

Province of
Nova Scotia



Credit Update

Hon. Graham Steele
Minister of Finance

December 2011

A Brief Overview

- Majority Government
- Key focus “Living within our means”
- Borrowing requirements of \$1.6 billion for 2011–2012
- Net debt to GDP ratio 35.3% at March 31, 2011
- \$365 million deficit for 2011-2012
- Balanced budget in 2013–2014

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

The \$25 Bln contract could:

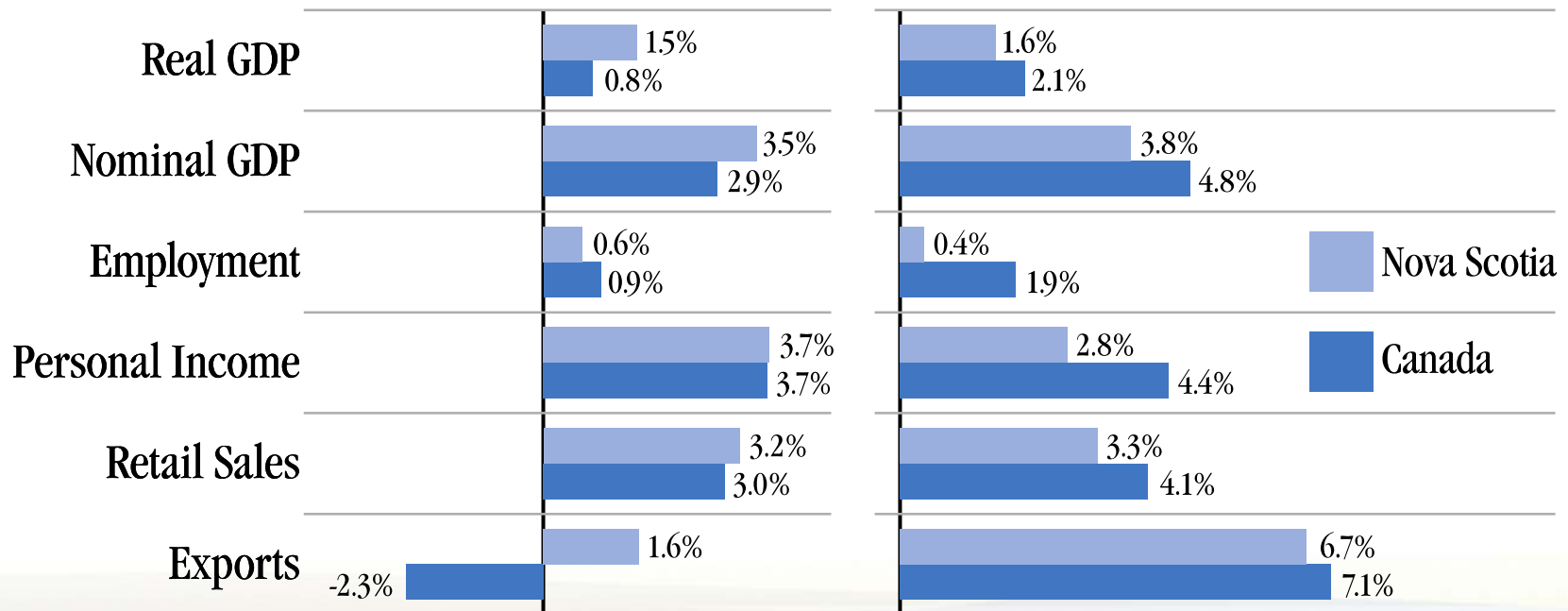
- create and sustain an average of 8,400 jobs for 19 years
- increase personal income by up to \$600 Mln per year
- increase provincial GDP by 2.4 per cent

NS outperforms Canada in recession

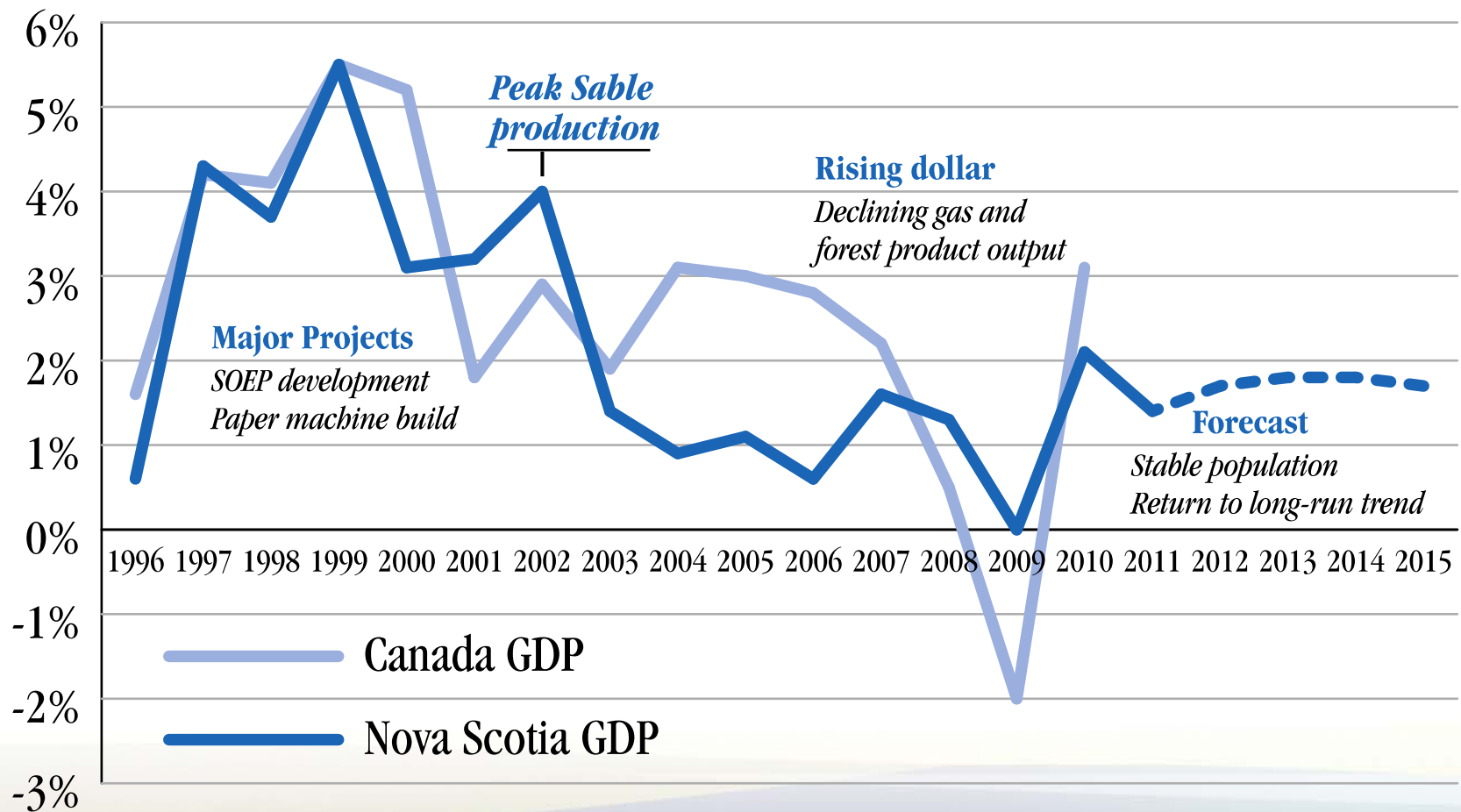
...however, it's not expected to keep pace through recovery

Compound average growth rate, 2006-2010

Compound average growth rate, 2010-2012
(December Fiscal Update)

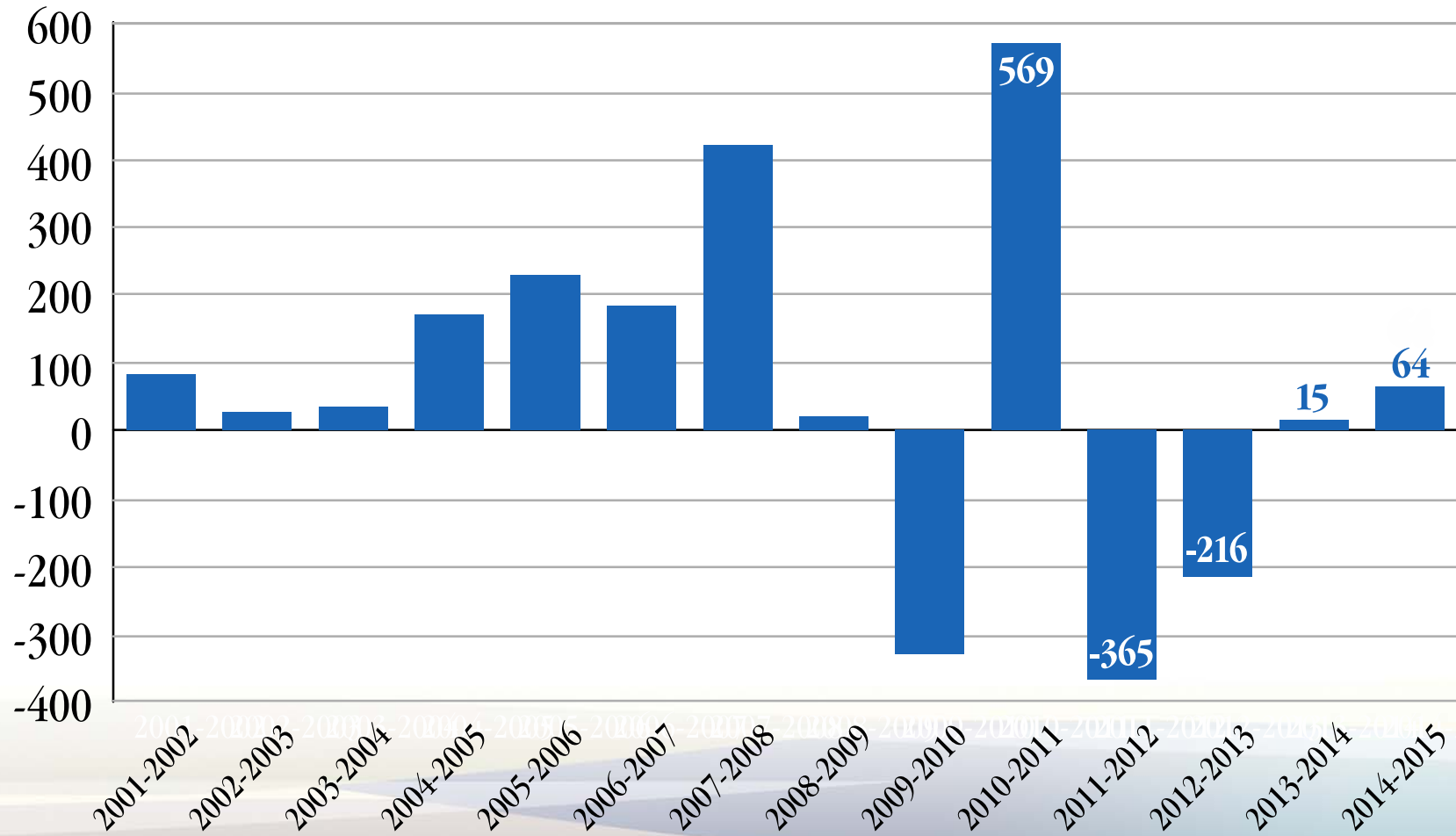


NS has a stable economic outlook



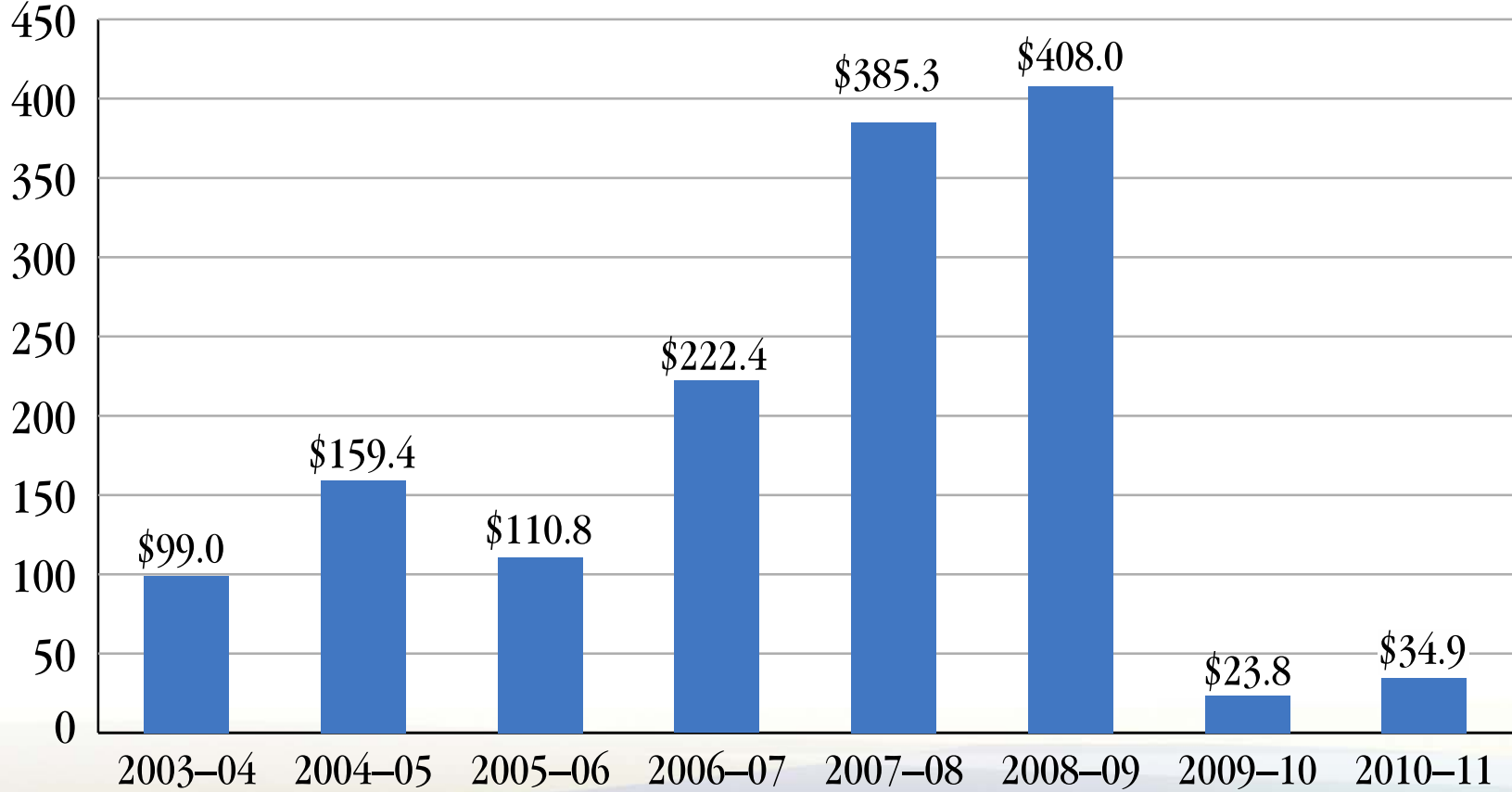
On track to balanced budgets

Surplus (Deficit) Millions \$



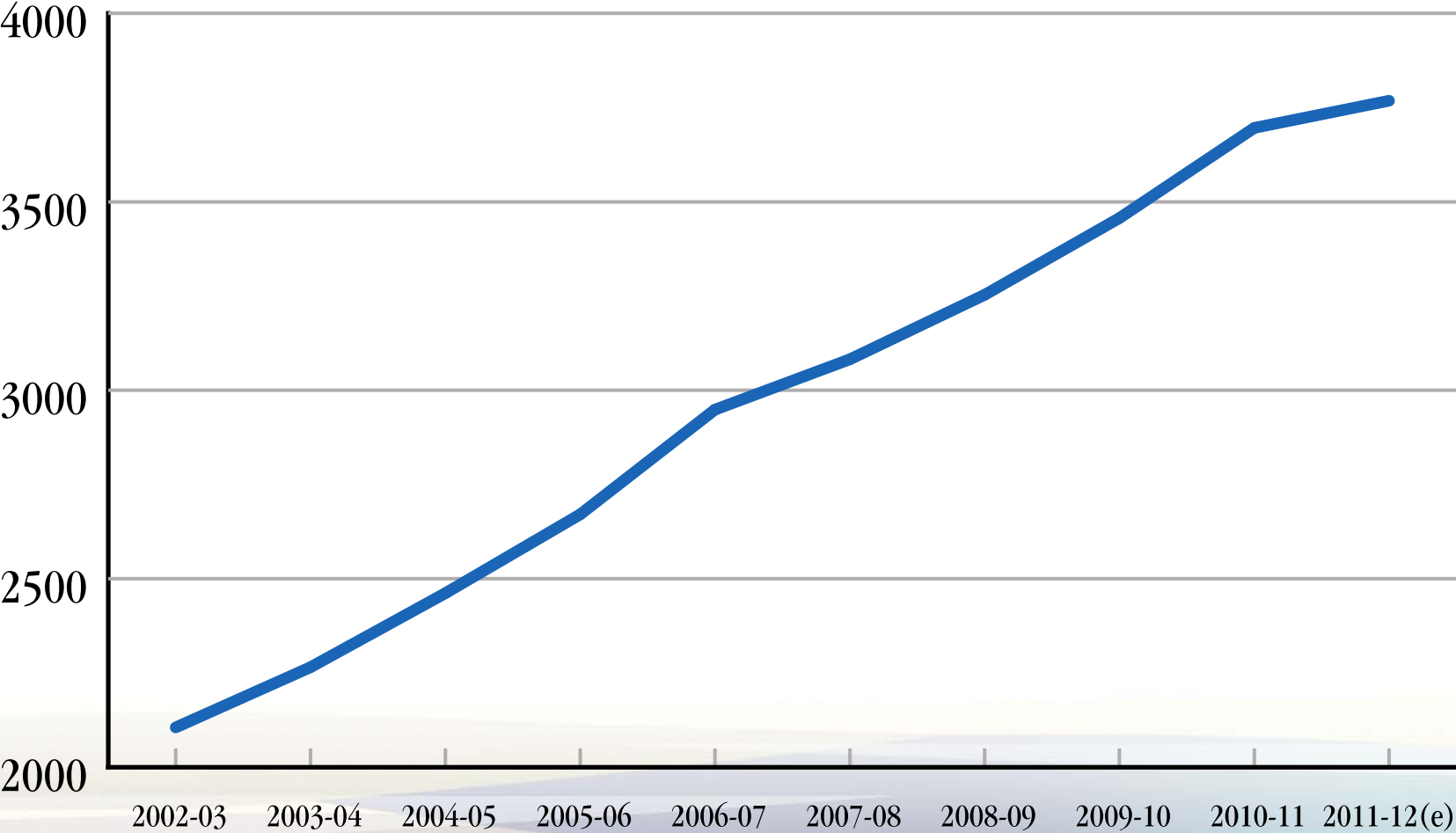
Spending controls are working

Spending over Budget Millions \$

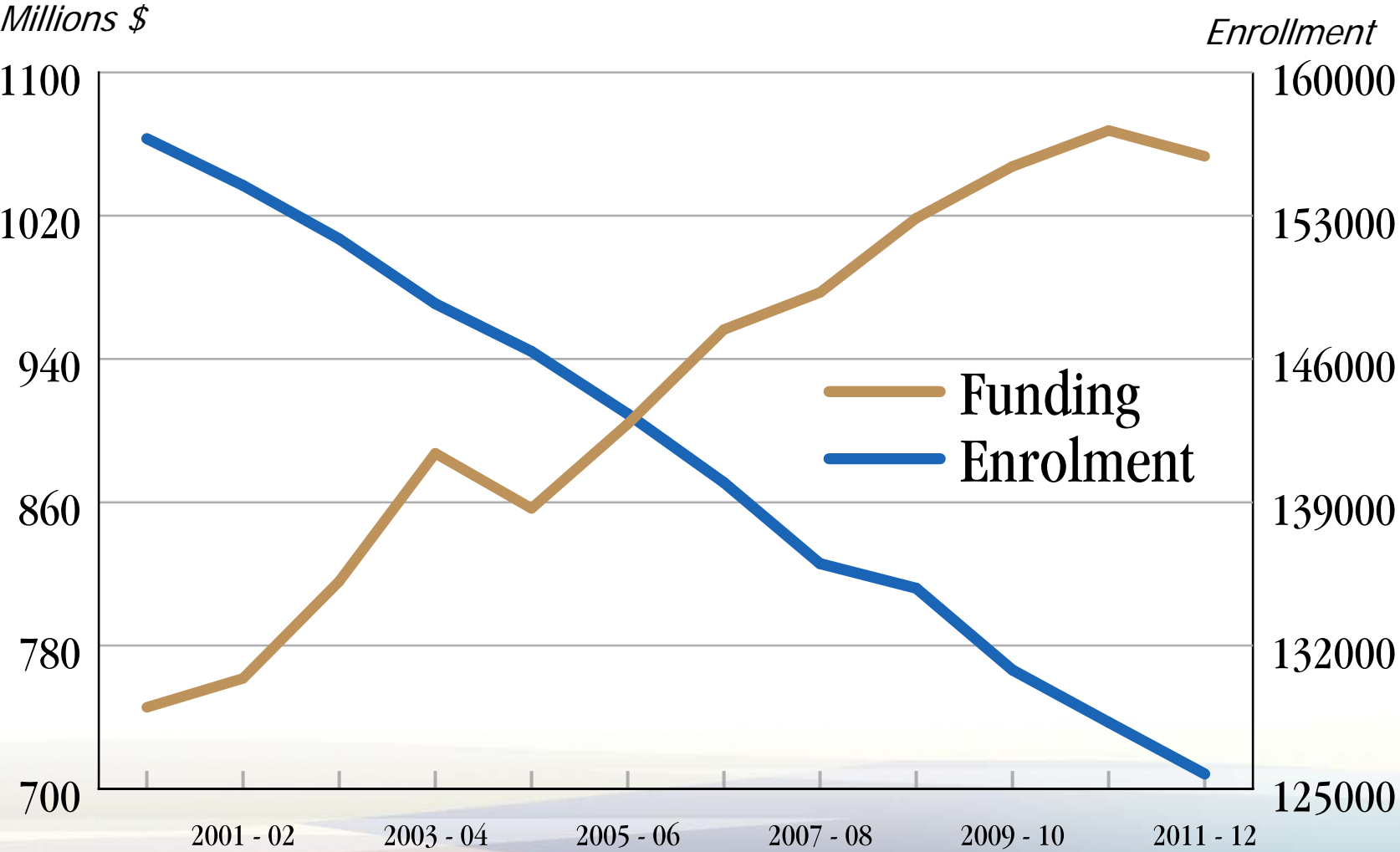


Growth in health costs slowed this year

Millions \$

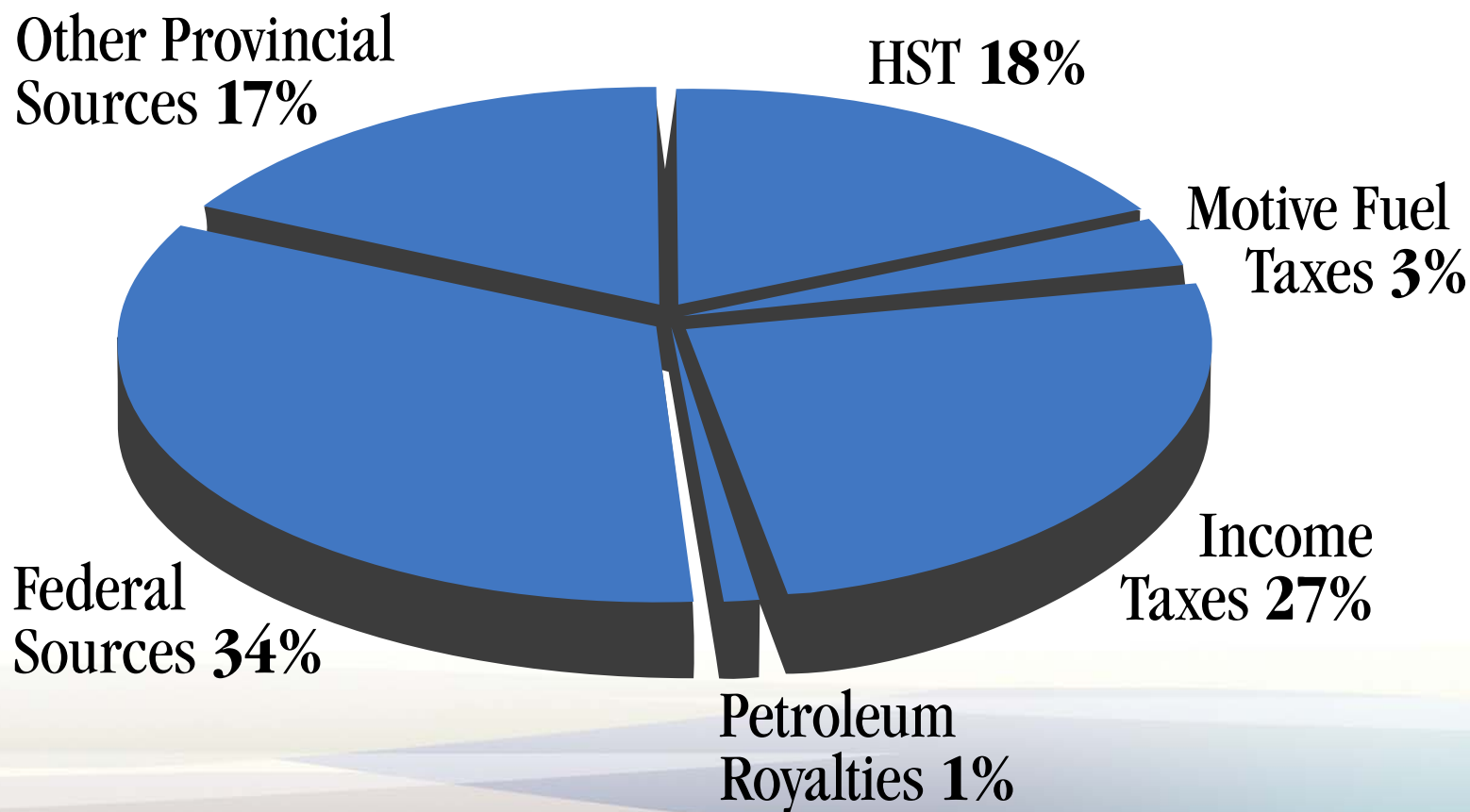


P-12 education spending was unsustainable



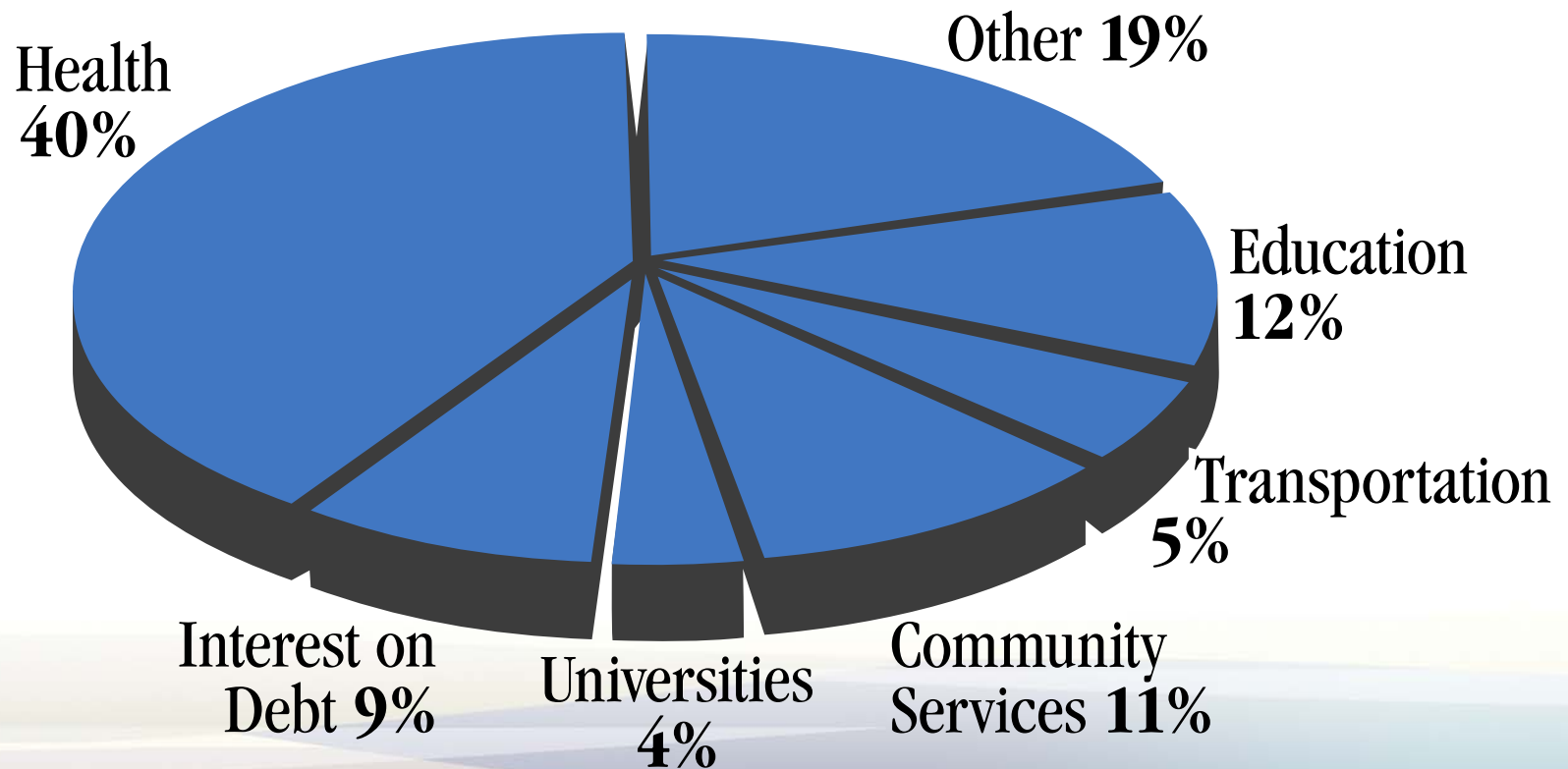
NS relies on federal transfers; growth potential in Oil/Gas

Revenues By Source, 2011–2012

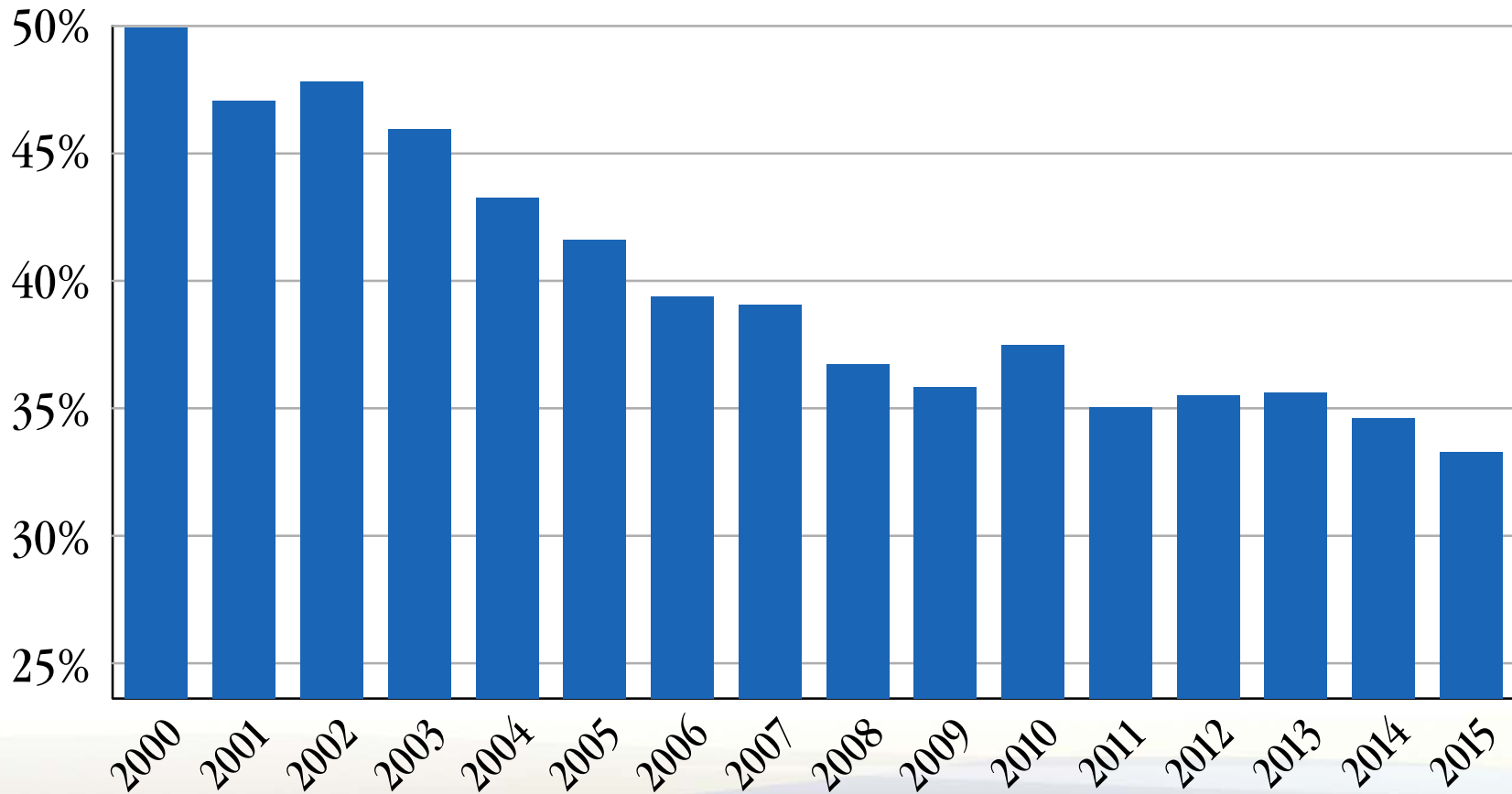


Healthcare dominates spending

Expenses, 2011–2012

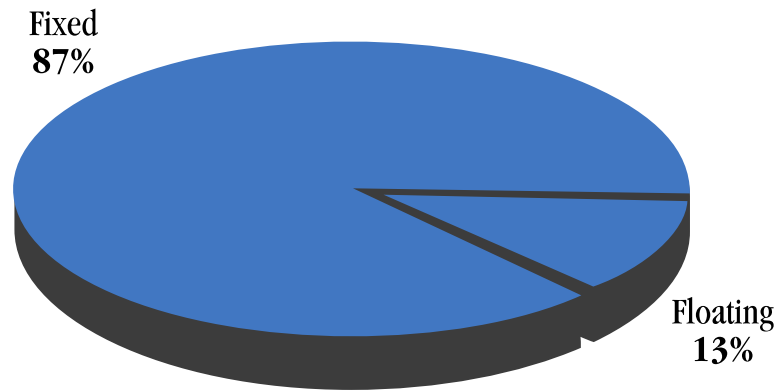


Nova Scotia's Net Debt/GDP is declining

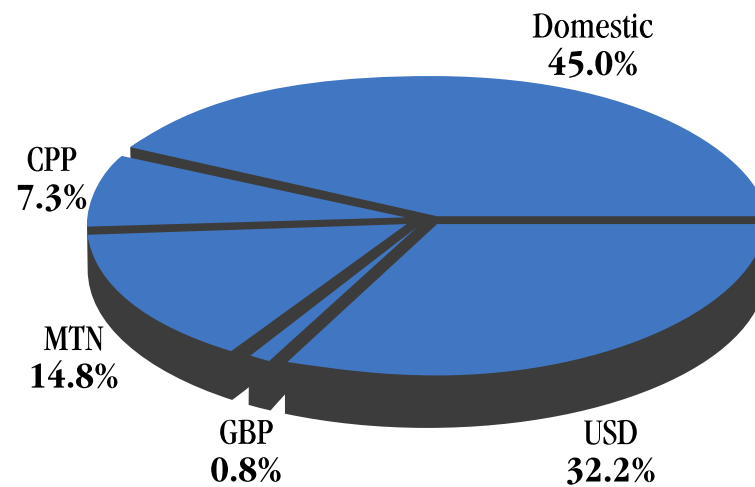


Debt management practices are conservative

Less than 13% of Debt Floating



Diversified Funding Sources

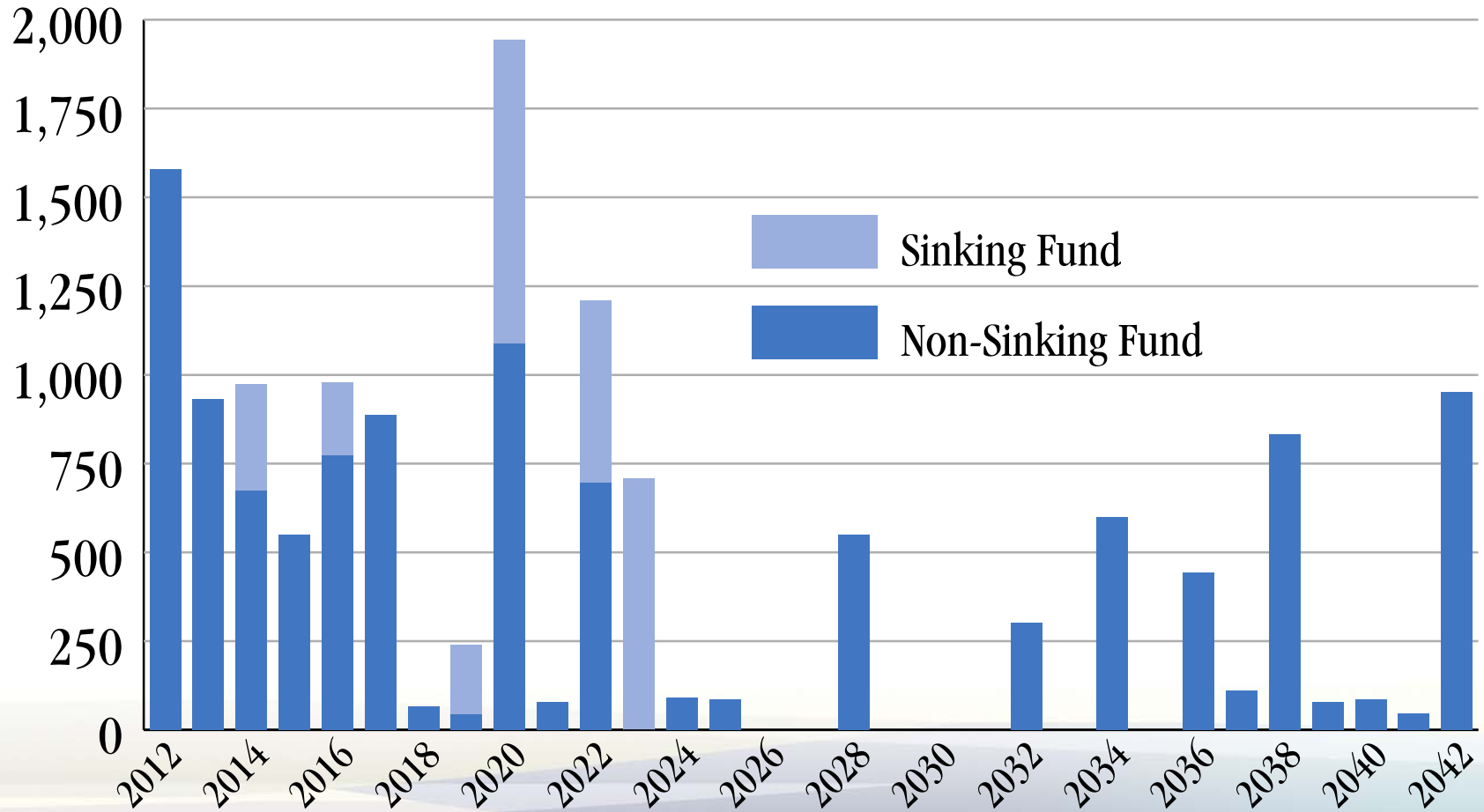


Monthly average over last 2 years

Outstanding market debt of \$14.7 billion as of Dec. 2011

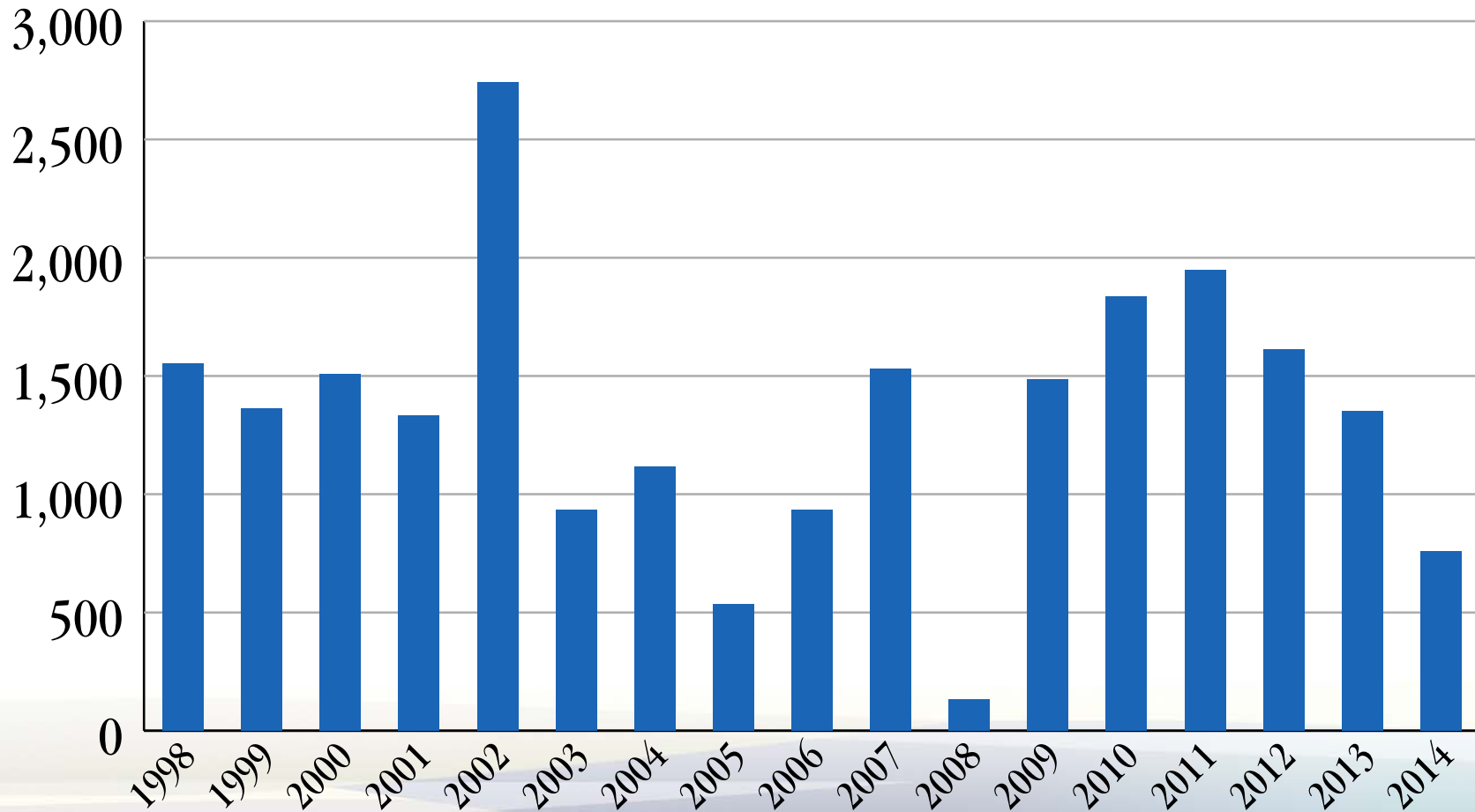
Gross Debt Maturity Profile

Millions \$

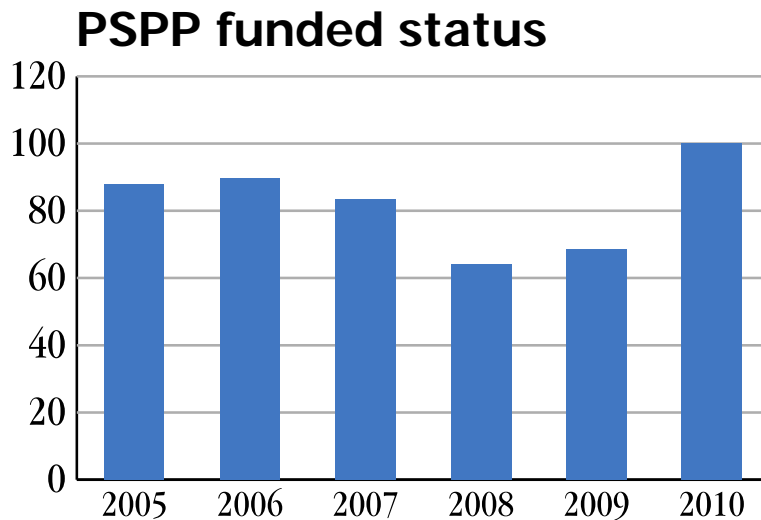


Borrowing needs will decline

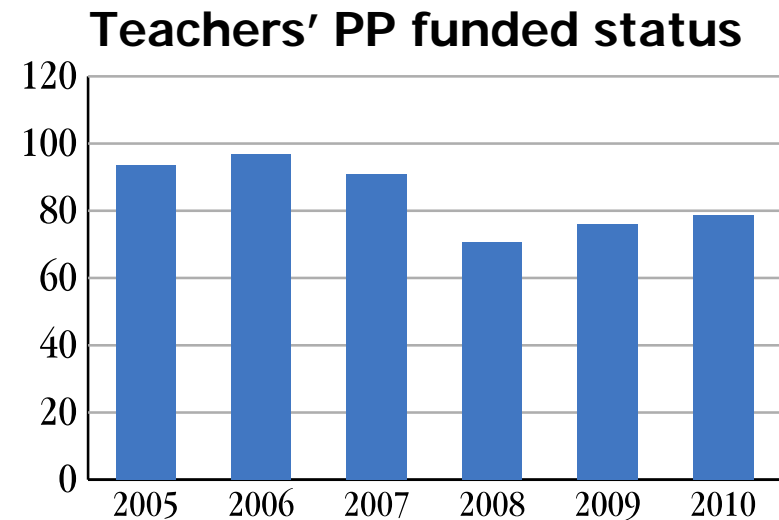
Millions \$



Pension liability is well managed



- Plan fully funded as of 1/1/2011 given contribution of \$536 million and change in benefits worth about \$1 billion in 2010-2011
- Indexing contingent on health of plan



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

Nova Scotia's Credit Ratings *(as of Dec. 2011)*

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

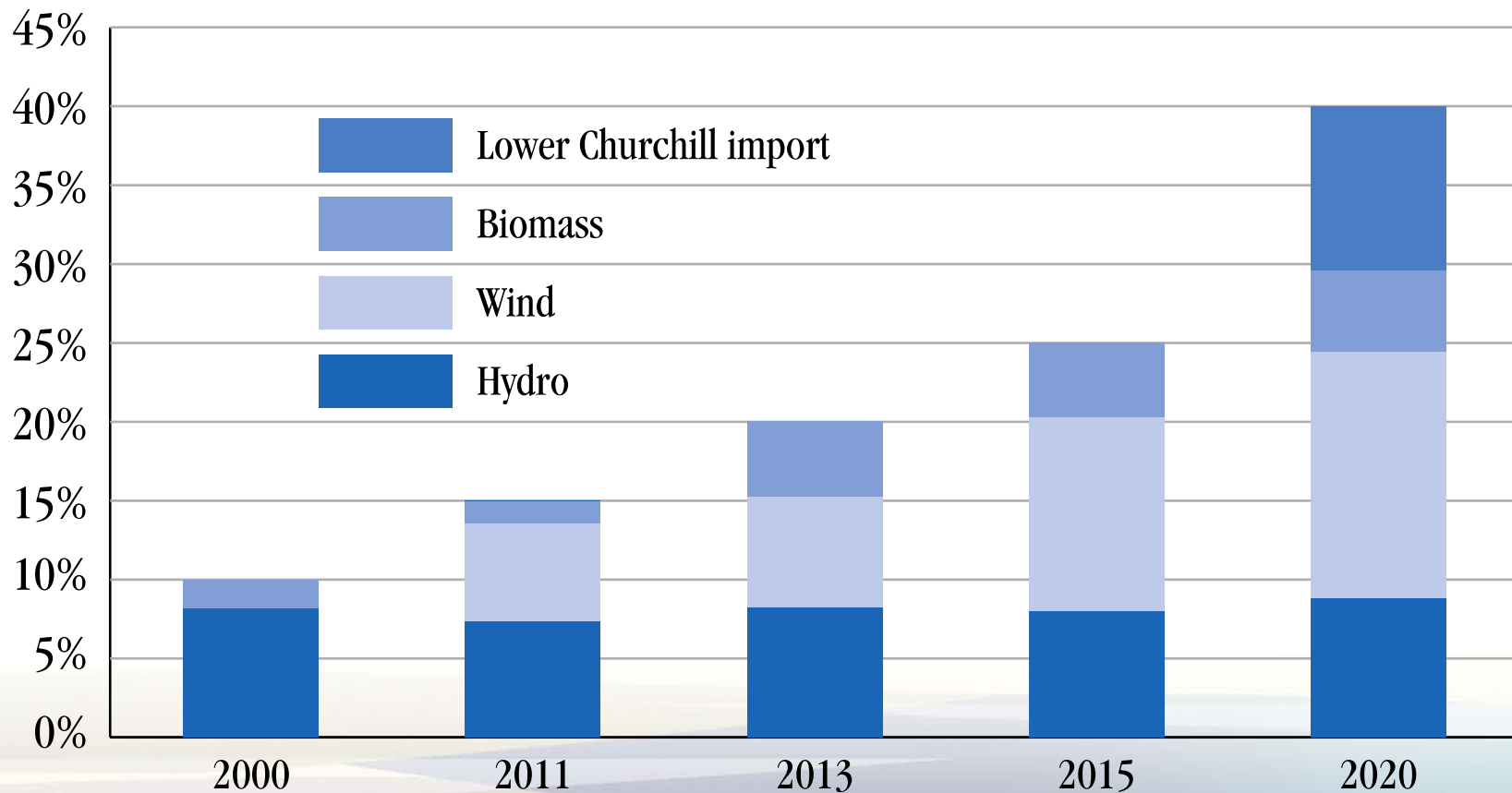
Moody's: *"Nova Scotia's rating reflects the province's improved debt profile over the past decade, which resulted from the combination of high revenue growth in recent years and a policy focus on debt reduction"*

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

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

Energy mix to include more renewable sources

- Nova Scotia's peak energy needs are approximately 2,300 MW
- Mixed portfolio approach will mean greater energy security



Lower Churchill Project transformational



Lower Churchill Project is transformational



- \$6.2 billion deal between Emera and Nalcor Energy
- Nalcor to build 824 MW generating station
- Nova Scotia Power to build \$1.2 billion Maritime Link in exchange for 20% of power from Muskrat Falls
- Emera to officially sanction the Maritime Link in early 2013
- In service date expected to be late 2016, early 2017

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

