

NOVA SCOTIA BUDGET BULLETIN

FOR THE FISCAL YEAR 2009–2010



Capital Spending

Nova Scotia's Capital Budget

Nova Scotia's capital plan for 2009–2010 will leverage available federal dollars and stimulate the provincial economy. Government plans to spend \$796 million to build and repair roads and bridges, schools, health-care facilities, housing, and more.

Special warrants issued in May and June approving capital spending above the 50 per cent of previous year's budget allowed in legislation enabled many projects that started in previous years to continue. Therefore, this TCA (tangible capital asset) budget is based primarily on projects already in progress. Variances from the previously tabled TCA budget include:

- a decrease of \$29 million in budgeted highway projects due to timing of approvals on projects to be cost shared with the federal government
- a decrease of \$20 million in the allocation for buildings relates to projects that are being delayed to allow further evaluation
- an increase of \$66 million for land to allow the province to address land purchase requirements such as the goals contained in the *Environmental Goals and Sustainable Prosperity Act*.

Projects by Category

The 2009–2010 capital budget provides for investments in the following six categories:

Category	2009–2010 (\$ millions)
Highways	325.0
Buildings (includes schools)	207.2
Vehicles and equipment	22.1
Information technology	38.6
Land and land improvements	81.3
Grants to provincial entities	<u>121.8</u>
Total	796.0

Highways

The TCA allocation for highways is \$325.0 million for 2009–2010 and includes funding for roads, streets, highways, ferries, and bridges. Cost sharing on these projects is \$97.0 million, \$85.0 million from the federal government and \$12.0 million from other sources, primarily municipalities. This investment allows the province to leverage as much federal cost sharing as possible, create jobs in Nova Scotia, and improve the province's transportation infrastructure.

Motive Fuel Tax and Registry of Motor Vehicles (RMV) Revenue

The *Provincial Finance Act* requires government to use motive fuel taxes and net RMV revenue for highway construction and maintenance.

For fiscal 2009–2010, the total estimated revenue for motive fuel taxes and net RMV revenue is \$322.8 million, and the estimated total capital and operating spending for highways is \$429.6 million. This means spending on highways will exceed revenue by \$106.8 million.

Buildings

The total 2009–2010 capital allocation for building projects is \$207.2 million. New school construction, additions and alterations to existing schools, and energy retrofits to various schools total \$142.6 million. The Nova Scotia Community College (NSCC) Centre for the Built Environment and upgrades to various NSCC buildings around the province total \$32.5 million. These investments will improve the learning environment for the province's students. The capital allocation for the Department of Transportation and Infrastructure Renewal will include \$5.0 million for energy retrofits to provincial government buildings, \$1.9 million for completion of work on Government House, and \$7.9 million for renovations and upgrades to various government buildings around the province.

Information Technology

In fiscal 2009–2010 the TCA allocation for information technology (IT) projects is \$38.6 million. Department of Health capital projects include \$7.8 million for SAP for district health authorities and \$20.7 million for other IT projects. The province is leveraging \$13.5 million in federal cost-sharing dollars for Department of Health

wait times IT projects. The Department of Education has been allocated \$1.5 million to start the Student Information System project.

Land and Land Improvements

Land and land improvement projects include \$81.3 million for parks and land purchases around the province. This allocation will provide funding to address opportunities that assist in meeting the province's land purchase requirements, such as those contained in the *Environmental Goals and Sustainable Prosperity Act*.

Vehicles and Equipment

The allocation for vehicles and equipment for various government departments is \$22.1 million and includes \$6.0 million for the *Bluenose II* Restoration project (cost shared by the federal government), \$5.5 million for school buses, \$4.6 million for ambulances, \$2.9 million to complete broadband towers, and \$1.5 million for TMR (trunk mobile radio) towers.

Cost-Shared Revenue

During the development of the TCA budget the province worked with the federal government to maximize federal cost sharing on the province's infrastructure priorities.

TCA cost-shared revenue estimates have increased from \$65.1 million in 2008–2009 to \$137.2 million in 2009–2010. The federal government is the largest external contributor to capital projects, with \$125.2 million in federal cost sharing included in the 2009–2010 budget.

Total funding for projects includes \$97.0 million for highways and \$2.4 million for buildings for Department of Transportation and Infrastructure Renewal projects, \$19.1 million in the Department of Health, primarily for wait times information technology projects, \$13.5 million for Department of Education projects, and \$5.2 million for projects in other departments.

Tangible Capital Asset Spending 2009–2010

(\$ thousands)

Department	Estimate 2008–2009	Actual 2008–2009	Estimate 2009–2010	Estimate-to- Estimate Variance
Agriculture	350	338	880	530
Community Services	1,000	537	750	(250)
Education	79,728	76,660	182,091	102,363
Environment	1,355	1,556	1,546	191
Finance	1,665	1,863	7,017	5,352
Fisheries and Aquaculture	95	74	96	1
Health	33,259	27,694	28,459	(4,800)
Health Promotion and Protection	2,857	914	376	(2,481)
Labour and Workforce Development	—	—	2,130	2,130
Natural Resources	3,500	3,377	76,950	73,450
Public Service	—	—	2,344	2,344
Service Nova Scotia and Municipal Relations	2,192	1,750	1,157	(1,035)
Tourism, Culture and Heritage	—	1	6,293	6,293
Transportation and Infrastructure Renewal	<u>215,436</u>	<u>249,922</u>	<u>364,105</u>	<u>148,669</u>
Departmental Capital	341,437	364,686	674,194	332,757
Capital Grants	<u>56,241</u>	<u>56,880</u>	<u>121,791</u>	<u>65,550</u>
Total Provincial Capital	397,678	421,566	795,985	398,307
Less: Cost-Shared Revenue	<u>(65,072)</u>	<u>(39,365)</u>	<u>(137,215)</u>	<u>(72,143)</u>
Net Capital Expenditures	332,606	382,201	658,770	326,164

Capital Grants

The province provides allocations for capital spending purposes to broader public sector entities.

- Capital grants to district health authorities (DHAs) are estimated to be \$87.9 million for 2009–2010.
 - Capital grants of \$32.2 million to Nova Scotia Housing Development Corporation, a provincially owned entity, will leverage federal cost sharing for social housing projects.
 - Other entities such as the Trade Centre Ltd. and InNOVAcorp also receive funding for specific capital requests. For 2009–2010 capital grants for these other entities is budgeted at \$1.7 million.
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