in revenue in future periods as the remediation is completed.

**Province of Nova Scotia**  
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**9. Liabilities for Contaminated Sites (continued)**

*Sydney Steel Corporation (SYSCO) and Adjacent Sites including the Sydney Tar Ponds/Coke Ovens site*

As at March 31, 2021, a liability of \$59.6 million (2020 – \$63.5 million) has been recognized for future decommissioning, demolition, and remediation of SYSCO's and adjacent sites, including the long-term maintenance and monitoring of the Sydney Tar Ponds/Coke Ovens site expected until 2039.

*Abandoned Mine Sites*

The Province is responsible for the risk management and potential remediation of certain historic abandoned mines that exist on Crown land. For most of these mine sites, the companies that caused the contamination no longer exist. The mining operations were primarily comprised of gold and other metals, coal, gypsum, and limestone. The risk of contamination at these sites primarily comes from mine tailings and other possible contaminants that were left on site.

The Province has identified two former gold mine sites where contamination is known to exceed an environmental standard. A liability of \$59.5 million (2020 – \$47.9 million) has been recognized for these sites. In addition, the Province will be providing notification in accordance with the *Contaminated Sites Regulations* regarding contamination on eight historic gold mining sites on Crown lands where contamination is expected to exceed an environmental standard. The Province has also identified other abandoned mine sites where contamination is expected to exceed an environmental standard but where additional investigation is necessary before providing notification. While remediation may be required in the future, no liability has been recognized for these other sites as further testing and evaluation is required to determine the extent of contamination and possible site management options. If remediation activities are required for these sites, a liability will be recorded when the extent becomes measurable.

For the remaining 83 identified sites, 59 of which are additional abandoned mine sites, no liability for remediation has been recorded either because they have a minimal risk of requiring future remediation or the extent of contamination and possible remediation activities is unknown. They are at various stages of evaluation, and studies will continue to assess the nature and extent of contamination to develop remediation plans and record a liability, if necessary. For the sites with minimal contamination, the Province does not expect to give up any future economic benefits as there is likely no significant environmental impact or risks to human health.

**10. Contingencies and Contractual Obligations/Rights**

**(a) Contingent Liabilities**

**Lawsuits**

The Province is involved in various legal proceedings arising from government activities. These disputes have resulted from breaches of contract, damages suffered by individuals or property, and related elements. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions may be significant, their outcomes are not certain.

When a loss due to a lawsuit is likely to occur and the amount can be reasonably estimated, the amount is recorded as an accrued liability and an expense. The accrued liability for pending litigation in process as at March 31, 2021 was \$101.8 million (2020 – \$106.9 million).



**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
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**10. Contingencies and Contractual Obligations/Rights (continued)**

**Guarantees**

Guarantees by the Province are authorized by various acts of legislature and provided through specific agreements and programs to repay promissory notes, bank loans, lines of credit, mortgages, and other securities. Provisions for losses on guarantees are recorded when it is likely that a loss will occur. The amount of the loss provisions represents the Province's best estimate of future payments. Estimates take into consideration the nature of the loan guarantees, loss experience, and current conditions. The provisions are reviewed on an ongoing basis and changes in the provisions are recorded as expenses in the year they become known. Details on guarantees authorized, utilized, and accrued are presented in Schedule 8.

**Other Contingent Liabilities**

The Province also has contingent liabilities in the form of indemnities. The Province's potential liability, if any, cannot be determined at this time.

**(b) Contingent Gains**

The Province may receive funds in the future from recoveries of various types of claims paid out and other agreements pending the occurrence of certain events. Recoveries are recorded once the contingent events occur, are measurable, and collectability is reasonably assured.

**(c) Contractual Obligations**

As at March 31, 2021, the Province had contractual obligations as follows:

(\$ thousands)

<b>Fiscal Year</b>	<b>Governmental Units</b>	<b>Government Business Enterprises</b>	<b>Total Contractual Obligations</b>
2022	1,837,998	3,244	1,841,242
2023	1,370,146	1,687	1,371,833
2024	1,205,566	1,607	1,207,173
2025	650,232	1,604	651,836
2026	1,475,544	1,604	1,477,148
2027 to 2031	2,102,526	—	2,102,526
2032 to 2036	675,850	—	675,850
2037 to 2041	323,252	—	323,252
2042 and thereafter	114,528	—	114,528
	<b>9,755,642</b>	<b>9,746</b>	<b>9,765,388</b>

These contractual obligations are comprised of \$9,410.8 million from the General Revenue Fund, \$344.9 million from the Province's governmental units, and \$9.7 million from the government business enterprises. Included are contractual obligations for the Department of Health and Wellness of \$3,640.5 million for service agreements with long-term care facilities, \$1,729.1 million for the Department of Justice for the Royal Canadian Mounted Police (RCMP) policing services, \$1,149.9 million for Assistance to Universities relating to post-secondary operating grants, \$849.4 million for the Department of Transportation and Infrastructure Renewal (TIR) for future commitments related to P3 arrangements (\$432.7 million for the capital portion and \$416.7 million for the operating and maintenance portion), \$210.6 million for TIR for various school, health, and other construction projects, \$177.6 million for the Department of Municipal Affairs and Housing (MAH) for future commitments associated with the Federal Gas Tax transfer, \$172.8 million for MAH for various funding commitments under the Investing in Canada Infrastructure Program, and \$108.4 million for the Halifax Regional Centre for Education mostly for transportation services.

**Province of Nova Scotia**  
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**10. Contingencies and Contractual Obligations/Rights (continued)**

**(d) Operating Leases**

As at March 31, 2021, the Province was contractually obligated under various operating leases. Future minimum annual lease payments were as follows:

(\$ thousands)

<b>Fiscal Year</b>	<b>Governmental Units</b>	<b>Government Business Enterprises</b>	<b>Total Lease Payments</b>
2022	88,843	51	88,894
2023	77,766	51	77,817
2024	63,916	52	63,968
2025	54,121	35	54,156
2026	41,783	—	41,783
2027 to 2031	77,461	—	77,461
2032 to 2036	14,239	—	14,239
2037 to 2041	14,555	—	14,555
2042 and thereafter	5,776	—	5,776
	<b>438,460</b>	<b>189</b>	<b>438,649</b>

**(e) Contractual Rights**

As at March 31, 2021, the Province had contractual rights as follows:

(\$ thousands)

<b>Fiscal Year</b>	<b>Governmental Units</b>	<b>Government Business Enterprises</b>	<b>Total Contractual Rights</b>
2022	520,069	—	520,069
2023	358,179	—	358,179
2024	203,390	—	203,390
2025	104,454	—	104,454
2026	92,913	—	92,913
2027 to 2031	131,371	—	131,371
2032 to 2036	2,381	—	2,381
2037 to 2041	2,381	—	2,381
2042 and thereafter	913	—	913
	<b>1,416,051</b>	<b>—</b>	<b>1,416,051</b>

These contractual rights are comprised of \$369.4 million for the Department of Transportation and Infrastructure Renewal for various federal funding programs, including \$100.0 million for the reimbursement of remediation costs associated with the Boat Harbour site in Pictou County as described in Note 9. Other contractual rights include \$224.4 million for Housing Nova Scotia for federal funding initiatives under the National Housing Strategy, \$177.6 million for the Department of Municipal Affairs and Housing for the Federal Gas Tax transfer, \$145.2 million for the Department of Education and Early Childhood Development for Early Learning and Child Care programs and other federal funding programs, and \$125.6 million for the Department of Health and Wellness for various federal funding programs.



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**Province of Nova Scotia**  
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**11. Risk Management and Use of Derivative Financial Instruments**

As a result of borrowing in both Canadian and foreign financial markets and being a party to financial instruments, the Province is exposed to interest rate risk, credit risk, liquidity risk, and foreign exchange risk. The Province employs various risk management strategies and operates within fixed risk exposure limits to ensure exposure to risk is managed in a prudent and cost effective manner. A variety of strategies are used, including the use of derivative financial instruments (derivatives). Derivatives are financial contracts, the value of which is derived from underlying instruments. The Province uses derivatives to hedge and to mitigate foreign exchange risk and interest rate risk. The Province does not use derivatives for speculative purposes.

**Interest rate risk**

Interest rate risk is the risk that debt servicing costs will vary unfavourably due to fluctuations in interest rates. To reduce its exposure to interest rate risk, the Province uses derivatives to manage the fixed and floating interest rate mix of its debt portfolio. Interest rate contracts include swap agreements and options on swaps. These contracts are used to vary the amounts and periods for which interest rates on borrowings are fixed or floating.

As at March 31, 2021, the Province had executed 36 interest rate swap contracts to convert certain interest payments from fixed to floating and from floating to fixed. These swaps have terms remaining of 0.2 years to 14.3 years, a notional principal value of \$1.0 billion, and a mark to market value of -\$7.0 million. A one per cent increase or decrease in interest rates would result in a \$5.9 million increase or decrease in debt servicing costs on floating financial instruments outstanding at the end of the fiscal year.

**Credit risk**

Credit risk is the risk that a counterparty will default on its contractual obligations. The Province manages its credit risk exposure from derivatives by, among other activities, dealing only with high credit quality counterparties and regularly monitoring compliance to credit limits. The Province's policy requires that a minimum credit rating for counterparties to derivative transactions be "A-" with a stable outlook as determined by the major credit rating agencies.

**Liquidity risk**

Liquidity risk is the risk that the Province will not be able to meet its financial commitments over the short term. To reduce liquidity risk, the Province maintains liquid reserves (cash and cash equivalents) at levels that will meet future cash requirements and will give the Province flexibility in the timing of issuing debt. In addition, the Province has a short-term note program, uncommitted bank lines, and discretionary sinking funds as alternative sources of liquidity. This risk is also managed by distributing debt maturities over many years and having up to 50.0 per cent of long-term debt with a maturity of over 15.0 years.

**Foreign exchange risk**

Foreign exchange risk is the risk that the cash flows needed to repay the interest and principal on loans in foreign currencies will vary unfavourably due to fluctuations in foreign exchange rates. To manage this risk, the Province uses derivative contracts to convert foreign currency principal and interest payments into Canadian dollar denominated cash flows. Derivative contracts hedge the underlying debt by matching the critical terms to achieve effectiveness. Foreign exchange contracts include swap agreements that are used to convert the liability for foreign currency borrowing and associated costs into Canadian dollars.

**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**11. Risk Management and Use of Derivative Financial Instruments (continued)**

The Province has currency swap contracts that convert foreign denominated debt into Canadian dollar-denominated debt as follows:

(\$ thousands)

<b>Maturity Date</b>	<b>Original Currency</b>	<b>Original Principal</b>	<b>Current Currency</b>	<b>Current Principal</b>	<b>Mark to Market<sup>1</sup></b>
May 1, 2021	US\$	300,000	CDN\$	312,002	55,299
April 1, 2022	US\$	300,000	CDN\$	379,517	4,265
July 30, 2022	US\$	300,000	CDN\$	329,310	39,037
<b>Total</b>	US\$	<b>900,000</b>	CDN\$	<b>1,020,829</b>	<b>98,601</b>

<sup>1</sup> - Mark to Market is an indication of the swap's market value as at March 31, 2021. It is also the equivalent of the present value of future cash flows based on market conditions at March 31, 2021.

**12. Trust Funds Under Administration**

Trust fund assets solely administered by the Province are as follows:

(\$ thousands)

	<b>2021</b>	<b>2020</b>
Nova Scotia Credit Union Deposit Insurance Corporation <sup>1</sup>	37,182	34,405
Public Trustee <sup>2</sup>	58,677	54,450
Miscellaneous Trusts <sup>3</sup>	34,110	25,984
<b>Total Trust Funds Under Administration</b>	<b>129,969</b>	<b>114,839</b>

<sup>1</sup> - Represents trust with December 31 year-end

<sup>2</sup> - Financial statements of these funds are available in Public Accounts – Volume 2

<sup>3</sup> - Miscellaneous trusts include a large number of relatively small funds

**Other**

The Nova Scotia Teachers' Union and the Province agreed to joint trusteeship of the Teachers' Pension Plan (TPP) effective April 1, 2006. Under joint trusteeship, the trustee of the Plan is the Teachers' Pension Plan Trustee Inc. (TPPTI), of which the Province appoints four of nine members. TPPTI is responsible for the administration of the trust fund and investment management of fund assets. The total net assets available for benefits as at December 31, 2020 were \$5.5 billion (2019 – \$5.4 billion).

Effective April 1, 2013, the Minister of Finance and Treasury Board transferred responsibility of the Public Service Superannuation Plan to a new trustee, Public Service Superannuation Plan Trustee Inc., of which the Province appoints six of 13 members. Due to this transfer and the changes made to the *Public Service Superannuation Act* effective April 1, 2013, the Province no longer has any responsibility for this plan. As at March 31, 2021, the total net assets available for benefits were \$7.2 billion (2020 – \$6.4 billion).

The Nova Scotia Public Service Long Term Disability Plan (LTD Plan) operates as a joint trusteeship between the Province and the Nova Scotia Government and General Employees Union (NSGEU), of which the Province appoints five of 11 trustees. The Trustees are responsible for the administration of the trust fund and investment management of fund assets, and all liability for benefits resides exclusively with the LTD Plan's trust fund. The total net assets available for benefits as of December 31, 2020 were \$174.3 million (2019 – \$166.3 million).



**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**13. Related Party Transactions**

Included in these consolidated financial statements are insignificant transactions with various provincial Crown corporations, agencies, boards, and commissions. Significant related party transactions have been eliminated for purposes of consolidated reporting. Parties are deemed to be related to the General Revenue Fund due to common control or ownership by the Province.

Related parties also include key management personnel having the authority and responsibility for planning, directing, and controlling the activities of the Province, their close family members, and any entities closely affiliated with these individuals. Key management personnel for the Province have been identified as the Premier, Cabinet Ministers, other MLAs appointed to Treasury and Policy Board, Deputy Ministers, Associate Deputy Ministers, and the senior leaders and Board members of the Province's controlled entities. The Province may enter into transactions with these individuals and entities in the normal course of business measured at the exchange amount.

For the year ended March 31, 2021, there were no transactions to report between the Province and key management personnel, their close family members, or any entities affiliated with them at a price different than fair market value or under terms different than what two unrelated parties would agree to.

The most significant unadjusted related party transactions are described in more detail in Schedule 6 – Government Business Enterprises.

**14. Contributed Services**

Volunteers contribute a significant amount of their time each year to support the delivery of certain programs and services within the health and education sectors. The fair value of these contributed services is not readily determinable and, as such, they are not recognized in these consolidated financial statements.

**15. Impact of COVID-19 Pandemic**

As a result of the COVID-19 outbreak that was declared a pandemic on March 11, 2020, the Province has been operating under a provincial state of emergency through the release of these Public Accounts. Throughout the year, varying degrees of restrictions were in place, which were reflective of the public health conditions being experienced by the Province.

Operational Impact

The Province experienced considerable operational impacts due to COVID-19 including delays and deferrals in most non-urgent health care services and surgeries, clinic closures, and changes in employee absenteeism. Nova Scotia Health Authority (NSHA) and IWK Health Centre established COVID-19 assessment centers across the province, increasing virtual care, further enhancing lab testing capacities, ensuring personal protective equipment (PPE) supply was sufficient to meet demand, and coordinating vaccination clinics throughout the province. Mandatory screening protocols and visitor restrictions were also put into place across the province.

In addition, the Province developed the Back-to-School plan for the 2020-21 pre-primary to grade 12 school year, and students returned to in-class instruction in September 2020 under various protocols, including the extensive use of PPE by staff and students, and enhanced cleaning and ventilation checks. Subsequent to year-end, effective April 28, 2021, all schools in the province were temporarily closed and students moved to at-home virtual learning. The temporary closure ended on June 2, 2021, and students returned to in-class instruction for the remainder of the 2020-21 school year.

**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

**15. Impact of COVID-19 Pandemic (continued)**

Government business enterprises were also significantly impacted. Nova Scotia Gaming Corporation (NSGC) ceased video lottery operations and closed its casinos on March 15, 2020. Video lottery operations began a gradual reopening June 6, 2020 and casinos reopened on October 5, 2020. Intermittent regional and provincial disruptions continued to significantly impact NSGC's financial performance during the year. The Nova Scotia Liquor Corporation experienced significant change in its operations, with reduced sales to restaurants and bars; however, sales to individuals outperformed budgeted estimates. Individuals made fewer visits to NSLC stores, but the average purchase was of higher value. Reduced travel also impacted toll revenue of both Highway 104 Western Alignment Corporation and Halifax-Dartmouth Bridge Commission resulting in decreased net income for both organizations.

Financial Impact

COVID-19 has caused significant volatility and thus increased measurement uncertainty related to the impacts of the virus. The effects of this pandemic will continue into the foreseeable future, and the Province continues to assess and monitor the effects on its financial condition. These consolidated financial statements include the financial impact of COVID-19 on the Province's revenues, expenses, and tangible capital assets, summarized as follows:

(\$ thousands)

**Revenue by Federal Initiative**

Federal-Provincial Safe Restart Agreement	289,526
Essential Health Care Workers Program	80,737
Federal Safe Return to Class Funding for Primary-12	47,880
Workforce Development Agreement – Recovery Efforts	25,713
Contributions of Personal Protective Equipment	18,362

**Total COVID-19 Related Federal Revenue**

**462,218**

**Gross Expenses by Department**

Health and Wellness	391,747
Municipal Affairs and Housing	77,548
Education and Early Childhood Development	67,400
Community Services	55,531
Labour and Advanced Education & Assistance to Universities	51,544
Other Departments	53,961

**Total COVID-19 Related Gross Expenses**

**697,731**

**Total COVID-19 Related Tangible Capital Asset Spending**

**242,020**

Inventory of Vaccines, Vaccination Supplies, and Personal Protective Equipment (PPE)

The Province received COVID-19 vaccines at no cost from the federal government in support of the vaccination roll-out plans. Due to confidentiality clauses embedded in contracts between the federal government and the various COVID-19 vaccine manufacturers, the federal government was not in a position to share information related to the price per dose of vaccines. Therefore, COVID-19 vaccines received from the federal government at no cost have not been reflected in these consolidated financial statements due to the difficulty in determining fair value. During the year, the Province received 186 thousand COVID-19 vaccines and held 70.2 thousand in inventory at March 31, 2021.

Certain vaccination supplies and PPE that were received from the federal government at no cost have been estimated and reflected in these consolidated financial statements using the average costs for similar materials. The recorded value of these vaccination supplies and PPE is \$18.4 million.





**Province of Nova Scotia**  
**Notes to the Consolidated Financial Statements**  
**As at March 31, 2021**

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**16. Subsequent Events**

**41st Provincial General Election**

On July 17th, 2021, the Nova Scotia legislature was dissolved, and a general provincial election was called. The 41st provincial general election was held on Tuesday, August 17th, 2021. Members of the 64th Legislative Assembly of Nova Scotia were sworn in on Monday, August 30th, 2021. The Province's new Executive Council was sworn in Tuesday, August 31st, 2021 forming a new majority government lead by the Progressive Conservative Party of Nova Scotia.

**Federal-Provincial Agreement on Childcare**

In July 2021, the Province entered into a \$605.0 million funding agreement on childcare with the federal government. Federal funding will be provided over five years through the Canada-Nova Scotia Canada-Wide Early Learning and Child Care Agreements. The funding is contingent on the Province delivering on commitments consistent with the principles of the multilateral framework, such as to reduce fees for early learning and increase the number of childcare spaces.

**Nova Scotia Innovation Corporation Gain**

In July 2021, Nova Scotia Innovation Corporation realized a \$101.0 million gain on the disposition of an investment.

**Nova Scotia Health Authority Board Dissolved**

On September 1, 2021, the Board of the Nova Scotia Health Authority (NSHA) was dissolved. NSHA is now led by a team of four – two representatives of NSHA and two representatives from the Province. The two representatives from NSHA are the Chief Executive Officer (CEO) and the Administrator. Representing the Province are the Deputy Minister of Health and Wellness and the CEO of the Office of Health Care Professionals Recruitment.

**17. Comparative Figures**

Certain of the prior year's figures have been reclassified to conform to the presentation format adopted in the current year.

## Schedules to the Consolidated Financial Statements

### Schedule 1

#### Province of Nova Scotia

#### Revenue

**For the fiscal year ended March 31, 2021**

(\$ thousands)

	2021	2020
<b>Provincial Sources</b>		
Tax Revenue		
Personal Income Tax *	2,882,460	2,977,896
Corporate Income Tax *	315,907	475,625
Harmonized Sales Tax *	1,836,893	2,044,712
Tobacco Tax	208,002	183,035
Motive Fuel Tax	223,787	266,539
Cannabis and Vaping Product Tax	9,241	7,341
Other Tax Revenue *	188,241	208,047
	5,664,531	6,163,195
Other Provincial Revenue		
Recoveries	416,687	443,828
Other Revenue of Governmental Units	411,709	471,217
Municipal Contributions to Regional Centres for Education	282,826	274,639
Petroleum Royalties *	38,794	7,813
Offshore License Forfeitures	2,000	1,000
Registry of Motor Vehicles	137,128	135,023
Other Government Charges	50,261	65,641
Miscellaneous	145,896	151,598
Net Gain on Disposal of Crown Assets	—	1,355
	1,485,301	1,552,114
Net Income from Government Business Enterprises (Schedule 6)	384,261	388,621
Investment Income		
Interest Revenue	88,705	114,812
Sinking Fund and Public Debt Management Fund Earnings	57,802	93,670
	146,507	208,482
<b>Total Provincial Sources</b>	7,680,600	8,312,412
<b>Federal Sources</b>		
Equalization Payments	2,145,883	2,009,037
Canada Health Transfer *	1,076,551	1,043,003
Canada Social Transfer *	386,271	376,810
Recoveries	341,466	341,862
Offshore Accord	—	8,227
TCA Cost Shared Revenue	85,421	35,112
Crown Share	(994)	4,340
Other Federal Transfers	570,669	153,040
<b>Total Federal Sources</b>	4,605,267	3,971,431
<b>Total Revenue</b>	12,285,867	12,283,843

\* See Note 5 for details of Prior Years' Adjustments



**Schedule 2**

**Province of Nova Scotia**  
**Expenses**  
**For the fiscal year ended March 31, 2021**  
*(\$ thousands)*

	2021	2020
<b>Agriculture</b>		
Department of Agriculture	34,175	41,060
Nova Scotia Crop and Livestock Insurance Commission	2,859	7,307
Nova Scotia Harness Racing Fund	1,014	1,012
Perennia Food & Agriculture Incorporated	16,138	8,663
	54,186	58,042
<b>Business</b>		
Department of Business	42,391	103,204
Develop Nova Scotia	10,704	11,841
Nova Scotia Business Inc.	70,912	60,541
Nova Scotia Innovation Corporation	10,800	13,523
Nova Scotia Strategic Opportunities Fund Incorporated	3	11
Tourism Nova Scotia	29,238	22,270
	164,048	211,390
<b>Communities, Culture and Heritage</b>		
Department of Communities, Culture and Heritage	112,968	98,963
Art Gallery of Nova Scotia	3,810	4,050
Gaels Forward Fund	14	10
Public Archives of Nova Scotia	138	178
Schooner Bluenose Foundation	20	15
Sherbrooke Restoration Commission	2,868	2,322
Vive l'Acadie Community Fund	41	40
	119,859	105,578
<b>Community Services</b>		
Department of Community Services	1,016,984	994,833
<b>Education and Early Childhood Development</b>		
Department of Education and Early Childhood Development	198,187	232,372
Annapolis Valley Regional Centre for Education	172,517	163,855
Cape Breton-Victoria Regional Centre for Education	177,344	174,114
Chignecto Central Regional Centre for Education	253,173	246,606
Conseil scolaire acadien provincial	101,625	96,078
Halifax Regional Centre for Education	647,561	608,565
Nova Scotia Education Common Services Bureau	261	669
Nova Scotia School Insurance Program	6,994	4,965
South Shore Regional Centre for Education	95,028	93,256
Strait Regional Centre for Education	99,605	100,336
Tri-County Regional Centre for Education	92,171	90,066
	1,844,466	1,810,882

## Schedules to the Consolidated Financial Statements

### Schedule 2

#### Province of Nova Scotia

#### Expenses (continued)

For the fiscal year ended March 31, 2021

(\$ thousands)

	2021	2020
<b>Energy and Mines</b>		
Department of Energy and Mines	60,639	34,052
Acadia Coal Company Limited Fund	—	1
Crown Land Mine Remediation Fund	57	54
Nova Scotia Market Development Initiative Fund	25	—
Pengrowth Nova Scotia Energy Scholarship Fund	—	135
	60,721	34,242
<b>Environment</b>		
Department of Environment	44,737	40,992
Green Fund	28,759	—
Resource Recovery Fund Board Inc.	59,806	58,040
	133,302	99,032
<b>Finance and Treasury Board</b>		
Department of Finance and Treasury Board	23,456	122,093
<b>Fisheries and Aquaculture</b>		
Department of Fisheries and Aquaculture	14,674	21,466
Nova Scotia Sportfish Habitat Fund	289	331
	14,963	21,797
<b>Health and Wellness</b>		
Department of Health and Wellness	2,467,749	2,220,636
Gambling Awareness Foundation of Nova Scotia	217	547
Izaak Walton Killam Health Centre	287,738	280,545
Nova Scotia Health Authority	2,490,024	2,369,120
	5,245,728	4,870,848
<b>Justice</b>		
Department of Justice	360,527	337,653
Nova Scotia Legal Aid Commission	28,730	28,217
	389,257	365,870
<b>Labour and Advanced Education</b>		
Department of Labour and Advanced Education	249,027	233,831
Nova Scotia Community College	226,274	235,138
Occupational Health and Safety Trust Fund	70	20
	475,371	468,989
<b>Assistance to Universities</b>	475,447	447,789



**Schedule 2**

**Province of Nova Scotia**  
**Expenses (continued)**  
**For the fiscal year ended March 31, 2021**  
(\$ thousands)

	2021	2020
<b>Lands and Forestry</b>		
Department of Lands and Forestry	105,223	79,661
Crown Land Silviculture Fund	625	1,684
Habitat Conservation Fund	73	187
Off-highway Vehicle Infrastructure Fund	1,473	1,652
Species-at-risk Conservation Fund	234	289
	107,628	83,473
<b>Municipal Affairs and Housing</b>		
Department of Municipal Affairs and Housing	265,823	266,992
Housing Nova Scotia	200,096	173,530
Nova Scotia E911 Cost Recovery Fund	5,835	5,296
Nova Scotia Municipal Finance Corporation	506	701
	472,260	446,519
<b>Public Service</b>		
Public Service Units	132,304	128,751
Mi'kmaw Youth Fund	28	22
Nova Scotia Utility and Review Board	9,664	9,357
	141,996	138,130
<b>Seniors</b>		
Department of Seniors	2,575	2,716
<b>Service Nova Scotia and Internal Services</b>		
Department of Service Nova Scotia and Internal Services	299,546	295,110
<b>Transportation and Infrastructure Renewal</b>		
Department of Transportation and Infrastructure Renewal	564,531	581,585
Harbourside Commercial Park Inc.	901	611
Nova Scotia Lands Inc.	15,504	9,209
Sydney Steel Corporation	—	3
	580,936	591,408
<b>Restructuring Costs</b>	81,455	170,662
<b>Pension Valuation Adjustment</b>	61,066	50,439
<b>Refundable Tax Credits</b>	123,842	64,391
<b>Net Loss on Disposal of Crown Assets</b>	4,218	—

## Schedules to the Consolidated Financial Statements

### Schedule 2

#### Province of Nova Scotia

#### Expenses (continued)

For the fiscal year ended March 31, 2021

(\$ thousands)

	2021	2020
<b>Debt Servicing Costs</b>		
General Revenue Fund	708,109	800,307
Annapolis Valley Regional Centre for Education	362	381
Cape Breton-Victoria Regional Centre for Education	360	388
Chignecto Central Regional Centre for Education	574	602
Conseil scolaire acadien provincial	191	195
Develop Nova Scotia	9	67
Halifax Regional Centre for Education	1,472	1,531
Housing Nova Scotia	10,534	10,653
Izaak Walton Killam Health Centre	815	856
Nova Scotia Community College	3,026	2,893
Nova Scotia Health Authority	7,818	8,161
Nova Scotia Innovation Corporation	50	52
Nova Scotia Legal Aid Commission	382	334
Nova Scotia Municipal Finance Corporation	125	140
Nova Scotia Strategic Opportunities Fund Incorporated	17	86
Nova Scotia Utility and Review Board	24	23
Resource Recovery Fund Board Inc.	13	13
Sherbrooke Restoration Commission	5	10
South Shore Regional Centre for Education	(58)	164
Strait Regional Centre for Education	213	257
Tourism Nova Scotia	40	39
Tri-County Regional Centre for Education	71	171
	734,152	827,323
<b>Total Expenses</b>	12,627,462	12,281,556



Schedule 3

**Province of Nova Scotia**  
**Loans and Investments**  
**As at March 31, 2021**  
(\$ thousands)

	<b>Loans</b>	<b>Provisions</b>	<b>Net 2021</b>	<b>Net 2020</b>
<b>Loans Receivable</b>				
Agriculture and Rural Credit Act	179,750	15,065	164,685	159,645
Fisheries Development Act	231,471	2,055	229,416	193,511
Halifax-Dartmouth Bridge Commission	151,000	—	151,000	156,000
Harbourside Commercial Park Inc.	922	—	922	1,121
Housing Nova Scotia	503,215	5,110	498,105	509,229
Labour and Advanced Education – Student Loans Direct Lending	229,620	92,100	137,520	139,315
Nova Scotia Business Inc.	20,583	10,756	9,827	11,229
Nova Scotia Innovation Corporation	2,153	121	2,032	2,263
Nova Scotia Jobs Fund	407,200	111,834	295,366	304,808
Nova Scotia Municipal Finance Corporation	749,210	—	749,210	770,183
Other	1,867	1,620	247	125
<b>Total Loans Receivable</b>	<b>2,476,991</b>	<b>238,661</b>	<b>2,238,330</b>	<b>2,247,429</b>
	<b>Investments</b>	<b>Provisions</b>	<b>Net 2021</b>	<b>Net 2020</b>
<b>Investments</b>				
Art Gallery of Nova Scotia	4,099	—	4,099	4,019
Gambling Awareness Foundation of Nova Scotia	—	—	—	4,184
Nova Scotia Business Inc.	18,362	18,362	—	350
Nova Scotia Community College	19,339	—	19,339	38,710
Nova Scotia Health Authority	50,312	—	50,312	49,326
Nova Scotia Innovation Corporation	60,658	—	60,658	46,763
Nova Scotia Jobs Fund	3,271	1,771	1,500	1,950
Nova Scotia School Insurance Program	6,687	—	6,687	8,319
Perennia Food & Agriculture Incorporated	4,808	—	4,808	6,338
Public Archives of Nova Scotia	2,177	—	2,177	2,219
Resource Recovery Fund Board Inc.	8,435	—	8,435	4,009
<b>Total Investments</b>	<b>178,148</b>	<b>20,133</b>	<b>158,015</b>	<b>166,187</b>

The provisions listed above include \$7.5 million (2020 – \$7.5 million) for possible guarantee payouts from the *Nova Scotia Jobs Fund Act*. Other provisions include \$7.4 million (2020 – \$7.5 million) for the Debt Reduction Assistance Program related to the student loans portfolio of the Department of Labour and Advanced Education, of which \$0.1 million (2020 – \$0.1 million) relates to the student loans guaranteed by the Province.

Maturity dates for loans range from calendar year 2021 to 2050, with some loans having no set maturity date. Interest rates for loans range from 0.0 to 10.0 per cent, with some loans having variable interest rates. Most investments have no set maturity dates or interest rates.

The security on loans can include life insurance, company assets, personal guarantees, or the value of the parent company, if applicable. Security can range from an unsecured position to a fully secured position.

## Schedule 4

## Province of Nova Scotia

## Unmatured Debt

As at March 31, 2021

(\$ thousands)

			2021	2020
	Gross Unmatured Debt	Sinking Funds and Defeasance Assets	Net Unmatured Debt	Net Unmatured Debt
General Revenue Fund	16,791,548	2,099,798	14,691,750	13,556,935
Develop Nova Scotia	4,335	—	4,335	500
Housing Nova Scotia	110,811	—	110,811	119,001
Nova Scotia Municipal Finance Corporation	5,933	—	5,933	6,727
Nova Scotia Power Finance Corporation	577,250	577,250	—	—
<b>Total Unmatured Debt</b>	<b>17,489,877</b>	<b>2,677,048</b>	<b>14,812,829</b>	<b>13,683,163</b>

**Gross Unmatured Debt**

All debt is presented in Canadian dollar equivalents using the exchange rates established by the terms of the currency swap contracts itemized in Note 11.

Gross Unmatured Debt consists of the outstanding current and long-term debt of the Province's General Revenue Fund and governmental units. Current and long-term debt of the government business enterprises is reflected as part of Investment in Government Business Enterprises on the Statement of Financial Position and further detailed in Schedule 6.

**Sinking Fund Assets**

As at March 31, 2021, the General Revenue Fund held Sinking Funds and Public Debt Management Funds of \$2,099.8 million (2020 – \$2,024.1 million). These funds were comprised of \$1,156.0 million in Sinking Funds and \$943.8 million in Public Debt Management Funds. The total market value of both funds was \$2,146.7 million at year-end. During the year, sinking fund contributions were \$17.9 million, total earnings were \$57.8 million, and there were no redemptions.

Sinking fund assets are recorded at cost, which include premiums and discounts associated with the purchase of these investments. These premiums and discounts are amortized on a straight-line basis over the term of the related investment. The net unamortized portion of the premiums and discounts relating to sinking fund assets as at March 31, 2021 was \$17.4 million (2020 – \$2.3 million) and is included as part of the value of the sinking funds.

Sinking fund assets consist primarily of debentures of the provincial governments and Government of Canada with fixed interest rates ranging from 0.95 to 9.6 per cent. Sinking fund payments normally commence on the first anniversary date of the issue of the debenture and are designed to retire the debt over the relevant period to maturity. At March 31, 2021, the Province held a carrying value of \$280.7 million (2020 – \$280.7 million) of its own debentures in sinking funds as active investments.

As per the Nova Scotia Power Corporation Privatization Agreement, Nova Scotia Power Finance Corporation provides for defeasance of its debt. The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other provincial governments and utilities, and Federal US bonds, coupons, and residuals. This debt is reported net of defeasance assets.





**Province of Nova Scotia**  
**Unmatured Debt (continued)**  
**As at March 31, 2021**  
(\$ thousands)

**Debt Repayments**

Projected net principal debt repayments, capital lease payments, payments related to Public-Private Partnership (P3) arrangements, and sinking fund requirements for the next five years and thereafter are as follows:

	<b>Net Principal Repayments</b>	<b>Capital Lease Payments</b>	<b>P3 Payments</b>	<b>Sinking Fund Payments</b>	<b>Total Payments</b>
2022	1,215,931	7,582	—	10,017	1,233,530
2023	1,042,803	5,411	—	—	1,048,214
2024	858,096	5,833	65,282	—	929,211
2025	865,316	5,986	2,002	—	873,304
2026	844,710	6,173	2,081	—	852,964
2027 & thereafter	9,718,319	98,352	58,935	—	9,875,606
	<b>14,545,175</b>	<b>129,337</b>	<b>128,300</b>	<b>10,017</b>	<b>14,812,829</b>

Net principal repayments are comprised of the principal amounts due on loans, debentures, and long-term debt related to leased capital assets and assets acquired under P3 arrangements, less available sinking funds designated to retire the debentures. Net principal repayments for P3 arrangements include payments at substantial completion of approximately 50.0 per cent of costs incurred during construction.

In addition, the Province has approximately \$943.8 million (2020 – \$930.1 million) in unrestricted sinking funds held in the Public Debt Management Fund. While these funds are not restricted by debt covenants, they are bound by legislation under the *Finance Act* to be used to pay or retire debentures, securities, or other debt instruments of the Province. The use of these funds is evaluated each year based on a detailed analysis of cash requirements and market conditions. These unrestricted sinking funds consist of cash and cash equivalents, primarily of Canadian financial institution bankers' acceptances, provincial commercial paper, and longer term investments of fixed and/or floating federal, federal agency, and provincial term credits.

The term to maturity of these unrestricted sinking funds are summarized as follows:

	<b>2021</b>	<b>2020</b>
<b>Term to Maturity</b>		
Cash and Cash Equivalents	154,886	277,789
1 to 3 years	529,264	554,423
3 to 5 years	259,630	97,844
<b>Public Debt Management Funds</b>	<b>943,780</b>	<b>930,056</b>

## Schedule 5

## Province of Nova Scotia

## Gross Unmatured Debt

As at March 31, 2021

(\$ thousands)

	Foreign Exchange Rate	CDN \$ Amount	Maturity Dates	Interest Rates
<b>Debentures</b>				
General Revenue Fund (CDN\$)		16,512,179	2021 to 2062	1.00% to 9.60%
General Revenue Fund (US\$)	0.795	—	2021 to 2022	8.25% to 9.13%
Nova Scotia Municipal Finance Corporation		5,933	2021 to 2032	1.75% to 2.25%
Nova Scotia Power Finance Corporation (CDN\$)		200,000	2031	11.00%
Nova Scotia Power Finance Corporation (US\$)	0.795	377,250	2021	9.40%
<b>Total Debentures</b>		<b>17,095,362</b>		
<b>Loans</b>				
General Revenue Fund – Other Debt		21,732	2022	0.39% to 2.31%
Develop Nova Scotia		4,335	Demand loan	—
Housing Nova Scotia		110,811	2021 to 2048	1.00% to 6.50%
<b>Total Loans</b>		<b>136,878</b>		
<b>Capital Leases and P3 Arrangements</b>				
General Revenue Fund – Capital Leases		129,337	2021 to 2043	6.36% to 7.25%
General Revenue Fund – P3 Arrangements		128,300	2043 to 2053	3.62% to 3.95%
<b>Total Capital Leases and P3 Arrangements</b>		<b>257,637</b>		
<b>Gross Unmatured Debt</b>		<b>17,489,877</b>		

## Call, Redemption and Other Features

## General Revenue Fund

Canadian debentures include \$900.1 million in Canada Pension Plan (CPP) debentures, which are redeemable in whole or in part before maturity, on six months' notice, at the option of the Minister of Finance of Canada. All debt is presented in Canadian dollar equivalents using the exchange rates established by the terms of the currency swap contracts itemized in Note 11.

Long-term debt obligations arising from P3 arrangements are recognized as unmatured debt as the underlying tangible capital assets are constructed. At substantial completion, which is estimated in 2023-24, the Province will repay approximately 50.0 per cent of the costs incurred during construction, with the remaining balance to be repaid over the term of the contracts.

The interest rates shown for the Canadian and US debentures reflect the fixed interest rates only. There are debentures that have floating interest rates. Floating interest rates are adjusted on a quarterly basis.

## Housing Nova Scotia

Notes payable are secured by investments in social housing.



Schedule 6

**Province of Nova Scotia**  
**Government Business Enterprises**  
**As at March 31, 2021**  
(\$ thousands)

					2021	2020
	Halifax- Highway 104 Dartmouth Bridge Commission	Western Alignment Corporation	Nova Scotia Gaming Corporation	Nova Scotia Liquor Corporation	Total	Total
Cash	12,609	727	21,281	31,326	65,943	65,021
Accounts Receivable	173	1,015	88,246	3,729	93,163	90,543
Inventory	38	17	3,186	69,097	72,338	67,588
Investments	15,069	88,732	14,775	—	118,576	121,280
Tangible Capital Assets	271,279	21,731	59,624	89,305	441,939	457,577
Other Assets	319	600	5,958	12,155	19,032	17,256
<b>Total Assets</b>	<b>299,487</b>	<b>112,822</b>	<b>193,070</b>	<b>205,612</b>	<b>810,991</b>	<b>819,265</b>
Accounts Payable	4,746	1,938	138,778	59,449	204,911	202,257
Unmatured Debt	151,000	24,556	17,637	36,446	229,639	242,607
Other Liabilities	4,144	3,626	8,222	30,956	46,948	44,936
<b>Total Liabilities</b>	<b>159,890</b>	<b>30,120</b>	<b>164,637</b>	<b>126,851</b>	<b>481,498</b>	<b>489,800</b>
<b>Equity</b>	<b>139,597</b>	<b>82,702</b>	<b>28,433</b>	<b>78,761</b>	<b>329,493</b>	<b>329,465</b>
<b>Total Liabilities and Equity</b>	<b>299,487</b>	<b>112,822</b>	<b>193,070</b>	<b>205,612</b>	<b>810,991</b>	<b>819,265</b>
<b>Total Revenue</b>	<b>25,968</b>	<b>18,549</b>	<b>227,879</b>	<b>797,944</b>	<b>1,070,340</b>	<b>1,103,966</b>
Debt Servicing Costs	4,187	2,730	597	1,889	9,403	10,443
Other Expenses	21,048	9,751	124,304	521,573	676,676	704,902
<b>Total Expenses</b>	<b>25,235</b>	<b>12,481</b>	<b>124,901</b>	<b>523,462</b>	<b>686,079</b>	<b>715,345</b>
<b>Net Income</b>	<b>733</b>	<b>6,068</b>	<b>102,978</b>	<b>274,482</b>	<b>384,261</b>	<b>388,621</b>

## Schedule 6

**Province of Nova Scotia****Government Business Enterprises (continued)****As at March 31, 2021****Halifax-Dartmouth Bridge Commission**

The Halifax-Dartmouth Bridge Commission (HDBC), operating as Halifax Harbour Bridges, was created in 1950 by a special statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act*). The purpose of HDBC is to construct, maintain, and operate bridges and their necessary approaches across the Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

HDBC currently operates and maintains two toll bridges across the Halifax Harbour: the Angus L. Macdonald Bridge and A. Murray MacKay Bridge. In accordance with the *Halifax-Dartmouth Bridge Commission Act*, the Nova Scotia Utility and Review Board, a provincially controlled public sector entity, regulates toll rates charged for the use of the two bridges operated by HDBC.

**Long-Term Loan Agreements with the Province***2015 Loan Agreement*

On February 6, 2015, HDBC entered into a long-term unsecured loan agreement with the Province for \$160.0 million in relation to the capital project to replace the suspended span of the Angus L. Macdonald Bridge (the Big Lift project). This loan is to be repaid over twenty years starting June 1, 2019 with annual principal repayments of between \$4.0 million and \$10.0 million. As at March 31, 2021, HDBC had a balance of \$151.0 million (2020 – \$156.0 million) repayable on the loan, of which \$6.0 million is due within a year.

Interest is paid semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup> of each year. The average interest rate over the life of the loan is 2.8 per cent. For the year ending March 31, 2021, interest on the loan was \$4.2 million (2020 – \$4.3 million), of which \$1.4 million (2020 – \$1.4 million) was payable at year-end.

*Restricted Reserve Funds*

The 2015 Loan Agreement requires that HDBC maintain three reserve funds: Operating, Maintenance & Administrative (OM) Fund, Debt Service Fund, and Capital Fund. At year-end, restricted assets for these funds totaled \$15.1 million (2020 – \$15.4 million). These restricted assets were invested in GICs and term deposits with rates between 0.70 and 0.89 per cent. Interest income on restricted assets for the year totaled \$0.2 million (2020 – \$0.5 million).

**Line of Credit Agreement with the Province**

A \$60.0 million revolving, unsecured line of credit with the Province issued June 30, 2008, matured on December 5, 2019. Subsequently on April 6, 2020, HDBC entered into a new agreement with the Province for a \$60.0 million revolving, unsecured line of credit that matures on March 31, 2025. Interest is charged on outstanding balances at a rate equal to the arithmetical average of the discount rates on Canadian Dealer Offered Rate (CDOR) banker's acceptances applicable on the date of the requested advance payable at maturity.

At March 31, 2021, HDBC had no advances outstanding against the line of credit (2020 – \$nil) and no draws or accrued interest for the year (2020 – \$nil).



**Province of Nova Scotia**  
**Government Business Enterprises (*continued*)**  
**As at March 31, 2021**

**Highway 104 Western Alignment Corporation**

The Highway 104 Western Alignment Corporation (H104) was established for the purpose of financing, designing, constructing, operating, and maintaining a 45 km stretch of highway (referred to as the Cobequid Pass) between Masstown and Thomson Station in the counties of Colchester and Cumberland, Nova Scotia. The *Highway 104 Western Alignment Corporation Act*, which authorizes the collection of tolls, states that toll collection will cease upon complete payment of all costs and liabilities relating to H104. This includes financing, design, construction, operation and maintenance, and any repair, improvement, alteration, or extension. The forecasted repayment date of all costs and liabilities relating to H104 is in 2026.

**Related Party Transactions**

H104 had a receivable from the Province in the amount of \$0.6 million (2020 – \$0.7 million) at year-end. Government grants cover certain expenses incurred and costs of assets. They are recognized initially as deferred revenue at fair value when there is reasonable assurance that they will be received and H104 will comply with the conditions associated with them. Grants to cover expenses incurred are recognized in profit or loss on a systematic basis in the same periods in which the expenses are recognized. Grants to cover the cost of an asset are deferred and amortized to operations over the expected project life or useful life of the asset using the straight-line method.

Transactions with various Crown corporations, ministries, agencies, boards, and commissions related to H104 by virtue of common control by the Province are included in the financial statements of H104 and are routine operating transactions carried out as part of H104's normal day-to-day operations. These transactions are individually insignificant, and collectively, include maintenance services of \$1.4 million (2020 – \$1.3 million), enforcement costs of \$60.0 thousand (2020 – \$60.0 thousand), and purchases of inventory of \$nil (2020 – \$8.1 thousand) and property, plant and equipment of \$48.7 thousand (2020 – \$46.6 thousand).

**Omnibus Agreement**

The Omnibus Agreement, dated April 1, 1996, is an agreement between H104, the Contractor, the Operator, and the Province to design, finance, construct, operate, and maintain the Highway 104 Western Alignment. Under this agreement, the Province retains ownership of the highway. However, H104 is granted the right to operate the highway and collect tolls for a 30-year period, after which time the right will revert to the Province. Overall, the Province has contributed \$27.5 million to this project.

Restricted reserve accounts for capital, major maintenance, and debt service have been established in accordance with the Omnibus Agreement. At March 31, 2021, restricted assets totaled \$88.7 million (2020 – \$84.2 million) and were comprised of investments recorded at amortized cost and included accrued interest of \$57.6 thousand (2020 – \$0.4 million), a weighted-average term of 4.6 (2020 – 4.3) months to maturity, and a weighted-average interest rate of 0.2 per cent (2020 – 1.5 per cent).

## Schedule 6

**Province of Nova Scotia****Government Business Enterprises (continued)****As at March 31, 2021****Highway 104 Western Alignment Corporation (continued)****Annual Roadway Maintenance Agreement**

The annual roadway maintenance agreement is a 30-year agreement between H104 and the Department of Transportation and Infrastructure Renewal for the provision of annual roadway maintenance services and is renewed annually. The annual fee was \$1.4 million for the current fiscal year (2020 – \$1.3 million). During the year, H104 also incurred management fees of \$48.7 thousand (2020 – \$42.8 thousand) to the Province.

**Long-Term Debt**

Long-term debt is comprised of senior toll revenue bonds bearing interest of 10.13 per cent per year, compounded semi-annually, and maturing March 31, 2026. The bonds are payable in equal installments of interest and principal. At year-end, H104 had \$20.6 million (2020 – \$24.6 million) of long-term debt and \$4.0 million (2020 – \$3.6 million) of debt maturing within one year. Interest expense on the long-term debt was \$2.7 million (2020 – \$3.1 million) for the year.

Minimum principal repayments for the next five years are as follows:

2022 – \$4.0 million
2023 – \$4.4 million
2024 – \$4.9 million
2025 – \$5.4 million
2026 – \$5.9 million

Long-term debt is secured by a first charge and security interest over all the present and future property and assets, including but not limited to, cash and securities held in trust, rights under all material contracts, and all accounts receivable and interest.

**Nova Scotia Gaming Corporation**

The Nova Scotia Gaming Corporation (NSGC) was incorporated on February 15, 1995 by Chapter 4 of the Acts of 1994-95, the *Gaming Control Act*. The *Gaming Control Act* was amended November 13, 2012, whereby the name of NSGC was changed to Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC). Effective April 18, 2018, the name of the Corporation was changed back to the Nova Scotia Gaming Corporation. The principal activities of NSGC are to develop, undertake, organize, conduct, and manage casinos and other lottery business on behalf of the Province of Nova Scotia. Revenues of NSGC are derived from two casinos, located in Halifax and Sydney, as well as ticket and video lottery sales.

**Payable to the Province**

NSGC had a payable to the Province in the amount of \$121.9 million (2020 – \$116.0 million) at year-end. In addition to the net income of \$103.0 million (2020 – \$121.2 million), NSGC is required to pay to the Province 20.0 per cent of casino gaming revenue, otherwise known as win tax. This amounted to \$3.4 million in the current year (2020 – \$15.3 million).

**Province of Nova Scotia  
Government Business Enterprises (continued)  
As at March 31, 2021****Nova Scotia Gaming Corporation (continued)****Special Payments to Government Departments**

NSGC is obligated to make direct payments annually to two provincial government departments: Department of Communities, Culture and Heritage (in support of the Cultural Federation of Nova Scotia and Sport Nova Scotia) and Department of Agriculture (in support of the Exhibition Association of Nova Scotia). In 2021, these payments totaled \$0.2 million (2020 – \$0.2 million).

As part of its 2005 and 2011 Gaming Strategies, the Province approved contributions of \$3.0 million to the Department of Health and Wellness in 2021 (2020 – \$3.0 million) to fund problem gambling treatment and \$0.5 million (2020 – \$0.5 million) to fund youth gambling prevention.

**Contribution to Nova Scotia Harness Racing Fund**

NSGC annually contributes to the Nova Scotia Harness Racing Fund, pursuant to the *Nova Scotia Harness Racing Fund Regulations*. These contributions go towards supporting the harness racing industry in Nova Scotia. In 2021, the contribution was \$1.0 million (2020 – \$1.0 million).

**Due to Atlantic Gaming Equipment Limited**

As at March 31, 2021, the amount due to Atlantic Gaming Equipment Limited was \$15.3 million (2020 – \$19.4 million), of which \$4.3 million (2020 – \$5.5 million) was classified as current. This liability represents a portion of Atlantic Lottery Corporation Inc.'s (ALC) debt used in the acquisition of property, plant and equipment operated on behalf of NSGC. The amount owing has no fixed terms of repayment, is non-interest bearing, and is due on demand if NSGC withdraws from the ALC Unanimous Shareholders Agreement.

**Disputed HST Assessments**

Included in accounts receivable at March 31, 2021 is \$82.3 million (2020 – \$77.3 million) that was paid to Canada Revenue Agency (CRA) for an assessment of HST in respect to the operation of certain video lottery terminals sited on First Nation reserves in the province of Nova Scotia. NSGC continues to remit amounts to CRA, on a without prejudice basis, solely to avoid the accumulation of interest and penalties. NSGC is contesting this matter with CRA and on November 14, 2016, through ALC, filed an appeal with the Tax Court. The outcome of the appeal is undeterminable at this time. The amount paid to CRA has been classified as a non-current asset in NSGC's financial statements due to the uncertainty of when NSGC expects the dispute to be resolved.

**Other Comprehensive Income**

During the year, NSGC reported \$7.4 million in other comprehensive income (OCI) related to its share of Atlantic Lottery Corporation's OCI (2020 – \$3.9 million). As at March 31, 2021, accumulated OCI was \$14.8 million (2020 – \$7.3 million).

## Schedule 6

**Province of Nova Scotia****Government Business Enterprises (continued)****As at March 31, 2021****Nova Scotia Liquor Corporation**

The Nova Scotia Liquor Corporation (NSLC) was created June 1, 2001, by Chapter 4 of the *Government Restructuring (2001) Act*, via continuance of the Nova Scotia Liquor Commission as a body corporate. NSLC derives its mandate from the *Liquor Control Act*, Chapter 260 of the Revised Statutes of Nova Scotia, 1989 and the *Nova Scotia Cannabis Control Act* passed in the Nova Scotia Legislature on April 17, 2018. NSLC operates retail sales locations across the province and has the authority to wholesale, store, distribute, and sell cannabis, while complying with federal requirements and promoting responsible consumption. Upon passing of the *Nova Scotia Cannabis Control Act*, 3313086 Nova Scotia Limited was dissolved and, under the provisions of the Act, specific responsibilities and authorities related to cannabis distribution and retailing, were assigned to NSLC. In addition, all rights, title, and interest in any real or personal property of 3313086 Nova Scotia Limited vested in the NSLC and all its obligations and liabilities became those of NSLC.

**Related Party Transactions**

During the year, remittances to the Minister of Finance and Treasury Board totaled \$283.0 million (2020 – \$209.8 million), which are disclosed in NSLC's statement of changes in equity. All other transactions with the Province are deemed to be collectively insignificant to NSLC's financial statements.

**Equity**

Upon conversion to International Financial Reporting Standards (IFRS) in 2012, NSLC reclassified its payable to the Minister of Finance and Treasury Board from a liability to equity. NSLC's equity was \$78.8 million (2020 – \$88.6 million) at year-end. NSLC's main objectives for managing capital are to ensure sufficient liquidity in support of its financial obligations to achieve its business plans and to continue as a self-sufficient entity in order to provide continuous remittances to the Province.

**Other Comprehensive Income**

During the year, NSLC reported -\$1.3 million in other comprehensive income (OCI) related to actuarial losses on defined benefit plans (2020 – \$1.4 million). As at March 31, 2021, accumulated OCI was \$2.2 million (2020 – \$3.6 million).





Schedule 7

**Province of Nova Scotia**  
**Tangible Capital Assets**  
**As at March 31, 2021**  
(\$ thousands)

						2021	2020
	Land	Buildings and Land Improve- ments	Machinery, Computers and Equipment	Vehicles and Ferries	Roads, Bridges and Highways	Total	Total
<b>Costs</b>							
Opening Costs	1,088,936	6,010,277	1,351,714	231,345	4,013,702	12,695,974	12,207,273
Transfers	—	(4,738)	4,738	—	—	—	(3)
Additions	48,084	530,554	125,976	32,742	470,851	1,208,207	665,241
Disposals	(492)	(12,555)	(58,208)	(19,895)	—	(91,150)	(176,537)
<b>Closing Costs</b>	<b>1,136,528</b>	<b>6,523,538</b>	<b>1,424,220</b>	<b>244,192</b>	<b>4,484,553</b>	<b>13,813,031</b>	<b>12,695,974</b>
<b>Accumulated Amortization</b>							
Opening Accumulated Amortization	—	(2,953,995)	(1,013,324)	(155,630)	(2,207,646)	(6,330,595)	(6,064,615)
Transfers	—	9	(9)	—	—	—	3
Disposals	—	9,991	56,447	19,692	—	86,130	174,245
Amortization Expense	—	(164,391)	(68,855)	(19,051)	(189,893)	(442,190)	(440,228)
<b>Closing Accumulated Amortization</b>	<b>—</b>	<b>(3,108,386)</b>	<b>(1,025,741)</b>	<b>(154,989)</b>	<b>(2,397,539)</b>	<b>(6,686,655)</b>	<b>(6,330,595)</b>
<b>Net Book Value</b>	<b>1,136,528</b>	<b>3,415,152</b>	<b>398,479</b>	<b>89,203</b>	<b>2,087,014</b>	<b>7,126,376</b>	<b>6,365,379</b>
Opening Balance	1,088,936	3,056,282	338,390	75,715	1,806,056	6,365,379	6,142,658
Closing Balance	1,136,528	3,415,152	398,479	89,203	2,087,014	7,126,376	6,365,379
<b>Increase (Decrease) in Net Book Value</b>	<b>47,592</b>	<b>358,870</b>	<b>60,089</b>	<b>13,488</b>	<b>280,958</b>	<b>760,997</b>	<b>222,721</b>

**Schedule 7**

**Province of Nova Scotia**  
**Tangible Capital Assets (continued)**  
**As at March 31, 2021**

Amortization is calculated on a declining balance basis for most assets of the General Revenue Fund. The amortization rates of the more common tangible capital assets are as follows:

Buildings and Land Improvements	5 – 30 per cent
Machinery, Computers and Equipment	20 – 50 per cent
Vehicles and Ferries	15 – 35 per cent
Roads, Bridges and Highways	5 – 15 per cent

Capital leases of the General Revenue Fund are amortized on a straight-line basis over the length of each lease, ranging from 3 to 25 years.

Amortization is generally calculated on a straight-line basis for assets of the governmental units. The estimated useful lives of the more common tangible capital assets are as follows:

Buildings (including Leasehold Improvements) and Land Improvements	2 – 60 years
Machinery, Computers and Equipment	1 – 60 years
Vehicles and Ferries	3 – 7 years

Capital leases of the governmental units are amortized on a straight-line basis over the length of each lease, ranging from 5 to 45 years.

Social Housing assets are included in Buildings and Land Improvements and relate to Housing Nova Scotia. These assets are amortized using the declining balance method. The net book value of these assets is \$192.9 million (2020 – \$210.4 million).

Included in the closing costs of the various classes as at March 31, 2021 are costs for assets under construction, which have not yet been amortized. These costs relate to Buildings and Land Improvements of \$471.6 million; Machinery, Computers and Equipment of \$104.8 million; Vehicles and Ferries of \$18.0 million; and Roads, Bridges and Highways of \$289.1 million.

P3 arrangements are included in the various categories as follows: Buildings and Land Improvements of \$21.1 million and Roads, Bridges and Highways of \$95.6 million. Of the total P3 costs, 18.1 per cent relates to health care infrastructure and 81.9 per cent relates to highways. These assets are included in the figures above as under construction and have not yet been amortized.

Capital leases are included in the various asset classes as at March 31, 2021 as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>
Buildings and Land Improvements	\$278.0 million	\$116.7 million
Machinery, Computers and Equipment	\$9.0 million	\$6.4 million
Vehicles and Ferries	\$23.8 million	\$13.2 million



Schedule 8

Province of Nova Scotia

Direct Guarantees

As at March 31, 2021

(\$ thousands)

		2021	2020
	Foreign Exchange Rate	Utilized	Utilized
<b>Bank Loans</b>			
Department of Business – Forestry Contractor Relief Program	5,000	1,106	882
Department of Business – Small Business Loan Guarantee Program	20,000	16,871	—
Department of Labour and Advanced Education – Student Loan Program	179	179	272
Department of Transportation and Infrastructure Renewal (US\$)	0.795	—	—
Nova Scotia Jobs Fund Act	53,180	44,826	47,934 *
<b>Total Bank Loan Guarantees</b>	84,648	62,982	49,088
<b>Federal Loans</b>			
Nova Scotia Strategic Opportunities Fund Incorporated	385	385	2,027
<b>Total Federal Loan Guarantees</b>	385	385	2,027
<b>Mortgages</b>			
Housing Nova Scotia Act	—	—	5,700
Housing Nova Scotia Act – Canada Mortgage and Housing Corporation Indemnities	10,300	10,300	13,800
<b>Total Mortgage Guarantees</b>	10,300	10,300	19,500
<b>Total Direct Guarantees</b>	95,333	73,667	70,615
<b>Less: Provision for Guarantee Payout</b>			
Department of Business – Forestry Contractor Relief Program		(277)	(221)
Department of Business – Small Business Loan Guarantee Program		(2,543)	—
Housing Nova Scotia Act		(3,706)	(3,936)
Nova Scotia Jobs Fund Act		(7,460)	(7,460)
Nova Scotia Strategic Opportunities Fund Incorporated		(385)	(2,027)
		(14,371)	(13,644)
<b>Less: Provision for Student Debt Reduction Program</b>			
Department of Labour and Advanced Education – Student Loan Program		(78)	(100)
<b>Net Direct Guarantees</b>		59,218	56,871

(Not provided for in these consolidated financial statements)

\* Amount was updated from the prior year based on the most current information

**Province of Nova Scotia**  
**Segment Reporting**  
**As at March 31, 2021**

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Segment reporting is designed to assist users in identifying the resources allocated to support the major activities of government and to better understand the performance of segments.

The following schedules provide segment information for the 2021 and 2020 fiscal years. Segment results represent the activities of that segment and include any inter-segment transactions. Inter-segment eliminations are shown in a separate column and show the reconciliation to total consolidated amounts. The Province has determined that the following segments represent the major activities of government.

**Health**

The provision of such services and institutions to the public that will lead to a higher state of personal health.

**Education**

The provision of all aspects and phases of training to equip people with necessary skills to pursue productive lives. This includes: Primary to Grade 12, post-secondary and advanced education, as well as labour support.

**Infrastructure & Public Works**

The provision of the means to facilitate the effective and efficient movement of persons and property. This includes the net results of the Halifax-Dartmouth Bridge Commission and the Highway 104 Western Alignment Corporation.

**Social Services**

The provision of services and assistance to economically and/or socially disadvantaged persons requiring aid.

**Natural Resources & Economic Development**

The provision for the maintenance and upkeep, efficient extraction, processing, and utilization of the natural attributes of the province with the aim of creating employment and contributing to the material well-being of residents.

**Other Government**

Revenues and expenses that relate to activities that are not identified as a separate segment or cannot be directly allocated on a reasonable basis to individual segments because they support a wide range of service delivery activities. This includes certain items from the General Revenue Fund such as general tax revenues, sinking fund earnings, debt servicing costs, and the pension valuation adjustment.

**Schedule 9**

**Province of Nova Scotia**  
**Segment Reporting (continued)**  
**For the fiscal year ended March 31, 2021**  
*(\$ thousands)*

**Public Accounts Volume 1 — Consolidated Financial Statements**

	<b>Health</b>		<b>Education</b>		<b>Infrastructure &amp; Public Works</b>		<b>Social Services</b>	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Revenue</b>								
<b>Provincial Sources</b>								
Tax Revenue	208,002	183,035	—	—	223,787	266,539	—	—
Other Provincial Revenue	404,691	466,109	415,640	471,516	24,169	17,760	206,293	110,914
Net Income from GBEs	—	—	—	—	6,801	20,172	—	—
Investment Income	1,085	1,626	8,271	13,008	—	—	22,293	23,332
<b>Federal Sources</b>	1,176,795	1,126,084	345,272	315,447	88,557	36,128	283,914	270,453
<b>Total Revenue</b>	1,790,573	1,776,854	769,183	799,971	343,314	340,599	512,500	404,699
<b>Expenses</b>								
Grants and Subsidies	2,253,857	1,914,874	789,393	724,568	53,548	67,176	926,092	905,781
Salaries and Employee Benefits	1,937,653	1,897,525	1,614,013	1,563,036	141,091	140,349	157,064	142,742
Operating Goods and Services	962,462	1,057,824	326,980	352,942	118,670	109,002	138,411	135,697
Professional Services	58,478	52,127	23,868	25,586	71,726	68,830	6,994	7,280
Amortization	81,727	84,194	86,396	88,155	218,371	209,674	21,875	22,302
Debt Servicing Costs	9,001	9,494	6,211	6,582	—	—	31,790	32,810
Other	1,617	1	1	—	—	—	1,177	—
<b>Total Expenses</b>	5,304,795	5,016,039	2,846,862	2,760,869	603,406	595,031	1,283,403	1,246,612
<b>Segment Result</b>	(3,514,222)	(3,239,185)	(2,077,679)	(1,960,898)	(260,092)	(254,432)	(770,903)	(841,913)

## Schedule 9

**Province of Nova Scotia**  
**Segment Reporting (continued)**  
**For the fiscal year ended March 31, 2021**  
*(\$ thousands)*

	Natural Resources & Economic Development		Other Government		Inter-Segment Eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Revenue</b>								
<b>Provincial Sources</b>								
Tax Revenue	490	446	5,232,252	5,713,175	—	—	5,664,531	6,163,195
Other Provincial Revenue	194,857	139,780	447,790	433,217	(208,139)	(87,182)	1,485,301	1,552,114
Net Income from GBEs	—	—	377,460	368,449	—	—	384,261	388,621
Investment Income	3,530	2,466	133,888	192,212	(22,560)	(24,162)	146,507	208,482
<b>Federal Sources</b>	47,322	42,763	2,663,407	2,180,556	—	—	4,605,267	3,971,431
<b>Total Revenue</b>	246,199	185,455	8,854,797	8,887,609	(230,699)	(111,344)	12,285,867	12,283,843
<b>Expenses</b>								
Grants and Subsidies	157,180	177,264	643,998	542,109	(168,067)	(45,235)	4,656,001	4,286,537
Salaries and Employee Benefits	151,429	140,088	510,758	502,320	(5,277)	(4,655)	4,506,731	4,381,405
Operating Goods and Services	192,400	178,440	179,595	167,497	(16,848)	(14,706)	1,901,670	1,986,696
Professional Services	15,930	14,073	207,808	190,665	(2,443)	(2,042)	382,361	356,519
Amortization	16,617	16,730	17,204	19,173	—	—	442,190	440,228
Debt Servicing Costs	130	256	724,634	817,860	(37,614)	(39,679)	734,152	827,323
Other	1,304	7,874	708	—	(450)	(5,027)	4,357	2,848
<b>Total Expenses</b>	534,990	534,725	2,284,705	2,239,624	(230,699)	(111,344)	12,627,462	12,281,556
<b>Segment Result</b>	(288,791)	(349,270)	6,570,092	6,647,985	—	—	(341,595)	2,287



**Province of Nova Scotia  
Government Reporting Entity  
As at March 31, 2021**

The General Revenue Fund is comprised of the Province's departments, public service units, special operating agencies, and the net income from government business enterprises, which are consolidated with the special purpose funds, governmental units, and a proportionate share of the government partnership arrangements to form the Province's government reporting entity.

**Departments and Public Service Units**  
(Consolidation Method)

Agriculture  
Business <sup>1</sup>  
    Invest Nova Scotia Fund  
    Nova Scotia Jobs Fund  
Communities, Culture and Heritage <sup>1</sup>  
Community Services  
Education and Early Childhood Development  
Energy and Mines <sup>1</sup>  
Environment <sup>1</sup>  
Finance and Treasury Board  
    Muggah Creek Remediation Fund  
    Public Debt Management Fund  
    SYSCO Decommissioning Fund  
Fisheries and Aquaculture  
Health and Wellness  
Justice  
Labour and Advanced Education <sup>1</sup>  
Lands and Forestry <sup>1</sup>  
Municipal Affairs and Housing <sup>1</sup>  
Public Service  
    Aboriginal Affairs <sup>1</sup>  
    Communications Nova Scotia  
    Elections Nova Scotia  
    Executive Council  
    Freedom of Information and Protection  
        of Privacy Review Office  
    Human Rights Commission  
    Intergovernmental Affairs  
    Legislative Services  
    Nova Scotia Police Complaints Commissioner  
    Nova Scotia Securities Commission  
    Office of Immigration <sup>1</sup>  
    Office of the Auditor General  
    Office of the Ombudsman  
    Public Prosecution Service  
    Public Service Commission  
    Regulatory Affairs and Service Effectiveness  
Seniors <sup>1</sup>  
Service Nova Scotia and Internal Services  
Transportation and Infrastructure Renewal <sup>1</sup>

**Special Operating Agencies**  
(Consolidation Method)

Nova Scotia Apprenticeship Agency  
Nova Scotia Home for Colored Children  
    Restorative Inquiry  
Sydney Tar Ponds Agency (inactive)

**Special Purpose Funds**  
(Consolidation Method)

Acadia Coal Company Limited Fund  
CorFor Capital Repairs and Replacements Fund  
Crown Land Mine Remediation Fund  
Crown Land Silviculture Fund  
Democracy 250 (inactive)  
Gàidheil Air Adhart (Gaels Forward Fund)  
Gaming Addiction Treatment Trust Fund  
Green Fund  
Habitat Conservation Fund  
Mi'kmaw Youth Fund  
Nova Scotia Coordinate Referencing System Trust Fund  
Nova Scotia E911 Cost Recovery Fund  
Nova Scotia Environmental Trust  
Nova Scotia Government Acadian Bursary Program Fund  
Nova Scotia Harness Racing Fund  
Nova Scotia Market Development Initiative Fund  
Nova Scotia Nominee Program Fund  
Nova Scotia Sportfish Habitat Fund  
Occupational Health and Safety Trust Fund  
Off-highway Vehicle Infrastructure Fund  
P3 Schools Capital and Technology Refresh Fund <sup>2</sup>  
Pengrowth Nova Scotia Energy Scholarship Fund  
Scotia Learning Technology Refresh Fund  
Select Nova Scotia Fund  
Species-at-risk Conservation Fund  
Sustainable Forestry Fund  
Vive l'Acadie Community Fund

**Governmental Units**  
(Consolidation Method)

Annapolis Valley Regional Centre for Education  
Art Gallery of Nova Scotia  
Arts Nova Scotia

<sup>1</sup> – Restructured February 23, 2021 and August 31, 2021  
Original name listed here

<sup>2</sup> – Includes refresh funds related to P3 schools

**Province of Nova Scotia**  
**Government Reporting Entity (continued)**  
**As at March 31, 2021**

**Governmental Units (continued)**

(Consolidation Method)

Cape Breton-Victoria Regional Centre for Education	Nova Scotia School Insurance Program Association <sup>2</sup>
Check Inns Limited (inactive)	
Chignecto Central Regional Centre for Education	Nova Scotia Strategic Opportunities Fund Incorporated
Conseil scolaire acadien provincial	Nova Scotia Utility and Review Board
Creative Nova Scotia Leadership Council	Perennia Food & Agriculture Incorporated
Develop Nova Scotia	Public Archives of Nova Scotia
3104102 Nova Scotia Limited	Resource Recovery Fund Board Inc.
Gambling Awareness Foundation of Nova Scotia (inactive)	Schooner Bluenose Foundation
Halifax Regional Centre for Education	Sherbrooke Restoration Commission
Harbourside Commercial Park Inc.	South Shore Regional Centre for Education
Sydney Utilities Limited	Strait Regional Centre for Education
Housing Nova Scotia	Sydney Environmental Resources Limited (inactive)
Cape Breton Island Housing Authority	Sydney Steel Corporation
Cobequid Housing Authority	Tourism Nova Scotia
Eastern Mainland Housing Authority	Tri-County Regional Centre for Education
Metropolitan Regional Housing Authority	Upper Clements Family Theme Park Limited (inactive)
Western Regional Housing Authority	3052155 Nova Scotia Limited (inactive)
Invest Nova Scotia Board	
Izaak Walton Killam Health Centre	
Nova Scotia Arts Council (inactive)	
Nova Scotia Boxing Authority	
Nova Scotia Business Inc.	
Nova Scotia Independent Production Fund	
Nova Scotia Community College	
Nova Scotia Community College Foundation	
Nova Scotia Crop and Livestock Insurance Commission	
Nova Scotia Education Common Services Bureau <sup>1</sup>	
Nova Scotia Farm Loan Board	
Nova Scotia Fisheries and Aquaculture Loan Board	
Nova Scotia Health Authority	
Provincial Drug Distribution Program	
Nova Scotia Innovation Corporation	
1402998 Nova Scotia Limited	
3087532 Nova Scotia Limited	
Nova Scotia Lands Inc.	
Nova Scotia Legal Aid Commission	
Nova Scotia Municipal Finance Corporation	
Nova Scotia Power Finance Corporation	
Nova Scotia Primary Forest Products Marketing Board	
Nova Scotia School Insurance Exchange <sup>2</sup>	

**Government Business Enterprises**

(Modified Equity Method)

Halifax-Dartmouth Bridge Commission
Highway 104 Western Alignment Corporation
Nova Scotia Gaming Corporation
Atlantic Lottery Corporation (25% ownership)
Interprovincial Lottery Corporation (10% ownership)
Nova Scotia Gaming Equipment Limited
Nova Scotia Liquor Corporation

**Government Partnership Arrangements**

(Modified Equity Method) <sup>3</sup>

Atlantic Provinces Special Education Authority (approximately 56% share)
Canada-Nova Scotia Offshore Petroleum Board (50% share)
Canadian Sports Centre Atlantic (approximately 14% share)
Council of Atlantic Premiers (approximately 31% share)
Halifax Convention Centre Corporation (50% share)

<sup>1</sup> – Formerly Nova Scotia School Boards Association

<sup>2</sup> – Entity is a partnership controlled by the seven Regional Centres for Education, Conseil scolaire acadien provincial, and the Nova Scotia Community College

<sup>3</sup> – GPAs do not meet the threshold of materiality and cost-benefit to use the proportionate consolidation method



