

Overview of Nova Scotia's 2010-11 Bottom Line

Revenue forecasting for the 2010-11 year began in 2009 in the midst of a global recession. Our province's better-than expected performance during the recession, coupled with controlled government spending, contributed to a final surplus of \$569.1 million.

The difference between the estimated 2010-11 deficit of \$222.1 million and the final surplus was comprised of:

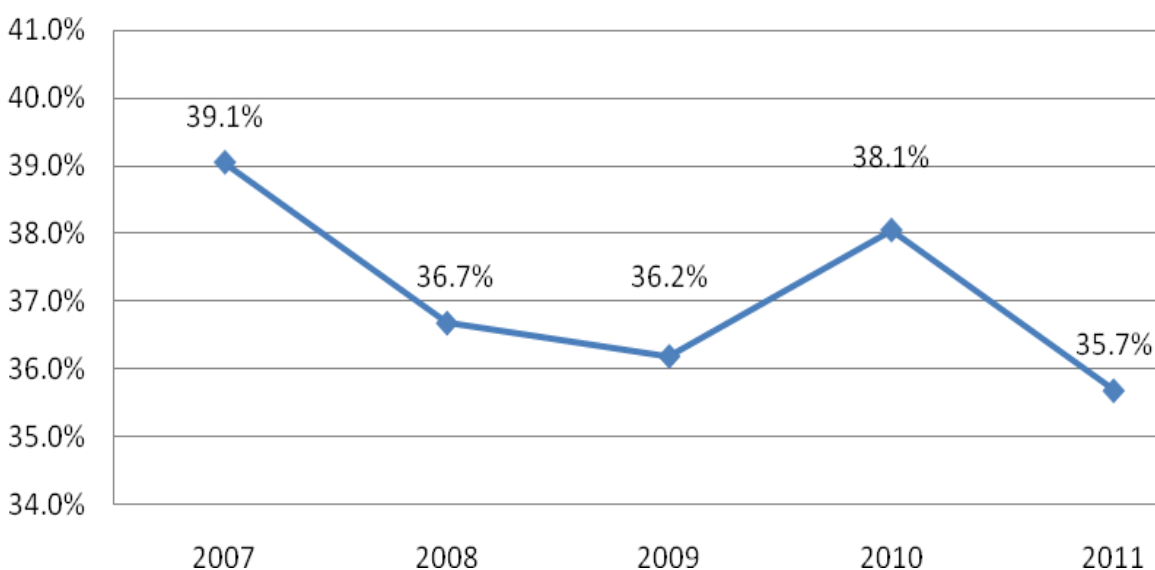
- \$148.2 million in reduced departmental spending
- \$97.8 million in reduced debt servicing costs
- \$212.6 million in prior-year revenue adjustments
- \$288.6 million in other revenue increases
- \$8.6 million in increased revenues from Government Business Enterprises
- \$35.4 million in other savings

The surplus offset a net investment in tangible capital assets of \$354.2 million and rather than spending the remainder at year-end, it has been used to reduce net debt. This is only the seventh time in the past 50 years Nova Scotia has reduced its net debt.

The net debt decreased by \$217.8 million to \$12.8 billion, which is down significantly from the April 2010 estimate of \$14.0 billion for the end of 2010-11. Having not reached this higher debt level, the province will avoid approximately \$55 million annually in debt servicing costs.

Nova Scotia's net debt to GDP ratio has improved, falling 2.4 percentage points from 38.1 per cent in 2010 to 35.7 per cent in 2011.

Net Debt to GDP - 5 Year Trend



It is not unusual to have variances between budget estimates, forecasts and final actual numbers. The following is a six-year history of Nova Scotia's variances in revenues and expenses and the total variance of both (expressed in millions):

	2010-11			2009-10			2008-09		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenue	\$9,387,135	\$9,896,884	\$509,749	\$9,071,269	\$9,230,762	\$159,493	\$9,009,440	\$9,195,741	\$186,301
Expense	\$9,609,218	\$9,327,783	\$(281,435)	\$9,663,362	\$9,499,276	\$(164,086)	\$8,819,774	\$9,169,768	\$349,994
Total Rev/Exp Variance			\$791,184			\$323,579			\$536,295

	2007-08			2006-07			2005-06		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenue	\$8,647,493	\$9,252,541	\$605,048	\$8,136,122	\$8,293,069	\$156,947	\$7,550,295	\$7,872,948	\$332,653
Expense	\$8,529,064	\$8,833,612	\$304,548	\$8,062,630	\$8,110,623	\$47,993	\$7,487,012	\$7,634,163	\$147,151
Total Rev/Exp Variance			\$909,596			\$204,940			\$479,804

The following list shows variances in publicly announced results for 2010-11 across Canada:

Province	Budget Estimate	Final Forecast ⁱ	Public Accounts	Variance (budget v. latest)
British Columbia	\$1.7 billion deficit	\$1.3 billion deficit	\$309 million deficit	\$1.4 billion
Alberta	\$4.7 billion deficit	\$4.8 billion deficit	\$2.3 billion deficit	\$2.4 billion
Saskatchewan	\$174.0 million deficit	\$40.0 million surplus	\$13.2 million deficit	\$160.8 million
Manitoba	\$545.0 million deficit	\$467.0 million deficit	Not yet released	\$78.0 million
Ontario	\$19.7 billion deficit	\$16.7 billion deficit	Not yet released	\$3.0 billion
Quebec	\$4.5 billion deficit	\$4.2 billion deficit	Not yet released	\$300.0 million
New Brunswick	\$748.8 million deficit	\$739.9 million deficit	Not yet released	\$8.9 million
Nova Scotia	\$222.1 million deficit	\$447.2 million surplus	\$569.1 million surplus	\$791.2 million
Prince Edward Island	\$54.9 million deficit	\$53.7 million deficit	Not yet released	\$1.2 million
Newfoundland & Labrador	\$194.3 million deficit	\$485.0 million surplus	Not yet released	\$679.3 million

ⁱ Source for Final Forecast comes from respective provinces' 2011-12 budget.