

Report and Recommendation to the Executive Council

Number:

Dept.:

Date:

Title:

Include a one sentence description of the item being raised or the action proposed.

Submitted By:

State the name and portfolio of the Minister concerned.

Prepared By:

Insert the name and title of the person who prepared the request so he/she can be consulted for further information if necessary.

Reviewed By:

The Director of Finance or senior financial staff who have reviewed the proposal must sign beside his/her name to confirm that he/she has been consulted on the financial implications and funding source.

Indicate any other senior staff who have reviewed the proposal and have him/her sign beside his/her name.

Deputy Minister:

The deputy minister/deputy head must sign beside his/her name indicating he/she confirms the accuracy of the facts in the submission. In the absence of such signature, the Clerk will confirm the submission with the appropriate official.

Approvals

Attorney General

Approved as to Form and Authority

Registrar of Regulations

Approved as to Form

Date

Clerk of the Executive Council

Date Rec'd.

Treasury and Policy Board

Date Rec'd.

Executive Council

Approved

Withdrawn

Referred to

Date

Summary:

Provide a clear concise summary of the proposal and the results sought.

Indicate whether:

(a) seeking authority under Section 77 of Finance Act

(b) seeking authority to enter into agreement/transaction

(c) Section 6 of Public Service Act applies

Legal Authority

This section must make reference to, and quote, the legal authority for the proposed action.

For authority under section 6 of Public Service Act, include the following

The undersigned has the [further] honour to refer to Section 6 of Chapter 376 of the Revised Statutes of Nova Scotia, 1989, the Public Service Act.

6

A member of the Executive Council may, subject to the approval of the Governor in Council, enter into an agreement with the Government of Canada, the government of a province, the government of a foreign state or subnational unit or an association of foreign states or subnational units, or agency thereof, or with any institution or person, or any of them, providing for a joint undertaking with the Government of Canada, with the government of a province, with the government of a foreign state or subnational unit or with an association of foreign states or subnational units, or any agency thereof, or with any institution or person, or any of them, of any project within the member's mandate under this Act.

For authority under Section 77 of the Finance Act, insert the following

The undersigned has the [further] honour to refer to Section 77 of Chapter 2 of the Acts of 2010, the Finance Act, which provides as follows:

77

(1)

Notwithstanding any enactment, power or authority, no member of the Government Reporting Entity is authorized to enter into a net debt obligation, directly or indirectly, without first forwarding to the Minister of Finance and Treasury Board

Page 1 of 6

- (a) a report and recommendation setting out the terms, conditions and rationale for the net debt obligation and requesting approval to enter into the net debt obligation; and
- (b) any other information the Minister requires to prepare the Minister's report referred to in subsection (2).

(2) Upon receipt of the report and recommendation, the Minister shall prepare a report on the following:

- (a) the monetary limits of the net debt obligation in the current and future fiscal years;
- (b) the effect of the proposed net debt obligation on the consolidated financial statements of the Province for the current and future fiscal years;
- (c) the reasonableness and prudence of the proposed net debt obligation for the purposes of avoiding undue risk of loss; and
- (d) any other information the Minister considers appropriate.

(3) The Minister shall, on the basis of the report and recommendation referred to in subsection (1),

- (a) approve the net debt obligation provided the person authorized or empowered to enter into the net debt obligation does not require the approval of the Governor in Council to do so; or
- (b) forward the report and the report and recommendation for the consideration of the Governor in Council.

(4) The Governor in Council may authorize the entering into of the net debt obligation referred to in subsection (1).

All of the following sections must be completed so that the Department of Finance and Treasury Board gets the information it needs to produce the Minister's report under Section 77 of the *Finance Act* and, where possible, have the Minister of Finance and Treasury Board approve the net debt obligation under clause (3)(a). The minimum information needed is described in blue. Other relevant information should be included as deemed appropriate.

Section 78 of the *Finance Act* states "Notwithstanding any enactment, power or authority, no appropriated entity is authorized to enter into an operating obligation, directly or indirectly, without first obtaining Treasury and Policy Board approval". If the transaction only requires Section 78 approval, it should be submitted in the form of a Memorandum to Executive Council. If the transaction is already in a department or entity's target profile (as a specific line item, directly relating to the transaction for the full dollar amount and extending into all of the subsequent fiscal years), then Treasury and Policy Board has already approved it and no further approval under Section 78 of the *Finance Act* is necessary. If Treasury and Policy Board has not approved the operating obligation, and therefore it is not yet included in the target profile, then the Section 77 R&R, if required, can also serve the purpose of requesting the Section 78 Treasury and Policy Board approval.

CURRENT SITUATION AND PURPOSE FOR THIS REQUEST

Describe the reason for this request (objective and outcome sought). This section may vary in length depending on the complexity of the current situation, but should be no longer than a few paragraphs.

Has this matter previously been considered by Executive Council, Treasury and Policy Board or another committee of the Executive Council? If yes, what was the result of the previous consideration and how is this submission different?

This section should include discussion regarding why the department/ entity has a need that can (in part) be addressed through the inclusion of a net debt obligation - leading to a discussion of why it is considered appropriate to incur or authorize the potential incurrence of the net debt obligation.

BACKGROUND

In a brief paragraph, provide the 3 most important pieces of background information that have led to the current situation.

This section should include a description of the operating obligation and/or net debt obligation; note that "net debt obligation" is a defined term in the *Finance Act* and should include department's/ entity's experience with previous, similar net debt obligations. The determination of whether an operating or net debt obligation exists is

to be made by the Director of Finance for the department.

KEY ISSUE

Identify key issues and explain how the submission is consistent with the organization’s Business Plan and/or Minister’s Mandate Letter.

In some instances there may be only one or two key issues and in other instances there may be several issues. Some of the key issues that may be identified and included in this section may be redundant to some of the other categories identified below. Where appropriate, you may decide to list the issues in this section and indicate that more detail will be included in the sections that follow.

Examples of key issues are: timing considerations, stakeholder/media interest, financial or economic risks to the province, major intergovernmental or industry negotiations, real or perceived threats to the health and safety of citizens, etc.

JURISDICTIONAL REVIEW

Describe how other jurisdictions have dealt with a similar issue. The jurisdictional review should include, at a minimum, publicly available information that provides a comparison with the Atlantic Provinces and if available, should also include the other Provinces of Canada, the Federal Government or other Countries.

ASSESSMENT OF ALTERNATIVES / RISK ASSESSMENT/MITIGATION

Identify realistic options that have been considered to achieve the same outcome. Show the pros and cons of each option against any pre-established evaluation criteria (e.g., effectiveness, efficiency, cost/benefit, stakeholder reaction, ease of implementation).

A risk is the chance of something happening, negative or positive, that will impact the objectives of the proposal. Provide a high level risk assessment evaluating the risks of each option addressing the following:

- Major risks of each option
- Probability of occurrence (high, medium or low)
- Impact should risk occur (high, medium or low)
- Overall Risk Level
- Recommended mitigation plan (if any). Mitigation could include avoiding the risk, changing the likelihood, change the consequence, sharing the risk.

Sample table format (include a table for each option):

| Option: | | | | |
|---------|---------------------|----------------|--------------------|------------|
| Risk | Probability (H/M/L) | Impact (H/M/L) | Risk Level (H/M/L) | Mitigation |
| | | | | |
| | | | | |
| | | | | |

N/A is not acceptable for this section. There should be at least 2 and no more than 4 alternatives.

PROPOSED ACTION AND TIMING

Set out the preferred alternative and the action plan for carrying it out. The proposed action and timing may be dependent on a number of factors, including the type of action being requested and the possible outcomes from this action. For instance, the timing of consultations for Education may be dependent on the school calendar. The timing for legislative or regulatory changes may be dependent on the schedule of the House of Assembly or the schedule of Cabinet.

FINANCIAL IMPACT

This section must include a full description of how the proposal will impact the requesting department/ entity on a stand-alone basis. The department/ entity should not attempt to describe consolidation issues or the impact of this net debt obligation on the public accounts because these impacts will be analysed and reported on in the report of the Minister of Finance.

Information must clearly address spending authority issues - appropriation or other statutory capital authority.

Describe specifically the net debt obligation and why the department/ entity feels it is reasonable.

1. Does this submission require either of the following approvals under the *Finance Act*?

Section 77 requires a report from the Minister of Finance and Treasury Board before entering into a net debt

obligation (formerly 59C of the *Provincial Finance Act*)

- ☐ Yes (attached)
- ☐ No

Section 78 requires Treasury and Policy Board approval before undertaking an operating obligation. This should be clearly noted in the submission. If Section 78 approval is the only reason for the submission, it should be made in the Memorandum to Executive Council format not a Report and Recommendation.

- ☐ Yes
Clearly explain why this submission requires a Section 78 approval.
- ☐ No

When completing the sections below, consider the financial implications of the action itself and any financial implications that may be incurred from decisions or policy direction derived from the action. The section must include full description of how the proposal will impact the requesting department.

2. Is this an In-Year Funding request (is there a current year impact which cannot be absorbed in the existing appropriation)?

☐ Yes (please contact your Corporate Financial Analyst at Finance and Treasury Board for further clarification)

☐ No
3. Briefly describe the financial request by completing the following table: (Table amounts should be annual cumulative \$ requirements. Cumulative refers to the total requirement for each fiscal year in excess of base budget for the current year. Gross expenses - prior to any recoveries or fees - should be used to complete this table.)

| Initiative | Fiscal Year | Fiscal Year | Fiscal Year |
|---|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| Less amount that will be absorbed in existing appropriation | \$ | \$ | \$ |
| Total new funding required | \$ | \$ | \$ |

4. Is new operating funding required?

☐ Yes

☐ No

If new operating funding is required, please complete the following table (annual cumulative \$ requirements).

| Additional operating funding required | Fiscal Year | Fiscal Year | Fiscal Year |
|---------------------------------------|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| Total | \$ | \$ | \$ |

5. Is new capital funding required?

☐ Yes

☐ No

If new capital funding is required, please complete the following table

| Additional capital funding required | Fiscal Year | Fiscal Year | Fiscal Year |
|-------------------------------------|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| | \$ | \$ | \$ |
| Total | \$ | \$ | \$ |

Identify any additional operating costs (project and ongoing costs) that will result from the capital expenditure by fiscal year.

6. Is there third party funding associated with this request?

- ☐ Yes. If, so, please describe source and amount: _____
- ☐ No

7. Will this proposal impact a Revenue stream of the Province?

- ☐ Yes. If so, describe impact: _____
- ☐ No

8. Are additional FTEs required?

- ☐ Yes. If so, number by fiscal year: _____
- ☐ No

9. Provide any further comments on the financial impact that have not been covered above.

Review this analysis with Finance CSU staff. Include a statement that says the financial implications have been reviewed by Finance CSU staff.

INFORMATION TECHNOLOGY

Is there a technology component to this request?

- ☐ Yes
If yes, detail the consultations that have been conducted with the Department of Internal Services, Information, Communications and Technology Services branch, whether they support this request (if no, why not) and confirm that all financial implications related to technology have been detailed in the financial impact section.
- ☐ No

GOVERNMENT-WIDE IMPLICATIONS

Indicate what consultations, if any, that were undertaken with other departments or government agencies that may be affected by the action and whether or not they are in agreement with the proposed action. If another department will be affected in a significant way, submit a joint Memorandum.

CONSULTATION

Is Aboriginal consultation required (before the request in this submission can be implemented)?

- ☐ Yes. If yes, please explain the outcome.
- ☐ No

Indicate what consultations, if any, that were undertaken with

- ☐ Federal Government
- ☐ Other Provincial Governments

If yes to either of the above, has the Department of Intergovernmental Affairs been consulted?

List all other consultations that have taken place including type of consultation, stakeholders consulted and their positions.

EFFICIENCY/PRODUCTIVITY

Efficiency/productivity may take differing forms including: increased accountability to the Minister; less expensive options for certain programs; replacement of programs with other programs.

LEGAL IMPLICATIONS

Identify any legal implications that may arise as a result of the implementation of this submission.

POLICY LENSES

Assess the direct and indirect impacts of the preferred alternative in the following areas. ***For those that are applicable***, two or three sentences around the related implication are sufficient.

- ☐ Economic
- ☐ Rural Nova Scotia
- ☐ Social Equity
- ☐ Gender
- ☐ Trade
- ☐ Environmental
- ☐ Human Resources
- ☐ Municipal
- ☐ Intergovernmental

RECOMMENDATION

The recommendation should concisely summarize what is being asked of Cabinet for approval.

If Section 78 approval is required include the following:

“The undersigned has the honour to recommend that the Treasury and Policy Board provide an approval to enter into an operating obligation under Section 78 of the *Finance Act*.”

By including this section, the document will be considered by Treasury and Policy Board for the purposes of Section 78 of the *Finance Act*, and if approved, the R&R will then be considered by Executive Council for the purposes of Section 77 (and any other Governor in Council requirements).

FORM OF ORDER (Must be in all R&R’s)

“The undersigned has the honour to recommend that the Governor in Council make an Order in the following form or to like effect:

The Governor in Council on the report and recommendation of the Minister of _____ dated _____, 20__, and pursuant to Section 77 of Chapter 2 of the Acts of 2010, the *Finance Act*, is pleased to...

Respectfully submitted,

[Original signed by]

Minister of [originating department **not** the Minister of Finance and Treasury Board]

Halifax, Nova Scotia
(Date)

Administrative update: March 1, 2018