



Accountability Report

2023–24

Finance and Treasury Board



© Crown copyright, Province of Nova Scotia, July 2024

Accountability Report 2023–2024

ISBN 978-1-77448-663-4

Contents

Accountability Statement.....	3
Measuring Performance.....	4
Financial Results	9
Public Interest Disclosure of Wrongdoing	10

Accountability Statement

The Accountability Report of the Department of Finance and Treasury Board for the year ended March 31, 2024, is prepared pursuant to the *Finance Act* and government policies and guidelines. The reporting of the Department of Finance and Treasury Board outcomes necessarily includes estimates, judgments, and opinions by Department of Finance and Treasury Board management.

We acknowledge that this Accountability Report is the responsibility of Department of Finance and Treasury Board management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Department of Finance and Treasury Board 2023-24 Business Plan.

Original signed by:

Honourable Allan MacMaster
Minister of Finance & Treasury Board

Kelliann Dean
Executive Deputy Minister of Finance & Treasury Board

Measuring Performance

The Department of Finance and Treasury Board works to preserve the financial capacity of the Government of Nova Scotia to provide public programs and services, by providing advice on fiscal sustainability for the province.

To deliver its mandate, the Department is guided by its core functions of:

- budget and fiscal plan development;
- financial accounting;
- expenditure and financial management;
- financial advisory services;
- corporate strategic initiatives;
- revenue estimates and federal transfers;
- tax policy, administration, and credits;
- economic and demographic forecasting, statistics, policy analysis, and modelling;
- liability and treasury management;
- lending to municipalities;
- capital markets administration and compliance;
- regulation of pensions, insurance, and select financial institutions;
- oversight of gaming operations;
- policy oversight to specific agencies, boards, and commissions; and
- labour relations.

Outcomes with respect to the priority areas identified in the Department's 2023-24 Business Plan and work on other major initiatives throughout the 2023-24 fiscal year are described below.

Meeting government's fiscal objectives

The Department's 2023-24 Business Plan identified meeting government's fiscal objectives as a key priority area for the 2023-24 fiscal year. In working toward this goal, the Department continued to provide financial leadership and analysis to build and sustain a sound fiscal framework and financial control over public finances.

Three measures were used to determine the progress on this goal: (1) fiscal sustainability, (2) flexibility, and (3) vulnerability. These were measured and reported on in the province's annual Budget, public forecast updates, and the Public Accounts.

The performance measure results are presented below in Table 1: Performance Measures

- For 2024-25 to 2027-28, the results are based on the Province of Nova Scotia's four-year fiscal plan, as presented in Budget 2023-24.

The Province's overall fiscal position has improved since Budget 2023-24. Table 1 illustrates that budget deficits, and increasing net debt are still expected over the forecast horizon due to government's commitment to making investments in priority areas such as healthcare, housing and affordability. Despite this, all indicators for the strategic goal of fiscal sustainability remain stable.

Table 1: Performance Measures

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 (Budget)	2025-26	2026-27	2027-28
Sustainability									
Annual Surplus/(Deficit) (\$ millions)	\$2.3	(\$341.6)	\$338.6	\$122.8	\$143.6	(\$467.4)	(\$608.7)	(\$575.7)	(\$360.1)
Annual Surplus/Deficit (% of GDP)	0.00%	(0.74%)	0.67%	0.23%	0.25%	0.80%	1.01%	0.92%	0.56%
Net Debt to Nominal GDP (%)	32.5%	36.8%	33.8%	32.6%	32.8%	34.6%	36.2%	37.5%	38.4%
Net Debt per Capita (\$ dollars)	\$15,620	\$17,194	\$17,157	\$17,304	\$17,490	\$18,666	\$19,745	\$20,832	\$21,735
Net Debt (\$ billions)	\$15.24	\$17.01	\$17.16	\$17.74	\$18.52	\$20.22	\$21.81	\$23.37	\$24.71
Flexibility									
Debt Service Costs (% of total revenue)	6.7%	6.0%	4.6%	4.3%	4.7%	5.2%	5.5%	6.0%	6.2%
Own Source Revenue (% of GDP)	17.7%	16.6%	17.9%	19.7%	19.5%	16.8%	16.7%	16.6%	16.5%
Vulnerability									
Federal Transfers (% of total revenue)	32.3%	37.5%	35.3%	31.3%	33.4%	38.1%	38.1%	37.9%	37.6%

Notes: Performance measures for 2019-20 to 2023-24 use Government Reporting Entity (GRE) figures (Consolidated). 2024-25 to 2027-28 use General Revenue Fund (GRF) figures, because consolidated figures are not available for Budget and forecast years.

Budget 2023-24 was tabled on March 23, 2023, with a projected deficit of \$278.9 million. Actual results show that the budgetary position ended in a surplus of \$143.6 million for the 2023-24 fiscal year. The difference between the 2023-24 Budget Estimate and the balance presented in the 2023-24 Public Accounts is primarily due to higher than expected tax revenues, ordinary recoveries, as well as \$529.4 million in one-time Prior Year Adjustments for provincial tax revenues.

Measure: Sustainability – What does the measure tell us?

Sustainability can be defined as the degree to which a government can maintain existing programs and meet existing creditor requirements without increasing the debt burden on the economy¹. The primary measure for fiscal sustainability is the net debt of the province compared with its economic output of goods and services (i.e., net debt to nominal Gross Domestic Product (GDP) ratio). Net Debt-to-GDP was 32.8 per cent in 2023-24 and is expected to increase to 38.4 per cent by 2027-28. While Net Debt-to-GDP is increasing in the near term, this growth is considered reasonable and manageable in relation to the overall fiscal plan, as budgetary deficits begin to decline beyond 2025-26.

¹ Indicators of Government Financial Condition, Research Report; the Canadian Institute of Chartered Accountants, 1997.

Measure: Flexibility – What does the measure tell us?

Flexibility refers to the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues or increasing its debt burden.² The typical measure of government financial flexibility is the ratio of debt servicing costs in relation to the total revenue generated in a given year (i.e., debt service costs as a percentage of total revenue).

Consistent work in this area has reduced the debt servicing costs from 8.8 per cent of total revenue in 2013-14 to 4.7 per cent in 2023-24. In this past fiscal year, all three credit rating agencies (Standard & Poor's, Dominion Bond Rating Service, and Moody's) confirmed the province's credit rating with a stable outlook. The three agencies have cited the province's long-term commitment to fiscal prudence and strong financial management practices as positive.

Measure: Vulnerability – What does the measure tell us?

Vulnerability refers to the degree to which a government becomes dependent on, and therefore vulnerable to, sources of funding outside of its control or influence, both domestic and international.³ An often-used measure for the vulnerability of provincial government finances is the amount of federal government transfers in relation to the total revenues of a provincial government (i.e., federal transfers as a percentage of total revenue).

Federal transfers in 2023-24 represented 33.4 per cent of total revenue. The proportion of total revenue represented by federal transfers is expected to rise to 38.1 per cent in 2024-25 and decline slightly over the rest of the four-year fiscal plan to 37.6 per cent by 2026-27.

Tax measures

In working to achieve the commitments of the Minister's Mandate Letter, the Department has introduced a number of new tax measures, effective for 2022. These include the **More Opportunity for Skilled Trades (MOST)**, **Non-resident Deed Transfer Tax**, the **Fertility and Surrogacy Tax Credit**, and **Children's Sports and Arts Tax Credit**. In 2023-24, the Department continued work on implementing these measures. The Department introduced amendments to the *Tax Refund for Skilled Trade and Occupations Regulations*, which enabled the expansion of the program to include eligible nurses as announced in Budget 2023-24. Significant work was also completed on the development of IT infrastructure required to administer these new programs.

As announced in Budget 2024-25, the Department brought forward legislation to **introduce indexing to the provincial tax system**. This legislation received Royal Assent on April 5th, 2024. Taxable income brackets and certain non-refundable tax credits will be indexed effective January 1, 2025.

Other tax measures introduced by the Department in 2023-24 include the **Purpose-built Rental Housing Rebate**, in conjunction with the federal government. This program will rebate the provincial portion of the HST applicable to purpose-built rental housing projects which commenced

² Ibid

³ Ibid

construction on or after September 14th, 2023, and on or before December 31, 2030, which are completed construction by December 31, 2035.

[Labour relations and compensation](#)

The Department is responsible for public sector labour relations and oversees more than 300 collective agreements across 200 employers with approximately 20 unions and professional associations across several sectors. Approval for bargaining, including wage mandate, is centralized through Treasury and Policy Board. In 2023-24 Labour Relations continued to develop and maintain positive working relationships with public sector unions while providing labour relations and compensation advice and expertise to employers and government.

[Monitoring changes in the economic and demographic conditions for Nova Scotians](#)

In 2023-24 the Department continued to advise on the government's response to economic and demographic changes in Nova Scotia. The Department provides economic and demographic forecasts used for fiscal management and program planning. The Department continued to publish the [DailyStats](#) – a daily report of current economic and demographic data for Nova Scotia as well as comparisons with the economies of key global trading partners.

[Alcohol retail policy](#)

In 2023-24, the Department continued to work with other departments and with industry to phase out the Nova Scotia Liquor Corporation's Emerging Wine Regions Policy (EWRP). On June 30, 2020, Canada reached a settlement agreement with Australia following its challenge of the EWRP through the World Trade Organization. Per the terms of the agreement, Nova Scotia will end the EWRP effective June 30, 2024.

[Financial sector supervision and pension regulation](#)

The Department is responsible for regulating select financial institutions such as insurance companies, credit unions, as well as private pension plans. In 2023-24 the Department introduced amendments to the *Credit Union Act* to transfer authority and responsibility for the oversight of Atlantic Central to the Credit Union Deposit Insurance Corporation, improving the stability and soundness of Nova Scotia's credit union system. The Department also made amendments to the *Pensions Benefits Act* to make it easier for individuals with a shortened life expectancy or who are no longer resident in Canada to unlock their pension funds.

In collaboration with the Office of Regulatory Affairs and Service Effectiveness, the Department worked with the insurance industry in 2023-24 to implement measures to reduce administrative burden on physicians in areas where insurance intersects with the medical system in Nova Scotia.

[Public Service Superannuation Plan](#)

In 2023-24, the Department passed the *Private Sector Pension Plan Transfer Act* and amendments to the *Public Service Superannuation Act* to enable private sector entities to transfer pension plans into

or join the Public Service Superannuation Plan (PSSP). The Department is in the process of developing regulations required to support these legislative changes.

[Gaming oversight](#)

Through the Gaming division, the Department is responsible for the regulated gambling industry in Nova Scotia. In 2023-24 the Department continued to oversee a viable and socially responsible industry that returns all profits to government to benefit all Nova Scotians.

[Supporting new divisions in the Department](#)

Following recommendations from the government's review of Crown agencies in 2022-23, staff from the Nova Scotia Gaming Corporation and the former Nova Scotia Municipal Finance Corporation joined the Department effective December 1, 2022. This resulted in the creation of the new Gaming division and Municipal Finance division. As well, in 2022-23 the Department created the Provincial Tax Policy and Administration division to implement the tax measures announced in Budget 2022-23. Work has continued to integrate new staff and functions into the Department. In 2023-24 the Department held its first in-person, all staff meeting since before the pandemic. This meeting provided an opportunity for staff across the Department to connect and for new staff to learn about the broader roles and responsibilities of the Department.

[Inclusion, diversity, equity, and accessibility](#)

The Department made progress in the area of inclusion, diversity, equity, accessibility, and employee well-being in 2023-24. Diversity-related information, including promotion and education of diverse celebrations, and information on training opportunities, continued to be routinely shared with all Department staff. In 2023-24, 32 of these communications were circulated – the highest volume to date.

Financial Results

	2023-24 Estimate	2023-24 Actuals	2023-24 Variance
Program & Service Area	<i>(\$ thousands)</i>		
Departmental Expenses:			
Senior Management	1,230	1,280	50
Financial Institutions and Pensions	1,698	1,429	-269
Liability Management & Treasury Services	1,147	1,284	137
Controllers Division	3,748	3,238	-510
Labour Relations and Compensation	1,285	1,188	-97
Treasury Board Office	2,343	2,123	-220
Financial Advisory Services	16,045	14,258	-1,787
Fiscal Policy, Economics & Budgetary Planning	5,342	7,324	1,982
Gaming	2,898	1,592	-1,306
Total: Departmental Expenses	35,736	33,716	-2,020
Additional Information:			
Ordinary Revenue	11,954,358	12,778,569	824,211
Fees and Other Charges	285	316	31
Ordinary Recoveries	380	289	-91
Total: Revenue, Fees and Recoveries			
TCA Purchase Requirements	2,090	0	-2,090
Provincial Funded Staff (FTEs)	271.5	248.4	-23.1
Departmental Expenses Variance Explanation:			
<ul style="list-style-type: none"> Farm and Commercial Wine Support Program offset by Salary and Operating savings. 			
Revenue, Fees and Recoveries Variance Explanation:			
<ul style="list-style-type: none"> Tax Revenue: increases in Personal Income Tax, Harmonized Sales Tax, Other Tax revenue, and significant net positive Prior Years Adjustments for tax revenues. Investment Income: increases in interest revenue and sinking fund earnings due to higher than expected interest rates. Financial Institutions Revenue: Larger than expected growth in the business of insurance in 23-24. General insurance has seen a very large spike in premiums written in Nova Scotia for 23-24 due to higher-than-normal claim costs related to natural disasters. 			
Provincial Funded Staff (FTEs) Variance Explanation:			
<ul style="list-style-type: none"> Vacancy Savings. 			

Public Interest Disclosure of Wrongdoing Act

Annual Report under Section 18 of the Public Interest Disclosure of Wrongdoing Act

The *Public Interest Disclosure of Wrongdoing Act* was proclaimed into law on December 20, 2011.

The Act provides for government employees to be able to come forward if they reasonably believe that a wrongdoing has been committed or is about to be committed and they are acting in good faith.

The Act also protects employees who do disclose from reprisals, by enabling them to lay a complaint of reprisal with the Labour Board.

A Wrongdoing for the purposes of the Act is:

- a) a contravention of provincial or federal laws or regulations
- b) a misuse or gross mismanagement of public funds or assets
- c) an act or omission that creates an imminent risk of a substantial and specific danger to the life, health or safety of persons or the environment, or
- d) directing or counselling someone to commit a wrongdoing

The following is a summary of disclosures received by the Department of Finance and Treasury Board.

Information Required under Section 18 of the Act	Fiscal Year 2023-24
Number of disclosures received	None reported
Number of findings of wrongdoing	None reported
Details of each wrongdoing	N/A
Recommendations and actions taken on each wrongdoing	N/A

N/A= not applicable