



Public Accounts

Volume 1 – Consolidated Financial Statements
For the fiscal year ended March 31, 2022



Public Accounts

Volume 1 – Consolidated Financial Statements

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Message from the Minister

Nova Scotia's Public Accounts for the fiscal year ending March 31, 2022, reflect our province's strong economic recovery coming out of the COVID-19 pandemic.

In 2021, Nova Scotia's real GDP grew by 5.8 per cent and our population increased by 2.1 per cent, surpassing 1 million people.

While challenges remain for some sectors, Nova Scotia's economic performance in 2021-22 had a positive impact on our province's finances.

The Province is investing in the areas that matter most to Nova Scotians, including healthcare, housing, and long-term care.

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 surplus of \$350.9 million in its Public Accounts for the year ended March 31, 2022. The budget estimated a deficit of \$584.9 million.

Total consolidated revenues were \$14.08 billion, an increase of \$1.32 billion or 10.4 per cent from estimate mainly due to changes in tax revenues, offshore license forfeitures, investment income, as well as federal recoveries and other federal transfers.

Total consolidated expenses were \$13.72 billion, an increase of \$386.3 million or 2.9 per cent from estimate mainly due to increased support for healthcare services during the pandemic, other COVID-19 supports to aid in recovery efforts, additional municipal transfers, and university infrastructure funding.

The Province's Net Debt as of March 31, 2022 was \$16.57 billion. The net debt to GDP ratio for 2021-22 was 32.2 per cent, down from 35.0 per cent a year ago.

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 2021-22 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.



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

For the fiscal year ended March 31, 2022

Financial Highlights of the Consolidated Financial Statements

Financial Highlights

For the fiscal year ended March 31, 2022

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

	2018	2019	2020	2021	2022	*	
						5-Year	Page
						Trend	Ref
Performance Measures							
<u>Sustainability</u>							
Provincial Surplus (Deficit)	\$226,289	\$122,875	\$2,287	(\$341,595)	\$350,851	↑	12
Provincial Surplus (Deficit) to Nominal GDP	0.52%	0.27%	0.00%	(0.73%)	0.68%	↑	–
Net Debt	\$14,966,090	\$14,992,969	\$15,242,397	\$16,400,763	\$16,568,215	↑	13
Net Debt per Capita	\$15,752	\$15,644	\$15,711	\$16,703	\$16,700	↑	13
Net Debt to Nominal GDP	34.6%	33.4%	32.8%	35.0%	32.2%	↓	14
<u>Flexibility</u>							
Debt Servicing Costs to Total Revenue	7.0%	7.3%	6.7%	6.0%	4.8%	↓	20
Own Source Revenue to Nominal GDP	19.0%	18.0%	17.9%	16.4%	17.7%	↓	16
<u>Vulnerability</u>							
Federal Transfers to Total Revenue	31.2%	31.8%	32.3%	37.5%	35.2%	↑	16
Other Financial Indicators							
Total Revenue	\$11,976,215	\$11,874,746	\$12,283,843	\$12,285,867	\$14,075,497	↑	15
Total Expenses	\$11,749,926	\$11,751,871	\$12,281,556	\$12,627,462	\$13,724,646	↑	19
Interest on Unmatured Debt	\$727,242	\$766,031	\$726,256	\$626,599	\$576,432	↓	20
Financial Assets	\$5,189,299	\$4,904,756	\$5,032,561	\$5,495,767	\$5,672,784	↑	22
Total Liabilities	\$20,155,389	\$19,897,725	\$20,274,958	\$21,896,530	\$22,240,999	↑	24
Unmatured Debt	\$13,420,391	\$13,520,878	\$13,683,163	\$14,812,829	\$14,847,636	↑	25
Non-Financial Assets	\$6,091,716	\$6,241,470	\$6,493,185	\$7,309,956	\$7,828,259	↑	28
Accumulated Deficits	\$8,874,374	\$8,751,499	\$8,749,212	\$9,090,807	\$8,739,956	↓	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.



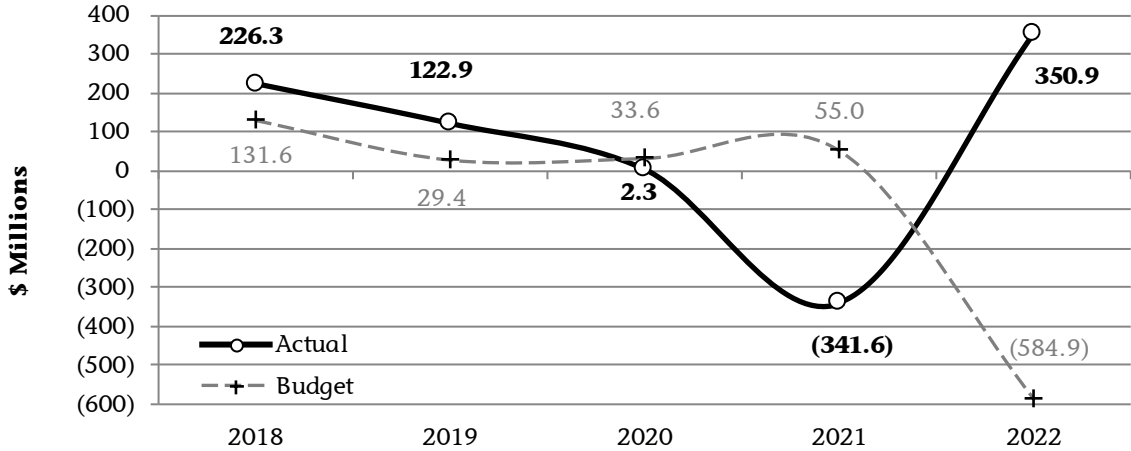
NOVA SCOTIA

Provincial Surplus (Deficit)

The provincial surplus (deficit) is the net financial result of the year’s operations. For the fiscal year ended March 31, 2022, total revenue was \$14.08 billion (2021 – \$12.29 billion) and total expenses were \$13.72 billion (2021 – \$12.63 billion). The resulting surplus of \$350.9 million was \$935.8 million higher than the budgeted deficit of \$584.9 million and \$692.5 million higher than the prior year’s deficit of \$341.6 million.

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

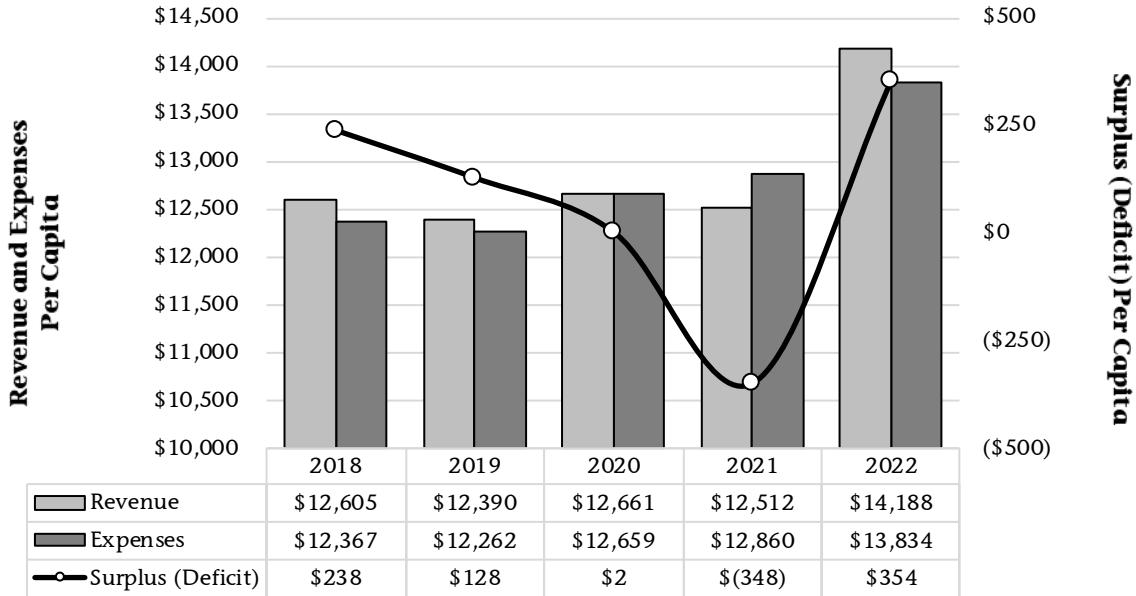
Provincial Surplus (Deficit) - 5 Year Trend



Revenue and Expenses per Capita

The provincial surplus (deficit) increased by \$702 per capita, from a \$348 deficit in 2021 to a \$354 surplus in 2022. Per capita information for the past five years is shown below.

Revenue and Expenses per Capita - 5 Year Trend



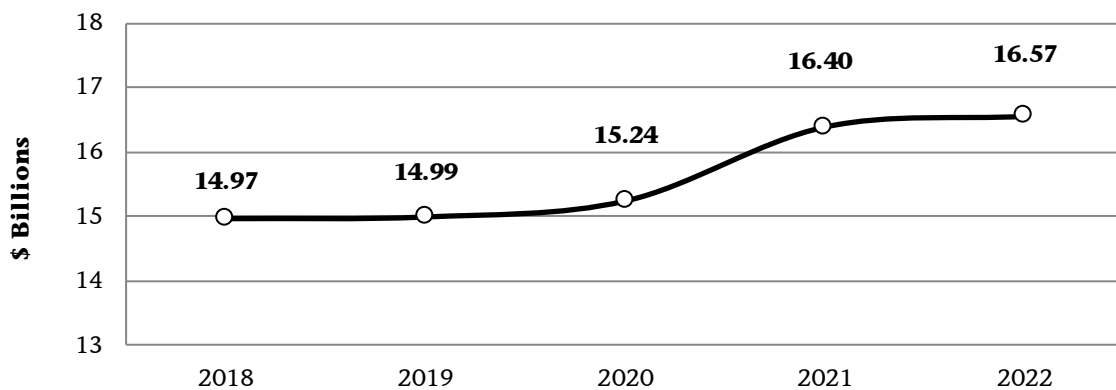
Financial Highlights of the Consolidated Financial Statements

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 \$16.57 billion at March 31, 2022, \$167.5 million higher than the prior year due to the net acquisitions of tangible capital assets of \$503.5 million and net acquisitions of supplies inventory of \$21.7 million, offset by the \$350.9 million surplus and a change in prepaid expenses of \$6.9 million. This year, net debt includes \$314.2 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:

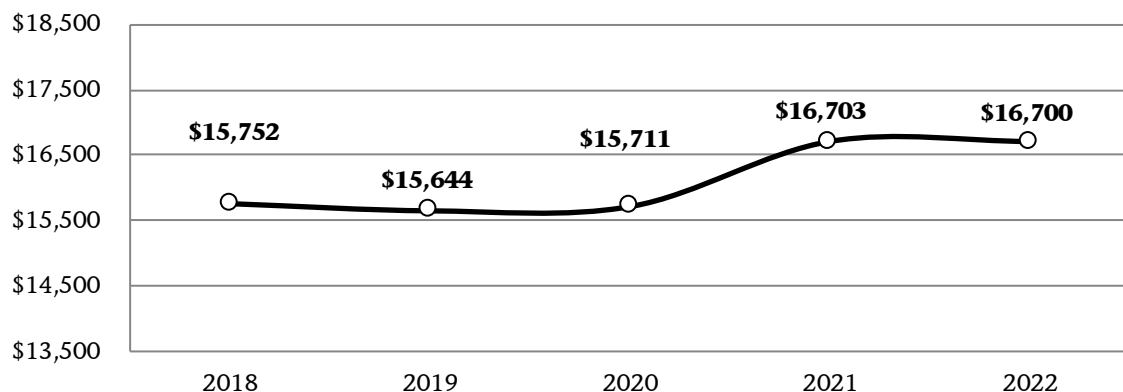
Net Debt - 5 Year Trend



Net Debt per Capita

Net debt decreased by \$3 on a per capita basis from \$16,703 in 2021 to \$16,700 in 2022. The slight decrease in net debt per capita is attributable to the increase in the Province's net debt balance, offset by the increase in Nova Scotia's population.

Net Debt per Capita - 5 Year Trend

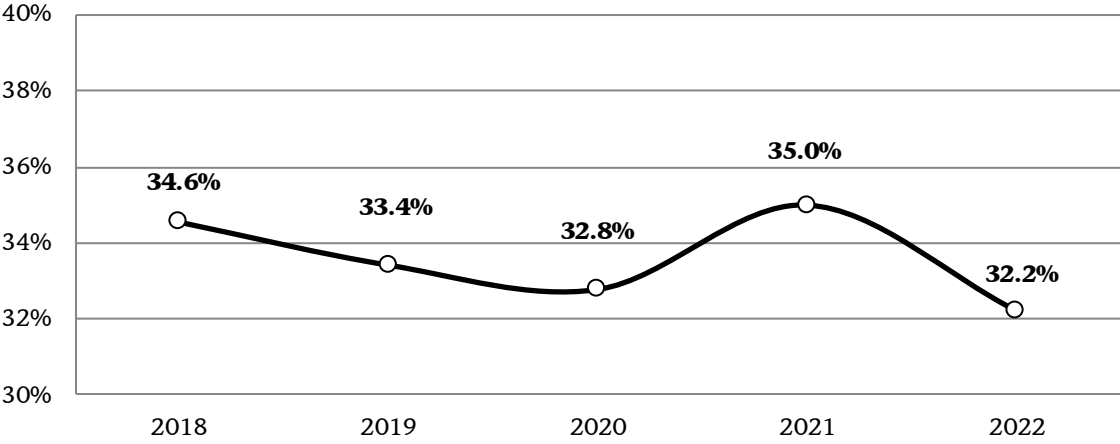




Net Debt to Nominal Gross Domestic Product (GDP)

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 decreased 2.8 percentage points to 32.2 per cent in 2022. Over the past five years, the ratio of net debt to nominal GDP has decreased by 2.4 percentage point from 34.6 per cent in 2018.

Net Debt to Nominal GDP - 5 Year Trend

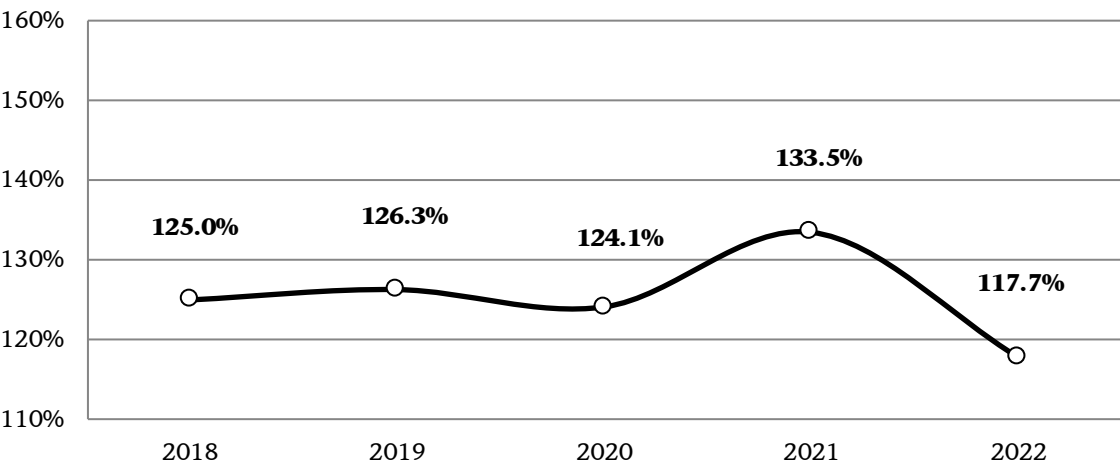


Net Debt to Total Revenue

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 decreased 15.8 percentage points from the previous year to 117.7 per cent. Over the past five years, this ratio has decreased 7.3 percentage points from 125.0 per cent in 2018.

Net Debt to Total Revenue - 5 Year Trend



Financial Highlights of the Consolidated Financial Statements

Revenue

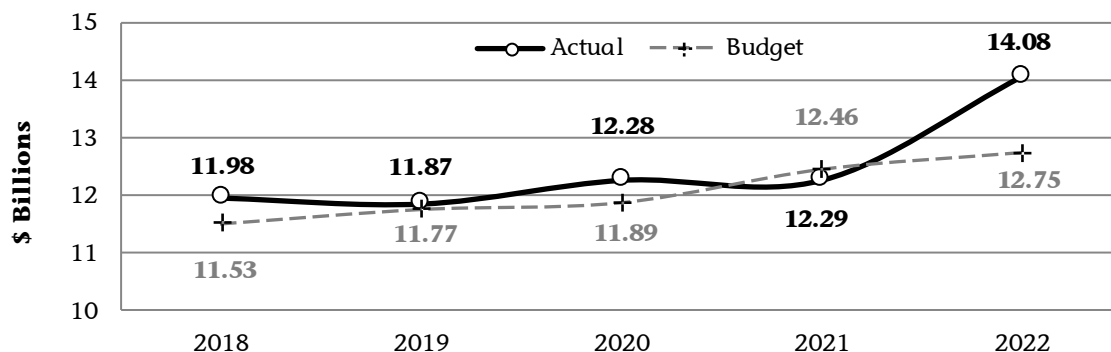
On a consolidated basis, total revenue for the year was \$1.32 billion or 10.4 per cent higher than estimate and \$1.79 billion or 14.6 per cent higher than the prior year. The increase from estimate was mostly attributable to changes in tax revenues, other federal transfer revenues, and miscellaneous revenues. 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 2022	Actual 2022	Actual 2021	Actual vs Estimate	Actual vs Actual
Provincial Sources					
Tax Revenue					
Income Taxes	3,445,582	3,945,449	3,198,367	499,867	747,082
Sales Taxes	2,462,048	2,639,031	2,277,923	176,983	361,108
Other Tax Revenue	193,224	227,540	188,241	34,316	39,299
Other Provincial Revenue					
Petroleum Royalties	—	—	38,794	—	(38,794)
Recoveries	434,697	410,625	416,687	(24,072)	(6,062)
Revenue of GUs	464,554	486,238	411,709	21,684	74,529
Municipal Contributions to RCEs	290,985	290,624	282,826	(361)	7,798
Miscellaneous	346,718	488,821	335,285	142,103	153,536
Net Income from GBEs	399,896	406,109	384,261	6,213	21,848
Investment Income					
Interest Revenue	82,318	186,979	88,705	104,661	98,274
Sinking Fund Earnings	34,929	34,838	57,802	(91)	(22,964)
	8,154,951	9,116,254	7,680,600	961,303	1,435,654
Federal Sources					
Equalization Payments	2,315,000	2,315,348	2,145,883	348	169,465
Other Federal Transfers	2,283,401	2,643,895	2,459,384	360,494	184,511
	4,598,401	4,959,243	4,605,267	360,842	353,976
Total Revenue	12,753,352	14,075,497	12,285,867	1,322,145	1,789,630

Total Revenue - 5 Year Trend



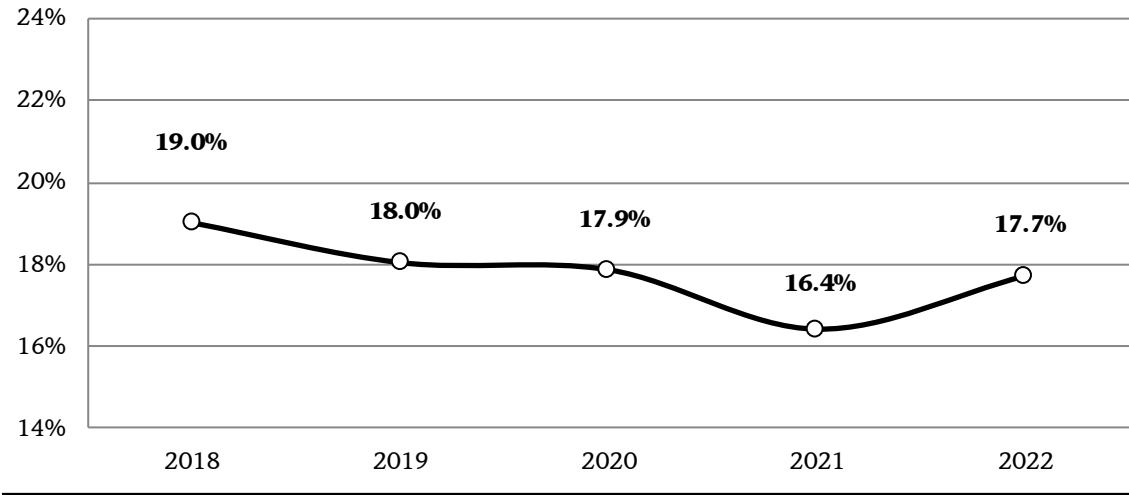


NOVA SCOTIA

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 increased by 1.3 percentage points from the previous year to 17.7 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 16.4 per cent in 2021, which shows how the Province’s demands on the provincial economy have remained relatively consistent over this period.

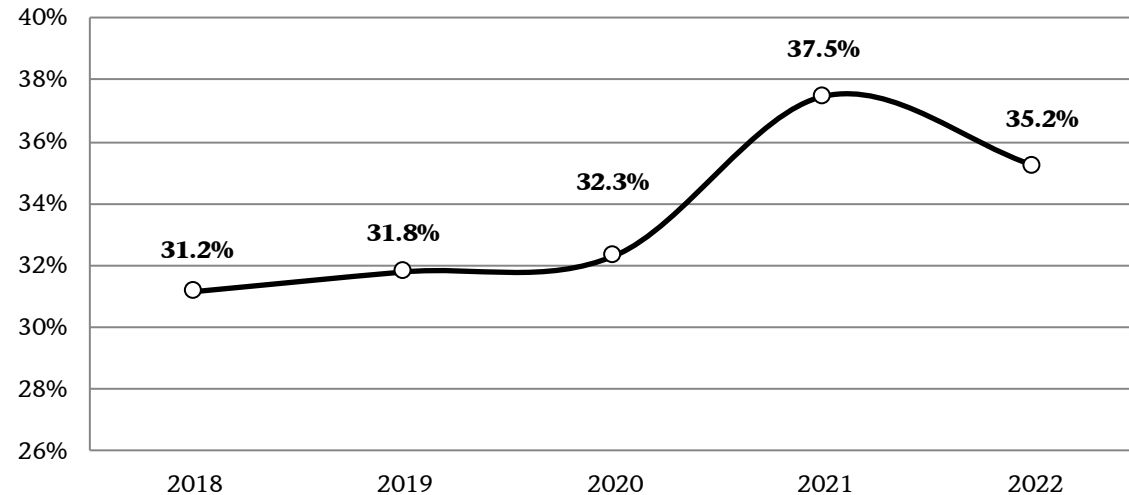
Own Source Revenue to Nominal GDP - 5 Year Trend



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 decreased by 2.3 percentage points from the previous year to 35.2 per cent mainly due to one-time COVID-19 funding received last year. Over the past five years, the percentage of federal transfers to total revenue has increased by 4.0 percentage points from 31.2 per cent in 2018.

Federal Transfers to Total Revenue - 5 Year Trend

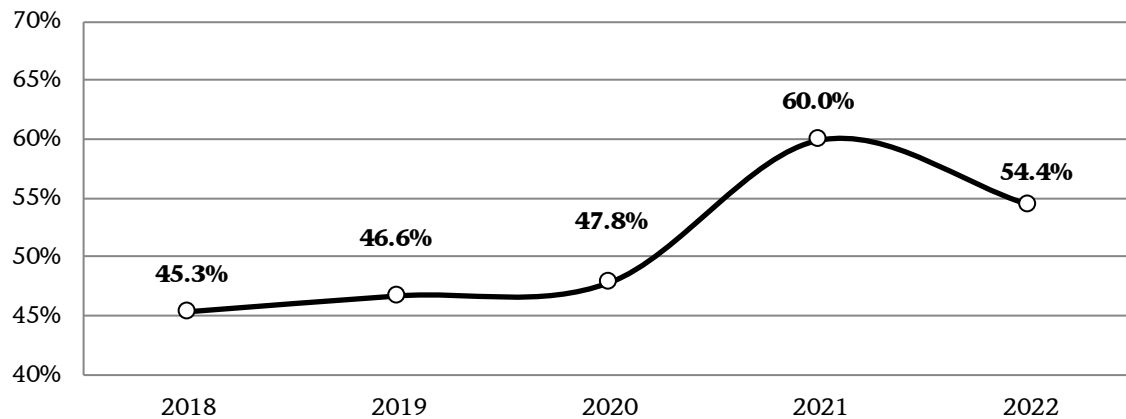


Financial Highlights of the Consolidated Financial Statements

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 decreased by 5.6 percentage points from the previous year to 54.4 per cent mainly due to prior year one-time additional federal COVID-19 funding and the current year increase in revenue from provincial sources. Over the past five years, this ratio has increased 9.1 percentage points from 45.3 per cent in 2018.

Federal Transfers to Own Source Revenue - 5 Year Trend

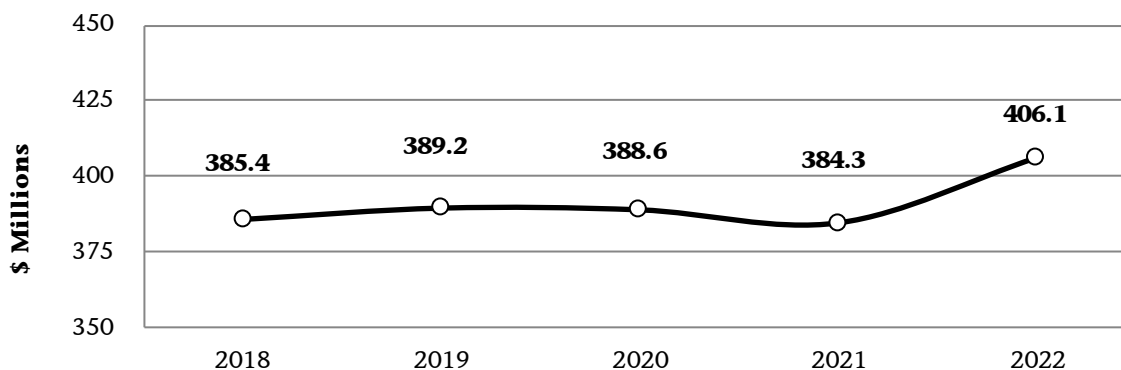


Net Income from Government Business Enterprises (GBEs)

Net income from GBEs was \$21.8 million or 5.7 per cent higher than last year and \$6.2 million or 1.6 per cent higher than estimate. Net income (before Win Tax) from Nova Scotia Gaming Corporation was \$27.0 million or 26.2 per cent higher than the prior year primarily due to the lifting of COVID-19 restrictions. Net income from Halifax-Dartmouth Bridge Commission was \$4.8 million or 651.0 per cent higher than prior year as traffic levels began to return to normal, in addition, toll rates were increased by 25.0 per cent beginning in January 2022.

Net income from Nova Scotia Liquor Corporation was \$5.8 million or 2.1 per cent lower than last year due to increased salary expenses related to new cannabis stores and increased wages. Highway 104 Western Alignment Corporation was \$4.1 million or 67.9 per cent lower than last year primarily due to exemption of toll requirements for Nova Scotia vehicles commencing in December 2021. Net income from GBEs over the past years was as follows:

Net Income from GBEs - 5 Year Trend

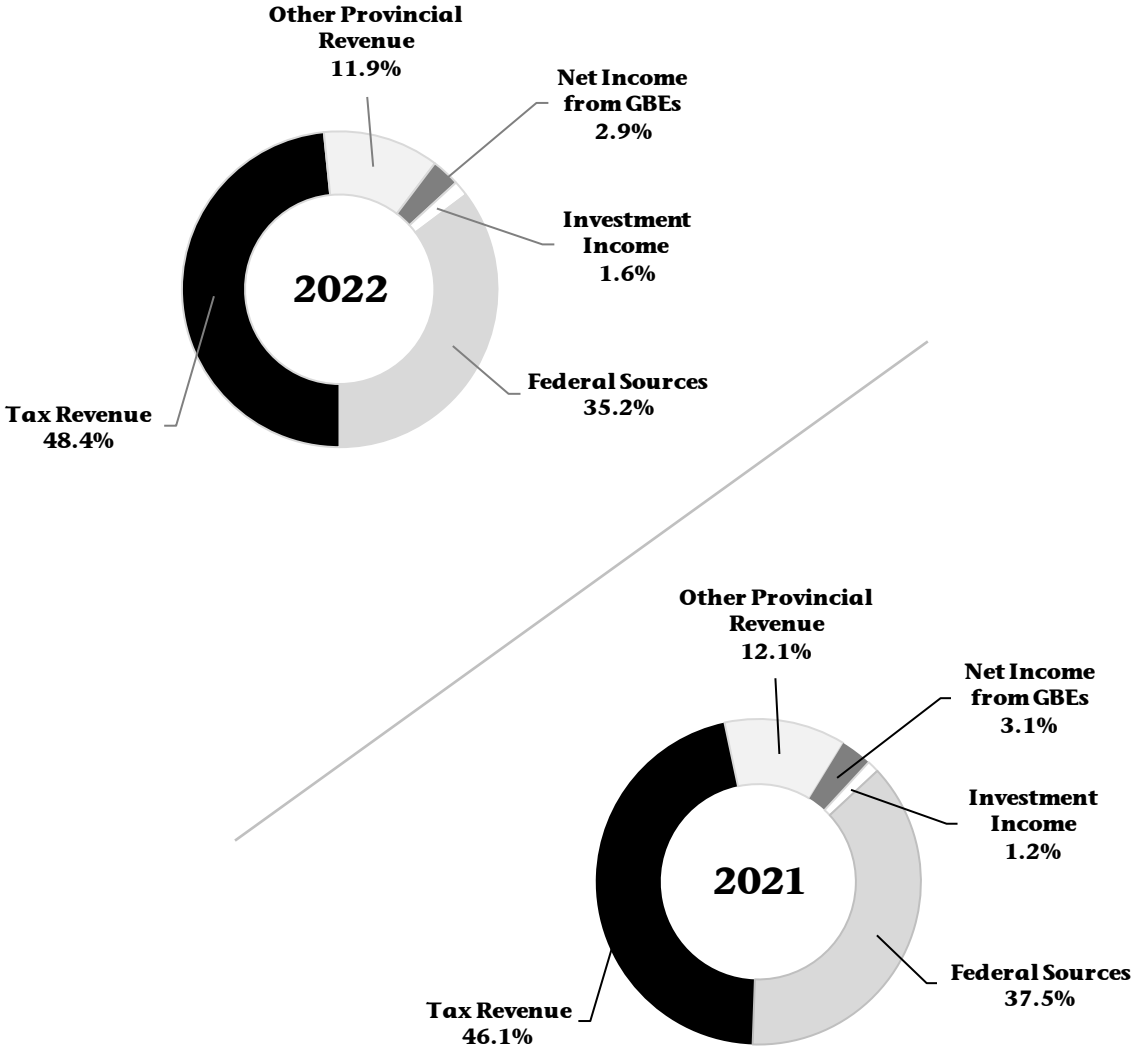




Revenue by Source

The Province’s revenue from taxation and federal sources remained consistent with the prior year, with a small shift between taxation revenue and federal sources. The other major funding sources remained consistent with the prior year, with a slight increase in investment income in 2022. The related breakdowns for fiscal years 2022 and 2021 were as follows:

Revenue by Source



Financial Highlights of the Consolidated Financial Statements

Expenses

The health and education sectors made up 54.6 per cent of total expenses, compared to 54.5 per cent in 2020-21. Total consolidated expenses were \$386.3 million or 2.9 per cent higher than estimate primarily due to increases of \$169.9 million in Health and Wellness mainly for additional funding to support the COVID-19 response, \$163.4 million in Advanced Education primarily due to additional infrastructure funding to universities, \$86.9 million in Municipal Affairs and Housing due to additional municipal transfers, \$45.7 million in Seniors and Long-Term Care largely due to increased funding to support COVID-19 response efforts, and \$32.4 million in Justice for increased RCMP operating costs and operating expenses related to the Mass Casualty Commission public inquiry. These increases were partially offset by net decreases of \$112.0 million in all other departments.

Total expenses were \$1.10 billion or 8.7 per cent higher than the prior year primarily due to increases of \$377.1 million in Health and Wellness, \$139.3 million in Advanced Education, \$118.6 million in Seniors and Long-Term Care, \$93.8 million in Education and Early Childhood Development, \$69.6 million in Community Services, and net increases of \$298.8 million in all other departments.

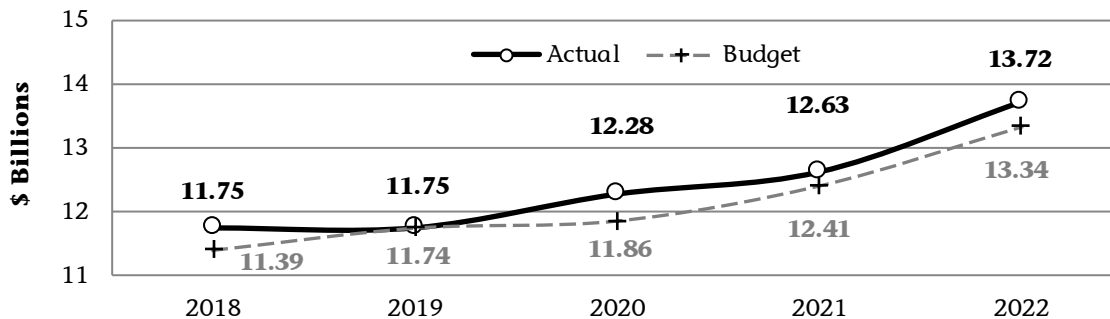
Additional details on General Revenue Fund expense variances are provided on page 44.

Expenses

(\$ thousands)

	Adjusted Estimate 2022	Actual 2022	Actual 2021	Actual vs Estimate	Actual vs Actual
Health and Wellness	4,505,745	4,675,686	4,298,610	169,941	377,076
Education and Early Childhood Development	1,948,395	1,938,259	1,844,466	(10,136)	93,793
Community Services	1,124,314	1,086,628	1,016,984	(37,686)	69,644
Seniors and Long-Term Care	984,939	1,030,666	912,106	45,727	118,560
Advanced Education	719,724	883,169	743,869	163,445	139,300
Public Works	591,784	612,079	580,936	20,295	31,143
Municipal Affairs and Housing	464,022	550,959	472,260	86,937	78,699
Justice	392,355	424,711	389,257	32,356	35,454
Debt Servicing Costs	720,257	668,963	734,152	(51,294)	(65,189)
Other Expenses	1,886,762	1,853,526	1,634,822	(33,236)	218,704
Total Expenses	13,338,297	13,724,646	12,627,462	386,349	1,097,184

Total Expenses - 5 Year Trend



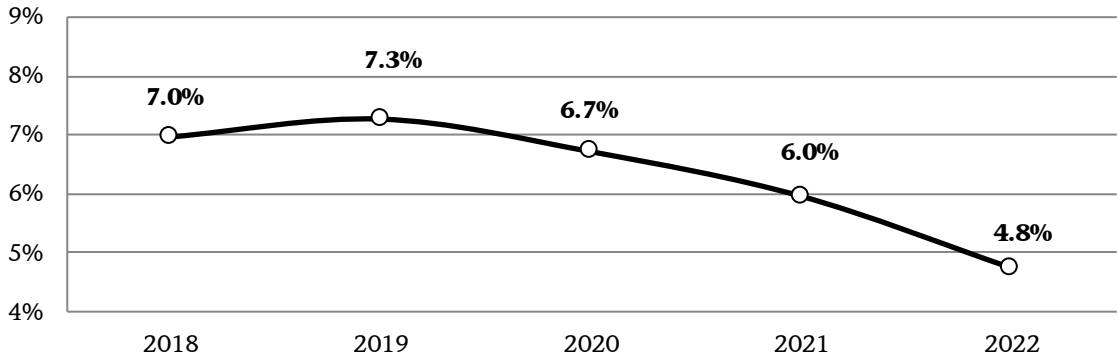


NOVA SCOTIA

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 1.2 percentage points from the previous year to 4.8 per cent. Over the past five years, this ratio decreased by 2.2 percentage points, ranging from a high of 7.3 per cent in 2019 to a low of 4.8 per cent in 2022.

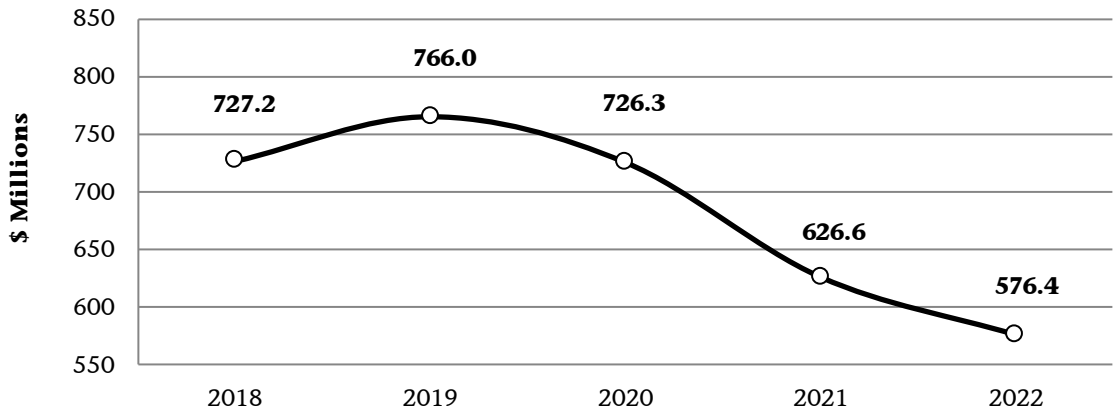
Debt Servicing Costs to Total Revenue - 5 Year Trend



Interest on Unmatured Debt

Interest on unmaturred 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 unmaturred debt decreased by \$50.2 million to \$576.4 million in 2022. Over the past five years, interest on unmaturred debt ranged from a high of \$766.0 million in 2019 to a low of \$576.4 million in 2022.

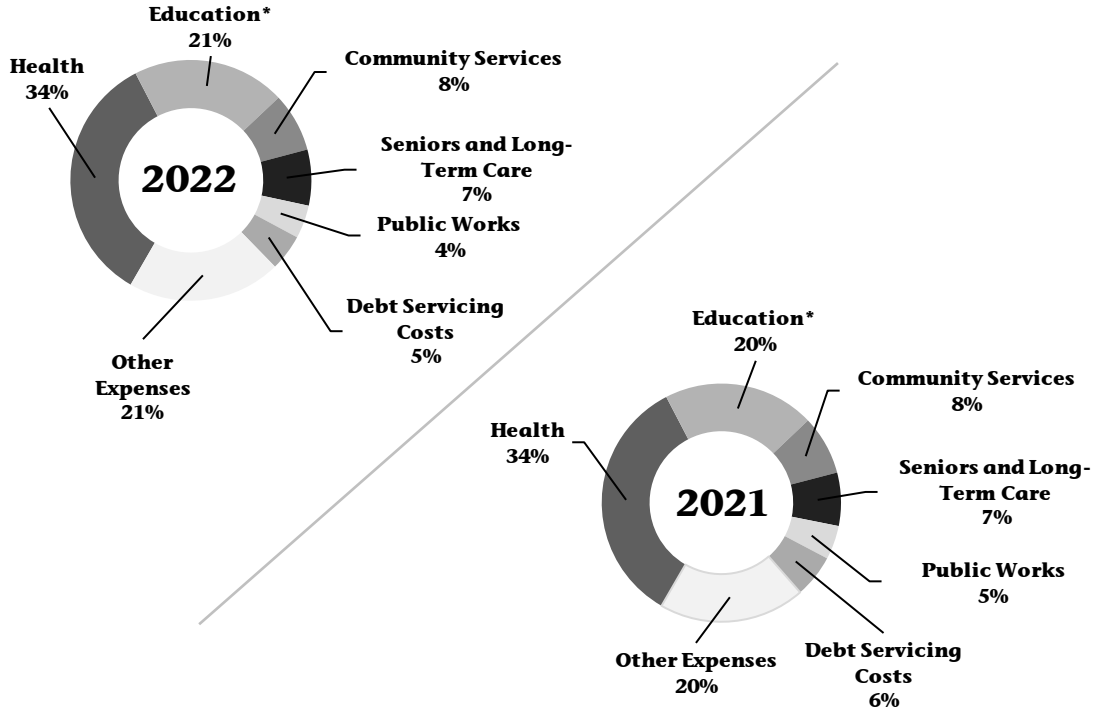
Interest on Unmaturred Debt - 5 Year Trend



Financial Highlights of the Consolidated Financial Statements

Expenses by Function

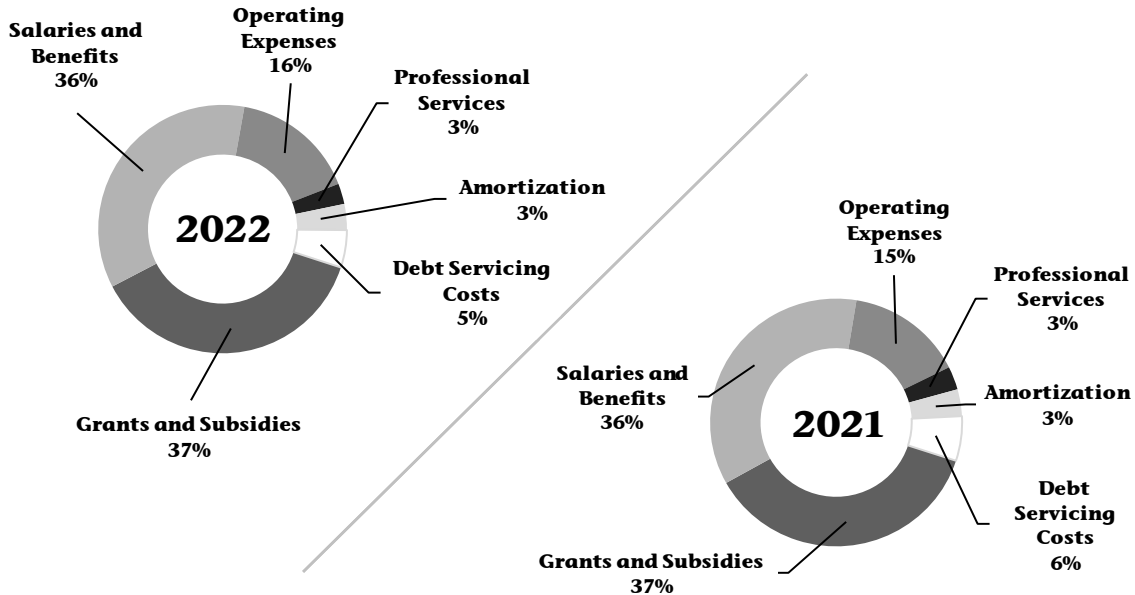
The Province’s expenses by major functions remained relatively consistent compared to the prior year. The related breakdowns for fiscal years 2022 and 2021 were as follows:



* Includes Education and Early Childhood Development and Advanced Education

Expenses By Object

The Province’s expenses by object remained fairly consistent compared to the prior year. The related breakdowns for fiscal years 2022 and 2021 were as follows:





NOVA SCOTIA

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to finance future operations. Financial assets increased by \$177.0 million or 3.2 per cent from the prior year to \$5.67 billion at the end of 2022. Cash and short-term investments decreased by \$267.5 million as a result of the operating, investing, capital, and financial activities as explained on page 33. Accounts receivable were \$288.1 million higher than prior year.

Loans receivable increased by \$83.0 million mainly due to increases of \$39.0 million in the loan portfolio of Nova Scotia Municipal Finance Corporation, \$33.1 million in the Fisheries and Aquaculture Loan Board portfolio, and \$27.1 million in the Farm Loan Board portfolio. These were partially offset by decreases of \$16.2 million in other loans.

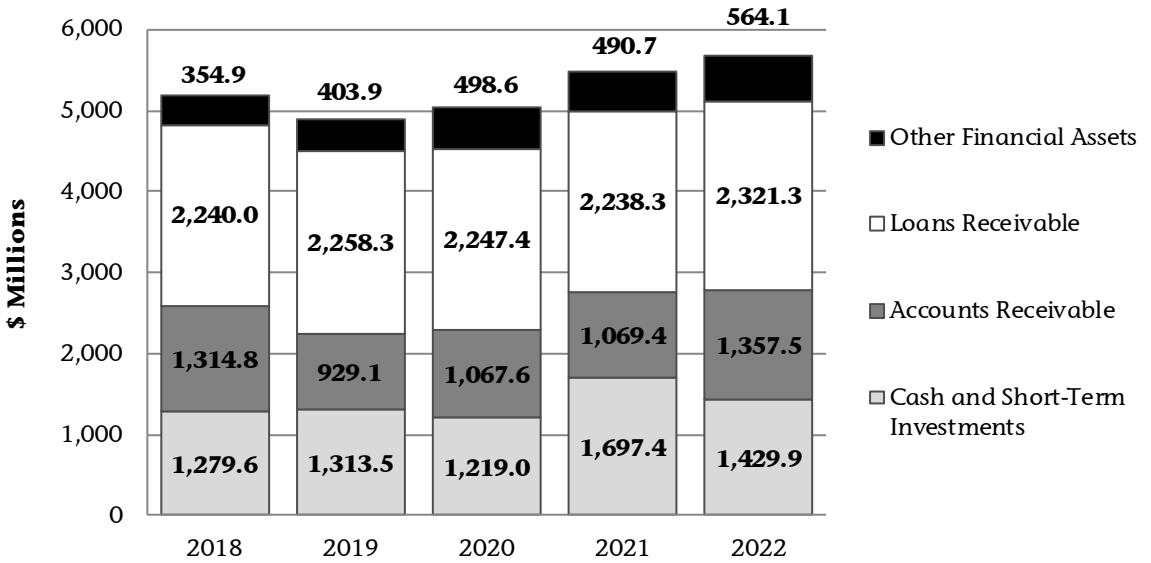
Other financial assets increased by \$73.4 million primarily due to a net increase of \$45.3 million in the Province’s investments and a \$27.3 million increase in investments in Government Business Enterprises.

Financial Assets

(\$ thousands)

	Actual 2022	% of Total	Actual 2021	% of Total	Variance Increase (Decrease)
Cash and Short-Term Investments	1,429,893	25.3%	1,697,375	30.9%	(267,482)
Accounts Receivable	1,357,501	23.9%	1,069,374	19.5%	288,127
Loans Receivable	2,321,283	40.9%	2,238,330	40.7%	82,953
Other Financial Assets	564,107	9.9%	490,688	8.9%	73,419
Total Financial Assets	5,672,784	100.0%	5,495,767	100.0%	177,017

Financial Assets - 5 Year Trend



Financial Highlights of the Consolidated Financial Statements

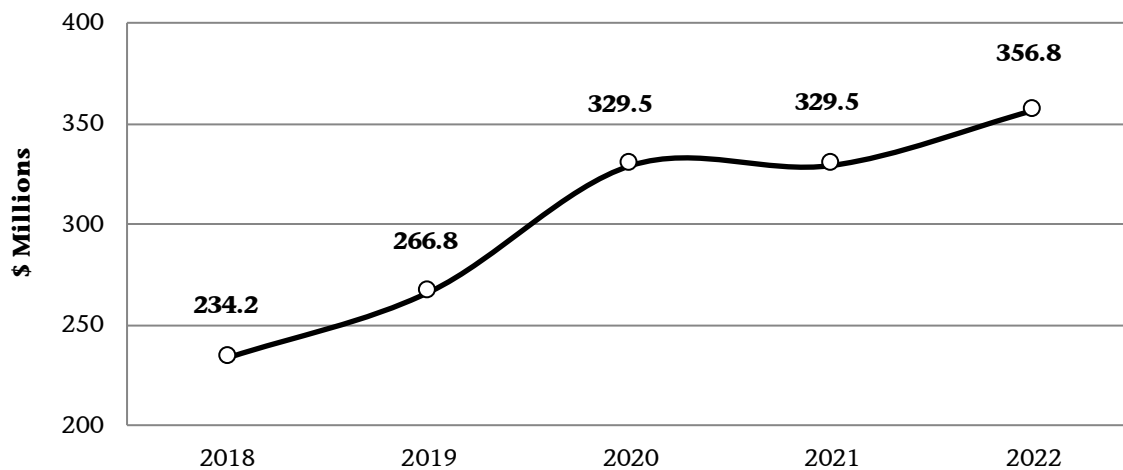
Investment in Government Business Enterprises

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 \$234.2 million at March 31, 2018 to \$356.8 million at March 31, 2022. The Province's investment in GBEs increased by \$27.3 million over the previous year.

The Province's investment in GBEs has increased by \$122.6 million over the last five years. The net equity of Nova Scotia Liquor Corporation increased \$45.7 million, Highway 104 Western Alignment Corporation increased \$33.3 million, Halifax-Dartmouth Bridge Commission increased \$23.3 million, and Nova Scotia Gaming Corporation increased \$20.3 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 \$344.5 million from the prior year to \$22.24 billion. The most significant liability, unmatured debt, increased by \$34.8 million from the prior year mainly due to proceeds of \$1,402.1 million from debt issued and \$502.0 million in net sinking fund withdrawals, partially offset by \$1,806.8 million in debt repayments, \$34.8 million in sinking fund earnings, and \$27.7 million in other net financing activities. Debentures and other debt borrowings were used to finance activities of Crown corporations, acquire tangible capital assets, and refinance maturing debt.

Pension, retirement and other obligations increased by \$106.8 million due to a decrease in the discount rate and changes in actuarial valuations as a result of updated member data. Other changes to liabilities included increases of \$81.9 million in accounts payable and accrued liabilities, \$48.1 million in other liabilities, \$41.5 million in liabilities for contaminated sites, and \$31.3 million in bank advances and short-term borrowings.

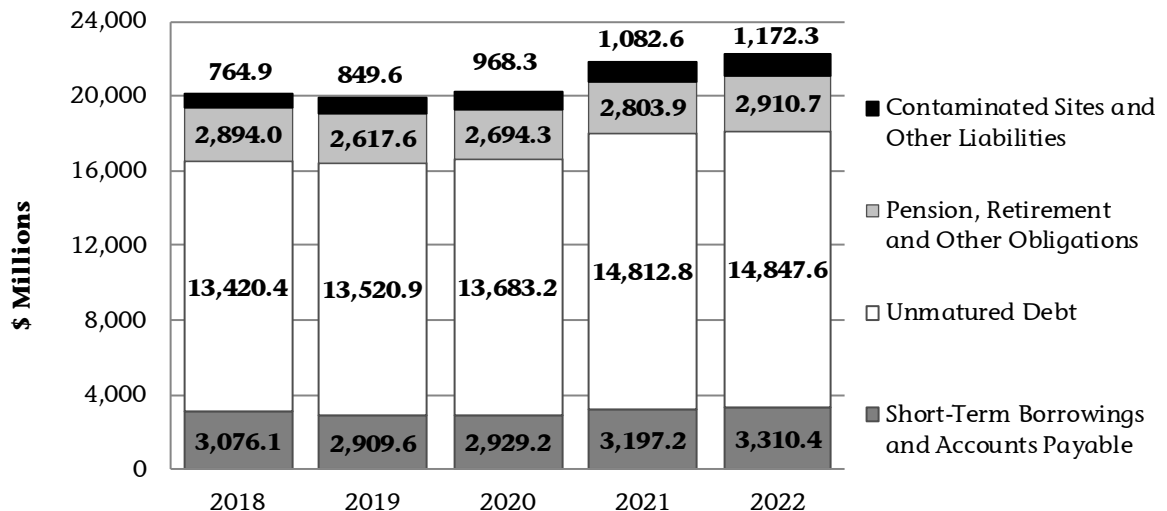
Liabilities

(\$ thousands)

	Actual 2022	% of Total	Actual 2021	% of Total	Variance Increase (Decrease)
Bank Advances and Short-Term Borrowings	1,231,944	5.5%	1,200,635	5.5%	31,309
Accounts Payable and Accrued Liabilities	2,078,456	9.3%	1,996,555	9.1%	81,901
Pension, Retirement and Other Obligations	2,910,717	13.1%	2,803,874	12.8%	106,843
Liabilities for Contaminated Sites *	454,456	2.0%	412,978	1.9%	41,478
Unmatured Debt	14,847,636	66.8%	14,812,829	67.6%	34,807
Other Liabilities	717,790	3.3%	669,659	3.1%	48,131
Total Liabilities	22,240,999	100.0%	21,896,530	100.0%	344,469

* 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



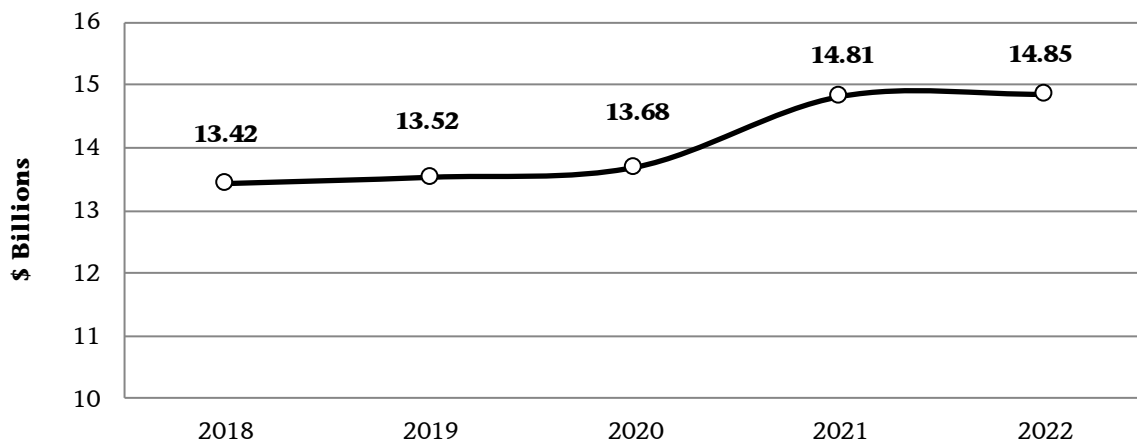
Financial Highlights of the Consolidated Financial Statements

Unmatured Debt

Unmatured debt, net of sinking funds and defeasance assets, increased by \$34.8 million to \$14.85 billion as at March 31, 2022, of which \$14.74 billion related to debt borrowings of the Department of Finance and Treasury Board and other debt of \$101.6 million of Housing Nova Scotia, \$8.2 million of Nova Scotia Municipal Finance Corporation, and \$2.1 million of Nova Scotia Health Authority.

Over the past five years, unmatured debt has increased \$1.43 billion from \$13.42 billion in 2018 to \$14.85 billion in 2022.

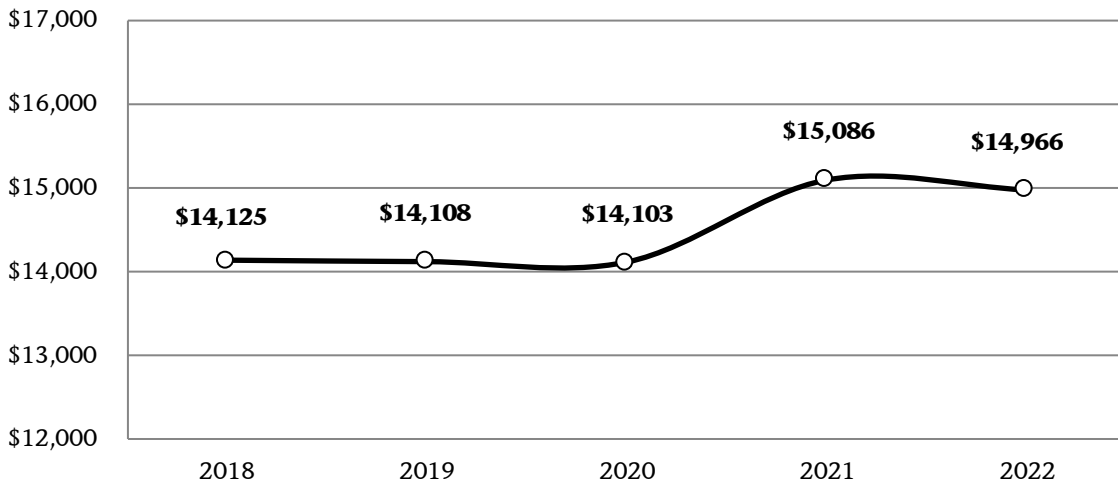
Unmatured Debt - 5 Year Trend



Unmatured Debt per Capita

Unmatured debt decreased by \$120 per capita from \$15,086 in 2021 to \$14,966 in 2022. Over the past five years, unmatured debt per capita increased by \$841 from \$14,125 in 2018 to \$14,966 in 2022, ranging from a high of \$15,086 in 2021 to a low of \$14,103 in 2020.

Unmatured Debt per Capita - 5 Year Trend





NOVA SCOTIA

Credit Ratings

The Province’s credit ratings were confirmed by all three major credit rating agencies during 2022 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 July 12, 2022)

Province	Moody’s	S&P	DBRS
Nova Scotia	Aa2	AA-	A (high)
New Brunswick	Aa2 (pos)	A+	A (high)
Newfoundland and Labrador	A1	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	Aa1	AA	AA (low)
Alberta	Aa3 (pos)	A+	AA (low)
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 2022, the Department of Finance and Treasury Board borrowed \$1,100.0 million in par value (\$1,134.2 million in proceeds) of term debt compared to borrowing requirements of \$2,204.7 million estimated in Budget 2021-22. The budget estimate was prepared under considerable uncertainty in the midst of the COVID-19 pandemic. These borrowings were completed in the domestic public market by way of \$500.0 million in 30-year debentures with a coupon rate of 3.15 per cent (the actual yield-to-maturity was 2.78 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 \$300.0 million in new ten-year debentures with a coupon rate of 2.40 per cent. The Province maintains access to a diversity of borrowing sources 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 2022, there were no foreign currency borrowings during the fiscal year (2021 – \$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, 2022, 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, 2022 (2021 – \$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 \$0.1 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 8.0 per cent for the fiscal year ended March 31, 2022, down from 8.2 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 92.0 per cent of the total principal in fixed interest rate form (2021 – 91.8 per cent), a significant degree of stability in debt servicing costs is expected in coming years. As at March 31, 2022, the average term to maturity of the gross debt portfolio increased to 14.5 years (2021 – 13.7 years) due to the 10- and 30-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 \$13.8 million in debt servicing costs on floating financial instruments outstanding at the end of the fiscal year and fixed income securities maturing within 12 months.



NOVA SCOTIA

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 \$518.3 million or 7.1 per cent to \$7.83 billion at the end of 2022. Over the past five years, total non-financial assets increased from \$6.09 billion at the end of 2018 to \$7.83 billion at the end of 2022, an increase of \$1.74 billion largely in the form of net acquisitions of tangible capital assets.

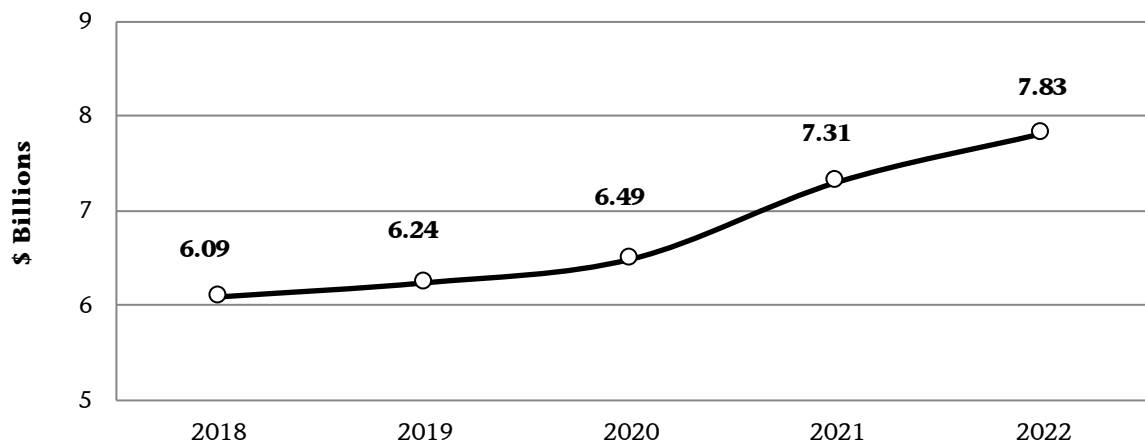
Further details on consolidated tangible capital assets can be found on the next two pages as well as in Schedule 7 of the Public Accounts on pages 119 and 120 of this publication. Additional details on tangible capital assets of the General Revenue Fund are provided on pages 50 and 51 of this publication.

Non-Financial Assets

(\$ thousands)

	Actual 2022	% of Total	Actual 2021	% of Total	Variance Increase (Decrease)
Tangible Capital Assets	7,629,848	97.5%	7,126,376	97.5%	503,472
Inventories of Supplies	170,192	2.2%	148,468	2.0%	21,724
Prepaid Expenses	28,219	0.3%	35,112	0.5%	(6,893)
Total Non-Financial Assets	7,828,259	100.0%	7,309,956	100.0%	518,303

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 \$7.63 billion at the end of 2022, an increase of \$503.5 million or 7.1 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. There were \$85.0 thousand in contributed tangible capital assets received during the 2022 fiscal year (2021 – \$ nil).

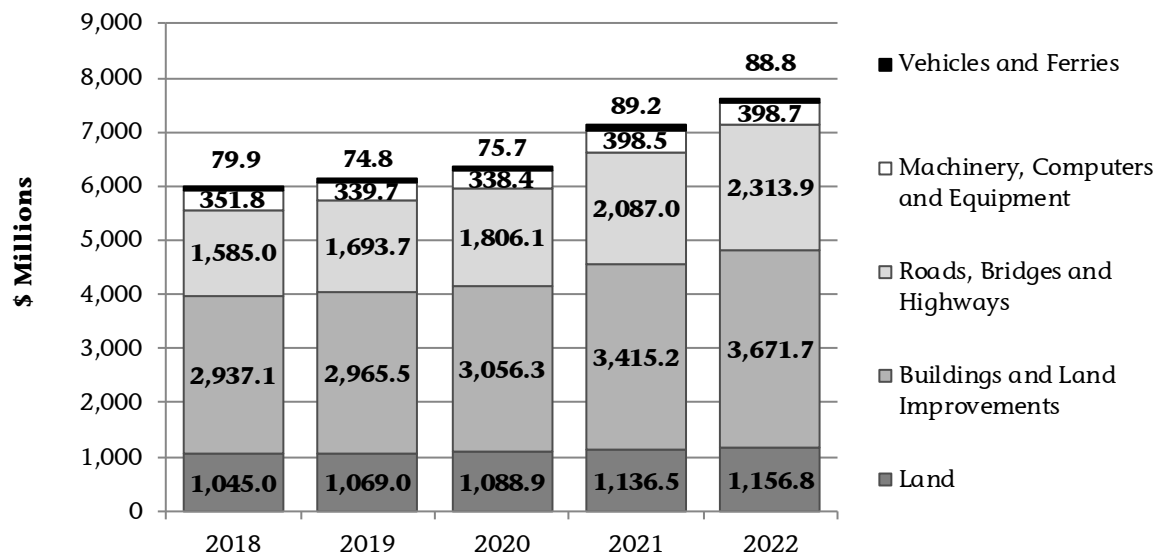
The table and chart below summarize the Province's TCA portfolio by major asset class and show the differences in each class compared to the prior year.

Tangible Capital Assets (Net Book Value)

(\$ thousands)

	Actual 2022	% of Total	Actual 2021	% of Total	Variance Increase (Decrease)
Land	1,156,775	15.2%	1,136,528	15.9%	20,247
Buildings and Land Improvements	3,671,720	48.1%	3,415,152	47.9%	256,568
Roads, Bridges and Highways	2,313,878	30.3%	2,087,014	29.3%	226,864
Machinery, Computers and Equipment	398,700	5.2%	398,479	5.6%	221
Vehicles and Ferries	88,775	1.2%	89,203	1.3%	(428)
Total Tangible Capital Assets	7,629,848	100.0%	7,126,376	100.0%	503,472

Tangible Capital Assets - 5 Year Trend



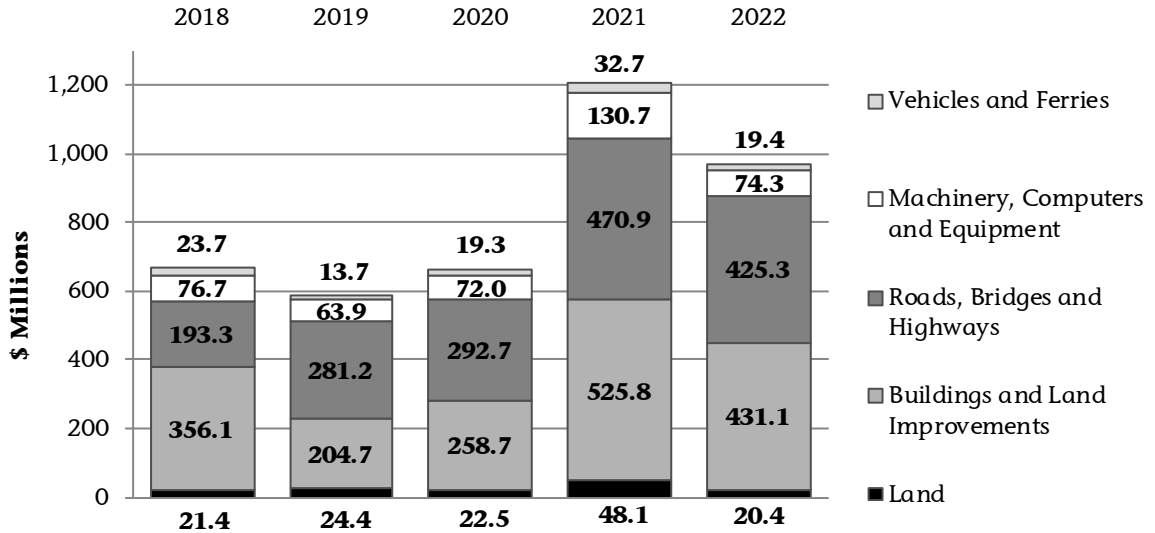


Acquisition of Tangible Capital Assets (TCA)

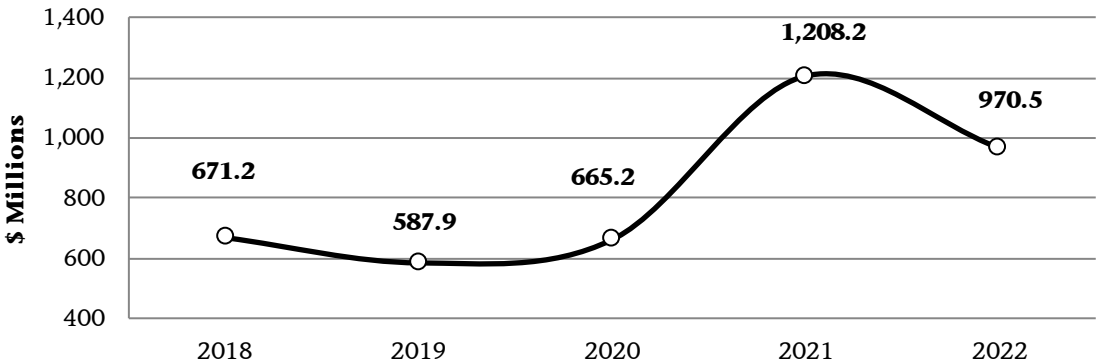
Acquisitions and transfers of TCA totaled \$970.5 million in 2022, which was \$205.5 million lower than estimate and \$237.7 million lower than the prior year mainly due to decreases in current year acquisitions in buildings and land improvements of \$94.7 million, machinery, computers and equipment of \$56.4 million, and roads, bridges, and highways of \$45.6 million. Additions to buildings and land improvements totaled \$431.1 million (2021 – \$525.8 million), of which \$323.0 million related to the construction and improvement of the buildings within the General Revenue Fund (GRF) including \$41.4 million (2021 – \$21.1) under P3 arrangements, \$64.6 million related to the health authorities, \$32.3 million related to Develop Nova Scotia, \$7.3 million related to social housing, and \$3.9 million related to other governmental units.

Land purchases totaled \$20.4 million (2021 – \$48.1 million) during the year, and additions to roads, bridges and highways totaled \$425.3 million (2021 – \$470.9 million), of which \$158.4 million (2021 – \$93.3 million) related to P3 arrangements. Additions to machinery, computers and equipment were \$74.3 million (2021 – \$130.7 million), of which \$38.3 million was attributable to the health authorities, \$28.1 million to the GRF, and \$7.9 million to other governmental units. Over the past five years, TCA acquisitions ranged from a low of \$587.9 million in 2019 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

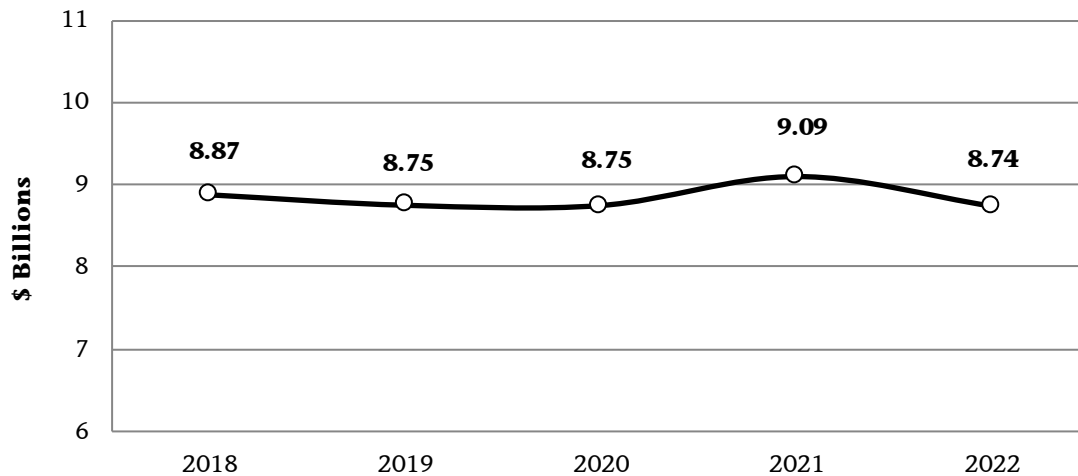


Accumulated Deficits

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 in accordance with current accounting policies. Accumulated deficits are a secondary measure of the Province's financial position.

The accumulated deficits were \$8.74 billion at March 31, 2022, \$350.9 million lower than a year ago as a result of the provincial surplus. The Province has reported accumulated deficits in the past five years as follows:

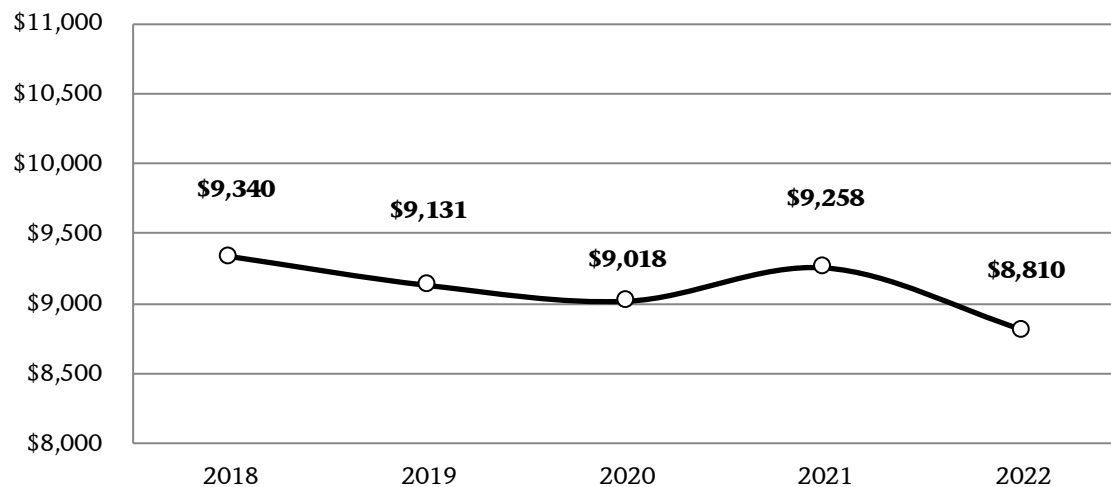
Accumulated Deficits - 5 Year Trend



Accumulated Deficits per Capita

Accumulated deficits decreased by \$448 on a per capita basis from \$9,258 in 2021 to \$8,810 in 2022. Since 2018, accumulated deficits per capita have decreased overall by \$530.

Accumulated Deficits per Capita - 5 Year Trend

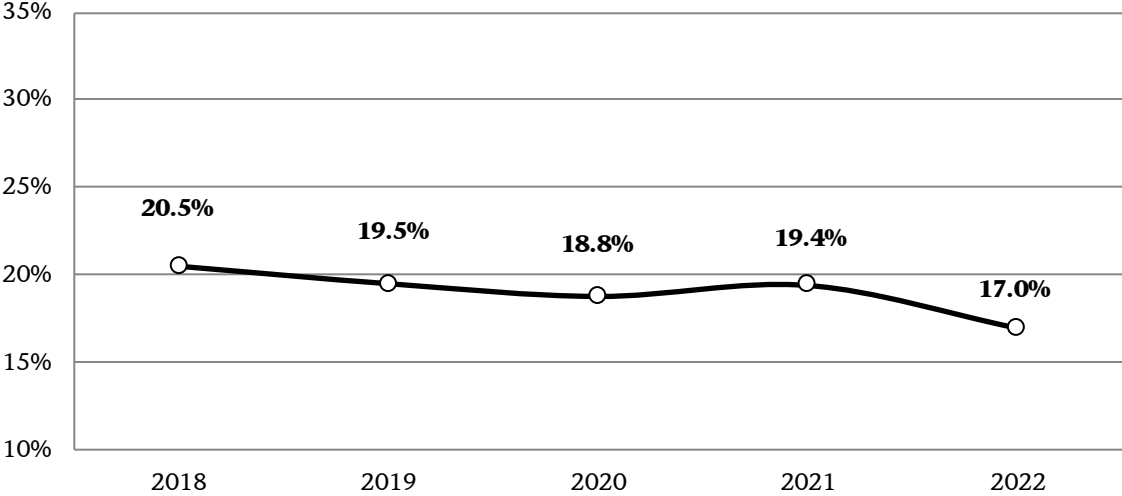




Accumulated Deficits to Nominal Gross Domestic Product (GDP)

Accumulated deficits expressed as a percentage of nominal GDP decreased 2.4 percentage points from 19.4 per cent in 2021 to 17.0 per cent in 2022 mainly due to the provincial surplus and an increase in GDP from the prior year. Over the past five years, this ratio ranged from a high of 20.5 per cent in 2018 to a low of 17.0 per cent in 2022. The overall decrease in this ratio has been 3.5 percentage points since 2018.

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.

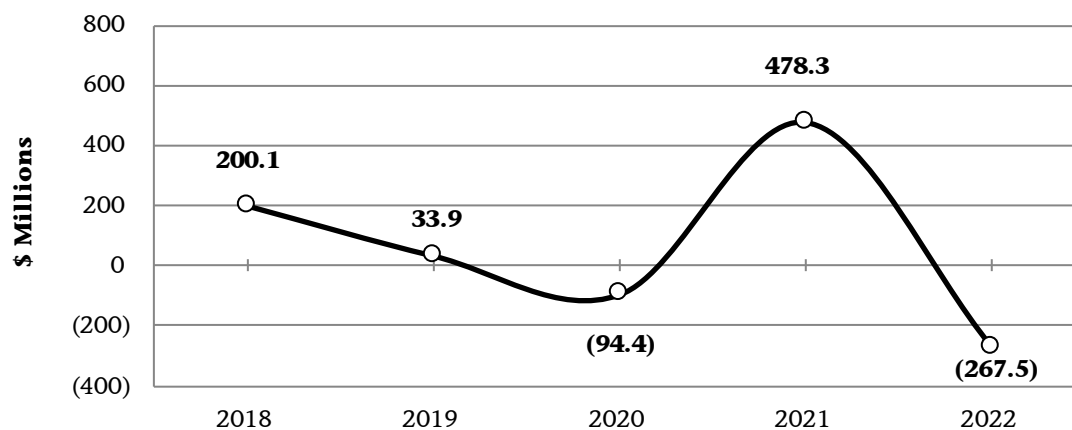
During 2022, the Province's cash position decreased by \$267.5 million. Cash outflows were used to repay debt obligations of \$1,806.8 million, purchase \$970.5 million in tangible capital assets, and finance \$665.2 million in loans and investments. Cash inflows of \$1,402.1 million were generated from the issuance of debt, \$502.0 from net sinking fund withdrawals, \$497.8 million from the collection of loans receivable, \$733.7 million from operating activities, and \$39.4 million from other net cash inflows.

Cash Flows by Activity

(\$ thousands)

	Actual 2022	Actual 2021	Variance Increase (Decrease)
Operating	733,663	413,950	319,713
Investing	(128,269)	17,271	(145,540)
Capital	(969,003)	(1,207,588)	238,585
Financing	96,127	1,254,705	(1,158,578)
Net Inflows (Outflows)	(267,482)	478,338	(745,820)

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.



NOVA SCOTIA

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 2021-22, tabled on March 25, 2021, have been adjusted on a line-by-line basis for consolidation purposes. The original Budget 2021-22 has been restated to reflect departmental restructurings that occurred August 31, 2021. 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 125 and 126 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, 2022

(\$ thousands)

	Estimate 2022	Adjustments	Adjusted Estimate 2022
Revenue			
Provincial Sources			
Tax Revenue	6,100,854	—	6,100,854
Other Provincial Revenue	706,924	830,030	1,536,954
Net Income from Government Business Enterprises	399,896	—	399,896
Investment Income	105,907	11,340	117,247
	7,313,581	841,370	8,154,951
Federal Sources	4,468,239	130,162	4,598,401
Total Revenue	11,781,820	971,532	12,753,352
Expenses			
Departmental Expenses			
Advanced Education	657,803	61,921	719,724
Agriculture	40,613	5,931	46,544
Communities, Culture, Tourism and Heritage	137,769	9,205	146,974
Community Services	1,124,314	—	1,124,314
Economic Development	104,923	4,266	109,189
Education and Early Childhood Development	1,591,394	357,001	1,948,395
Environment and Climate Change	44,379	87,252	131,631
Finance and Treasury Board	26,034	—	26,034
Fisheries and Aquaculture	19,493	301	19,794
Health and Wellness	4,025,905	479,840	4,505,745
Justice	392,342	13	392,355
Labour, Skills and Immigration	203,446	—	203,446
Municipal Affairs and Housing	321,024	142,998	464,022
Natural Resources and Renewables	149,801	(2,888)	146,913
Public Service	379,118	(225,958)	153,160
Public Works	579,134	12,650	591,784
Seniors and Long-Term Care	1,061,780	(76,841)	984,939
Service Nova Scotia and Internal Services	328,485	419	328,904
Restructuring Costs	321,642	—	321,642
	11,509,399	856,110	12,365,509
Refundable Tax Credits	144,698	—	144,698
Pension Valuation Adjustment	107,833	—	107,833
Debt Servicing Costs	710,886	9,371	720,257
Total Expenses	12,472,816	865,481	13,338,297
	(690,996)	106,051	(584,945)
Consolidation and Accounting Adjustments			
General Revenue Fund Consolidation Adjustments	109,581	(109,581)	—
Special Purpose Funds	(901)	901	—
Other Organizations	(2,629)	2,629	—
Total Adjustments	106,051	(106,051)	—
Provincial Deficit	(584,945)	—	(584,945)

Selected Highlights of the General Revenue Fund

Selected Highlights of the General Revenue Fund

For the fiscal year ended March 31, 2022

(\$ thousands)

	Estimate 2022	Actual 2022	Actual 2021
General Revenue Fund *			
Revenues			
Ordinary Revenue	10,696,926	11,838,569	10,332,031
Ordinary Recoveries	684,998	864,755	708,383
Net Income from Government Business Enterprises	399,896	406,109	384,261
	11,781,820	13,109,433	11,424,675
Expenses			
Departmental Expenses	11,509,399	12,040,940	11,019,405
Refundable Tax Credits	144,698	103,268	123,842
Pension Valuation Adjustment	107,833	64,867	61,066
Debt Servicing Costs	710,886	661,947	724,881
	12,472,816	12,871,022	11,929,194
	(690,996)	238,411	(504,519)
Consolidation and Accounting Adjustments			
General Revenue Fund			
Consolidation Adjustments	109,581	100,875	147,529
Special Purpose Funds	(901)	534	1,933
Other Organizations	(2,629)	11,031	13,462
	106,051	112,440	162,924
Provincial Surplus (Deficit)	(584,945)	350,851	(341,595)

* 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, 2022 was \$1.33 billion or 11.3 per cent higher than estimate and \$1.68 billion or 14.7 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 <i>(\$ thousands)</i>	Estimate	Actual	Actual	Actual vs	Actual vs
	2022	2022	2021	Estimate	Actual
				Increase	Increase
				(Decrease)	(Decrease)
Provincial Sources					
Tax Revenue					
Personal Income Tax	2,945,359	3,124,211	2,928,319	178,852	195,892
Corporate Income Tax	500,223	517,759	410,906	17,536	106,853
Harmonized Sales Tax	2,025,505	2,100,608	1,901,013	75,103	199,595
Tobacco Tax	185,850	181,297	208,002	(4,553)	(26,705)
Motive Fuel Tax	238,632	258,528	223,787	19,896	34,741
Cannabis and Vaping Tax	12,061	13,282	9,241	1,221	4,041
Other Tax Revenue	193,224	227,659	188,241	34,435	39,418
Other Provincial Revenue					
Registry of Motor Vehicles	136,985	145,170	137,128	8,185	8,042
Prior Years' Adjustments	—	388,676	(166,184)	388,676	554,860
Offshore License Forfeitures	—	124,721	2,000	124,721	122,721
Other Provincial Sources	142,391	258,217	148,936	115,826	109,281
Ordinary Recoveries	359,679	353,562	366,917	(6,117)	(13,355)
Other Fees and Charges	60,036	56,642	51,765	(3,394)	4,877
TCA Cost Shared Revenue	7,833	1,740	5,309	(6,093)	(3,569)
Net Gain (Loss) on Disposal of Crown Assets	—	117	(736)	117	853
Net Income from Government					
Business Enterprises	399,896	406,109	384,261	6,213	21,848
Investment Income					
Interest Revenue	70,978	78,952	81,164	7,974	(2,212)
Sinking Fund Earnings	34,929	34,838	57,802	(91)	(22,964)
Total Provincial Sources	7,313,581	8,272,088	6,937,871	958,507	1,334,217
Federal Sources					
Equalization Payments	2,315,000	2,315,348	2,145,883	348	169,465
Canada Health Transfer	1,109,000	1,219,992	1,078,379	110,992	141,613
Canada Social Transfer	398,000	400,779	386,932	2,779	13,847
Prior Years' Adjustments	—	2,620	(2,489)	2,620	5,109
Ordinary Recoveries	325,319	511,193	341,466	185,874	169,727
Offshore Accord	44,000	130,063	—	86,063	130,063
TCA Cost Shared Revenue	208,012	148,244	85,421	(59,768)	62,823
Crown Share	—	—	(994)	—	994
Other Federal Sources	68,908	109,106	452,206	40,198	(343,100)
Total Federal Sources	4,468,239	4,837,345	4,486,804	369,106	350,541
Total Revenue	11,781,820	13,109,433	11,424,675	1,327,613	1,684,758

General Revenue Fund – Revenue Variance Analysis

Personal Income Tax

Personal Income Tax (PIT) revenue was \$178.9 million or 6.1 per cent higher than the estimate due to higher projections for both taxable income and the yield rate. Taxable income for 2021 was projected to be up by 4.3 per cent and by 2.6 per cent for 2022 compared to estimate while the yield rate was up by 2.5 per cent for 2021 and by 1.4 per cent for 2022.

PIT revenue was \$195.9 million or 6.7 per cent higher than the prior year.

Corporate Income Tax

Corporate Income Tax (CIT) revenue was \$17.5 million or 3.5 per cent higher than the estimate. The Province's share of national corporate taxable income decreased by 4.1 per cent in both 2021 and 2022. This is more than offset by increased federal estimates of national corporate taxable income, which is up by 10.4 per cent in 2021 and 2.9 per cent in 2022. The small business share of taxable income rose by 0.5 percentage points to 38.6 per cent of corporate taxable income.

CIT revenue was \$106.9 million or 26.0 per cent higher than the prior year.

Harmonized Sales Tax

Harmonized Sales Tax (HST) revenue was \$75.1 million or 3.7 per cent higher than the estimate as the total tax base was projected to be up by 3.3 per cent for 2021 and 4.1 per cent for 2022, primarily as a result of stronger residential housing investment (up 13.1 per cent for 2021 and 11.5 per cent for 2022) and consumer expenditures (up 0.8 per cent for 2021 and 2.4 per cent for 2022).

HST revenue was \$199.6 million or 10.5 per cent higher than the prior year.

Tobacco Tax

Tobacco Tax revenue was \$4.6 million or 2.4 per cent lower than the estimate due to a decrease of 1.9 per cent in the consumption of cigarettes and 37.1 per cent in the consumption of fine cut tobacco.

Tobacco Tax revenue was \$26.7 million or 12.8 per cent lower than the prior year.

Motive Fuel Tax

Motive Fuel Tax revenue was \$19.9 million or 8.3 per cent higher than the estimate due to an increase of 8.0 per cent in the consumption of gasoline and a 5.2 per cent increase in the consumption of diesel oil.

Motive Fuel Tax revenue was \$34.7 million or 15.5 per cent higher than the prior year.

Unless otherwise indicated, the analysis for tax revenue and PYAs is based on the calendar year, not the fiscal year.



Cannabis and Vaping Products Tax

Cannabis and Vaping Products Tax revenue was \$1.2 million or 10.1 per cent higher than the estimate. Cannabis Tax revenue was \$2.2 million or 28.0 per cent higher than the estimate as the market, availability of options, and consumer preferences continued to mature. Vaping Products Tax revenue was \$1.0 million or 22.1 per cent lower than the estimate as consumption was lower than projected.

Cannabis and Vaping Products Tax revenue was \$4.0 million or 43.7 per cent higher than the prior year.

Prior Years' Adjustments — Provincial Sources

Prior Years' Adjustments (PYAs) from provincial sources resulted in an increase of \$388.7 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, and revenue forecast updates to Large Corporations Tax.

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 \$183.4 million for PIT, \$120.1 million for CIT, \$85.3 million for HST, which were partially offset by a negative PYA of \$0.1 million for Large Corporations Tax.

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 \$124.7 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. In 2022, payments were received from BP Canada and Equinor Canada in relation to the forfeiture of exploration licenses.

Revenue from offshore license forfeitures was \$122.7 million higher than the prior year.

Other Provincial Sources

Revenue from other provincial sources was \$115.8 million or 81.3 per cent higher than estimate mainly due to the \$101.5 million received from Nova Scotia Innovation Corporation from the proceeds on the disposal of a portfolio investment.

Revenue from other provincial sources was \$109.3 million or 73.4 per cent higher than the prior year.

Ordinary Recoveries — Provincial Sources

Ordinary Recoveries from provincial sources were \$6.1 million or 1.7 per cent lower than the estimate primarily due to a decrease of \$8.1 million in the Department of Public Works mainly for delays in highway improvement projects and other third-party recoverable work, \$4.4 million in the Department of Justice mainly due to lower recoveries of overdue court fines and Summary Offence Ticket collections for the Victim Services Surcharge Fund, \$4.1 million in the Department of Health and Wellness mainly due to less than anticipated automobile levy, and \$3.6 million in the Department of Advanced Education primarily due to decreased recoveries from the Maritime Provinces Higher Education Commission. These decreases were partially offset by \$12.5 million in prior year recoveries.

Ordinary Recoveries from provincial sources were \$13.4 million or 3.6 per cent lower than the prior year primarily due to a decrease of \$6.9 million in the Department of Public Works for the J-Class road program and other third-party recoverable work, \$5.4 million in the Department of Health and Wellness mainly as a result of reductions of \$6.5 million in Third Party Auto Levy from a decrease in assumptions and accident frequency during the COVID-19 pandemic, offset by other net increases of \$1.1 million, and \$2.2 million in the Department of Advanced Education primarily due to the Regional Transfer Agreement being replaced by a seat purchase agreement with the Province of Prince Edward Island. These decreases were partially offset by net increases of \$3.9 million in the Department of Justice primarily due to an increase in recoveries from municipalities for higher RCMP policing costs.

TCA Cost Shared Revenue — Provincial Sources

TCA Cost Shared Revenue from provincial sources was \$6.1 million or 77.8 per cent lower than the estimate due to the delay of major construction projects causing expenses and the corresponding TCA cost share revenue to be shifted to future years.

TCA Cost Shared Revenue from provincial sources was \$3.6 million or 67.2 per cent lower than the prior year.

Interest Revenue

Interest Revenue was \$8.0 million or 11.2 per cent higher than the estimate primarily due to higher short-term investment income attributed to higher than anticipated interest rates on those funds, partially offset by lower cash balances held during 2022.

Interest Revenue was \$2.2 million or 2.7 per cent lower than the prior year.

Sinking Fund Earnings

Sinking Fund Earnings were \$0.1 million or 0.3 per cent lower than the estimate.

Sinking Fund Earnings were \$23.0 million or 39.7 per cent lower than the prior year primarily due to the on-going reduction in the level of these investment holdings used to pay off maturing debentures. Mandatory sinking funds and unrestricted sinking funds are held in the Public Debt Management Fund. As the remaining two debt issues with mandatory sinking funds mature and the funds are drawn down, the mandatory sinking funds will be eliminated in 2022-23.



Equalization Payments

Equalization payments were basically 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 \$169.5 million or 7.9 per cent higher than the prior year.

Canada Health Transfer

Canada Health Transfer (CHT) revenue was \$111.0 million or 10.0 per cent higher 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 2021, along with the Province's share of a one-time top up of \$4.0 billion to assist provinces and territories with increased health care costs resulting from the COVID-19 pandemic.

CHT revenue was \$141.6 million or 13.1 per cent higher than the prior year.

Canada Social Transfer

Canada Social Transfer (CST) revenue was \$2.8 million or 0.7 per cent higher 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 2021.

CST revenue was \$13.8 million or 3.6 per cent higher than the prior year.

Prior Years' Adjustments — Federal Sources

Prior Years' Adjustments (PYAs) from federal sources resulted in an increase to revenue of \$2.6 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 \$1.9 million for CHT and \$0.7 million for CST both due to revised estimates for the 2021 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 \$185.9 million or 57.1 per cent higher than the estimate primarily due to a \$112.0 million increase in the Department of Health and Wellness mainly due to rapid test kits, personal protective equipment (PPE), and vaccine supplies donated by the federal government, \$48.8 million in the Department of Municipal Affairs and Housing largely related to the Canada Community-Building Fund (formerly Federal Gas Tax Fund) transfers to municipalities, \$29.4 million in the Department of Education and Early Childhood Development mainly for universal childcare initiatives and Early Childhood Workforce programming, and \$9.4 million in the Department of Labour, Skills and Immigration related to the Workforce Development Agreement and the Federal Labour Market Development Agreement.

These increases were partially offset by net decreases of \$8.8 million in the Department of Natural Resources and Renewables primarily due to lower recoverable spending in the Investing in Canada Infrastructure Program and \$7.1 million in the Department of Public Works for timing of highway projects.

Selected Highlights of the General Revenue Fund

Ordinary Recoveries from federal sources were \$169.7 million or 49.7 per cent higher than the prior year primarily due to \$91.3 million in the Department of Health and Wellness from federal contributions of rapid test kits, PPE, and vaccine supplies, \$66.8 million in the Department of Municipal Affairs and Housing mainly related to the Canada Community-Building Fund transfers to municipalities, and \$27.0 million in the Department of Education and Early Childhood Development primarily for universal childcare initiatives and Early Childhood Workforce programming.

These increases were partially offset by net decreases of \$18.4 million in the Department of Labour, Skills and Immigration, including decreases of \$10.7 million in Workforce Development Agreement COVID-19 funding and \$10.4 million in Federal Student Assistance and Post-Secondary Accessibility Services recoveries. In addition, there were \$8.1 million in decreased federal recoveries in the Department of Public Works due to timing of the Harrietsfield Remediation project and other highway projects.

Offshore Accord

Offshore Accord Payments were \$86.1 million or 195.6 per cent higher than the estimate as the federal legislation required to extend the Offshore Accord for a three-year period received Royal Assent in 2022 and the 2021 payment was made in the 2022 fiscal year.

Offshore Accord Payments were \$130.1 million or 100.0 per cent higher than the prior year.

TCA Cost Shared Revenue — Federal Sources

TCA Cost Shared Revenue from federal sources was \$59.8 million or 28.7 per cent lower than the estimate primarily due to the delay of major construction projects causing expenses and the corresponding TCA cost shared revenue to be shifted to future years.

TCA Cost Shared Revenue from federal sources was \$62.8 million or 73.5 per cent higher than the prior year primarily due to increases in the Investing in Canada Infrastructure Program.

Other Federal Sources

Revenue from other federal sources was \$40.2 million or 58.3 per cent higher than the estimate primarily due to the Immunization Plan Funding of \$25.8 million in the Department of Finance and Treasury Board, and \$26.7 million in Home and Palliative Care Funding under the Department of Seniors and Long-Term Care. These increases were offset by net decreases in funding from other federal sources of \$12.3 million.

Revenue from other federal sources was \$343.1 million or 75.9 per cent lower than the prior year primarily due to decreases in federal COVID-19 funding.



NOVA SCOTIA

General Revenue Fund – Departmental Expenses

Overall, departmental expenses of the General Revenue Fund for the fiscal year ended March 31, 2022 were \$531.5 million or 4.6 per cent higher than estimate and \$1.02 billion or 9.3 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 2022	Actual 2022	Actual 2021	Actual vs Estimate Increase (Decrease)	Actual vs Actual Increase (Decrease)
Advanced Education	657,803	806,457	687,216	148,654	119,241
Agriculture	40,613	38,912	45,947	(1,701)	(7,035)
Communities, Culture, Tourism and Heritage	137,769	245,228	142,873	107,459	102,355
Community Services	1,124,314	1,089,685	1,020,624	(34,629)	69,061
Economic Development	104,923	145,901	158,840	40,978	(12,939)
Education and Early Childhood Development	1,591,394	1,626,290	1,536,030	34,896	90,260
Environment and Climate Change	44,379	45,272	44,804	893	468
Finance and Treasury Board	26,034	25,491	23,514	(543)	1,977
Fisheries and Aquaculture	19,493	17,781	17,296	(1,712)	485
Health and Wellness	4,025,905	4,128,610	3,886,499	102,705	242,111
Justice	392,342	423,532	390,627	31,190	32,905
Labour, Skills and Immigration	203,446	282,586	217,720	79,140	64,866
Municipal Affairs and Housing	321,024	444,858	363,655	123,834	81,203
Natural Resources and Renewables	149,801	200,512	166,209	50,711	34,303
Public Service	379,118	389,210	359,544	10,092	29,666
Public Works	579,134	616,926	587,258	37,792	29,668
Seniors and Long-Term Care	1,061,780	1,110,532	986,408	48,752	124,124
Service Nova Scotia and Internal Services	328,485	320,169	302,886	(8,316)	17,283
Restructuring Costs	321,642	82,988	81,455	(238,654)	1,533
Total Departmental Expenses	11,509,399	12,040,940	11,019,405	531,541	1,021,535

The original Budget 2021-22 and prior year actuals have been restated to reflect departmental restructurings that occurred August 31, 2021, under Orders in Council 2021-208 to 2021-216.

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.

Departmental Expenses Compared To Estimate

Advanced Education

Department of Advanced Education expenses were \$148.7 million or 22.6 per cent higher than the estimate primarily due to \$65.0 million in university infrastructure grants to invest in deferred maintenance at Cape Breton University (CBU), St. Francis Xavier University, Acadia University, and St. Anne University, \$35.0 million for the CBU Center for Discovery and Innovation, \$25.0 million investment to Research Nova Scotia, \$5.0 million for a strategic health initiative at CBU exploring options for recruitment and retention outside the urban core, \$4.0 million for the relocation of the Nova Scotia Community College (NSCC) Marconi Campus, \$3.6 million in upfront grants in the Student Loan Program, \$3.0 million payable to the NSCC for the Academic Union wage settlement retroactive payment, \$2.3 million increase to the Student Loan Program provision for uncollectible accounts, \$2.0 million investment in the NSCC Medical Laboratory Technology Program, \$2.0 million in COVID-19 related expenses to support NSCC, and \$1.4 million in COVID-19 assistance for post-secondary accessibility students, fully recoverable from the federal government.

Communities, Culture, Tourism and Heritage

Department of Communities, Culture, Tourism and Heritage expenses were \$107.5 million or 78.0 per cent higher than the estimate primarily due to funding of \$34.8 million for Tourism Nova Scotia, of which \$23.6 million was related to re-opening initiatives and marketing investments for COVID-19 recovery, \$31.5 million for various community infrastructure projects, \$16.3 million for film productions through the Nova Scotia Film and Television Production Incentive Fund, of which \$8.1 million was related to projects delayed due to COVID-19, \$15.0 million for the Content Creator Fund through Screen Nova Scotia, and \$5.0 million for youth access and accessible equipment through Sport Nova Scotia.

Community Services

Department of Community Services expenses were \$34.6 million or 3.1 per cent lower than the estimate due to net COVID-19 related costs of \$43.6 million not spent, mainly lower income assistance costs from the continued decline in Employment Support and Income Assistance caseloads resulting from federal COVID-19 programs. Non-COVID-19 decreases included \$9.9 million in net reductions in the Disability Support Program as a result of one-time savings from the pace of new home completion due to supply chain and construction issues offset by higher than expected temporary shelter arrangements and extra staffing, \$5.7 million in Nova Scotia Child Benefit uptake less than anticipated, and \$5.5 million in lower Pharmacare utilization. These decreases were partially offset by non-COVID-19 cost pressures including \$9.5 million for Child, Youth and Family Supports for children with complex needs, increased support costs of Child Caring Programs, and the foster care redesign program, \$9.2 million for homelessness initiatives, and \$6.1 million in one-time financial support for vulnerable Nova Scotians.

Economic Development

Department of Economic Development expenses were \$41.0 million or 39.1 per cent higher than the estimate primarily due to net increases of \$27.6 million in COVID-19 supports, including \$30.4 million for the Small Business Impact Grant, \$4.0 million for stimulus capital projects through Develop Nova Scotia carried over from 2020-21, offset by decreases of \$3.3 million for Nova Scotia Business Inc. (NSBI) Innovation Rebate Program and \$2.0 million for the NSBI Forestry Innovation Rebate Program.



Other non-COVID-19 increases included a \$13.0 million contribution to the Halifax International Airport Authority Air Access Fund, \$8.5 million to the Internet Funding Trust for a satellite hardware program, \$6.3 million to the Sydney Airport Authority Air Access Fund, \$2.5 million for the Verschuren Centre expansion, and \$1.7 million for Centre for Ocean Ventures and Entrepreneurship (COVE) operational support. These increases were offset by decreases of \$18.7 million mainly due to a \$15.7 million reduction in Nova Scotia Jobs Fund unscheduled repayments and released guarantees.

Education and Early Childhood Development

Department of Education and Early Childhood Development expenses were \$34.9 million or 2.2 per cent higher than the estimate primarily due to \$18.5 million in fully recoverable universal childcare initiatives, \$10.0 million in fully recoverable Early Childhood Workforce programming, and \$8.0 million in operating support grants paid out to the childcare sector due to public health measures taken to mitigate the impact of COVID-19. These increases were partially offset by decreased departmental expenses in other areas.

Health and Wellness

Department of Health and Wellness expenses were \$102.7 million or 2.6 per cent higher than the estimate primarily due to \$147.2 million in additional expenses to support COVID-19 response efforts, including \$76.4 million in rapid test kits and PPE usage, \$63.5 million for additional testing, and \$29.5 million in immunization costs. Non-COVID-19 related increases included \$11.4 million in Physician Services mainly related to Alternative Payment Plan contracts. These increases were partially offset by decreases of \$59.3 million in capital grants for Nova Scotia Health Authority (NSHA) infrastructure due to a shift of cashflows to 2022-23 and \$12.9 million in NSHA operating costs, mainly Dartmouth General Hospital operational costs from project delays.

Justice

Department of Justice expenses were \$31.2 million or 7.9 per cent higher than the estimate primarily due to \$13.9 million in RCMP contract operating costs mainly from wage increases, \$12.1 million in operating expenses related to the Mass Casualty Commission public inquiry, \$4.8 million to establish and operate the African Nova Scotian Justice Institute for a three-year period, and \$4.4 million for retroactive wages related to the 2017 Judicial Compensation Tribunal recommendations. These increases were partially offset by \$4.0 million in vacancy and operational savings.

Labour, Skills and Immigration

Department of Labour, Skills and Immigration expenses were \$79.1 million or 38.9 per cent higher than estimate primarily due to a \$67.4 million payment to the Workers' Compensation Board for the one-time cost expanding presumptive cancer coverage for firefighters, \$6.6 million increase for Workforce Development Agreement (WDA) expenses (fully recoverable), \$3.0 million for the Labour Market Development Agreement (LMDA) (fully recoverable), \$2.5 million for the Immigration and Population Growth marketing campaign, \$1.0 million for COVID-19 response for the sick leave program, and \$1.0 million in additional Nova Scotia Apprenticeship Agency grants. These increases were offset by decreases of \$2.4 million primarily due to lower than anticipated Occupational Health and Safety and Workers' Advisers Program expenses (recoverable from the Workers' Compensation Board's Accident Fund).

Municipal Affairs and Housing

Department of Municipal Affairs and Housing expenses were \$123.8 million or 38.6 per cent higher than the estimate primarily due to \$54.4 million for the fully recoverable Canada Community-Building Fund (formerly Federal Gas Tax Fund) transfer to municipalities, \$31.1 million for the doubling of the Municipal Operating Grants, \$30.2 million to address the Nova Scotia Affordable Housing Commission recommendations, \$3.4 million for one-time volunteer emergency service provider fundraising grants, \$3.1 million in partly recoverable Disaster Assistance relief for the November 2021 floods, \$3.0 million for West Hants Regional Municipality infrastructure initiatives, and \$2.0 million for the Housing Nova Scotia emergency repair waitlist. These increases were partially offset by \$3.1 million in federal infrastructure project delays.

Natural Resources and Renewables

Department of Natural Resources and Renewables expenses were \$50.7 million or 33.9 per cent higher than estimate primarily due to \$57.0 million for energy efficiency programming, \$7.9 million in additional remediation costs for abandoned mine sites, and \$2.9 million in Silviculture/Reforestation initiatives. These increases were partially offset by a \$17.8 million decrease in Investing in Canada Infrastructure Program spending due to cashflow shifts and project transfers to the Department of Municipal Affairs and Housing.

Public Works

Department of Public Works expenses were \$37.8 million or 6.5 per cent higher than estimate primarily due to \$42.6 million in additional Boat Harbour remediation costs, \$9.7 million for the Rural Impact Mitigation program, \$8.0 million for storm damages, and \$7.7 million in snow and ice removal costs. These increases were partially offset by decreases of \$6.1 million in amortization costs, \$5.6 million in delays related to the partially recoverable Highway 103 Bridgewater Interchange project, \$3.7 million in delays to the Colchester Hospital demolition project, \$3.5 million in grants to Nova Scotia Lands Inc. for the Healthcare Infrastructure division, \$3.3 million in delays to recoverable Highway 104 improvements, \$2.3 million to Bay Ferries for Nova Scotia-to-Maine ferry services, and \$2.3 million in third party recoverable work.

Seniors and Long-Term Care

Department of Seniors and Long-Term Care expenses were \$48.8 million or 4.6 per cent higher than estimate primarily due to \$17.5 million in net additional funding to support COVID-19 response efforts. These COVID-19 increases included \$11.3 million for Long-Term Care (LTC) Nurses and Assistants due to Continuing Care Assistance (CCA) shortages, \$11.1 million for Travel Nursing due to a shortage of LTC nurses, \$10.1 million for PPE, and \$6.0 million for additional support to manage COVID-19 protocols, partially offset by \$13.9 million in Health System Capacity Preparedness initiatives no longer needed due to changing epidemiology and \$10.2 million due to delays in LTC facility projects. Other non-COVID-19 increases included \$20.1 million for the Senior's Care Grant, \$10.1 million for the Expanded Home First and Direct Funding Programs, \$9.9 million for the Work and Learn initiative, and \$6.1 million in CCA wage increases. These expenses were partially offset by a decrease of \$18.3 million due to lower utilization of Home Support Services.

Restructuring Costs

Restructuring expenses were \$238.7 million or 74.2 per cent lower than the estimate primarily due to lower than anticipated corporate initiatives.



Departmental Expenses Compared To Prior Year

Advanced Education

Department of Advanced Education expenses were \$119.2 million or 17.4 per cent higher than the prior year primarily due to \$65.0 million in university infrastructure investments for deferred maintenance at Cape Breton University (CBU), St. Francis Xavier University, Acadia University, and St. Anne University, \$35.0 million for the CBU Center for Discovery and Innovation, \$25.0 million investment to Research Nova Scotia, \$8.6 million increase in the Student Loan Program, \$5.0 million for the strategic health initiative at CBU exploring options for recruitment and retention outside the urban core, \$3.8 million for a one per cent annual operating grant increase to universities, and \$3.0 million to the Nova Scotia Community College for the Academic Union wage settlement retroactive payment. These increases were offset by a decrease in one-time COVID-19 funding to ten universities in 2021 of \$25.0 million.

Communities, Culture, Tourism and Heritage

Department of Communities, Culture, Tourism and Heritage expenses were \$102.4 million or 71.6 per cent higher than the prior year primarily due to \$41.3 million from Nova Scotia Business Inc.'s (NSBI) Nova Scotia Film and Television Production Incentive Fund being transferred from Economic Development, of which \$8.1 million related to projects delayed due to COVID-19, and \$30.5 million for Tourism Nova Scotia, of which \$23.6 million was for re-opening initiatives and marketing investments related to COVID-19 recovery efforts. In addition, there was \$24.7 million for various community infrastructure projects, \$15.0 million for the Content Creator Fund through Screen Nova Scotia, and \$5.0 million for youth access and accessible equipment through Sport Nova Scotia. These increases were partially offset by \$5.0 million for Sport Equity Initiatives and \$3.8 million for the Sport Canada Bilateral Agreement for COVID-19 Emergency Support Funding.

Community Services

Department of Community Services expenses were \$69.1 million or 6.8 per cent higher than the prior year primarily due to \$61.4 million in Employment Support and Income Assistance program enhancements, the transfer of the homelessness budget from the Department of Municipal Affairs and Housing plus investment to address critical needs for the homeless population, one-time financial support for vulnerable Nova Scotians announced in March 2022 to address immediate affordability issues, and grants to community groups, partially offset by lower Pharmacare utilization. Other increases included \$47.7 million in the Disability Support Program primarily related to utilization and enhancements to the Standard Household Rate, increased costs for temporary shelter arrangements, new investments for Adult Residential Centre/Residential Rehabilitation Centre Transition, and other Community Based Options and \$7.7 million in Child, Youth and Family Supports primarily due to new investments in prevention and early intervention grants funding, foster care redesign, and open adoptions disclosure. These increases were partially offset by \$48.0 million in COVID-19 related cost reductions mainly due to continued decline in caseloads in Employment Support and Income Assistance as a result of federal COVID-19 programs.

Education and Early Childhood Development

Department of Education and Early Childhood Development expenses were \$90.3 million or 5.9 per cent higher than the prior year primarily due to \$18.5 million in fully recoverable universal childcare initiatives, \$15.0 million for Inclusive Education funding, \$15.0 million in net operational funding to Regional Centres for Education/Conseil scolaire acadien provincial, \$11.5 million for wage increases, \$10.0 million in fully recoverable Early Childhood Workforce programming, \$7.8 million for additional pre-primary classrooms, \$7.6 million in grants to the Atlantic Provinces Special Education Authority (APSEA), and \$4.8 million in incremental Teacher Pension Plan contributions.

Health and Wellness

Department of Health and Wellness expenses were \$242.1 million or 6.2 per cent higher than the prior year primarily due to \$101.1 million in additional costs to support COVID-19 response efforts including \$97.3 million for rapid test kits and PPE usage, \$62.2 million for more testing, \$47.9 million in immunization expenses, partially offset by \$70.1 million for the Essential Health Care Workers Program and \$53.2 million in stimulus funding and COVID-19 capital project costs. Non-COVID-19 related increases included \$62.9 million in Physician Services mainly for the Physician Master Agreement and Alternate Payment Plan contracts, \$29.5 million in Emergency Health Services mainly for incremental costs related to the first year of the new Emergency Medical transport contract, and \$49.9 million for NSHA operating costs.

Labour, Skills and Immigration

Department of Labour, Skills and Immigration expenses were \$64.9 million or 29.8 per cent higher than the prior year primarily due to \$67.4 million in funding to the Workers' Compensation Board to reflect the one-time cost associated with expanding presumptive cancer coverage for firefighters. This increase was partially offset by net miscellaneous variances of \$2.6 million.

Municipal Affairs and Housing

Department of Municipal Affairs and Housing expenses were \$81.2 million or 22.3 per cent higher than the prior year primarily due to increases of \$57.8 million for the fully recoverable Canada Community-Building Fund (formerly Federal Gas Tax Fund), \$31.1 million for the doubling of the Municipal Operating Grants, \$30.2 million to address the Affordable Housing Commission recommendations, \$20.3 million for federal infrastructure projects, \$9.6 million for additional investments in Housing Nova Scotia, \$4.1 million for partially recoverable Disaster Assistance, and \$3.0 million for West Hants Regional Municipality infrastructure initiatives. These increases were partially offset by decreases of \$67.5 million for Federal Safe Restart initiatives and \$11.8 million for Homelessness programming transferred to the Department of Community Services.

Seniors and Long-Term Care

Department of Seniors and Long-Term Care expenses were \$124.1 million or 12.6 per cent higher than the prior year primarily due to \$49.5 million in additional funding to support COVID-19 response efforts including \$22.0 million in Health Human Resources for increased utilization of LTC Nurses and Assistants due to CCA shortages, \$11.1 million for Travel Nursing due to a shortage of LTC nurses, \$10.1 million for PPE, and \$6.0 million in additional administrative support to manage COVID protocols. In addition, non-COVID-19 increases included \$28.5 million for Expanded Home First and Direct Funding Programs, \$10.1 million for additional LTC facility projects, \$9.9 million for Work and Learn initiatives, \$6.1 million for CCA wage increases, and \$6.0 million for VON Nursing Services.



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 \$85.0 thousand in tangible capital assets received during the 2022 fiscal year (2021 – \$nil).

Spending on gross capital purchases was \$179.4 million or 17.7 per cent lower than the estimate primarily due to decreased spending of \$119.0 million on building costs, \$50.0 million in contingency, \$4.2 million in information technology, \$3.8 million in highways and structures, and \$2.4 in vehicles and equipment.

Gross Capital Purchases

(\$ thousands)

	Estimate 2022	Actual 2022	Variance Increase (Decrease)
Advanced Education	30,299	34,897	4,598
Agriculture	11,317	5,275	(6,042)
Communities, Culture, Tourism and Heritage	1,170	756	(414)
Community Services	1,879	920	(959)
Education and Early Childhood Development	223,059	154,659	(68,400)
Environment and Climate Change	1,256	1,172	(84)
Health and Wellness	160,600	118,800	(41,800)
Justice	3,160	2,661	(499)
Municipal Affairs and Housing	450	397	(53)
Natural Resources and Renewables	4,456	2,650	(1,806)
Public Service	1,000	168	(832)
Public Works			
Highways and Bridges	475,232	475,113	(119)
Buildings and Infrastructure	40,829	30,644	(10,185)
Service Nova Scotia and Internal Services	11,086	8,303	(2,783)
Cash Flow Contingency	50,000	—	(50,000)
Total Gross Capital Purchases	1,015,793	836,415	(179,378)

Selected Highlights of the General Revenue Fund

Included in the gross capital purchases in 2021-22 are acquisitions under P3 arrangements totaling \$199.9 million (\$41.4 million for health care infrastructure and \$158.5 million for highways).

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 2021-22 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 4 to 25 years.

Amortization

(\$ thousands)

	Estimate 2022	Actual 2022	Variance Increase (Decrease)
Advanced Education	5,862	5,887	25
Agriculture	1,121	833	(288)
Communities, Culture, Tourism and Heritage	1,751	1,341	(410)
Community Services	1,539	1,396	(143)
Economic Development	6,768	6,768	—
Education and Early Childhood Development	74,327	75,173	846
Environment and Climate Change	703	361	(342)
Fisheries and Aquaculture	68	80	12
Health and Wellness	9,553	8,132	(1,421)
Justice	4,855	4,334	(521)
Labour, Skills and Immigration	113	113	—
Municipal Affairs and Housing	439	318	(121)
Natural Resources and Renewables	3,299	3,263	(36)
Public Works	234,662	228,544	(6,118)
Service Nova Scotia and Internal Services	11,993	11,621	(372)
Total Amortization	357,053	348,164	(8,889)



NOVA SCOTIA

Additional Appropriations by Resolution
Relative to the Appropriations Act, 2021
For the fiscal year ended March 31, 2022
(\$ thousands)

*						Final Additional Appropriation Required
Res #	Appropriation	Original Estimate	Additional Approved	Actual	Variance	
Departmental Expenses						
14,15	Advanced Education	657,803	142,001	806,457	6,653	6,654
1	Agriculture	40,613	—	38,912	(1,701)	—
2,11	Communities, Culture, Tourism and Heritage	137,769	115,048	245,228	(7,589)	—
3	Community Services	1,124,314	—	1,089,685	(34,629)	—
11	Economic Development	104,923	47,509	145,901	(6,531)	—
4	Education and Early Childhood Development	1,591,394	52,942	1,626,290	(18,046)	—
6	Environment and Climate Change	44,379	1,761	45,272	(868)	—
7	Finance and Treasury Board	26,034	—	25,491	(543)	—
8	Fisheries and Aquaculture	19,493	—	17,781	(1,712)	—
10	Health and Wellness	4,025,905	87,071	4,128,610	15,634	15,634
13	Justice	392,342	15,943	423,532	15,247	15,247
14,30	Labour, Skills and Immigration	203,446	79,390	282,586	(250)	—
12,17	Municipal Affairs and Housing	321,024	134,031	444,858	(10,197)	—
5,16	Natural Resources and Renewables Public Service	149,801	46,160	200,512	4,551	4,551
18	Communications Nova Scotia	8,171	—	8,241	70	70
19	Elections Nova Scotia	4,278	13,000	16,343	(935)	—
20	Executive Council	9,822	—	8,181	(1,641)	—
21	Freedom of Information and Protection of Privacy Review Office	957	—	960	3	4
22	Government Contributions to Benefit Plans	8,653	—	7,698	(955)	—
23	Human Rights Commission	2,857	—	2,759	(98)	—
24	Intergovernmental Affairs	4,481	—	4,338	(143)	—
25	Legislative Services	24,071	—	23,559	(512)	—
26	Nova Scotia Police Complaints Commissioner	427	—	400	(27)	—
27	Nova Scotia Securities Commission	2,985	—	2,784	(201)	—
28	Nova Scotia Utility and Review Board	2,123	—	2,123	—	—
10	Office of Addictions and Mental Health	247,983	1,499	244,060	(5,422)	—
29	Office of Equity and Anti-Racism Initiatives	2,014	1,678	2,245	(1,447)	—
	Office of Healthcare Professionals Recruitment	—	1,389	706	(683)	—
31	Office of L'nu Affairs	4,257	—	4,225	(32)	—
32	Office of the Auditor General	4,878	—	4,348	(530)	—
33	Office of the Ombudsman	1,961	—	1,841	(120)	—
34	Public Prosecution Service	26,633	2,490	28,836	(287)	—
35	Public Service Commission	20,132	3,277	23,274	(135)	—
36	Regulatory Affairs and Service Effectiveness	2,435	—	2,289	(146)	—
12,39	Public Works	579,134	9,000	616,926	28,792	28,792
10,37	Seniors and Long-Term Care	1,061,780	68,714	1,110,532	(19,962)	—
38	Service Nova Scotia and Internal Services	328,485	2,580	320,169	(10,896)	—
40	Restructuring Costs	321,642	—	82,988	(238,654)	—
Total Departmental Expenses		11,509,399	825,483	12,040,940	(293,942)	70,952

Selected Highlights of the General Revenue Fund

Additional Appropriations by Resolution *(continued)* **Relative to the *Appropriations Act, 2021*** **For the fiscal year ended March 31, 2022** *(\$ thousands)*

Res #	Appropriation	Original Estimate	Additional Approved	Actual	Variance	Final Additional Appropriation Required
Other Appropriations						
8	Debt Servicing Costs	710,886	—	661,947	(48,939)	—
41	Refundable Tax Credits	144,698	—	103,268	(41,430)	—
42	Pension Valuation Adjustment	107,833	—	64,867	(42,966)	—
	Total Other Appropriations	963,417	—	830,082	(133,335)	—
Statutory Capital						
43	Capital Purchase Requirements	1,015,793	—	836,415	(179,378)	—
44	Sinking Fund Installments and Serial Retirements	17,599	—	17,600	1	1
	Total Statutory Capital	1,033,392	—	854,015	(179,377)	1
	Total Additional Appropriations		825,483			70,953

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	2021-232	2021-294	2022-81	Total
Advanced Education	7,574	1,644	132,783	142,001
Communities, Culture, Tourism and Heritage	50,649	2,889	61,510	115,048
Economic Development	34,019	—	13,490	47,509
Education and Early Childhood Development	52,942	—	—	52,942
Elections Nova Scotia	13,000	—	—	13,000
Environment and Climate Change	1,761	—	—	1,761
Health and Wellness	87,071	—	—	87,071
Justice	4,801	—	11,142	15,943
Labour, Skills, and Immigration	10,782	3,430	65,178	79,390
Municipal Affairs and Housing	105,727	8,722	19,582	134,031
Natural Resources and Renewables	7,252	38,908	—	46,160
Office of Addictions and Mental Health	1,499	—	—	1,499
Office of Equity and Anti-Racism Initiatives	1,678	—	—	1,678
Office of Healthcare Professionals Recruitment	—	1,389	—	1,389
Public Prosecution Service	1,447	—	1,043	2,490
Public Service Commission	3,277	—	—	3,277
Public Works	9,000	—	—	9,000
Seniors and Long-Term Care	28,603	40,111	—	68,714
Service Nova Scotia and Internal Services	2,580	—	—	2,580
	423,662	97,093	304,728	825,483

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.

* The original Budget 2021-22 has been restated to reflect departmental restructurings that occurred August 31, 2021, under Orders in Council 2021-208 to 2021-216.



General Revenue Fund – Debt Servicing Costs

Gross debt servicing costs of the General Revenue Fund were \$661.9 million in 2021-22, which was \$48.9 million or 6.9 per cent lower than the estimate and \$62.9 million or 8.7 per cent lower than the prior year. The reduction in debt servicing costs from estimate was mainly due to a decrease of \$25.6 million in interest on long-term debt from the maturity of high-coupon debt, some issued in the early 1990s as well as another high-coupon debt issue in 2011.

General interest was lower than estimate by \$2.8 million due to lower than expected interest rates and higher amortization of premiums and discounts. The interest on pension, retirement and other obligations decreased by \$20.6 million due to a decrease in the unfunded discount rate.

Debt Servicing Costs

(\$ thousands)

	Estimate 2022	Actual 2022	Actual 2021	Actual vs Estimate Increase (Decrease)
Interest on Long-Term Debt	586,827	561,266	604,165	(25,561)
General Interest	2,715	(96)	1,091	(2,811)
Interest on Pension, Retirement and Other Obligations	121,344	100,777	119,625	(20,567)
Debt Servicing Costs – Gross	710,886	661,947	724,881	(48,939)
Less: Sinking Fund Earnings	34,929	34,838	57,802	(91)
Debt Servicing Costs – Net	675,957	627,109	667,079	(48,848)

Debenture Debt

The General Revenue Fund’s net debenture debt (outstanding debentures less Sinking Fund and Public Debt Management Fund assets) was \$14.27 billion in Canadian dollar equivalents at March 31, 2022 (2021 – \$14.41 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 2022	Actual 2021
Debentures Payable in Canadian Dollars		
Canada Pension Plan Investment Fund	803,800	900,050
Other Issues	15,100,127	15,612,129
Less: Sinking Funds and Public Debt Management Funds	(1,632,650)	(2,099,798)
Net Debenture Debt	14,271,277	14,412,381

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 2021-22, the Minister was granted an approval for a \$2.15 billion borrowing plan.

During the 2022 fiscal year, the Province borrowed in ten- and 30-year terms in Canadian public financial markets. These issues amounted to a total of \$1.10 billion in par value (\$1.13 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 2022-23 Estimates was tabled March 29, 2022 and used data and information up to November 9, 2021. The 2021-22 Public Accounts economic outlook is based on a forecast with data up to May 13, 2022. Data in the discussion below may have been released beyond this date and will be incorporated into future economic outlooks.

Nova Scotia Economic Outlook: 2021 and 2022

(Per cent change, except where noted)

	2022-23		2021-22	
	Estimates		Public Accounts	
	2021	2022	2021	2022
Real GDP (\$ 2012 chained)	3.1%	2.1%	5.8%	2.0%
Nominal GDP	7.0%	5.1%	9.8%	5.8%
Compensation of Employees	6.3%	4.6%	7.4%	5.3%
Household Income	2.1%	1.5%	1.6%	2.2%
Household Final Consumption	6.1%	6.2%	7.9%	7.0%
Retail Sales	14.0%	-1.1%	^A 16.3%	3.5%
Consumer Price Index	3.8%	4.2%	^A 4.1%	5.5%
Investment in Residential Structures	18.4%	-3.8%	21.7%	1.0%
Non-Res, Machinery, Intellectual Property	-2.1%	9.3%	3.2%	13.2%
Net Operating Surplus: Corporations	-17.6%	-8.5%	-4.4%	-5.2%
Net Mixed Income: Unincorporated	3.6%	4.3%	3.0%	5.5%
Exports of Goods and Services	6.6%	5.8%	8.6%	5.8%
Exports of Goods to Other Countries	19.7%	5.3%	18.5%	6.6%
Imports of Goods and Services	4.8%	3.7%	5.2%	5.5%
Population at July 1, all ages (<i>thousands</i>)	^A 992.1	1,004.3	^A 992.1	1,004.3
Population at July 1, ages 18-64 (<i>thousands</i>)	^A 610.4	613.6	^A 610.4	613.6
Labour Force (<i>thousands</i>)	505.3	510.4	^A 506.0	511.1
Employment (<i>thousands</i>)	463.0	473.1	^A 463.5	474.5
Unemployment Rate (<i>annual average</i>)	8.4%	7.3%	^A 8.4%	7.2%

^A ~ Actual

External Conditions

The prospects for global economic growth in 2022 have weakened due to the prolonged economic disruptions from energy price volatility, broader inflationary pressures, continued supply chain shortages, and the residual effects of COVID-19. Russia's invasion of Ukraine has eroded the global outlook and caused a humanitarian crisis in Eastern Europe. Beyond the human toll, the war is expected to set back the global economic recovery, slowing GDP growth and increasing inflation even further. According to the International Monetary Fund (IMF) April 2022 World Economic Outlook report, global economic growth is expected to slow from an estimated 6.1 per cent in 2021 to 3.6 per cent in 2022.



Many countries have imposed sanctions against Russia resulting in economic fragmentation and further risking an unbalanced global recovery.

Inflation is expected to remain elevated, driven by higher commodity prices and broader price pressures. The IMF expects global inflation to average 5.7 per cent for advanced economies and 8.7 per cent for developing economies in 2022. While gradual easing of supply-demand imbalances and a pickup in labour supply could lower price inflation, risks around Russia's invasion of Ukraine and further sanctions could lead to rising inflation expectations and strong wage demands. With elevated inflation, central banks will face complicated trade-offs between containing price pressures and protecting economic growth. Interest rates are expected to increase as central banks speed up monetary tightening.

Following 5.7 per cent growth in 2021, the pace of real GDP growth in the United States (US) is expected to slow down in 2022. The economic impacts of the Omicron wave have subsided, and restrictions were removed allowing consumers greater opportunity to spend on goods and services. The US Consumer Price Index (CPI) increased 4.7 per cent in 2021, the largest increase since 1990, and has continued to accelerate, reaching 9.1 per cent year-over-year in June 2022. The Federal Reserve Bank expects inflation to be 5.2 per cent in 2022. The Federal Reserve has lifted the Federal Funds Rate from its pandemic low by 150 basis points to 1.50-1.75 per cent as of July 2022.

Normalization of monetary policy, fiscal consolidation, ongoing supply disruptions, higher energy prices, and the Russia-Ukraine war are all expected to weigh on US economic growth. Further shifts in US domestic demand back towards the services sector should help offset some supply shortages. With a tight labour market, US wage growth is expected to remain strong. The IMF projects US real GDP to grow 3.7 per cent in 2022.

In the Euro Area, the impacts of the war in Ukraine will be felt most acutely through rising energy prices and supply insecurity. As many Euro Area countries are net energy importers, higher global prices represent a negative terms-of-trade shock translating to lower output and higher inflation for those economies. Supply chain disruptions have also hurt some industries including the automobile sector as the war and sanctions further hinder production of key inputs.

Following 5.3 per cent growth in 2021, the Euro Area real GDP is projected to slow in the first half of 2022 with considerable differences across the countries in the region. The largest negative impacts are expected for economies such as Germany and Italy with relatively large manufacturing sectors and higher dependence on energy imports from Russia. Euro Area inflation has continued to accelerate, reaching 8.1 per cent in May 2022. Energy prices are expected to remain the main driver of inflation, though food inflation is also expected to quicken over the summer before gradually declining towards the end of the year. The European Central Bank projects overall inflation in the Euro Area to be 6.8 per cent in 2022. The IMF forecasts Euro Area real GDP growth of 2.8 per cent in 2022.

In the United Kingdom (UK), economic output returned to pre-pandemic levels by November 2021. While the UK has limited direct trade and financial linkages with Russia and Ukraine, higher energy prices and supply chain disruptions are having negative spillover impacts, specifically resulting in a deceleration in household income and spending.

Economic Highlights

With higher energy and goods prices as well as strong pent-up demand, UK inflation continues to increase, reaching 9.1 per cent in May 2022. The Bank of England expects inflation to peak at 10.25 per cent in 2022. The Bank of England increased its policy rate five times since December 2021 from 0.1 per cent to 1.25 per cent in June 2022. UK fiscal policy has also started to tighten, with the main pandemic support measures phased out at the end of 2021. Private consumption in the UK is expected to slow as higher prices take a toll on households' income. Public investment is also expected to weaken in 2022 due to supply bottlenecks. The IMF estimates the UK economy will grow by 3.7 per cent in 2022.

The Chinese government's zero-tolerance policy for COVID-19 triggered strong containment measures in key economic centers, which slowed real GDP growth to 4.8 per cent year-over-year in the first quarter of 2022. Chinese inflation is expected to remain elevated in 2022 due to lockdown-related supply-side constraints, higher food prices as well as some pass through from higher energy prices.

China's services sector and consumption expenditures have been particularly impaired under COVID-19 restrictions. Automobile supply chains in China have experienced disruptions, contributing to weaker export growth. China's investment growth has slowed because of weakening real estate expenditures. Structural constraints such as China's weakening labour force growth, diminishing returns to investment, and slowing productivity have moderated the pace of economic growth over the past few years. Reflecting a slowdown from the strong rebound in 2021 and the impact of shutdowns, the IMF expects real GDP growth in China to moderate to 4.4 per cent in 2022.

Japan's economy has stabilized but demonstrates weakness due to the impact of COVID-19 and the rise in commodity prices. Confinement measures due to a surge in the number of Omicron cases combined with weak external demand and increasing prices for energy, materials, and commodities weighed on domestic expenditures early in 2022. Japan's CPI increased 2.4 per cent in May 2022. Japan's economy is projected to continue growing at a pace above its potential growth rate, as the negative impact of high commodity prices wanes and a virtuous cycle from income to spending intensifies gradually in the overall economy. The IMF expects Japan's real GDP to grow by 2.4 per cent in 2022.

After weathering the most severe economic impacts in 2020, COVID-19 continued to affect the Canadian economy in 2021, particularly during periods of outbreak and renewed public health measures. However, subsequent waves of the virus have had smaller economic consequences. With high vaccination rates and removal of public health measures, the worst of the pandemic is believed to be in the past.

Canada's real GDP recovered with 4.5 per cent growth in 2021. The recovery was supported by employment returning to pre-pandemic levels, rising housing activity in most markets, and strong consumer demand. Investment and exports grew but have yet to return to pre-pandemic levels. Employment increased 4.8 per cent and unemployment rate was 7.5 per cent in 2021. Inflation was 3.4 per cent in 2021. Rising exports, investment, and service consumption are expected to support the economy in 2022. Canada's real GDP is expected to grow 3.6 per cent in 2022.

The Bank of Canada expected inflation to average 7.2 per cent in 2022. Inflation pressures have increased but are expected to come down as the Bank of Canada tightens monetary policy. The Bank of Canada increased the overnight rate from 0.25 per cent to 2.5 per cent by July 2022. Further increases are expected until inflation returns to its target and inflation expectations are firmly anchored once again.



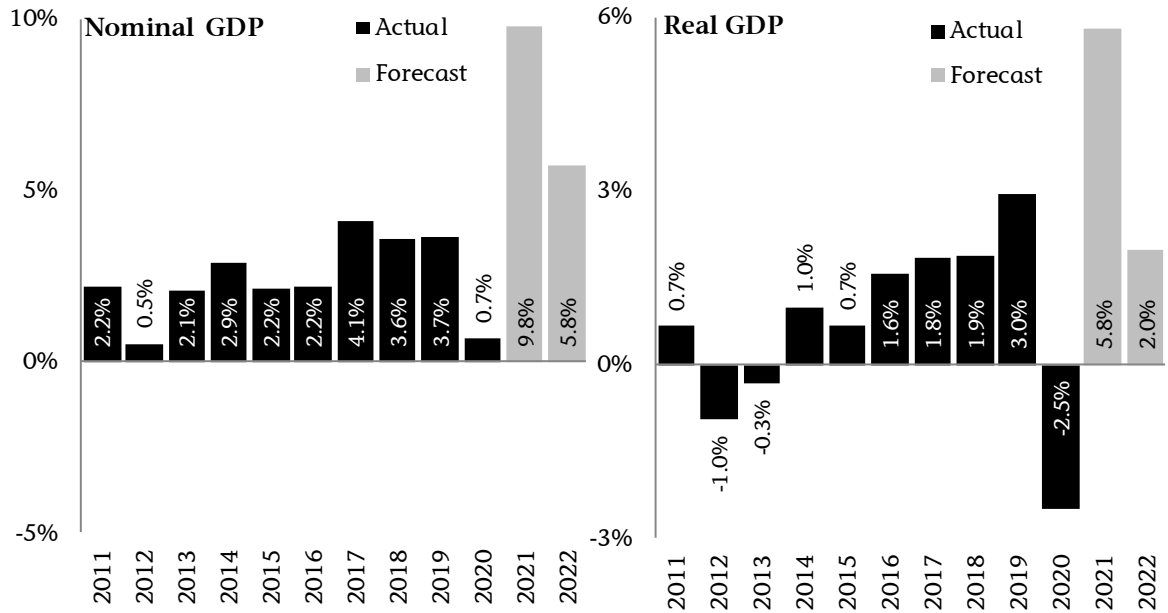
NOVA SCOTIA

Nova Scotia Economic Performance and Outlook

Nova Scotia’s real GDP is estimated to have grown 5.8 per cent in 2021 rebounding from the 2.5 per cent decline in 2020 at the outset of the COVID-19 pandemic. Real GDP was 3.1 per cent larger in 2021 than 2019, but the recovery to date has not occurred for all sectors. The pandemic and public health measures continued to impair tourism visitation and large gatherings, particularly during periods of outbreak. Despite these roadblocks, strong global demand for goods lifted Nova Scotia’s agriculture, fishing, and manufacturing sectors above pre-pandemic levels of activity. Household spending was supported by the growing population, pent-up demand, higher savings, and improved labour market. Construction activity accelerated on strong residential demand and government projects. Nominal GDP is estimated to have increased 9.8 per cent in 2021.

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

In 2022, Nova Scotia’s real GDP is projected to grow 2.0 per cent with nominal GDP growth of 5.8 per cent. Nova Scotia’s economy is expected to slow during the year as most sectors face headwinds from slowing global demand, higher interest rates, and a tighter labour market that limits further expansion. Construction activity is expected to continue to grow with major projects picking up and housing maintaining elevated levels amid strong demand from a rising population. Recovery in tourism, food service, and in-person event spending is expected to be a significant driver of Nova Scotia’s economy but may fall short of returning to 2019 levels. Real GDP in Nova Scotia’s goods-producing industries was up 6.2 per cent in 2021 following 0.8 per cent growth in 2020. Growth was supported by continued growth in construction, notably residential building construction (+12.3 per cent) as well as recovery in manufacturing (+7.5 per cent), agriculture (+6.8 per cent), and fishing (+10.2 per cent). Mining, quarrying, and oil and gas extraction real GDP declined 19.7 per cent in 2021 with a

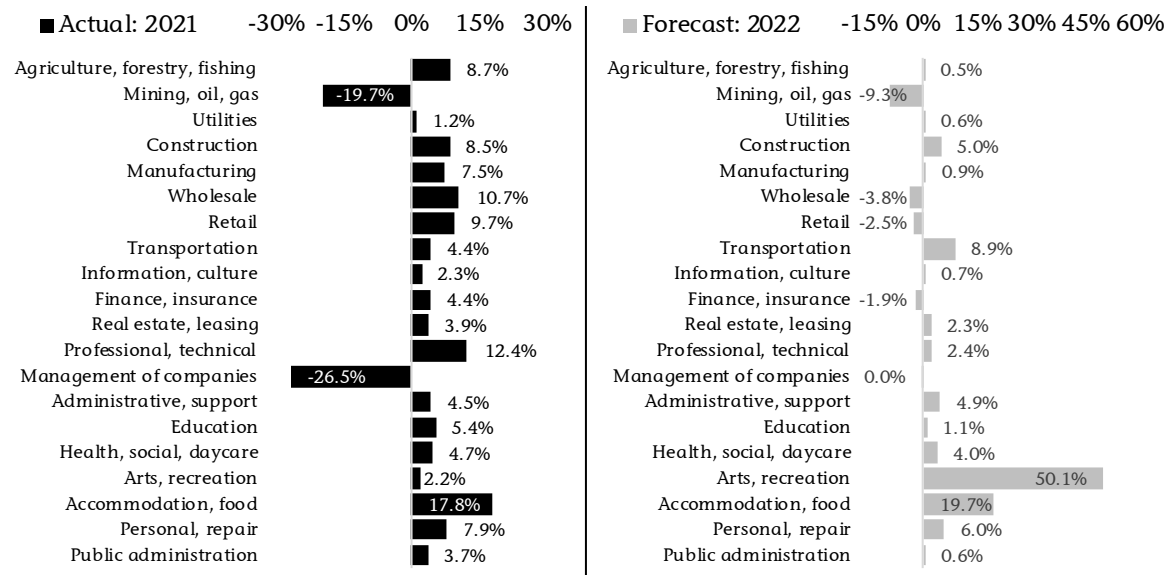
Economic Highlights

decline in gold mining and support activities for oil and gas extraction falling as offshore decommissioning activity is completed. Construction growth is expected to boost the goods-producing sector in 2022 with major projects and residential construction activity.

After contracting 3.3 per cent in 2020, Nova Scotia’s service-producing industry real GDP grew 5.7 per cent in 2021. However, the degree of recovery was uneven with tourism and personal service activity not fully recovering. Real GDP in transportation, administrative and support services, arts, entertainment, and recreation, accommodation and food services, and personal services all continued to be below 2019 levels in 2021. Real GDP from wholesale trade (+10.7 per cent) and retail trade (+9.7 per cent) benefited from strong household goods demand and exports. Real GDP growth in Nova Scotia’s finance and insurance, real estate, rental, and leasing, and professional, scientific, and technical sectors accelerated during the pandemic. Public sector real GDP grew 4.4 per cent in 2021 with educational services, health care and social assistance, and public administration real GDP rising beyond 2019 levels. Service-sector real GDP growth in 2022 is expected to be significant in sectors that were most impacted during the pandemic – transportation, arts, entertainment, and recreation, accommodation and food services, and other services (except public administration). Other sectors are projected to have slower growth, and some could decline as demand normalizes and shifts back towards pre-pandemic patterns.

Nova Scotia Industrial Outlook

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



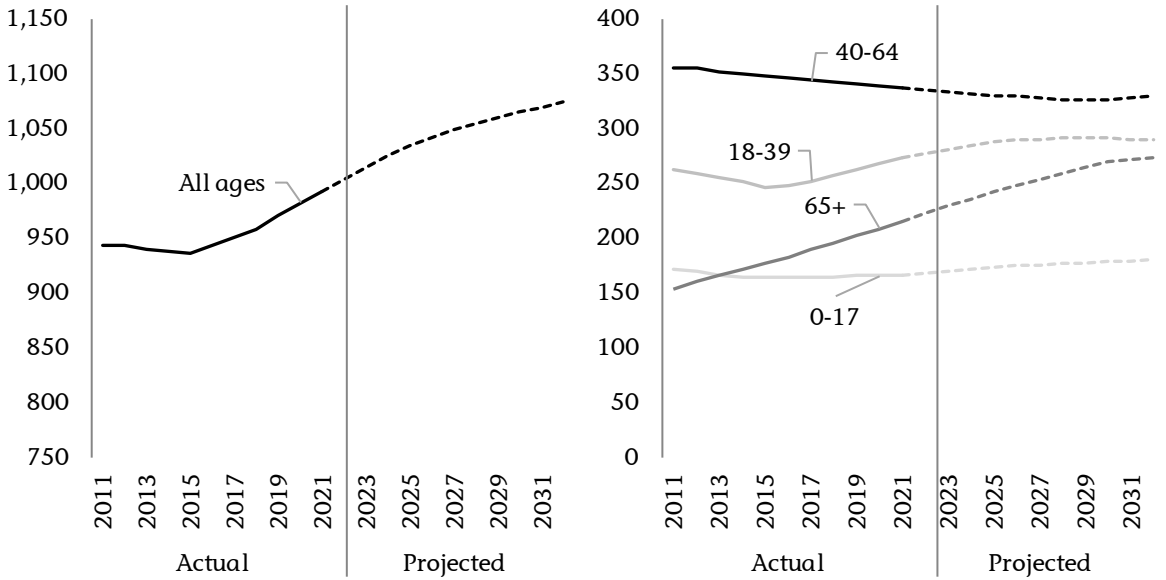
Source: Statistics Canada, table 36-10-0402-01; Nova Scotia Department of Finance and Treasury Board projections

In 2021, Nova Scotia’s population increased by 2.1 per cent or 20,574 people and surpassed 1 million people. Nova Scotia’s population growth has continued to accelerate in 2022 with year-over-year growth rates surpassing any period since the 1950s. Nova Scotia’s population was at an all-time high of 1,007,049 as of April 1, 2022. Growing immigration, migration from Ontario, and lower out-migration have all contributed to the faster population growth. The aging of the baby-boomer cohort continues, 21.8 per cent of Nova Scotia’s population was aged 65 or older as of July 1, 2021.



Nova Scotia Population

('000s, July 1)



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

Nova Scotia’s labour market recovered to pre-pandemic levels of employment by September 2021 and has continued to grow through the first half of 2022. In 2021, employment grew 5.4 per cent and the unemployment rate declined to 8.4 per cent. The labour market continued to tighten in the first half of 2022 with employment growth of 3.7 per cent outpacing labour force growth 1.5 per cent. The unemployment rate averaged 6.6 per cent over the first six months of 2022, including historic lows for several months. Job vacancy rates have risen but are not as elevated as in some other parts of the country.

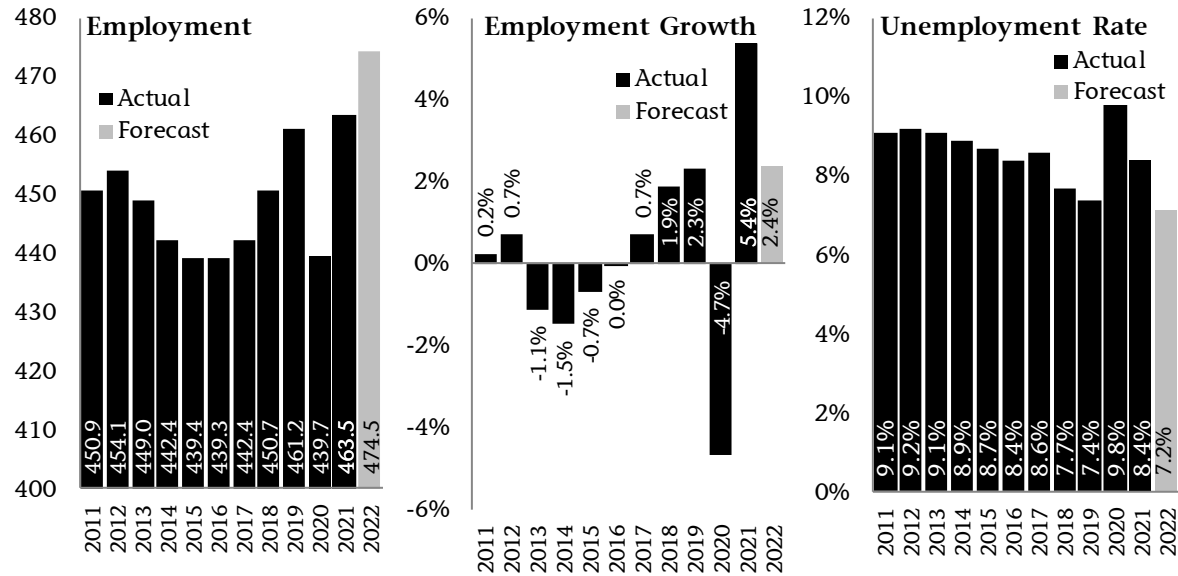
Total employee compensation increased 7.4 per cent in 2021 as workers returned to employment following the pandemic disruptions. With COVID-19 support programs winding down, household transfers declined 7.1 per cent in 2021 offsetting growth in CPP, OAS and EI payments. Household income is estimated to have gained 1.6 per cent in 2021. In 2022, further income gains are expected to be supported by growing employment, some inflation-adjusted benefits, and rising average wages, with offsetting decreases in EI and further COVID-19 benefit withdrawal. However, income growth is unlikely to be sufficient to offset rising inflation.

Household spending rebounded in 2021 with 7.9 per cent growth led by stronger goods consumption. Retail sales were up 16.3 per cent in 2021 with all store types surpassing 2019 levels except clothing and footwear. Compared to pre-pandemic levels, electronics and appliances, building materials and garden equipment and supplies dealers, and general merchandise stores and miscellaneous store retailers had the largest gains. New motor vehicle sales were up 11.8 per cent to nearly 45,000 units in 2021, still below the 51,000 units in 2019. Household service expenditures are estimated to have grown in 2021, particularly after restrictions eased and vaccinations were widely available. In 2022, further shifting into service expenditures is expected with goods consumption led by higher expenditure in food and energy as prices rise.

Economic Highlights

Nova Scotia Labour Markets

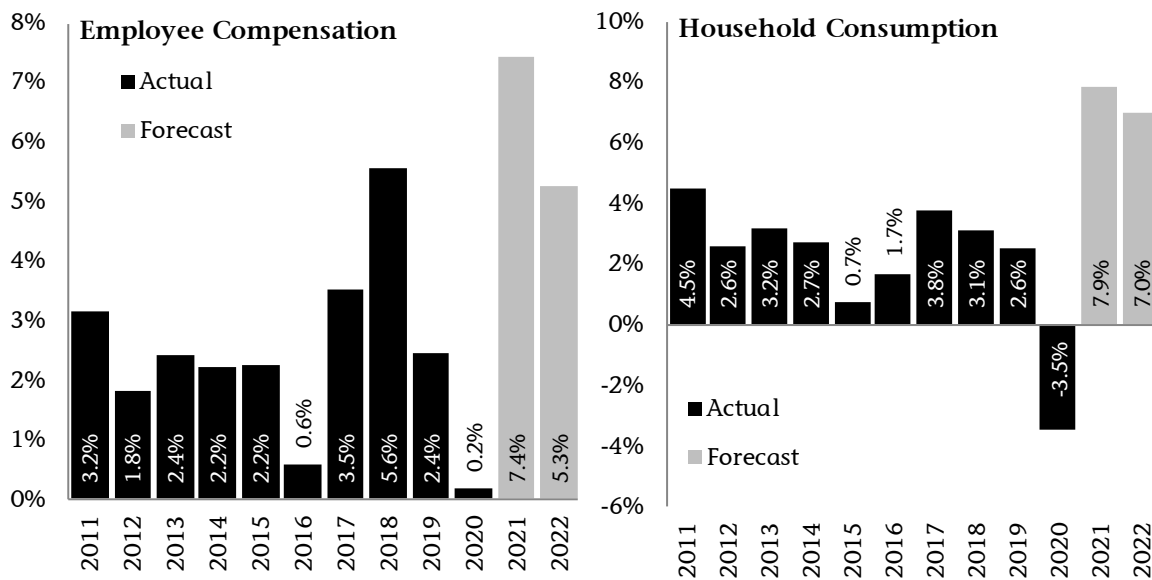
(Employment in '000s, Employment Growth, Unemployment Rate)



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

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

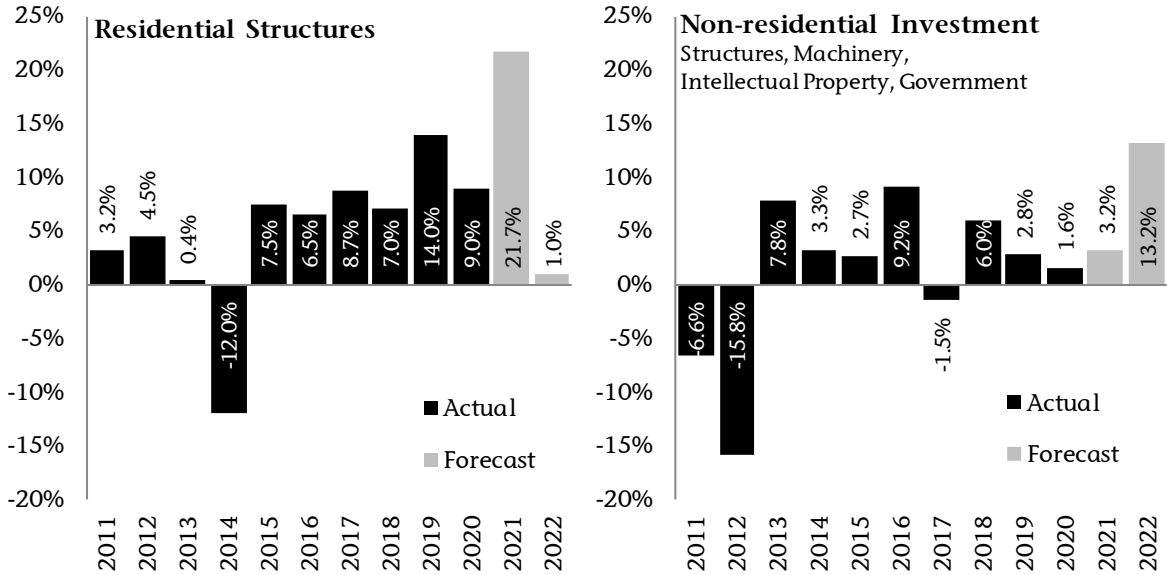


Similar to other advanced economies, inflation in the province increased in 2021 and further accelerated in the first half of 2022. Nova Scotia’s CPI increased 4.1 per cent in 2021 with the energy index up 21.7 per cent and the shelter index up 4.8 per cent. In 2022, consumer prices rose further as the year-over-year CPI growth of 8.8 per cent in May 2022 was the fastest increase in nearly forty years. Price pressures have also been broader with the Nova Scotia CPI excluding food and energy up 4.0 per cent year-over-year in May 2022. Inflation rates are expected to come down in the second half of 2022 but still be above the Bank of Canada’s target range at the end of the year.

Nova Scotia’s residential building construction accelerated in 2021 as both prices and activity increased. Housing starts were nearly 6,000, the highest level since 1987. Spending on singles, multiples, and renovations all increased. In Halifax, the price index for new housing was up 9.5 per cent and resale prices were up 28.0 per cent. Residential construction spending continued at elevated levels in the early part of 2022 but are expected to slow as interest rates rise and conditions normalize. Business investment partially recovered in 2021 and is expected to continue growing in 2022. Government gross fixed capital formation is expected to continue to support the economy with ongoing transportation and health care infrastructure projects.

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

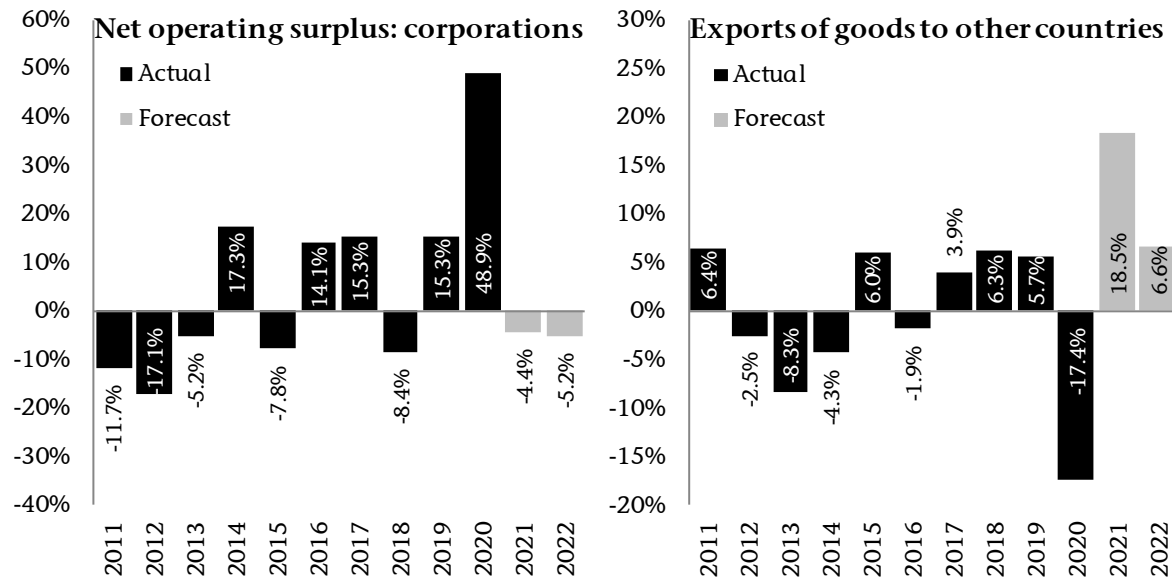
International merchandise shipments grew 18.1 per cent in 2021, 2.0 per cent above 2019 levels. Higher prices and global demand both supported shipment values across many commodities. Seafood exports were up 23.1 per cent to nearly \$2.5 billion. Shipments to the United States (+5.6 per cent) and the European Union (+28.8 per cent) were above 2019 levels while shipments to China remained 30.6 per cent below pre-pandemic levels. Tourism activity continued to be sensitive to public health restrictions and travel impediments. Tourism activity statistics did not show steady improvement until later into 2021. Non-resident visitors were up 13.0 per cent compared to 2020 but were still 62.0 per cent below 2019 levels. Tourism

Economic Highlights

activity reported only a modest decline during the Omicron wave but has been tracking upwards with April 2022 being the best month since March 2020.

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 the economic indicators for 2021 and 2022 form the basis for the final revenues presented in the 2021-22 Public Accounts, many of them are still projections. Further economic and administrative data will be released relating to 2021, and economic performance in the second half of 2022 remains a source of uncertainty. This risk is particularly elevated as the economy continues to recover after the COVID-19 pandemic's periods of significant restrictions. 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 personal income tax, corporate income tax, and harmonized sales tax 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					
	2017	2018	2019	2020	2021	2022
Nominal Gross Domestic Product (GDP) at Market Prices	43,314	44,875	46,524	46,849	51,456	54,421
% Change	4.1%	3.6%	3.7%	0.7%	9.8%	5.8%
Real GDP at Market Prices (\$ millions, chained 2012)	39,757	40,502	41,700	40,662	43,031	43,887
% Change	1.8%	1.9%	3.0%	-2.5%	5.8%	2.0%
Compensation of Employees	22,681	23,946	24,530	24,574	26,404	27,794
% Change	3.5%	5.6%	2.4%	0.2%	7.4%	5.3%
Household Income	41,802	43,349	44,472	47,184	47,946	48,998
% Change	3.9%	3.7%	2.6%	6.1%	1.6%	2.2%
Household Final Consumption Expenditure	30,484	31,432	32,234	31,117	33,573	35,918
% Change	3.8%	3.1%	2.6%	-3.5%	7.9%	7.0%
Retail Sales	15,863	15,893	16,299	15,966	18,567	19,216
% Change	7.8%	0.2%	2.6%	-2.0%	16.3%	3.5%
Consumer Price Index (all items, Index 2002 = 100)	132.4	135.3	137.5	137.9	143.5	151.3
% Change	1.1%	2.2%	1.6%	0.3%	4.1%	5.4%
Investment in Residential Structures	2,984	3,194	3,640	3,969	4,830	4,879
% Change	8.7%	7.0%	14.0%	9.0%	21.7%	1.0%
Non-Residential Investment *	5,870	6,225	6,400	6,504	6,712	7,597
% Change	-1.5%	6.0%	2.8%	1.6%	3.2%	13.2%
Net Operating Surplus: Corporations	3,082	2,822	3,254	4,846	4,632	4,391
% Change	15.3%	-8.4%	15.3%	48.9%	-4.4%	-5.2%
Net Mixed Income: Unincorporated	4,816	4,999	5,248	5,259	5,419	5,716
% Change	5.4%	3.8%	5.0%	0.2%	3.0%	5.5%
Exports of Goods and Services	15,637	16,214	16,800	15,288	16,600	17,557
% Change	4.3%	3.7%	3.6%	-9.0%	8.6%	5.8%
Exports of Goods to Other Countries	5,427	5,771	6,101	5,037	5,969	6,363
% Change	3.9%	6.3%	5.7%	-17.4%	18.5%	6.6%
Imports of Goods and Services	27,190	28,330	28,947	26,810	28,211	29,764
% Change	3.4%	4.2%	2.2%	-7.4%	5.2%	5.5%
Population (all ages, thousands at July 1)	950.1	958.4	970.2	981.9	992.1	1,004.3
% Change	0.8%	0.9%	1.2%	1.2%	1.0%	1.2%
Population (ages 18-64, thousands at July 1)	596.3	598.8	603.3	607.1	610.4	613.6
% Change	0.2%	0.4%	0.8%	0.6%	0.5%	0.5%
Labour Force (thousands)	483.8	488.1	498.0	487.3	506.0	511.1
% Change	0.9%	0.9%	2.0%	-2.1%	3.8%	1.0%
Participation Rate (per cent)	61.4%	61.3%	61.8%	59.9%	61.6%	61.5%
Change	0.0%	-0.1%	0.5%	-1.9%	1.7%	-0.1%
Employment (thousands)	442.4	450.7	461.2	439.7	463.5	474.5
% Change	0.7%	1.9%	2.3%	-4.7%	5.4%	2.4%
Employment Rate (per cent)	56.1%	56.6%	57.2%	54.0%	56.4%	57.1%
Change	-0.1%	0.5%	0.6%	-3.2%	2.4%	0.7%
Unemployment Rate (per cent)	8.6%	7.7%	7.4%	9.8%	8.4%	7.2%
Change	0.2%	-0.9%	-0.3%	2.4%	-1.4%	-1.2%

* 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.



CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2022

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, 2022. 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

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, 2022, 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, 2022, 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.

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 judgment, 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 judgment 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

Major tax revenues (PIT, CIT, HST)

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:

- Major tax revenues are material and are based on management's best estimates using statistical models and assumptions; and
- 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.

Major tax revenues are disclosed in:

- Note 1, Financial Reporting and Accounting Policies; and
- Schedule 1, Revenue.

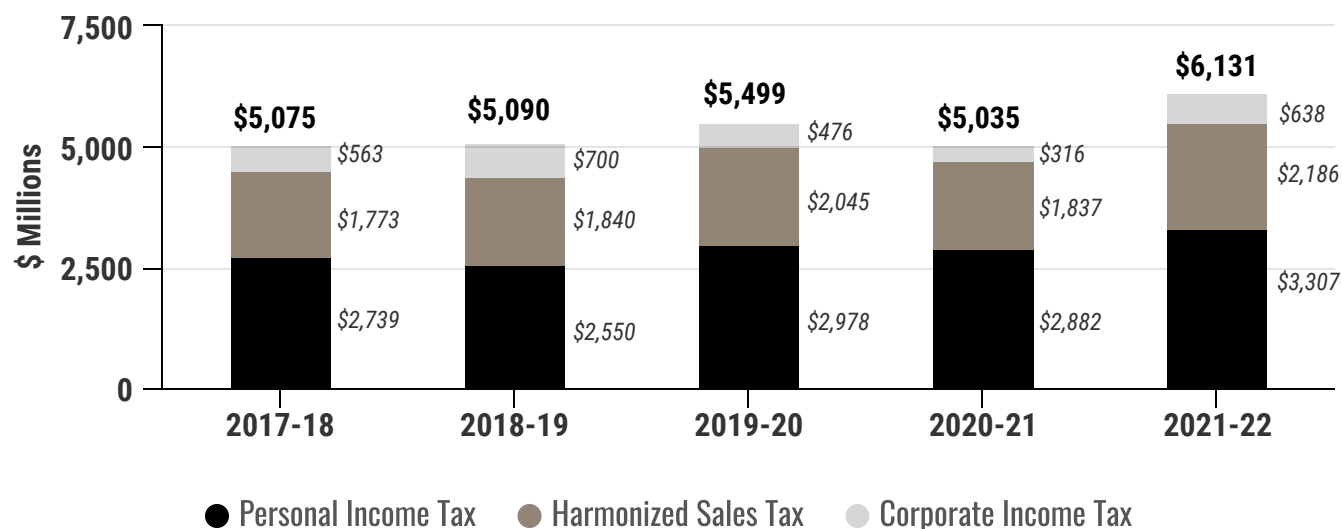
HOW WE ADDRESSED THIS MATTER

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.

The matter was addressed by:

- Obtaining an understanding of the systems, processes, and controls over major tax revenues, and assessing the appropriateness of the method used to make the estimate.
- Performing variance analysis over significant balances including retrospective review to assess the accuracy of previous estimates made and potential impact to current year results.
- Testing the underlying data used in the various tax revenue estimation models and reviewing evidence to support the key assumptions.
- Reviewing the estimate for indications of management bias.

Major tax revenues: Five-year history (\$ millions)



KEY AUDIT MATTER

HOW WE ADDRESSED THIS 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:

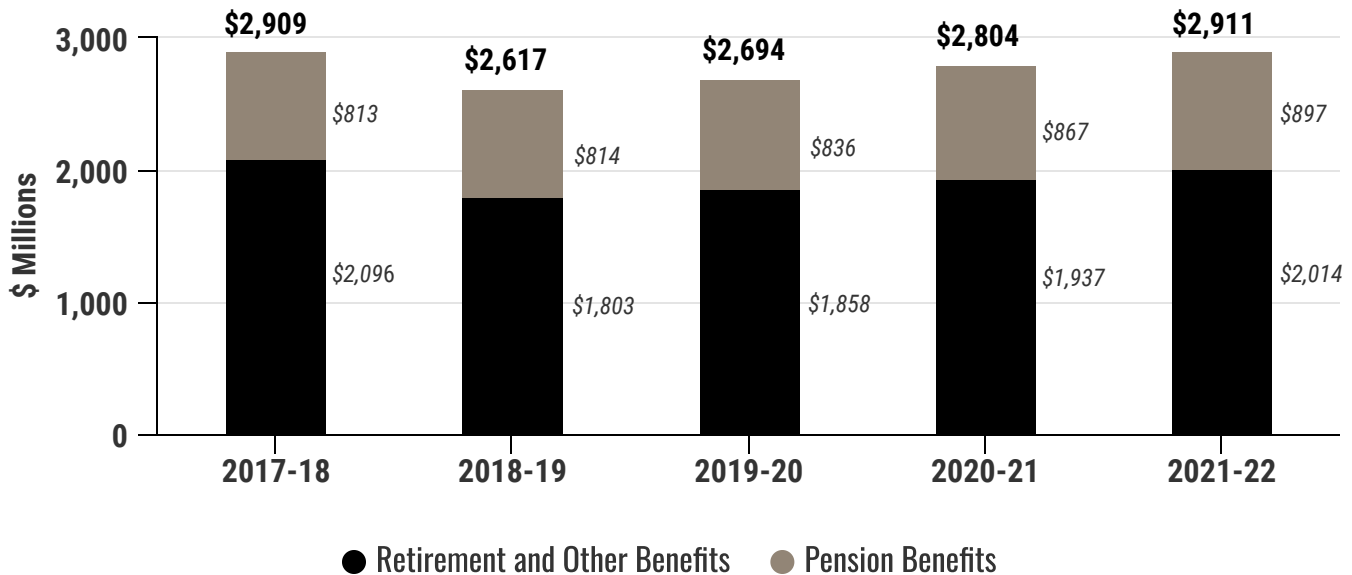
- Note 1, Financial Reporting and Accounting Policies; and
- Note 4, Pension, Retirement and Other Obligations.

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 and assessing the appropriateness of the method used.
- Reviewing the valuation of the liability, including key assumptions, for indications of management bias.
- Testing the underlying employee data used in the valuation of the Province’s liability and reviewing evidence to support the key assumptions used.
- Relying on the work of the Province’s consulting actuary.

Pension, retirement and other obligations: Five-year history (\$ millions)



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 176 contaminated and other environmental sites which are at various stages of evaluation. A liability has been recorded for 44 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.

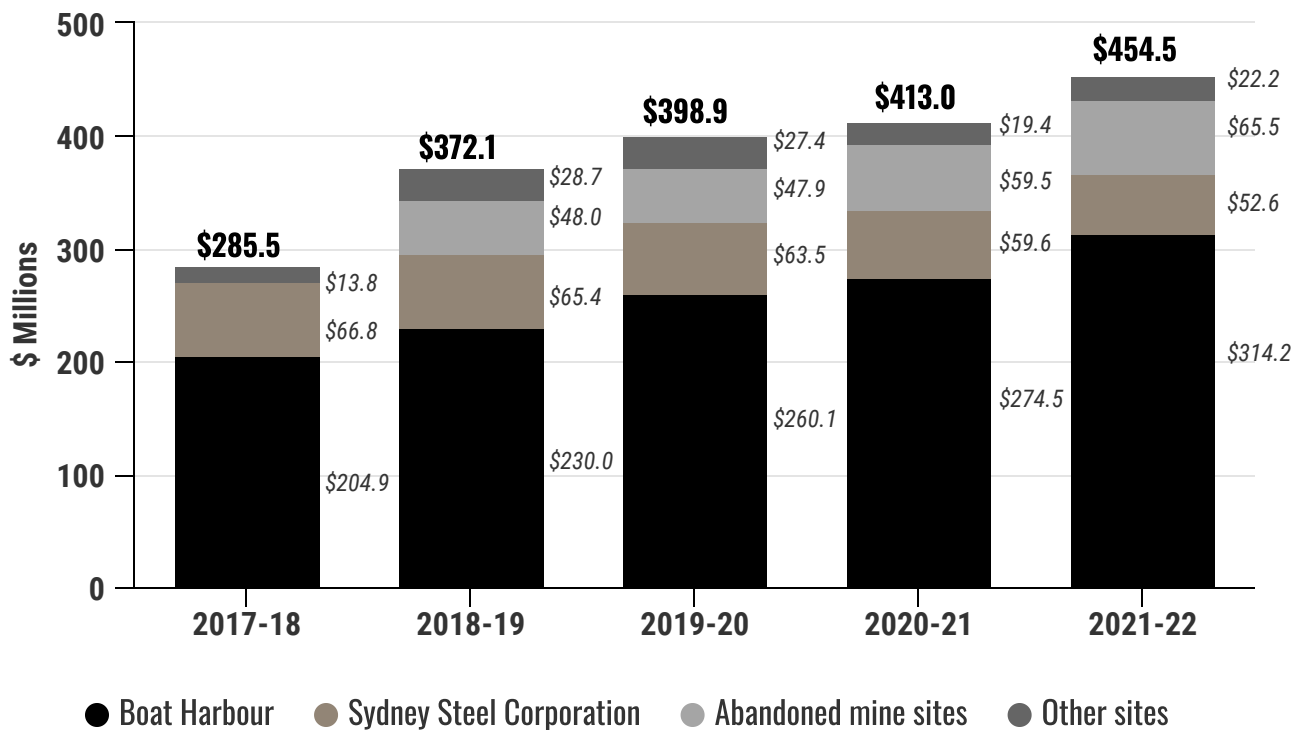
HOW WE ADDRESSED THIS MATTER

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, and assessing the appropriateness of the method used to estimate the liability.
- Reviewing the Province's estimate of the liabilities for contaminated sites for indications of management bias.
- 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.

Liabilities for Contaminated Sites: Five-year history (\$ millions)



Other Information

Management 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 (the Minister and Deputy Minister of Finance and Treasury Board).

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, 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

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.

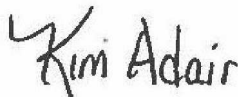
As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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, FCPA, FCA, ICD.D
Auditor General of Nova Scotia

Halifax, Nova Scotia
July 22, 2022

Consolidated Financial Statements

Statement 1

Province of Nova Scotia Consolidated Statement of Financial Position

As at March 31, 2022

(\$ thousands)

	2022	2021
Financial Assets		
Cash and Short-Term Investments	1,429,893	1,697,375
Accounts Receivable	1,357,501	1,069,374
Inventories for Resale	3,990	3,180
Loans Receivable (Schedule 3)	2,321,283	2,238,330
Investments (Schedule 3)	203,331	158,015
Investment in Government Business Enterprises (Schedule 6)	356,786	329,493
	<u>5,672,784</u>	<u>5,495,767</u>
Liabilities		
Bank Advances and Short-Term Borrowings	1,231,944	1,200,635
Accounts Payable and Accrued Liabilities	2,078,456	1,996,555
Deferred Revenue (Note 3)	330,597	279,408
Accrued Interest	175,300	199,453
Pension, Retirement and Other Obligations (Note 4)	2,910,717	2,803,874
Liabilities for Contaminated Sites (Note 9)	454,456	412,978
Unmatured Debt (Schedules 4 and 5)	14,847,636	14,812,829
Unamortized Foreign Exchange Translation Gains and Losses, Premiums and Discounts	211,893	190,798
	<u>22,240,999</u>	<u>21,896,530</u>
Net Debt	<u>(16,568,215)</u>	<u>(16,400,763)</u>
Non-Financial Assets		
Tangible Capital Assets (Schedule 7)	7,629,848	7,126,376
Inventories of Supplies	170,192	148,468
Prepaid Expenses	28,219	35,112
	<u>7,828,259</u>	<u>7,309,956</u>
Accumulated Deficits	<u>(8,739,956)</u>	<u>(9,090,807)</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, 2022
(\$ thousands)

	Adjusted Estimate 2022	Actual 2022	Actual 2021
Revenue (Schedule 1)			
Provincial Sources			
Tax Revenue	6,100,854	6,812,020	5,664,531
Other Provincial Revenue	1,536,954	1,676,308	1,485,301
Net Income from Government			
Business Enterprises (Schedule 6)	399,896	406,109	384,261
Investment Income	117,247	221,817	146,507
	8,154,951	9,116,254	7,680,600
Federal Sources	4,598,401	4,959,243	4,605,267
Total Revenue	12,753,352	14,075,497	12,285,867
Expenses (Schedule 2)			
Advanced Education	719,724	883,169	743,869
Agriculture	46,544	42,310	54,186
Communities, Culture, Tourism and Heritage	146,974	246,772	148,870
Community Services	1,124,314	1,086,628	1,016,984
Economic Development	109,189	146,016	135,037
Education and Early Childhood Development	1,948,395	1,938,259	1,844,466
Environment and Climate Change	131,631	156,940	133,302
Finance and Treasury Board	26,034	25,491	23,456
Fisheries and Aquaculture	19,794	15,405	14,963
Health and Wellness	4,505,745	4,675,686	4,298,610
Justice	392,355	424,711	389,257
Labour, Skills and Immigration	203,446	260,176	215,902
Municipal Affairs and Housing	464,022	550,959	472,260
Natural Resources and Renewables	146,913	201,499	168,349
Public Service	153,160	189,675	170,630
Public Works	591,784	612,079	580,936
Seniors and Long-Term Care	984,939	1,030,666	912,106
Service Nova Scotia and Internal Services	328,904	316,985	299,546
Restructuring Costs	321,642	82,988	81,455
Pension Valuation Adjustment (Note 4)	107,833	64,867	61,066
Refundable Tax Credits	144,698	103,268	123,842
Net Loss on Disposal of Crown Assets	—	1,134	4,218
Debt Servicing Costs (Note 6)	720,257	668,963	734,152
Total Expenses (Note 7)	13,338,297	13,724,646	12,627,462
Provincial Surplus (Deficit)	(584,945)	350,851	(341,595)
Accumulated Deficits, Beginning of Year		(9,090,807)	(8,749,212)
Accumulated Deficits, End of Year		(8,739,956)	(9,090,807)

Province of Nova Scotia
Consolidated Statement of Changes in Net Debt
For the fiscal year ended March 31, 2022
(\$ thousands)

	Adjusted Estimate 2022	Actual 2022	Actual 2021
Net Debt, Beginning of Year	(16,400,763)	(16,400,763)	(15,242,397)
Changes in the Year			
Provincial Surplus (Deficit)	(584,945)	350,851	(341,595)
Acquisitions and Transfers of Tangible Capital Assets	(1,175,972)	(970,478)	(1,208,207)
Amortization of Tangible Capital Assets	465,529	463,656	442,190
Disposals of Tangible Capital Assets	—	3,350	5,020
Acquisitions of Inventories of Supplies	—	(21,724)	(60,979)
Use of Prepaid Expenses	—	6,893	5,205
Total Changes in the Year	(1,295,388)	(167,452)	(1,158,366)
Net Debt, End of Year	(17,696,151)	(16,568,215)	(16,400,763)



NOVA SCOTIA

Statement 4

Province of Nova Scotia
Consolidated Statement of Cash Flow
For the fiscal year ended March 31, 2022
(\$ thousands)

	2022	2021
Operating Transactions		
Provincial Surplus (Deficit)	350,851	(341,595)
Sinking Fund and Public Debt Management Fund Earnings	(34,838)	(57,802)
Amortization of Premiums and Discounts on Unmatured Debt	(5,387)	(5,982)
Net Income from Government Business Enterprises (Schedule 6)	(406,109)	(384,261)
Profit Distributions from Government Business Enterprises	378,816	384,233
Amortization of Tangible Capital Assets (Schedule 7)	463,656	442,190
Loss on Disposal of Tangible Capital Assets	1,875	4,401
Net Change in Other Items (Note 8)	(15,201)	372,766
	<u>733,663</u>	<u>413,950</u>
Investing Transactions		
Repayment of Loans Receivable	497,847	385,717
Advances and Investments	(665,241)	(373,459)
Write-offs	39,125	5,013
	<u>(128,269)</u>	<u>17,271</u>
Capital Transactions		
Acquisitions of Tangible Capital Assets	(970,478)	(1,208,207)
Proceeds from Disposal of Tangible Capital Assets	1,475	619
	<u>(969,003)</u>	<u>(1,207,588)</u>
Financing Transactions		
Debentures and Other Debt Issued	1,402,135	2,422,363
Amortization of Foreign Exchange Gains and Other Items	(1,223)	3,838
Net Sinking Fund Withdrawals (Installments)	501,985	(17,899)
Repayment of Debentures and Other Long-Term Obligations	(1,806,770)	(1,153,597)
	<u>96,127</u>	<u>1,254,705</u>
Cash Inflows (Outflows)		
	(267,482)	478,338
Cash Position, Beginning of Year	1,697,375	1,219,037
Cash Position, End of Year	<u>1,429,893</u>	<u>1,697,375</u>
Cash Position Represented by:		
Cash and Short-Term Investments	1,429,893	1,697,375

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2022

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, 2022

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 2021-22, tabled on March 25, 2021, 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. The original Budget 2021-22 has been restated to reflect departmental restructurings that occurred August 31, 2021.

(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, 2022

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 0.55 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 0.45 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, 2022

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 unmaturing 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 unmaturing 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, 2022

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.



NOVA SCOTIA

**Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2022**

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 \$3.31 billion (2021 – \$2.88 billion), Corporate Income Tax (CIT) revenue of \$637.9 million (2021 – \$315.9 million), and Harmonized Sales Tax (HST) revenue of \$2.19 billion (2021 – \$1.84 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:

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

The liabilities for Pension, Retirement and Other Obligations of \$2.91 billion (2021 – \$2.80 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 \$454.5 million (2021 – \$413.0 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 \$7.63 billion (2021 – \$7.13 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, 2022

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, 2022, assets of \$110.8 million (2021 – \$106.3 million) were designated for restricted purposes by parties external to the Province. Restricted cash and short-term investments totaled \$33.9 million (2021 – \$33.7 million), comprised of: \$24.2 million for Nova Scotia Health Authority (NSHA) research and other purposes (2021 – \$26.1 million), \$4.5 million for gas market development as part of the Nova Scotia Market Development Initiative Fund (2021 – \$4.5 million), \$2.3 million for endowment and scholarship funds (2021 – \$2.0 million), and \$2.9 million for various other purposes (2021 – \$1.1 million).

Restricted investments totaled \$76.9 million (2021 – \$72.6 million), comprised of: \$52.6 million for NSHA research and other purposes (2021 – \$50.2 million) and \$24.3 million for endowment funds (2021 – \$22.4 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.



NOVA SCOTIA

**Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2022**

3. Deferred Revenue

(\$ thousands)

	2022	2021
Canada Community-Building Fund (formerly Federal Gas Tax Fund)	4,488	3,239
Canada Health - Infoway Funding - Virtual Care COVID Response	2,379	1,000
Canada - Nova Scotia Early Learning and Child Care Agreement	51,491	584
Canada - Nova Scotia Emergency Treatment Fund	2,018	1,455
Canada - Nova Scotia Home and Community Care and Mental Health and Addictions Services Funding Agreement	1,768	4,600
Canada - Nova Scotia Workforce Development Agreement	700	11,348
Cape Breton-Victoria Regional Centre for Education	2,041	2,181
Conseil scolaire acadien provincial	2,810	3,259
Develop Nova Scotia	2,919	2,920
Halifax Regional Centre for Education	5,878	4,771
Housing Nova Scotia – Social Housing Agreement and Other Federal Funding	59,516	65,733
Izaak Walton Killam Health Centre – Capital, Research, and Other Restricted Funds	33,265	30,913
Nova Scotia Community College	35,802	30,762
Nova Scotia Health Authority – Capital, Research, and Other Restricted Funds	76,868	76,320
Public Archives of Nova Scotia	2,382	2,404
Resource Recovery Fund Board Inc. – Unearned Revenue from Container Deposits, Paint Levies, and Tire Deposits	22,775	22,284
Seniors Pharmacare	14,824	6,234
Other Externally Restricted Funds	8,673	9,401
Total Deferred Revenue	330,597	279,408

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 occurs that obligates the Province to pay benefits.

(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, 2022

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, 2022, the PSSP was 98.3 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 2022 were \$93.0 million (2021 – \$92.3 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, 2022, the total accrued benefit liability associated with this plan was \$964.7 million (2021 – \$897.3 million).

As at December 31, 2021, the TPP was 82.5 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 \$9.7 million to the TPP in 2022 (2021 – \$20.7 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 2022 were \$123.1 million (2021 – \$128.3 million).

During the year, the weighted average actual rate of return on TPP plan assets was 3.95 per cent (2021 – 17.8 per cent). The total market value of plan assets at March 31, 2022 was \$5.6 billion (2021 – \$5.5 billion). The liability recorded in 2022 for the TPP was based on the most recent actuarial valuation performed at December 31, 2020, extrapolated to March 31, 2022.

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, 2021, the NSHEPP was 139.6 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, 2021 and extrapolated to December 31, 2021, which indicated a funding surplus of \$3.2 billion (2021 – \$2.2 billion). The Province's contributions to this plan in 2022 were \$122.0 million (2021 – \$117.1 million).



Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2022

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, 2022. 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, 2022 was \$224.1 million (2021 – \$206.2 million). Employer contributions in 2022 were \$5.5 million (2021 – \$5.6 million).

The Province has several other unfunded defined benefit pension plans. The liabilities for these other plans recorded in 2022 were based on the most recent actuarial valuations performed between December 31, 2019 and October 31, 2021 and extrapolated to March 31, 2022.

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*. The payment of any remaining retirement allowances will be deferred until retirement and calculated based on accumulated service as of the respective discontinuation dates and salary upon retirement.

The liabilities for these retirement allowance plans recorded in 2022 were based on the most recent actuarial valuations performed between March 31, 2019 and October 31, 2021 and extrapolated to March 31, 2022.

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 2022 were based on the most recent actuarial valuations performed between December 31, 2019 and March 31, 2021 and extrapolated to March 31, 2022.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2022

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 143.7 per cent. The Province's contributions to this plan in 2022 were \$7.9 million (2021 – \$7.5 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 2022 were based on the most recent actuarial valuations performed between June 30, 2020 and August 15, 2021 and extrapolated to March 31, 2022.

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 2022 were based on the most recent actuarial valuations performed at December 31, 2020 and extrapolated to March 31, 2022.



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Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2022

4. Pension, Retirement and Other Obligations (continued)

(b) Summary of Balances at Year-End

(\$ thousands)

	Pension Benefits	Other Benefits	2022 Total	2021 Total
Projected Benefit Obligation,				
Beginning of Year	4,222,379	1,770,132	5,992,511	5,779,222
Current Benefit Cost	90,895	92,527	183,422	180,593
Interest Cost	227,646	51,583	279,229	280,737
Actuarial Losses (Gains)	(149,738)	114,579	(35,159)	68,325
Benefit/Premium Payments	(253,300)	(63,901)	(317,201)	(317,944)
Other	1,850	10	1,860	1,528
Curtailment	—	—	—	50
Projected Benefit Obligation, End of Year	4,139,732	1,964,930	6,104,662	5,992,511
Market Related Value of Plan Assets,				
Beginning of Year	2,968,883	—	2,968,883	2,868,270
Expected Return on Plan Assets	178,356	—	178,356	161,161
Actuarial Gains (Losses)	(4)	—	(4)	21,716
Benefit Payments	(253,300)	—	(253,300)	(251,029)
Other	1,242	—	1,242	1,302
Employer Contributions	101,916	—	101,916	105,783
Employee Contributions	64,706	—	64,706	61,680
Market Related Value of Plan Assets, End of Year	3,061,799	—	3,061,799	2,968,883
Net Benefit Plans Deficiency, End of Year	1,077,933	1,964,930	3,042,863	3,023,628
Unamortized Net Actuarial Gains (Losses)	(180,913)	48,767	(132,146)	(219,754)
Accrued Benefit Liability, End of Year	897,020	2,013,697	2,910,717	2,803,874

Notes to the Consolidated Financial Statements

Province of Nova Scotia Notes to the Consolidated Financial Statements As at March 31, 2022

4. Pension, Retirement and Other Obligations (continued)

(c) Actuarial Assumptions

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

	2022		2021	
	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	4.12%		3.68%	
Rate of compensation increase	1.5% - 2.0% + merit	1.5% - 2.5% + merit	1.5% - 2.0% + merit	1.5% - 2.0% + merit
Discount rates:				
TPP	6.20%		5.75%	
Other Plans		2.74%		3.01%

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 4.0 to 17.0 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)

	2022		2021		2022	
	Pension Benefits	Other Benefits	Pension Benefits	Other Benefits	Total	
Possible change in obligations due to:						
a) Discount Rate - 0.5% Decrease	234,903	6.1%	205,300	10.6%	440,203	7.6%
b) Salary Growth Rate - 1.0% Increase	134,039	3.5%	15,371	0.8%	149,410	2.6%
c) Health Care Cost Trend Rate - 1.0% Increase	n/a	n/a	442,543	22.8%	442,543	7.6%

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.



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Province of Nova Scotia
Notes to the Consolidated Financial Statements
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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)

	Pension Benefits	Other Benefits	2022 Total	2021 Total
Current Benefit Cost	90,895	92,527	183,422	180,593
Employee Contributions	(64,706)	—	(64,706)	(61,680)
Employer Contributions *	61,562	—	61,562	64,161
Loss on Curtailment	—	—	—	50
Amortization of Net Actuarial Losses (Gains)	55,879	(2,795)	53,084	44,217
Recognition of Actuarial Gains on Settlement	—	—	—	(711)
Other	226	638	864	(566)
Interest Cost	227,646	51,583	279,229	280,737
Expected Return on Plan Assets	(178,356)	—	(178,356)	(161,161)
Employer Contributions to Multi-Employer Plans	215,123	7,888	223,011	216,880
Net Benefit Plans Expense	408,269	149,841	558,110	562,520
Recorded as:				
Fringe Benefits Expense	336,321	56,049	392,370	381,878
Pension Valuation Adjustment	22,658	42,209	64,867	61,066
Net Pension Interest Cost	49,290	51,583	100,873	119,576
Net Benefit Plans Expense	408,269	149,841	558,110	562,520

* 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, 2022

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)

	2022			2021		
	Current	PYA	Total	Current	PYA	Total
Provincial Sources						
Personal Income Tax	3,124,211	183,358	3,307,569	2,928,319	(45,859)	2,882,460
Corporate Income Tax	517,759	120,121	637,880	410,906	(94,999)	315,907
Harmonized Sales Tax	2,100,608	85,316	2,185,924	1,901,013	(64,120)	1,836,893
Petroleum Royalties	—	—	—	—	38,794	38,794
Preferred Share Dividend ¹	13,491	—	13,491	14,417	—	14,417
Large Corporations Tax ¹	—	(119)	(119)	—	—	—
		<u>388,676</u>			<u>(166,184)</u>	
Federal Sources						
Canada Health Transfer	1,219,992	1,928	1,221,920	1,078,379	(1,828)	1,076,551
Canada Social Transfer	400,779	692	401,471	386,932	(661)	386,271
		<u>2,620</u>			<u>(2,489)</u>	

¹ Included in Other Tax Revenue on Schedule 1

6. Debt Servicing Costs

(\$ thousands)

	2022	2021
CDN\$ Denominated Debt	562,571	610,001
Pension, Retirement and Other Obligations	100,873	119,576
Capital Leases	8,571	9,525
Other Debt	5,290	7,073
Amortization of Premiums and Discounts on Unmatured Debt	(5,387)	(5,982)
Amortization of Foreign Exchange Gains	(2,955)	(6,041)
Total Debt Servicing Costs	<u>668,963</u>	<u>734,152</u>

For the year ended March 31, 2022, total debt servicing costs for the Province's government business enterprises were \$12.8 million (2021 – \$9.4 million).

7. Expenses by Object

(\$ thousands)

	2022	2021
Grants and Subsidies	5,124,644	4,656,001
Salaries and Employee Benefits	4,866,628	4,506,731
Operating Goods and Services	2,230,693	1,901,670
Professional Services	367,571	382,361
Amortization	463,656	442,190
Debt Servicing Costs	668,963	734,152
Other	2,491	4,357
Total Expenses by Object	<u>13,724,646</u>	<u>12,627,462</u>



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

(\$ thousands)

	2022	2021
Decrease (Increase) in Receivables from Government		
Business Enterprises	(12,827)	4,537
Increase in Accounts Receivable	(275,300)	(6,330)
Increase in Inventories for Resale	(810)	(318)
Increase (Decrease) in Bank Advances and Short-Term Borrowings	31,309	(75,189)
Increase in Accounts Payable and Accrued Liabilities	81,901	343,177
Increase in Deferred Revenue	51,189	31,410
Increase (Decrease) in Accrued Interest	(24,153)	7,639
Increase in Pension, Retirement and Other Obligations	106,843	109,545
Increase in Liabilities for Contaminated Sites	41,478	14,069
Increase in Inventories of Supplies	(21,724)	(60,979)
Decrease in Prepaid Expenses	6,893	5,205
Total Net Change in Other Items	(15,201)	372,766

9. Liabilities for Contaminated Sites

Various provincially owned sites throughout the province are known to be or are 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, 2022, a total liability for contaminated sites of \$454.5 million (2021 – \$413.0 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, 2022, the Province has identified and continues to track approximately 176 sites in total. Of these, 44 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, 2022, a liability of \$314.2 million (2021 – \$274.5 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 remains significant measurement uncertainty related to this estimate. A comprehensive remediation plan is under review by the federal regulator, and an approval decision is still 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
Notes to the Consolidated Financial Statements
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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, 2022, a liability of \$52.6 million (2021 – \$59.6 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 \$65.5 million (2021 – \$59.5 million) has been recognized for these sites. At year-end, detailed site assessments were underway for five additional mine sites (three gold, one coal, and one celestite) on Crown lands where contamination is expected to exceed an environmental standard. The Province will continue to provide notification in accordance with the *Contaminated Sites Regulations* as required. Other abandoned mine sites where contamination is expected to exceed an environmental standard have been identified, but further 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 127 identified sites, 53 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, 2022 was \$106.5 million (2021 – \$101.8 million).



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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, 2022, the Province had contractual obligations as follows:

(\$ thousands)

Fiscal Year	Governmental Units	Government Business Enterprises	Total Contractual Obligations
2023	2,046,131	11,469	2,057,600
2024	1,468,061	281	1,468,342
2025	849,916	284	850,200
2026	735,896	286	736,182
2027	499,624	271	499,895
2028 to 2032	2,251,580	—	2,251,580
2033 to 2037	1,046,767	—	1,046,767
2038 to 2042	283,815	—	283,815
2043 and thereafter	233,669	—	233,669
	9,415,459	12,591	9,428,050

These contractual obligations are comprised of \$9,197.0 million from the General Revenue Fund, \$218.4 million from the Province's governmental units, and \$12.6 million from the government business enterprises. Included are contractual obligations for the Department of Seniors and Long-Term Care of \$3,489.5 million for service agreements with long-term care facilities, \$1,752.1 million for the Department of Justice for the Royal Canadian Mounted Police (RCMP) policing services, \$769.2 million for the Department of Advanced Education relating to post-secondary operating grants, \$632.7 million for the Department of Public Works (PW) for future commitments related to P3 arrangements (\$232.8 million for the capital portion and \$399.9 million for the operating and maintenance portion), \$205.6 million for PW for various school, health, and other construction projects, \$283.8 million for the Department of Municipal Affairs and Housing (MAH) for various funding commitments under the Investing in Canada Infrastructure Program, and \$119.3 million for MAH for future commitments associated with the Canada Community-Building Fund.

Notes to the Consolidated Financial Statements

Province of Nova Scotia Notes to the Consolidated Financial Statements As at March 31, 2022

10. Contingencies and Contractual Obligations/Rights *(continued)*

(d) Operating Leases

As at March 31, 2022, the Province was contractually obligated under various operating leases. Future minimum annual lease payments were as follows:

(\$ thousands)

Fiscal Year	Governmental Units	Government Business Enterprises	Total Lease Payments
2023	94,749	51	94,800
2024	80,124	51	80,175
2025	63,362	53	63,415
2026	47,305	35	47,340
2027	36,598	—	36,598
2028 to 2032	52,678	—	52,678
2033 to 2037	14,156	—	14,156
2038 to 2042	14,853	—	14,853
2043 and thereafter	2,805	—	2,805
	406,630	190	406,820

(e) Contractual Rights

As at March 31, 2022, the Province had contractual rights as follows:

(\$ thousands)

Fiscal Year	Governmental Units	Government Business Enterprises	Total Contractual Rights
2023	473,029	—	473,029
2024	415,501	—	415,501
2025	310,257	—	310,257
2026	302,642	—	302,642
2027	66,268	—	66,268
2028 to 2032	65,965	—	65,965
2033 to 2037	2,381	—	2,381
2038 to 2042	2,381	—	2,381
2043 and thereafter	437	—	437
	1,638,861	—	1,638,861

These contractual rights are comprised of \$647.7 million for the Department of Education and Early Childhood Development for Early Learning and Child Care programs and other federal funding programs, and \$296.0 million for the Department of Public Works 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 \$204.2 million for Housing Nova Scotia for federal funding initiatives under the National Housing Strategy and \$119.3 million for the Department of Municipal Affairs and Housing for the Canada Community-Building Fund.



Province of Nova Scotia
Notes to the Consolidated Financial Statements
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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, 2022, the Province had executed 34 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 14.6 years, a notional principal value of \$842.0 million, and a mark to market value of \$16.5 million. A one per cent increase or decrease in interest rates would result in a \$13.8 million increase or decrease in debt servicing costs on floating financial instruments outstanding at the end of the fiscal year and fixed income securities maturing within 12 months.

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. For certain entities, credit risk is further managed through collateral security pledged by the borrowers and the appropriate provision for loan losses.

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 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, 2022

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)

Maturity Date	Original Currency	Original Principal	Current Currency	Current Principal	Mark to Market¹
April 1, 2022	US\$	300,000	CDN\$	379,517	1,914
July 30, 2022	US\$	300,000	CDN\$	329,310	34,268
Total	US\$	<u>600,000</u>	CDN\$	<u>708,827</u>	<u>36,182</u>

¹ - Mark to Market is an indication of the swap's market value as at March 31, 2022. It is also the equivalent of the present value of future cash flows based on market conditions at March 31, 2022.

12. Trust Funds Under Administration

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

(\$ thousands)

	2022	2021
Nova Scotia Credit Union Deposit Insurance Corporation ¹	37,182	37,182
Public Trustee ²	63,124	58,677
Miscellaneous Trusts ³	33,871	34,110
Total Trust Funds Under Administration	<u>134,177</u>	<u>129,969</u>

¹ - Represents trust with December 31 year-end

² - Financial statements of these funds are available in Public Accounts – Volume 2

³ - 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, 2021 were \$5.9 billion (2020 – \$5.5 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, 2022, the total net assets available for benefits were \$7.5 billion (2021 – \$7.2 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, 2021 were \$171.3 million (2020 – \$174.3 million).



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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, 2022, 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 operated under a provincial state of emergency from March 22, 2020 through to March 21, 2022. 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 continued to experience considerable operational impacts due to COVID-19 including delays and deferrals in most non-urgent healthcare 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.

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. Students returned to school in September 2021, with core public health measures in place, and an updated provincial Back-to-School plan.

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2022

15. Impact of COVID-19 Pandemic (continued)

Government business enterprises continued to be impacted as well. Nova Scotia Gaming Corporation (NSGC) ceased video lottery operations and closed its casinos on April 22, 2021 and re-opened on June 16, 2021. Proof of Vaccination requirements were introduced in October 2021 and lifted on February 28, 2022. Operations rebounded quickly after re-opening, but the intermittent disruptions negatively impacted NSGC's financial performance during the year. Reduced travel also impacted toll revenue of the Halifax-Dartmouth Bridge Commission causing reduced net income.

Financial Impact

COVID-19 continued to cause 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)

	2022
Revenue by Federal Initiative	
Contributions of Personal Protective Equipment, Rapid Test Kits, and Vaccine Supplies	112,148
Federal-Provincial Investing in Canada Infrastructure Programs	56,985
Canada's COVID-19 Immunization Plan	25,755
Workforce Development Agreement – Recovery Efforts	8,548
Labour Market Development Agreement	1,683
Federal-Provincial Safe Restart Agreement	1,658
Other Federal Funding Initiatives	4,196
Total COVID-19 Related Federal Revenue	210,973
Gross Expenses by Department	
Health and Wellness	414,261
Seniors and Long-Term Care	83,137
Education and Early Childhood Development	40,558
Communities, Culture, Tourism and Heritage	33,770
Economic Development	33,647
Community Services	23,981
Other Departments	31,339
Total COVID-19 Related Gross Expenses	660,693
Total COVID-19 Related Tangible Capital Asset Spending	74,141

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

The Province continued to receive 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 2.6 million COVID-19 vaccines and held 166.8 thousand in inventory at March 31, 2022.



**Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2022**

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

Certain vaccination supplies, rapid test kits, 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 \$112.1 million.

16. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the presentation format adopted in the current year. The more significant reclassifications are attributed to the departmental restructurings and name changes that were announced and made effective on August 31, 2021, under Orders in Council 2021-208 to 2021-216. For the purposes of these Public Accounts and comparability with Budget 2021-22, the name changes have been reflected, and the estimates and prior year actual figures of the affected departments have been reclassified.

Schedules to the Consolidated Financial Statements

Schedule 1

Province of Nova Scotia

Revenue

For the fiscal year ended March 31, 2022

(\$ thousands)

	2022	2021
Provincial Sources		
Tax Revenue		
Personal Income Tax *	3,307,569	2,882,460
Corporate Income Tax *	637,880	315,907
Harmonized Sales Tax *	2,185,924	1,836,893
Tobacco Tax	181,297	208,002
Motive Fuel Tax	258,528	223,787
Cannabis and Vaping Products Tax	13,282	9,241
Other Tax Revenue *	227,540	188,241
	6,812,020	5,664,531
Other Provincial Revenue		
Recoveries	410,625	416,687
Other Revenue of Governmental Units	486,238	411,709
Municipal Contributions to Regional Centres for Education	290,624	282,826
Petroleum Royalties *	—	38,794
Offshore License Forfeitures	124,721	2,000
Registry of Motor Vehicles	145,170	137,128
Other Government Charges	54,842	50,261
Miscellaneous	164,088	145,896
	1,676,308	1,485,301
Net Income from Government Business Enterprises (Schedule 6)	406,109	384,261
Investment Income		
Interest Revenue	186,979	88,705
Sinking Fund and Public Debt Management Fund Earnings	34,838	57,802
	221,817	146,507
Total Provincial Sources	9,116,254	7,680,600
Federal Sources		
Equalization Payments	2,315,348	2,145,883
Canada Health Transfer *	1,221,920	1,076,551
Canada Social Transfer *	401,471	386,271
Recoveries	511,193	341,466
Offshore Accord	130,063	—
TCA Cost Shared Revenue	148,244	85,421
Crown Share	—	(994)
Other Federal Transfers	231,004	570,669
Total Federal Sources	4,959,243	4,605,267
Total Revenue	14,075,497	12,285,867

* See Note 5 for details of Prior Years' Adjustments



NOVA SCOTIA

Province of Nova Scotia
Expenses
For the fiscal year ended March 31, 2022
(\$ thousands)

	2022	2021
Advanced Education		
Department of Advanced Education	647,727	517,595
Nova Scotia Community College	235,442	226,274
	883,169	743,869
Agriculture		
Department of Agriculture	28,571	34,175
Nova Scotia Crop and Livestock Insurance Commission	1,592	2,859
Nova Scotia Harness Racing Fund	1,006	1,014
Perennia Food & Agriculture Incorporated	11,141	16,138
	42,310	54,186
Communities, Culture, Tourism and Heritage		
Department of Communities, Culture, Tourism and Heritage	205,763	112,741
Art Gallery of Nova Scotia	4,024	3,810
Gaels Forward Fund	16	14
Public Archives of Nova Scotia	164	138
Schooner Bluenose Foundation	8	20
Sherbrooke Restoration Commission	2,908	2,868
Vive l'Acadie Community Fund	51	41
Tourism Nova Scotia	33,838	29,238
	246,772	148,870
Community Services		
Department of Community Services	1,086,628	1,016,984
Economic Development		
Department of Economic Development	83,444	42,618
Develop Nova Scotia	11,725	10,704
Nova Scotia Business Inc.	38,647	70,912
Nova Scotia Innovation Corporation	12,199	10,800
Nova Scotia Strategic Opportunities Fund Incorporated	1	3
	146,016	135,037
Education and Early Childhood Development		
Department of Education and Early Childhood Development	223,910	198,187
Annapolis Valley Regional Centre for Education	175,825	172,517
Cape Breton-Victoria Regional Centre for Education	177,994	177,344
Chignecto Central Regional Centre for Education	262,644	253,173
Conseil scolaire acadien provincial	108,281	101,625
Halifax Regional Centre for Education	679,956	647,561
Nova Scotia Education Common Services Bureau	3,092	261
Nova Scotia School Insurance Program	11,777	6,994
South Shore Regional Centre for Education	98,111	95,028
Strait Regional Centre for Education	101,807	99,605
Tri-County Regional Centre for Education	94,862	92,171
	1,938,259	1,844,466

Schedules to the Consolidated Financial Statements

Schedule 2

Province of Nova Scotia

Expenses (continued)

For the fiscal year ended March 31, 2022

(\$ thousands)

	2022	2021
Environment and Climate Change		
Department of Environment and Climate Change	45,247	44,737
Green Fund	44,957	28,759
Resource Recovery Fund Board Inc.	66,736	59,806
	156,940	133,302
Finance and Treasury Board		
Department of Finance and Treasury Board	25,491	23,456
Fisheries and Aquaculture		
Department of Fisheries and Aquaculture	15,046	14,674
Nova Scotia Sportfish Habitat Fund	359	289
	15,405	14,963
Health and Wellness		
Department of Health and Wellness	1,639,654	1,520,631
Gambling Awareness Foundation of Nova Scotia	—	217
Izaak Walton Killam Health Centre	309,727	287,738
Nova Scotia Health Authority	2,726,305	2,490,024
	4,675,686	4,298,610
Justice		
Department of Justice	392,596	360,527
Nova Scotia Legal Aid Commission	30,183	28,730
Workers Compensation Appeals Tribunal	1,932	—
	424,711	389,257
Labour, Skills and Immigration		
Department of Labour, Skills and Immigration	260,101	215,832
Occupational Health and Safety Trust Fund	75	70
	260,176	215,902
Municipal Affairs and Housing		
Department of Municipal Affairs and Housing	311,015	265,823
Housing Nova Scotia	232,974	200,096
Nova Scotia E911 Cost Recovery Fund	6,157	5,835
Nova Scotia Municipal Finance Corporation	813	506
	550,959	472,260
Natural Resources and Renewables		
Department of Natural Resources and Renewables	199,029	165,862
Crown Land Mine Remediation Fund	—	57
Crown Land Silviculture Fund	1,410	625
Habitat Conservation Fund	145	73
Nova Scotia Market Development Initiative Fund	—	25
Off-highway Vehicle Infrastructure Fund	585	1,473
Species-at-risk Conservation Fund	330	234
	201,499	168,349



Province of Nova Scotia
Expenses (continued)
For the fiscal year ended March 31, 2022
(\$ thousands)

	2022	2021
Public Service		
Public Service Units	178,868	160,938
Mi'kmaw Youth Fund	30	28
Nova Scotia Utility and Review Board	10,777	9,664
	189,675	170,630
Public Works		
Department of Public Works	595,249	564,531
Nova Scotia Lands Inc.	16,830	16,405
	612,079	580,936
Seniors and Long-Term Care		
Department of Seniors and Long-Term Care	1,030,666	912,106
Service Nova Scotia and Internal Services		
Department of Service Nova Scotia and Internal Services	316,985	299,546
Restructuring Costs	82,988	81,455
Pension Valuation Adjustment	64,867	61,066
Refundable Tax Credits	103,268	123,842
Net Loss on Disposal of Crown Assets	1,134	4,218

Schedules to the Consolidated Financial Statements

Schedule 2

Province of Nova Scotia

Expenses (continued)

For the fiscal year ended March 31, 2022

(\$ thousands)

	2022	2021
Debt Servicing Costs		
General Revenue Fund	646,321	708,109
Annapolis Valley Regional Centre for Education	275	362
Cape Breton-Victoria Regional Centre for Education	268	360
Chignecto Central Regional Centre for Education	451	574
Conseil scolaire acadien provincial	164	191
Develop Nova Scotia	6	9
Halifax Regional Centre for Education	1,145	1,472
Housing Nova Scotia	8,421	10,534
Izaak Walton Killam Health Centre	562	815
Nova Scotia Community College	2,576	3,026
Nova Scotia Health Authority	7,559	7,818
Nova Scotia Innovation Corporation	40	50
Nova Scotia Legal Aid Commission	392	382
Nova Scotia Municipal Finance Corporation	57	125
Nova Scotia Strategic Opportunities Fund Incorporated	2	17
Nova Scotia Utility and Review Board	21	24
Perennia Food & Agriculture Incorporated	59	—
Resource Recovery Fund Board Inc.	13	13
Sherbrooke Restoration Commission	5	5
South Shore Regional Centre for Education	252	(58)
Strait Regional Centre for Education	156	213
Tourism Nova Scotia	24	40
Tri-County Regional Centre for Education	194	71
	668,963	734,152
Total Expenses	13,724,646	12,627,462



**Province of Nova Scotia
Loans and Investments
As at March 31, 2022**
(\$ thousands)

	Loans	Provisions	Net 2022	Net 2021
Loans Receivable				
Advanced Education –				
Student Loans Direct Lending	224,147	92,314	131,833	137,520
Agriculture and Rural Credit Act	203,927	12,161	191,766	164,685
Fisheries Development Act	263,998	1,441	262,557	229,416
Halifax-Dartmouth Bridge Commission	145,000	—	145,000	151,000
Housing Nova Scotia	506,312	5,076	501,236	498,105
Nova Scotia Business Inc.	17,280	9,450	7,830	9,827
Nova Scotia Innovation Corporation	1,283	227	1,056	2,032
Nova Scotia Jobs Fund	370,419	79,814	290,605	295,366
Nova Scotia Lands Inc.	689	—	689	922
Nova Scotia Municipal Finance Corporation	788,259	—	788,259	749,210
Other	2,073	1,621	452	247
Total Loans Receivable	2,523,387	202,104	2,321,283	2,238,330
	Investments	Provisions	Net 2022	Net 2021
Investments				
Art Gallery of Nova Scotia	4,172	—	4,172	4,099
Nova Scotia Business Inc.	16,362	16,362	—	—
Nova Scotia Community College	50,244	—	50,244	19,339
Nova Scotia Health Authority	52,627	—	52,627	50,312
Nova Scotia Innovation Corporation	68,299	—	68,299	60,658
Nova Scotia Jobs Fund	271	271	—	1,500
Nova Scotia School Insurance Program	5,578	—	5,578	6,687
Perennia Food & Agriculture Incorporated	5,815	—	5,815	4,808
Public Archives of Nova Scotia	2,131	—	2,131	2,177
Resource Recovery Fund Board Inc.	14,465	—	14,465	8,435
Total Investments	219,964	16,633	203,331	158,015

The provisions listed above include \$2.5 million (2021 – \$7.5 million) for possible guarantee payouts from the *Nova Scotia Jobs Fund Act*. Other provisions include \$7.4 million (2021 – \$7.4 million) for the Debt Reduction Assistance Program related to the student loans portfolio of the Department of Advanced Education, of which \$0.1 million (2021 – \$0.1 million) relates to the student loans guaranteed by the Province.

Maturity dates for loans range from calendar year 2022 to 2050, with some loans having no set maturity date. Interest rates for loans range from 0.0 to 12.0 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.

Province of Nova Scotia**Unmatured Debt**

As at March 31, 2022

(\$ thousands)

			2022	2021
	Gross Unmatured Debt	Sinking Funds and Defeasance Assets	Net Unmatured Debt	Net Unmatured Debt
General Revenue Fund	16,368,299	1,632,650	14,735,649	14,691,750
Develop Nova Scotia	115	—	115	4,335
Housing Nova Scotia	101,640	—	101,640	110,811
Nova Scotia Health Authority	2,080	—	2,080	—
Nova Scotia Municipal Finance Corporation	8,152	—	8,152	5,933
Nova Scotia Power Finance Corporation	200,000	200,000	—	—
Total Unmatured Debt	16,680,286	1,832,650	14,847,636	14,812,829

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 Consolidated Statement of Financial Position and further detailed in Schedule 6.

Sinking Fund Assets

As at March 31, 2022, the General Revenue Fund held Sinking Funds and Public Debt Management Funds of \$1,632.7 million (2021 – \$2,099.8 million). These funds were comprised of \$678.8 million in Sinking Funds and \$953.9 million in Public Debt Management Funds. The total market value of both funds was \$1,611.2 million at year-end. During the year, sinking fund contributions were \$10.0 million, total earnings were \$34.8 million, and redemptions were \$512.0 million.

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, 2022 was \$21.8 million (2021 – \$17.4 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 8.75 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, 2022, the Province held a carrying value of \$174.6 million (2021 – \$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 bonds, coupons, and residuals. This debt is reported net of defeasance assets.



Province of Nova Scotia
Unmatured Debt (continued)
As at March 31, 2022
(\$ 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:

	Net Principal Repayments	Capital Lease Payments	P3 Payments	Sinking Fund Payments	Total Payments
2023	1,018,224	5,671	—	24,975	1,048,870
2024	858,379	6,093	169,243	—	1,033,715
2025	865,604	6,246	5,189	—	877,039
2026	845,001	6,433	5,396	—	856,830
2027	8,581	3,762	5,610	—	17,953
2028 & thereafter	10,770,420	95,630	147,179	—	11,013,229
	14,366,209	123,835	332,617	24,975	14,847,636

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 \$953.9 million (2021 – \$943.8 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:

	2022	2021
Term to Maturity		
Cash and Cash Equivalents	166,735	154,886
1 to 3 years	308,520	529,264
3 to 5 years	478,640	259,630
Public Debt Management Funds	953,895	943,780

Province of Nova Scotia

Gross Unmatured Debt

As at March 31, 2022

(\$ thousands)

	Foreign Exchange Rate	CDN \$ Amount	Maturity Dates	Interest Rates
Debentures				
General Revenue Fund (CDN\$)		15,903,927	2022 to 2062	1.00% to 8.75%
General Revenue Fund (US\$)	0.800	—	2022	8.25% to 8.75%
Nova Scotia Municipal Finance Corporation		8,152	2022 to 2032	1.75% to 3.65%
Nova Scotia Power Finance Corporation		200,000	2031	11.00%
Total Debentures		<u>16,112,079</u>		
Loans				
General Revenue Fund – Other Debt		10,000	2022	0.48%
Develop Nova Scotia		115	Demand loan	—
Housing Nova Scotia		101,640	2022 to 2047	1.40% to 6.50%
Total Loans		<u>111,755</u>		
Capital Leases and P3 Arrangements				
General Revenue Fund – Capital Leases		121,755	2026 to 2043	6.82% to 6.86%
General Revenue Fund – P3 Arrangements		332,617	2043 to 2053	3.62% to 3.95%
Nova Scotia Health Authority – Capital Lease		2,080	2030	3.95%
Total Capital Leases and P3 Arrangements		<u>456,452</u>		
Gross Unmatured Debt		<u>16,680,286</u>		

Call, Redemption and Other Features

General Revenue Fund

Canadian debentures include \$803.8 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.



NOVA SCOTIA

**Province of Nova Scotia
Government Business Enterprises
As at March 31, 2022**
(\$ thousands)

	Halifax- Highway 104				2022	2021
	Dartmouth Bridge Commission	Western Alignment Corporation	Nova Scotia Gaming Corporation	Nova Scotia Liquor Corporation	Total	Total
Cash	9,689	5,179	27,324	29,092	71,284	65,943
Accounts						
Receivable	809	674	11,190	4,059	16,732	10,909
Inventory	496	17	3,336	72,489	76,338	72,338
Investments	15,377	62,465	25,779	—	103,621	118,576
Tangible Capital						
Assets	274,494	19,188	52,282	93,515	439,479	441,939
Other Assets	—	632	92,534	11,834	105,000	101,286
Total Assets	300,865	88,155	212,445	210,989	812,454	810,991
Accounts Payable	6,324	1,054	147,520	59,801	214,699	204,911
Unmatured Debt	145,000	—	13,643	39,700	198,343	229,639
Other Liabilities	4,439	2,454	9,469	26,264	42,626	46,948
Total Liabilities	155,763	3,508	170,632	125,765	455,668	481,498
Equity	145,102	84,647	41,813	85,224	356,786	329,493
Total Liabilities and Equity	300,865	88,155	212,445	210,989	812,454	810,991
Total Revenue	30,002	17,762	287,255	826,012	1,161,031	1,070,340
Debt Servicing						
Costs	4,089	6,396	495	1,826	12,806	9,403
Other Expenses	20,408	9,420	156,755	555,533	742,116	676,676
Total Expenses	24,497	15,816	157,250	557,359	754,922	686,079
Net Income	5,505	1,946	130,005	268,653	406,109	384,261

Province of Nova Scotia
Government Business Enterprises (continued)
As at March 31, 2022

Halifax-Dartmouth Bridge Commission

The Halifax-Dartmouth Bridge Commission (HDDB), 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 HDDB 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.

HDDB 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 HDDB.

Long-Term Loan Agreements with the Province

2015 Loan Agreement

On February 6, 2015, HDDB 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, 2022, HDDB had a balance of \$145.0 million (2021 – \$151.0 million) repayable on the loan, of which \$7.0 million is due within a year.

Interest is paid semi-annually on June 1st and December 1st of each year. The average interest rate over the life of the loan is 2.8 per cent. For the year ending March 31, 2022, interest on the loan was \$4.1 million (2021 – \$4.2 million), of which \$1.4 million (2021 – \$1.4 million) was payable at year-end.

Restricted Reserve Funds

The 2015 Loan Agreement requires that HDDB maintain three reserve funds: Operating, Maintenance & Administrative (OM) Fund, Debt Service Fund, and Capital Fund. At year-end, restricted assets for these funds totaled \$15.4 million (2021 – \$15.1 million). These restricted assets were invested in GICs and term deposits with rates between 0.73 and 1.50 per cent. Interest income on restricted assets for the year totaled \$0.1 million (2021 – \$0.2 million).

Line of Credit Agreement with the Province

On April 6, 2020, HDDB entered into a line of credit 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, 2022, HDDB had no advances outstanding against the line of credit (2021 – \$nil) and no draws or accrued interest for the year (2021 – \$nil).



Province of Nova Scotia
Government Business Enterprises (continued)
As at March 31, 2022

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.

H104's main source of revenue is tolls. Its mandate is to manage toll revenue collection until full repayment of debt (which was originally forecasted to occur in 2026). During 2021-22, H104 repaid all debt from excess cash reserves. H104 will continue its mandate to manage toll revenue collection and to fund annual and long-term maintenance indefinitely. On December 16, 2021, the Nova Scotia Governor in Council, by Order in Council 2021-288, amended the *Highway 104 Western Alignment Regulations* with respect to the classification of vehicles and exemption of vehicles registered in Nova Scotia. As a result, the payment of tolls is no longer required for vehicles with Nova Scotia registered license plates effective December 16, 2021. Going forward, this regulatory change is expected to negatively impact the revenues of the Corporation.

Related Party Transactions

H104 had a receivable from the Province in the amount of \$0.3 million (2021 – \$0.6 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 (2021 – \$1.4 million), enforcement costs of \$60.0 thousand (2021 – \$60.0 thousand), and purchases of property, plant and equipment of \$75.1 thousand (2021 – \$48.7 thousand).

Annual Roadway Maintenance Agreement

The annual roadway maintenance agreement is a 30-year agreement between H104 and the Department of Public Works for the provision of annual roadway maintenance services and is renewed annually. The annual fee was \$1.4 million for the current fiscal year (2021 – \$1.4 million). During the year, H104 also incurred management fees of \$75.1 thousand (2021 – \$48.7 thousand) to the Province.

Long-Term Debt

H104 has no long-term debt at March 31, 2022. The Senior toll revenue bonds were prepaid in full during the year.

Province of Nova Scotia
Government Business Enterprises (continued)
As at March 31, 2022

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 \$128.3 million (2021 – \$121.9 million) at year-end. In addition to the net income of \$130.0 million (2021 – \$103.0 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 \$10.4 million in the current year (2021 – \$3.4 million).

Special Payments to Government Departments

NSGC is obligated to make direct payments annually to two provincial government departments: Department of Communities, Culture, Tourism 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 2022, these payments totaled \$0.2 million (2021 – \$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 2022 (2021 – \$3.0 million) to fund problem gambling treatment and \$0.5 million (2021 – \$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 2022, the contribution was \$1.0 million (2021 – \$1.0 million).

Due to Atlantic Gaming Equipment Limited

As at March 31, 2022, the amount due to Atlantic Gaming Equipment Limited was \$11.8 million (2021 – \$15.3 million), of which \$3.8 million (2021 – \$4.3 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 other assets at March 31, 2022 is \$87.1 million (2021 – \$82.3 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.



Province of Nova Scotia
Government Business Enterprises (continued)
As at March 31, 2022

Nova Scotia Gaming Corporation (continued)

Other Comprehensive Income

During the year, NSGC reported \$11.0 million in other comprehensive income (OCI) related to its share of Atlantic Lottery Corporation's OCI (2021 – \$7.4 million). As at March 31, 2022, accumulated OCI was \$25.8 million (2021 – \$14.8 million).

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 alcohol and 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 \$268.0 million (2021 – \$283.0 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 \$85.2 million (2021 – \$78.8 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 \$5.8 million in other comprehensive income (OCI) related to actuarial losses on defined benefit plans (2021 – -\$1.3 million). As at March 31, 2022, accumulated OCI was \$8.0 million (2021 – \$2.2 million).

Schedules to the Consolidated Financial Statements

Schedule 7

**Province of Nova Scotia
Tangible Capital Assets**

As at March 31, 2022

(\$ thousands)

						2022	2021
	Land	Buildings and Land Improve- ments	Machinery, Computers and Equipment	Vehicles and Ferries	Roads, Bridges and Highways	Total	Total
Costs							
Opening Costs	1,136,528	6,523,538	1,424,220	244,192	4,484,553	13,813,031	12,695,974
Transfers	—	61,823	(2,642)	(586)	(58,595)	—	—
Additions	20,376	369,309	77,060	19,801	483,932	970,478	1,208,207
Disposals	(129)	(5,104)	(17,892)	(13,319)	(964)	(37,408)	(91,150)
Closing Costs	1,156,775	6,949,566	1,480,746	250,088	4,908,926	14,746,101	13,813,031
Accumulated Amortization							
Opening							
Accumulated Amortization	—	(3,108,386)	(1,025,741)	(154,989)	(2,397,539)	(6,686,655)	(6,330,595)
Transfers	—	—	(141)	141	—	—	—
Disposals	—	2,976	17,098	13,023	961	34,058	86,130
Amortization Expense	—	(172,436)	(73,262)	(19,488)	(198,470)	(463,656)	(442,190)
Closing Accumulated Amortization	—	(3,277,846)	(1,082,046)	(161,313)	(2,595,048)	(7,116,253)	(6,686,655)
Net Book Value	1,156,775	3,671,720	398,700	88,775	2,313,878	7,629,848	7,126,376
Opening Balance	1,136,528	3,415,152	398,479	89,203	2,087,014	7,126,376	6,365,379
Closing Balance	1,156,775	3,671,720	398,700	88,775	2,313,878	7,629,848	7,126,376
Increase (Decrease) in Net Book Value	20,247	256,568	221	(428)	226,864	503,472	760,997



Province of Nova Scotia
Tangible Capital Assets (continued)
As at March 31, 2022

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 4 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.

Capital leases are included in the various asset classes as at March 31, 2022 as follows:

	Cost	Accumulated Depreciation
Buildings and Land Improvements	\$226.8 million	\$75.6 million
Machinery, Computers and Equipment	\$9.0 million	\$6.7 million
Vehicles and Ferries	\$22.3 million	\$11.5 million

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 \$179.5 million (2021 – \$192.9 million).

Included in the closing costs of the various classes as at March 31, 2022 are costs for assets under construction, which have not yet been amortized. These costs relate to Buildings and Land Improvements of \$420.1 million; Machinery, Computers and Equipment of \$55.4 million; Vehicles and Ferries of \$16.3 million; and Roads, Bridges and Highways of \$509.6 million.

P3 arrangements are included in the various categories as follows: Buildings and Land Improvements of \$62.6 million and Roads, Bridges and Highways of \$254.0 million. Of the total P3 costs, 19.8 per cent relates to health care infrastructure and 80.2 per cent relates to highways. These assets are included in the figures above as under construction and have not yet been amortized.

Province of Nova Scotia

Direct Guarantees

As at March 31, 2022

(\$ thousands)

		2022	2021
	Foreign Exchange Rate	Authorized	Utilized
		Utilized	Utilized
Bank Loans			
Department of Advanced Education – Student Loan Program		67	179
Department of Economic Development – Forestry Contractor Relief Program		5,000	1,106
Department of Economic Development – Small Business Loan Guarantee Program		20,000	16,871
Department of Public Works (US\$)	0.800	6,248	—
Nova Scotia Jobs Fund Act		43,076	44,826
Total Bank Loan Guarantees		74,391	62,982
Federal Loans			
Nova Scotia Strategic Opportunities Fund Incorporated		—	385
Total Federal Loan Guarantees		—	385
Mortgages			
Housing Nova Scotia Act – Canada Mortgage and Housing Corporation Indemnities		7,800	10,300
Total Mortgage Guarantees		7,800	10,300
Total Direct Guarantees		82,191	73,667
Less: Provision for Guarantee Payout			
Department of Economic Development – Forestry Contractor Relief Program			(277)
Department of Economic Development – Small Business Loan Guarantee Program			(2,543)
Housing Nova Scotia Act			(3,741)
Nova Scotia Jobs Fund Act			(2,500)
Nova Scotia Strategic Opportunities Fund Incorporated			—
			(9,061)
Less: Provision for Student Debt Reduction Program			
Department of Advanced Education – Student Loan Program			(78)
Net Direct Guarantees		55,220	59,218
<i>(Not provided for in these consolidated financial statements)</i>			



**Province of Nova Scotia
Segment Reporting
As at March 31, 2022**

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 2022 and 2021 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, and post-secondary and advanced education.

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, supporting labour, 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, 2022
(\$ thousands)

	Health		Education		Infrastructure & Public Works		Social Services	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue								
Provincial Sources								
Tax Revenue	181,297	208,002	—	—	258,528	223,787	—	—
Other Provincial Revenue	538,997	404,691	438,030	415,640	12,732	24,169	245,300	206,293
Net Income from GBEs	—	—	—	—	7,451	6,801	—	—
Investment Income	1,430	1,085	9,581	8,271	—	—	21,843	22,293
Federal Sources	1,419,794	1,176,795	406,664	345,272	92,021	88,557	356,929	283,914
Total Revenue	2,141,518	1,790,573	854,275	769,183	370,732	343,314	624,072	512,500
Expenses								
Grants and Subsidies	1,220,593	1,035,704	995,873	789,393	40,283	53,548	2,097,313	1,909,914
Salaries and Employee Benefits	2,155,320	1,937,653	1,695,078	1,614,013	130,525	141,091	176,392	157,064
Operating Goods and Services	1,205,540	962,462	319,267	326,980	182,455	118,670	169,779	138,411
Professional Services	64,687	58,478	24,948	23,868	34,757	71,726	9,891	6,994
Amortization	91,089	81,727	87,867	86,396	228,376	218,371	22,117	21,875
Debt Servicing Costs	8,374	9,001	5,480	6,211	—	—	29,201	31,790
Other	1,839	1,617	—	1	—	—	544	1,177
Total Expenses	4,747,442	4,086,642	3,128,513	2,846,862	616,396	603,406	2,505,237	2,267,225
Segment Result	(2,605,924)	(2,296,069)	(2,274,238)	(2,077,679)	(245,664)	(260,092)	(1,881,165)	(1,754,725)



NOVA SCOTIA

Schedule 9

**Province of Nova Scotia
Segment Reporting (continued)
For the fiscal year ended March 31, 2022
(\$ thousands)**

	Natural Resources & Economic Development		Other Government		Inter-Segment Eliminations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue								
Provincial Sources								
Tax Revenue	430	490	6,371,765	5,232,252	—	—	6,812,020	5,664,531
Other Provincial Revenue	303,869	194,857	601,873	447,790	(464,493)	(208,139)	1,676,308	1,485,301
Net Income from GBEs	—	—	398,658	377,460	—	—	406,109	384,261
Investment Income	103,324	3,530	107,904	133,888	(22,265)	(22,560)	221,817	146,507
Federal Sources	170,316	47,322	2,513,519	2,663,407	—	—	4,959,243	4,605,267
Total Revenue	577,939	246,199	9,993,719	8,854,797	(486,758)	(230,699)	14,075,497	12,285,867
Expenses								
Grants and Subsidies	225,074	157,180	875,219	878,329	(329,711)	(168,067)	5,124,644	4,656,001
Salaries and Employee Benefits	158,669	151,429	552,097	510,758	(1,453)	(5,277)	4,866,628	4,506,731
Operating Goods and Services	271,615	192,400	200,775	179,595	(118,738)	(16,848)	2,230,693	1,901,670
Professional Services	8,005	15,930	226,464	207,808	(1,181)	(2,443)	367,571	382,361
Amortization	16,513	16,617	17,694	17,204	—	—	463,656	442,190
Debt Servicing Costs	143	130	661,409	724,634	(35,644)	(37,614)	668,963	734,152
Other	107	1,304	32	708	(31)	(450)	2,491	4,357
Total Expenses	680,126	534,990	2,533,690	2,519,036	(486,758)	(230,699)	13,724,646	12,627,462
Segment Result	(102,187)	(288,791)	7,460,029	6,335,761	—	—	350,851	(341,595)

**Province of Nova Scotia
Government Reporting Entity
As at March 31, 2022**

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)

Advanced Education
Agriculture
Communities, Culture, Tourism and Heritage
 Nova Scotia Independent Production Fund
Community Services
Economic Development
 Invest Nova Scotia Fund
 Nova Scotia Jobs Fund
Education and Early Childhood Development
Environment and Climate Change
Finance and Treasury Board
 Muggah Creek Remediation Fund
 Public Debt Management Fund
 SYSCO Decommissioning Fund
Fisheries and Aquaculture
Health and Wellness
Justice
Labour, Skills and Immigration
Municipal Affairs and Housing
Natural Resources and Renewables
Public Service
 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 Addictions and Mental Health
 Office of Equity and Anti-Racism Initiatives
 Office of Healthcare Professionals
 Recruitment
 Office of L'nu Affairs
 Office of the Auditor General
 Office of the Ombudsman
 Public Prosecution Service
 Public Service Commission
 Regulatory Affairs and Service Effectiveness
Public Works

Seniors and Long-Term Care
Service Nova Scotia and Internal Services

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 ¹
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

¹ - Includes refresh funds related to P3 schools



NOVA SCOTIA

**Province of Nova Scotia
Government Reporting Entity (continued)
As at March 31, 2022**

Governmental Units

(Consolidation Method)

Annapolis Valley Regional Centre for Education
Art Gallery of Nova Scotia
Arts Nova Scotia
Cape Breton-Victoria Regional Centre for Education
Check Inns Limited (inactive)
Chignecto Central Regional Centre for Education
Conseil scolaire acadien provincial
Creative Nova Scotia Leadership Council
Develop Nova Scotia
Halifax Regional Centre for Education
Housing Nova Scotia
 Cape Breton Island Housing Authority
 Cobequid Housing Authority
 Eastern Mainland Housing Authority
 Metropolitan Regional Housing Authority
 Western Regional Housing Authority
Invest Nova Scotia Board
Izaak Walton Killam Health Centre
Nova Scotia Arts Council (inactive)
Nova Scotia Boxing Authority
Nova Scotia Business Inc.
Nova Scotia Community College
 Nova Scotia Community College Foundation
Nova Scotia Crop and Livestock Insurance
 Commission
Nova Scotia Education Common Services Bureau ¹
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 ²
Nova Scotia School Insurance Program
 Association ²

Nova Scotia Strategic Opportunities Fund Inc.
Nova Scotia Utility and Review Board
Perennia Food & Agriculture Incorporated
Public Archives of Nova Scotia
Resource Recovery Fund Board Inc.
Schooner Bluenose Foundation
Sherbrooke Restoration Commission
South Shore Regional Centre for Education
Strait Regional Centre for Education
Sydney Environmental Resources Limited (inactive)
Sydney Steel Corporation
Tourism Nova Scotia ³
Tri-County Regional Centre for Education
Upper Clements Family Theme Park Limited
 (inactive)
Workers Compensation Appeals Tribunal
3052155 Nova Scotia Limited (inactive)

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) ⁴

Atlantic Provinces Special Education Authority
 (approximately 26% share)
Canada-Nova Scotia Offshore Petroleum Board
 (50% share)
Canadian Sports Centre Atlantic
 (approximately 9% share)
Council of Atlantic Premiers
 (approximately 31% share)
Halifax Convention Centre Corporation
 (50% share)

¹ – Formerly Nova Scotia School Boards Association

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

³ – Tourism Nova Scotia was wound up on January 1, 2022 per the Tourism Nova Scotia Dissolution Act

⁴ – GPAs do not meet the threshold of materiality and cost-benefit to use the proportionate consolidation method


NOVA SCOTIA