



ANNUAL ACCOUNTABILITY REPORT

FOR THE FISCAL YEAR 2009 – 2010



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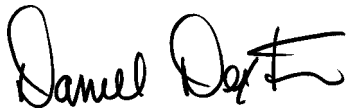
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Message from the Premier

I am pleased to present the Government of Nova Scotia's Accountability Report for the fiscal year 2009-2010.

This report is an account of the work that government has undertaken as outlined in the Nova Scotia Government Business Plan for the fiscal year 2009-2010, which was released in November 2009.

Respectfully,

A handwritten signature in black ink, appearing to read "Darrell Dexter". The signature is fluid and cursive, with a prominent initial "D" and a stylized "E" at the end.

The Honourable Darrell Dexter
Premier of Nova Scotia

Introduction

The Annual Accountability Report for the Fiscal Year 2009-2010 outlines the government's key accomplishments for the reporting period April 1, 2009, to March 31, 2010. It is an accounting based on a transitional business plan introduced in November 2009, following the provincial election in June. With almost half of the fiscal year gone and departmental budgets half spent, the plan is substantially the same as the one presented in May by the previous government, with elements introduced to meet the new government's commitments to Nova Scotians. The new elements did not add to the provincial debt as savings were found within existing budgets.



NOVA SCOTIA

Living Within Our Means

The primary order of business is to put Nova Scotia's financial house in order. Findings of an independent financial review by Deloitte released in August showed that the province was on an unsustainable path. This point was further supported in November by a panel of economic advisors, appointed by Premier Darrell Dexter. In its report, the Economic Advisory Panel stated that Nova Scotia has a serious structural deficit — spending commitments exceed revenues on a long-term structural basis. Such a path is unsustainable. The province must get back to balance and government needs to live within its means. The panel recommended that government adopt a gradual approach to address these financial challenges, in order to avoid slowing the economic recovery and destabilizing vital public services, like health care and education. The panel suggested a three-legged stool approach, including increasing revenues, reducing spending and growing the economy.

In January, Finance Minister Graham Steele launched *Back to Balance*, a series of far-reaching, interactive public sessions to inform Nova Scotians of the province's financial situation and give them an opportunity to share their ideas for tackling the deficit. Close to 1,500 people in 22 communities across Nova Scotia participated in the sessions, and hundreds more took part online. The feedback received helped to inform the government's 2010-2011 budget and will continue to shape the fiscal priorities in the years ahead.

A number of steps were taken in 2009-2010 to help the province get back to balance. The government froze the salaries of MLAs, political staff and senior officials, reduced MLA spending allowances, ended the practice of MLAs keeping assets purchased with public funds and addressed some pension liabilities. Government also established wage-restraint targets, kept growth in total expenses flat for 2010-2011, and directed departments to end “March Madness”, the practice of spending all unspent funds in the last few weeks of the fiscal year. Spending by departments will remain stable for the next three years. On the revenue side, tax changes were implemented, along with affordability measures to protect those Nova Scotians most affected by the changes.

Through the Expenditure Management Initiative, a comprehensive analysis is underway of all department, agency and third-party spending. This analysis includes examining all administrative controls and fiscal policies, seeking strategic alignments and reviewing all programs and the structure of government for savings.



Jobs and Learning

Businesses are increasingly concerned about finding ways to meet the skill needs of their companies. A skilled and educated workforce fuels economic growth, making access to education and training vital to the province's prosperity.

Nova Scotia's university system is world-class and critical to the economic and social development of the province. It is important to strengthen the delivery of education at this level, particularly when the demands of the workforce and the economy are changing so rapidly.

In January, economist and former Bank of Montreal executive vice president Dr. Tim O'Neill was recruited to examine demographic trends and the financial situation facing Nova Scotia's post-secondary education system. He will compile a report, identifying policy options to ensure the system's long-term viability. Dr. O'Neill's findings and advice, which are expected this summer, will shape a new Memorandum of Understanding between universities and the province, including future financial support.

Encouraging university and college students to stay here after they graduate is equally important to the province's economic growth. On that note, this past year government introduced the Graduate Retention Rebate, which offers graduates with a recent university degree a tax reduction of up to \$15,000 over six years, to a maximum of \$2,500 per year. A similar rebate is available to college graduates, to a maximum of \$7,500 or \$1,250 per year. The rebate will help to make life more affordable for new graduates who choose to stay and build their lives in Nova Scotia.

Access to skilled trades people is a growing concern for businesses. To help address the province's anticipated labour shortages, the province announced an investment of \$4.5 million in a state-of-the-art skilled trades facility for the Nova Scotia Community College's Marconi Campus in Glace Bay. The building, which will feature shop space, classrooms, offices and a green design that meets Leadership in Energy and Environmental Design (LEED) standards, will prepare graduates with the advanced training needed for the trades and technology sectors.

At the grade-school level, the government has accepted recommendations to continue and improve the tuition support program for students with autism, learning disabilities and attention deficit/hyperactivity disorder. The province also piloted an occupational health and safety segment for the Grade 9 curriculum, to reduce injuries among young people and to establish a safety culture that will continue through life. The pilot went well and will be available in all schools in 2010-2011.

Approximately 100,000 adults do not have a high school diploma and many with higher qualifications lose essential skills after they leave school. This can make it difficult for people to re-connect with the changing labour market. Through the Canada-Nova Scotia Labour Market Agreement and the Strategic Training and Transition Fund, more than \$16 million was invested in employment programs, literacy and essential skills, and occupational-specific training to help disadvantaged citizens gain access to the workforce. In July 2009, under the Canada-Nova Scotia Labour Market Development Agreement, the province also took on responsibility for developing and delivering training to EI clients, to prepare them for sustainable employment; this was formerly the responsibility of the Government of Canada. Under the two agreements, about \$99 million in funding will be available to build the Nova Scotia workforce.



Jobs and the Economy

Over the last two decades, Nova Scotia's real economic growth was the lowest among all provinces. Our economic challenges are compounded by an aging and shrinking population that will result in fewer Nova Scotians of working age. The situation is also complicated by Nova Scotia's dependency on a single fuel source, mostly coal, which subjects the province to volatile pricing and possible carbon footprint penalties.

We must find new ways to create good jobs, grow the economy, explore greener options, improve the sustainability of our traditional industries and create a climate for business to compete and succeed. In 2009-2010, a number of initiatives were undertaken to achieve these goals.

Together with federal and municipal investments, \$230 million was committed to infrastructure projects across Nova Scotia. The investments helped to stimulate the economy, create thousands of jobs and build stronger communities.

In November, the province invested in rural jobs while meeting land conservation goals with a bridge loan to help NewPage Port Hawkesbury improve the energy efficiency of its thermal mechanical pulping operation.

The province also partnered with Daewoo Shipbuilding and Marine Engineering of South Korea to develop the former TrentonWorks site into the company's North American base for production of wind towers and turbines. This joint venture will create hundreds of jobs and capitalize on the growing green economy.

A 10 per cent Manufacturing and Processing Investment Credit, valued at up to \$25 million, is strengthening the competitiveness of Nova Scotia businesses by improving their ability to modernize and make productivity improvements. A boost to the Equity Tax Credit announced in September will promote investment in small and large businesses in communities throughout the province. The higher rate provides a greater incentive for individuals to invest in small businesses, cooperatives, and community economic development here in Nova Scotia. As well, the small business tax rate was reduced by 0.5 per cent, the first such reduction since 1992. This will see savings to small businesses both in 2010-2011 and the following fiscal year.

In 2009-2010, the government challenged the federal government to ensure its fishery policies reflect the needs of independent fishermen. Specifically, the provincial government advocated for an independent tribunal for licensing and allocation disputes, federal support for the new Lobster Council of Canada and a license transfer process that would allow financial arrangements between exiting fishermen and new entrants.

At the request of the province, Dr. Donald Savoie, one of the authors of the Economic Advisory Panel's report, worked with economic development leaders across Nova Scotia to provide advice on specific issues. This advice, expected in summer 2010, will help shape a strategic investment framework that ensures Nova Scotia's limited economic development resources are invested in sectors and companies that promise significant and sustainable economic growth and long-term, higher-value employment, that support increases in productivity, innovation, international trade and a green economy.

One key area of growth for the province is Nova Scotia's energy sector. In July 2009, government announced a new target for renewable energy in Nova Scotia: at least 25 per cent of electricity in the province would come from renewable resources by

2015. Nova Scotia is also the first province in Canada to place hard caps on greenhouse gas emission and air pollutants for power generation.

To help figure out how best to reach the 2015 target, the province asked Dr. David Wheeler of Dalhousie University to consult with partners and report back to government. This work helped to shape the draft regulations currently being review by the public.

Home to the highest tides in the world, Nova Scotia is currently exploring new tidal energy technology, and welcomed North America's first commercial-scale device to the Bay of Fundy in November 2009. Nova Scotia has the potential to build an industry and a reputation worldwide for producing clean energy, while creating green jobs.

As of April 2010, the government set a new goal of 40 per cent renewable electricity by 2020, making Nova Scotia one of the most progressive energy jurisdictions in the world. The Renewable Electricity Plan sets out a detailed program to move the province away from carbon-based electricity towards greener, more local sources, thereby putting us on a path to greater security, stable prices and rural opportunity.



Affordability

Making life more affordable for Nova Scotia families is a key priority for government. In July, the government announced a rebate of 50 per cent of the provincial portion of the Harmonized Sales tax on new homes to the benefit of 1,500 Nova Scotian homeowners. In October, government eliminated the provincial portion of the Harmonized Sales Tax (HST) on basic home electricity.

Government also eliminated security deposits for seniors in long-term care facilities. As of February 2010, nursing homes and residential care facilities licensed by the government are no longer permitted to charge security deposits to residents. Existing deposits have been refunded.

After-school Lighthouse programs were established to give youth positive alternatives. The new program helps community groups provide recreational, educational, cultural and life-skills programming for youth.



Health Care

Nova Scotians want good, quality health care when and where they need it — now and well into the future.

The province spends more on health care than most provinces, yet Nova Scotians have comparatively poorer health than their fellow Canadians. Over the past five years the health-care budget, which represents nearly half of all program spending, has grown by seven per cent annually, compared to four per cent for all other public services.

By developing more efficient and effective ways to organize and deliver services, and placing greater emphasis on health promotion and disease prevention, we can better control health-care spending and improve the collective health of Nova Scotians.

Proposed amendments to the Pharmacy Act, announced in March, will lead to an expanded role for pharmacists.

The amendments, which will allow pharmacists to order and interpret certain diagnostic tests so that patients' medications can be adjusted without patients having to return to their doctors, will increase efficiency in the health-care system and, most importantly, help Nova Scotians access care.

A new patient registry announced in September will improve surgical wait times by providing more timely and accurate information to district health authorities and doctors. The registry will provide a better understanding of where more surgeries can be performed and where additional resources may be needed. As well, patients will know where they are in the queue and when they are likely to receive surgery.

In July, an 811 telecare line was implemented, providing Nova Scotians with 24/7 access to health advice at no charge and in multiple languages.

The province also announced a travel and accommodation assistance program to assist patients pre-approved for treatment not available in Nova Scotia.

Crowded emergency rooms and lengthy wait times have been long-standing issues in Nova Scotia. To help address this issue, Dr. John Ross, a respected emergency room doctor, was recruited to provide advice for improving Nova Scotians' access to emergency care. His interim report released in April set the groundwork for improving the emergency care system. Dr. Ross's final report is expected in the fall of 2010.

In March, the province presented the first annual Emergency Room Accountability Report. Nova Scotians can now see which emergency rooms are closed, when they closed, and the length of the closures.



Conclusion

The 2009-2010 fiscal year was one of transition and initial planning for the new government. As with all sound planning, the input and advice of the individuals most affected was sought to help shape Nova Scotia's way forward. The *Back to Balance* sessions were only the beginning. Nova Scotians will continue to be engaged in the year ahead so that by working together, we can make life better for Nova Scotians and their families in every region.

Accountability Reports 2009–2010

Department

Agriculture

Community Services

**Economic and
Rural Development**

Education

Energy

Environment

Finance

Fisheries and Aquaculture

Health

**Health Promotion
and Protection**

Justice

**Labour and Workforce
Development**

Natural Resources

Seniors

**Service Nova Scotia and
Municipal Relations**

Tourism, Culture and Heritage

**Transportation and
Infrastructure Renewal**

Web Address

http://gov.ns.ca/agri/department/business_plans/

www.gov.ns.ca/coms/ (Click on "About This Department," then "Publications, Policies & Reports")

www.gov.ns.ca/econ/ (Click on "Publications")

www.ednet.ns.ca/ (Click on "Business Plans")

www.gov.ns.ca/energy/
(Click on "Background Information," then "Business Plan")

www.gov.ns.ca/nse/ (Click on "Resources," then "Publications")

www.gov.ns.ca/finance/
(Click on "Publications," then "Business Plan")

http://gov.ns.ca/fish/department/business_plans/

www.gov.ns.ca/health/ (Click on "Reports")

www.gov.ns.ca/hpp/ (Under "About" click on "Business Plan")

www.gov.ns.ca/just/ (Click on "Publications")

www.gov.ns.ca/lwd/ (Click on "Publications")

www.gov.ns.ca/natr/ (Click on "Business Plans")

www.gov.ns.ca/scs/ (Click on "Publications")

www.gov.ns.ca/snsmr/business-plan.asp

www.gov.ns.ca/tch/ (Click on "Business Plan")

www.gov.ns.ca/tran/ (Click on "Business Plan")

Public Service Entity Web Address

Aboriginal Affairs, Office of

www.gov.ns.ca/abor/office (Click on "What We Do" and then "Statement of Mandate")

Acadian Affairs, Office of

English: www.gov.ns.ca/acadian/e/ (Click on "Publications")

Affaires acadiennes, Office des

Français: www.gov.ns.ca/acadian/f/ (Cliquez sur "Publications")

**African Nova Scotian Affairs,
Office of**

www.gov.ns.ca/ansa/
(Under "What's New," click on "Business Plan 2010–11")

Chief Information Office

www.gov.ns.ca/cio

Communications Nova Scotia

www.gov.ns.ca/cmns (Click on "Publications")

Conserve Nova Scotia

www.conservens.ca
(Click on "About the Agency," then "Business Plan")

Emergency Management Office

www.gov.ns.ca/emo/
(Click on "Resources," then "Publications," then "Business Plan")



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Executive Council Office	www.gov.ns.ca/exec_council/ (Under “Publications” click on “Office Publications”)
Freedom of Information and Protection of Privacy Review Office	www.foipop.ns.ca/ (Click on “Publications”)
Gaelic Affairs, Office of	www.gov.ns.ca/oga/
Human Rights Commission	www.gov.ns.ca/humanrights/ (Click on “Publications”)
Immigration, Office of	www.novascotiainmigration.com (Click on “Publications & Resources,” then “Corporate Documents”)
Intergovernmental Affairs	www.gov.ns.ca/iga/ (Click on “Publications”)
Nova Scotia Securities Commission	www.gov.ns.ca/nssc (On the right, click on “Plans and Reports”)
Ombudsman, Office of the	www.gov.ns.ca/ombu/publications.htm
Office of Policy and Priorities	www.gov.ns.ca/PPO/ (Under “Publication,” click on “Office Publications”)
Public Prosecution Service	www.gov.ns.ca/pps/ (Under “Publications,” click on “Business Plan”)
Public Service Commission	www.gov.ns.ca/psc/businessPlan
Status of Women, Advisory Council on	http://women.gov.ns.ca/councilreports.asp (Under “About Us,” click on “Reports and Business Plans”)
Sydney Tar Ponds Agency	www.tarpondscleanup.ca (Click on “Agency,” then hover on “Agency” until you see “Business Plan”)
Treasury Board Office	www.gov.ns.ca/treasuryboard/ (Under “Publications,” click on “Office Publications”)
Utility and Review Board, NS	www.nsuarb.ca/ (Click on “About Us,” then “Plans & Reports”)
Voluntary Planning	http://vp.gov.ns.ca/ (Click on “Publications”)

Crown Corporation Web Address

Art Gallery of Nova Scotia	www.artgalleryofnovascotia.ca/en/landing.aspx (Click on “Halifax,” then “About AGNS,” “Corporate Information,” and “Annual Reports”)
Halifax-Dartmouth Bridge Commission	www.hdbc.ca (Click on “About HHB,” then “Annual Reports and Publications”)
Film Nova Scotia	http://film.ns.ca (Click on “Corporate,” then “Corporate Reporting”)
Harbourside Commercial Park Inc.	www.harcom.ca
Innovacorp	www.innovacorp.ca/ (Under “About Us,” click on “Publications”)
Nova Scotia Business Incorporated	www.novascotiabusiness.com/en/ (Click on “About Nova Scotia Business Inc.,” then “Corporate Reports and Plans”)

Accountability Reports 2009–2010 *continued*

Crown Corporation Web Address

Nova Scotia Crop and Livestock Insurance Commission	www.gov.ns.ca/agri/ci/
Nova Scotia Farm Loan Board	www.gov.ns.ca/agri/farmlb/ (Click on “Business Plan”)
Nova Scotia Fisheries and Aquaculture Loan Board	www.gov.ns.ca/fish/fishlb/ (Click on “Business Plan 2010–11”)
Nova Scotia Gaming Corporation	www.nsgc.ca/busPlans.php
Nova Scotia Harness Racing Incorporated	http://gov.ns.ca/agri/department/divisions/legcom.shtml
Nova Scotia Housing Development Corporation	www.gov.ns.ca/coms/department/Publications.html
Nova Scotia Lands Inc.	www.nslands.ca
Nova Scotia Liquor Corporation	www.mynslc.com/ (Under “Media Centre” at the bottom of the page, click on “Business Plans”)
Nova Scotia Municipal Finance Corporation	www.gov.ns.ca/nsmfc (Click on “Business Plan”)
Nova Scotia Power Finance Corporation	www.gov.ns.ca/finance/en/home/budget/default.aspx (Under “Budget,” click on “Budget Documents,” and select the year)
Sydney Steel Corporation	www.sysco.ns.ca
Trade Centre Limited	www.tradecentrelimited.com/ (Under “About TCL,” click on “Corporate Policies & Reports”)
Waterfront Development Corporation Limited	www.wdcl.ca/ (Click on “Enter,” then under “Corporate Profile” select “Annual Reports”)



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