
Nova Scotia Department of Finance
Business Plan
2009-2010

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1.0 Message from the Minister

I am pleased to present the 2009-2010 Business Plan for the Department of Finance.

The Department's core business is to manage the Government of Nova Scotia's finances, and provide a sound fiscal framework to support Nova Scotia's priorities.

The Business Plan is being presented during a period of economic uncertainty. This uncertainty affects all Nova Scotians and the Government of Nova Scotia is no exception. Managing through this period presents many challenges for government, including the Department of Finance.

Nova Scotians need to know that the Government of Nova Scotia's finances are managed in an accountable, transparent and prudent manner that still allows the Government of Nova Scotia to achieve long-term social, economic and environmental goals of the Province. The Department of Finance will assist Government to manage through economic uncertainty and challenging financial scenarios with vigilant due diligence and accountable decision making.

The Department will also continue its important role in protecting Nova Scotians' interests during federal-provincial fiscal discussions and providing economic and statistical expertise to provincial government departments.

The Department of Finance is an important service provider in Payroll, Corporate Information Services, Internal Audit, and Government Accounting to the public sector, including DHAs and school boards, who in turn provide services directly to Nova Scotians. It is the delivery of these services that enable government to carry out its day-to-day operations. In the coming year, emphasis will be placed on maximizing the efficiency and effectiveness of service delivery.

We will also continue with our Healthy Workplace program and use the results of the 2009 "How's Work Going" employee survey results for the department to better target our activities.

The Department of Finance relies on the dedication and expertise of its employees, and I would like to thank them for their ongoing efforts.

The Honourable Graham Steele
Minister of Finance

Vicki Harnish
Deputy Minister of Finance

2.0 Mission, Vision and Planning Context

2.1 Vision

A financially strong province based on sustainable economic development to the benefit of all Nova Scotians.

2.2 Mission

To support a sustainable economy through a sound fiscal framework; financial accountability and transparency; and best practice in financial management processes and systems.

2.3 Planning Context

Nova Scotia's entry into economic recession follows a number of years where Nova Scotia's economic and financial position strengthened. Provincial debt was reduced to \$12.323 billion (as of March 31, 2009). Debt servicing costs have dropped relative to revenues from 19.9 per cent in 2001-02 to 10.2 per cent in 2008-2009. Nova Scotia's net direct debt to GDP ratio stood at 35.4 per cent at end of 2008-2009. Nova Scotia also experienced a period of steady economic growth.

The present economic period has also necessitated renewed efforts to exercise fiscal discipline and the Department of Finance has made a number of changes to reduce its own expenditures through increased efficiencies in departmental operations.

The current economic environment places onus on the Department to identify critical areas for increased emphasis, such as implementing the Government borrowing program, monitoring access to credit across sectors, providing leadership on due diligence and risk assessment in government programs, and promoting and enhancing consumer confidence in provincial financial institutions.

It is difficult to predict the length of the current economic slow down, and Nova Scotia's emergence cannot be achieved in isolation as we are dependent on economic performance and fiscal decision making in many other jurisdictions. However, the Department of Finance is closely monitoring current forecasts and helping Government adjust to this new reality, while ensuring that the groundwork is being laid for Nova Scotia to emerge from this recession with the policies, programs and infrastructure it needs for the future.

Nova Scotians are looking increasingly to their government to provide leadership on measures to ensure economic stability while implementing key policy and program interventions that meet the needs of Nova Scotians. As the department responsible for assisting government to maintain a stable fiscal framework, the Department of Finance has a critical role in supporting the province through this period. Our vision remains: A financially strong province based on sustainable economic development to the benefit of all Nova Scotians.

3.0 Core Business Areas

Fiscal and Economic Policy

This Branch provides fiscal and economic analysis, policy development and strategic advice by:

- providing economic, tax and fiscal decision support for the Minister, Cabinet and provincial departments and agencies;
- maintaining an equitable, efficient and effective tax regime that supports public services and sustains economic growth;
- providing timely economic and revenue forecasts for government budgets, financial reporting and long term planning; and,
- advancing Nova Scotia's interests on a wide variety of federal-provincial fiscal arrangements such as Equalization, Canada Health Transfers and Canada Social Transfer.

Policy and Planning

This Branch works in cooperation with Treasury Board senior management to coordinate the development of the provincial budget and medium-term fiscal plan, and supports intra and interdepartmental policy collaboration. Specific responsibilities include:

- developing and maintaining of provincial fiscal plans;
- coordinating the development of a provincial budget;
- preparing regular forecast updates;
- developing Business Plans, Accountability Reports and other planning documents for the department;
- providing policy analysis and advice to the Minister's Office and executive management on the department's corporate policy responsibilities; interdepartmental policy initiatives; and departmental organization, operations and policy;
- overseeing the department's information management initiatives;
- managing the department's Healthy Workplace Program (HWP); and,
- managing other corporate projects.

Financial Institutions

This Branch promotes and enhances consumer confidence and public trust in the credit unions, insurance and trust and loan sectors through:

- the regulation of market conduct;
- financial monitoring to protect consumers pertaining to these sectors; and,
- administration and collection of premiums and other taxes levied in the insurance sector.

Liability Management and Treasury Services

Liability Management & Treasury Services manages the treasury function for the Consolidated Fund, the debt portfolio and the borrowing program, and provides advisory and financing services to governmental units, through:

- managing the province's debt portfolio and borrowing program in a prudent and efficient manner, with the goal of minimizing cost of debt over the long term and within the context of changing market conditions, minimizing risk, and ensuring continuous access to the markets;
- managing the Consolidated Fund's operational cash flow, including managing daily banking functions, bank transfers, banking relationships, short-term investing and borrowing, and short-term investments of special funds;
- providing cash management services, including loans and investments of Crown corporations, payment and transfer services and electronic banking arrangements;
- providing all post trade settlement and accounting functions for the Province's debt portfolio and investment activities, miscellaneous trust funds and bank reconciliations, including timely payment of interest and principal on debt issues, timely receipt of investment income and debt proceeds, and accurate forecasting of Provincial Debt Servicing Cost and Investment Income;
- managing relationships with external rating agencies, investors, and broker-dealers to ensure broad understanding of the province's "credit profile", low cost and continuous access to debt markets over time;
- advising the minister and the debt management committee on current best practices, changing market environment and risk parameters of the debt portfolio, so as to help them make informed decisions on changes in legislation, policies and procedures; and,
- ensuring that the investment and debt management activities are compliant with legislation, policies and procedures. Compliance programs, based on best practices, are in place to adequately monitor and report ongoing investment and debt activities to management and governance committees.

Central Agency Services

The Department of Finance provides a core set of services that support the management of the province's programs and public resources, in addition to supporting the core business functions of the department. These services are:

- providing ongoing support for the SAP systems within provincial departments and agencies, school boards, regional housing authorities and six municipalities;
- developing and maintaining a statistical infrastructure consisting of a wide range of census, taxation and administrative data sets that will support evidence-based decision making and program planning, supporting the Nova Scotia Community Development policy and other government-wide initiatives;
- performing and facilitating value-added audit and consulting services for client departments and agencies regarding effectiveness of control structures and cost-effective usage of public funds;

- providing professional accounting advice to all entities within the government reporting entity, working closely with the Office of the Auditor General to ensure financial reporting requirements are met, commenting on new standards being proposed by PSAB, and conducting presentations on financial reporting matters to ensure the government's financial community is aware of changes in accounting and/ or reporting requirements;
- providing central payroll services for all government employees, including pensioners serviced by the Nova Scotia Pension Agency and employees of Nova Scotia Regional School Boards;
- preparation of the annual public accounts consisting of the province's consolidated financial statements, supplement book and a compilation of controlled entities' financial statements; and,
- management of payment production over a complex network of interfaces, accounting policies and procedures, and the corporate credit card program.

The department also hosts the Finance Corporate Services Unit (CSU) that supplies financial services to the departments of Finance; Economic and Rural Development; and Tourism, Culture and Heritage, as well as several public service appropriations. Human Resources are provided through the Transportation and Public Works CSU and Information Technology infrastructure resources are hosted by the CIO Branch of Treasury Policy Board with the IT Business and Application resources hosted in the CSU at the Department of Natural Resources. Communications staff are assigned to the department by Communications Nova Scotia, and legal expertise is provided through the Department of Justice.

Advisory Services: Crown Agencies and Corporations

This part of the Department is responsible for providing strategic policy advice on Crown agencies and corporations reporting to the Minister of Finance. It also provides a point of contact and communication between these agencies and government. Agencies under the purview of the Minister of Finance are: NS Securities Commission; NS Utility and Review Board; Halifax-Dartmouth Bridge Commission; NS Gaming Corporation; NS Pension Agency; Credit Union Deposit Insurance Corporation; and the NS Liquor Corporation.

4.0 Strategic Goals

Strategic Goals

1. Produce a sound fiscal plan and ensure transparency and accountability in government fiscal planning and reporting.
2. Enhance the Department's leadership role in identifying and implementing the priorities of the Government of Nova Scotia.
3. Maximize the efficiency and effectiveness of central client services.
4. Continued investment in our people and workplace culture.

4.1 Priorities and Performance Measures for 2009-2010

Strategic Goal 1: Produce a sound fiscal plan with high-level transparency and accountability in government fiscal planning and reporting.

The core business of the Department of Finance is fiscal planning, which includes budgeting and forecasting, tax policy, preparation of public accounts and negotiations with the federal government on intergovernmental fiscal matters. Through this role, the department's activities support government in its capacity to deliver on expenditure priorities and commitments.

Priority 1: Support the development and implementation of a provincial budget.

Action Items:

- Provide leadership on economic forecasting during this time of economic uncertainty.
- Implement the Government borrowing plan for 2009-2010 and ensure Government has access to adequate credit to fund its activities.
- Support the Government in developing a second 2009-2010 Budget and begin planning for Budget 2010-2011 and the longer term fiscal plan.

Priority 2: Maximize the timeliness, reliability and clarity of the government's financial documents and financial public records.

Action Items:

- Deliver Public Accounts with an unqualified audit report for the year ended March 31, 2009 by September 30, 2009, as required by the legislation.
- Provide regular Forecast Updates specified by the *Provincial Finance Act* so that Nova Scotians have current, accurate information on the state of the provincial economy.

OUTCOME (immediate or intermediate)	MEASURE	PAST DATA	TARGET 2009-2010	Long term Target	Strategic Actions to achieve target
Produce a sound fiscal plan with high-level transparency and accountability.	Net direct debt to GDP	2008-09: 35.4% 2007-08: 36.7% 2006-07: 38.6% 2005-06: 38.8% 2004-05: 41.0% 2003-04: 42.7% 2002-03: 45.1% 2001-02: 46.8%	2009-2010: 38.7%	2010-2011 38.6%	During the development of the 2010-2011 budget and in subsequent years, the Province will have an operating principle of maintaining balanced budgets.
	Credit spread relative to Ontario	2008-09: 12 bps 2007-08: 1.1 bps 2006-07: 0.0 bps 2005-06: 0.0 bps 2004-05: 4.6 bps 2003-04: 7.6 bps 2002-03: 14.4 bps 2001-02: 20.1 bps	N/A – will be reported at close of Fiscal Year	nil (indicative of rates equal to Ontario)	Maintain debt plan and borrowing program and continue positive relations with investment community.
	Credit ratings of major rating agencies	January 2009: - DBRS: upgraded from "A (low)" to "A", positive outlook - S&P: A+ with positive outlook - Moody's (confirmed late 2008): upgraded from "A2" to "A1" (Aug '06); upgraded from "A1" to "Aa2" (Nov '06), stable outlook	Maintain rating	Improve rating	
	Unqualified and timely release of consolidated financial statements	Consolidated financial statements released: September 10, 2009 Aug 5, 2008 Aug 9, 2007 Sept 29, 2006 Sept 25, 2005	Release date: on or before September 30, 2009	Release date: on or before September 30	

		Sept 30, 2004			
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Strategic Goal 2: Enhance the Department's leadership role in identifying and implementing the priorities of the Government of Nova Scotia.

As a central agency of government, the Department contributes to, develops and promotes the use of consistent corporate financial policies across government, and works with departments and agencies to ensure a sustainable long-term fiscal plan.

Priority 3: Continue to help build a strong and sustainable fiscal and economic climate which will attract and retain investment essential for the long term growth of the province.

Action Items:

- Continued effective advocacy of Nova Scotia's position with the federal government, on transfers, tax collection and other areas of joint interest or interaction.
- Promote and enhance consumer confidence and public trust in the Credit Union, Insurance and Trust and Loan sectors through regulation of market conduct and financial monitoring.
- Support the Minister of Finance as trustee of the public service superannuation plan to identify future measures necessary for the long-term sustainability of the plan, including identification of options and consultation with members and unions.
- Work with provincial and federal colleagues on a national pension review initiative.
- Support implementation of new tax initiatives, such as the Graduate Retention Rebate.
- Begin preparation for an independent review of Nova Scotia's auto insurance regime, particularly the cap on minor injuries, to ensure that it is appropriate and fair for all including industry, consumers and those affected by accidents.

Priority 4: Provide strong strategic planning and policy support to other government entities.

Action Items:

- Continue to provide leadership, analytical and administrative support to "The Future in Focus" initiative.
- Provide support to Government to improve the Province's long term fiscal outlook by identifying cost savings in program delivery over the medium to long term.

- Coordinate a strengthened approach by government to financial decision-making and management, including increased levels of due diligence and risk assessment and management.
- Provide effective governance, oversight and accountability to crown agencies and corporations under the purview of the Minister of Finance through active communication with agencies/corporations and policy advice to Government.

OUTCOME (immediate or inter-mediate)	MEASURE	PAST DATA	TARGET 2009-2010	Long term Target	Strategic Actions to achieve target															
Enhance the Department's leadership role in identifying and implementing the priorities of the Government of Nova Scotia.	Positive climate for investment and economic growth - overall personal income, corporate income and capital tax rates	<p>Marginal personal income tax rates at December 31:</p> <table border="1"> <tr> <td>2009</td> <td>2008</td> <td>2007</td> </tr> <tr> <td>8.79%</td> <td>8.79%</td> <td>8.79%</td> </tr> <tr> <td>14.95%</td> <td>14.95%</td> <td>14.95%</td> </tr> <tr> <td>16.67%</td> <td>16.67%</td> <td>16.67%</td> </tr> <tr> <td>17.50%</td> <td>17.50%</td> <td>17.50%</td> </tr> </table> <p>Surtax: 10.00% 10.00% 10.00%</p> <p>Corporate tax rates at December 31:</p> <p>General: 2009 2008 2007 16% 16% 16%</p> <p>Small business: 2009 2008 2007 5% 5% 5%</p> <p>Capital (* large non-financial corporations): 2009 2008 2007 0.15% 0.20% 0.225%</p>	2009	2008	2007	8.79%	8.79%	8.79%	14.95%	14.95%	14.95%	16.67%	16.67%	16.67%	17.50%	17.50%	17.50%	Increase basic personal exemption by \$250 and other non-refundable credit amounts by proportional amounts.	<p>Medium Term: Increase basic personal amount by \$1,000 by 2010 (relative to 2007), other credits to grow in proportion; index personal income tax brackets and credits starting 2011; phase out of Large Corporations Tax by 2012.</p> <p>Long term: Provide a tax regime that is competitive.</p>	Continue to monitor Nova Scotians' overall tax burden.
2009	2008	2007																		
8.79%	8.79%	8.79%																		
14.95%	14.95%	14.95%																		
16.67%	16.67%	16.67%																		
17.50%	17.50%	17.50%																		

Strategic Goal 3: Maximize the efficiency and effectiveness of central client services.

The Department of Finance supports and provides business services that enable the whole of government and external clients—e.g., School Boards—to deliver on policy and program responsibilities.

Priority 5: Increased effectiveness through leveraging our systems to improve business processes.

Action Items:

- Provide technical and system support services for the implementation of the Health Administrative Systems Project (HASP), including SAP financials, HR/Payroll, business warehouse and automated business workflow capabilities.
- Implement SAP Upgrades through regular software updates to the various SAP public sector systems to permit improved reliability for all SAP clients and provide an opportunity to implement enhanced functionality for business users in the future.
- Identify and implement back office process improvements for provincial financial services.
- Centralize departments' payroll transactions within the Department.
- Implement systems and interfaces for increased controls and efficiencies through further centralization of payment production services.

Priority 6: Enhanced risk identification, assessment and management

Action Items:

- Improve internal controls on financial reporting.
- Continue implementation of more efficient SAP security functionality through re-designed security profiles and installation of control audit software.
- Implement revised credit card procedures.
- Review and enhance payroll audit functions and standardization of procedures in support of legislative and regulatory compliance.

OUTCOME (immediate or inter- mediate)	MEASURE	PAST DATA	TARGET 2009-2010	Long term Target	Strategic Actions to achieve target
Maximize the efficiency and effectiveness of central client services	Departments and other government bodies have access to required IT programs to deliver service.	N/A	Required services and support for HASP implemented SAP upgrade implemented SAP security redesign implemented	Provide and maintain required IT systems as government services evolve over time.	Support HASP implementation SAP upgrade implemented SAP security redesign implemented
	Enhanced risk identification, assessment and management	Centralization of payment production in a more controlled standardized environment, including Dept of Community Service income assistance programs	Develop and implement solution for payments under Labour Market Development Agreement Implement revised corporate credit card management	Continue to centralize payment production to remaining areas Improved internal controls on financial reporting	SAP security redesign/Access security profile updates Revised credit card procedures Evaluate and enhance procedures to improve controls over financial reporting

Strategic Goal 4: Continued investment in our people and workplace culture

Promotion of a positive workplace culture, recruitment and retention of staff remain priorities of the department to ensure a sustainable, highly skilled workforce.

Priority 7: Ensure the Department of Finance provides a healthy and supportive workplace through implementation of workplace initiatives

Action Items:

- Promote a safe work environment by maintaining a current and effective OH&S program and implementing a Violence Prevention Plan.
- Review and assess the Department of Finance results of the 2009 “How’s Work Going” employee survey and develop strategies to address any identified problem areas.
- Formalize Departmental Employee Recognition Program.

Priority 8: Support HR initiatives to ensure continued professional development of staff. This will help to retain and develop a skilled workforce to deliver on the department’s priorities and corporate responsibilities.

Action Items:

- Ensure all staff participate in the performance management process.
- Develop and disseminate a revised Orientation Guide for staff and managers.
- Support the respectful workplace policy through department-wide participation in training and other initiatives.
- Support career planning and skills development by providing support to staff training and professional development opportunities geared to meet identified needs.

OUTCOME (immediate or inter-mediate)	MEASURE	PAST DATA	TARGET 2009-2010	Long term Target	Strategic Actions to achieve target
Ensure the Department of Finance provides a healthy and supportive workplace through implementation of workplace initiatives, including professional development activities	Percentage of staff receiving performance appraisals in compliance with corporate standards	Bargaining Unit: 2007-08 73% 2006-07 91% 2005-06 81% 2004-05 40% Non-Bargaining Unit 2007-08 93% 2006-07 91% 2005-06 89% 2004-05 91%	95%	100%	Staff training and support for performance management
	Percentage of staff with career plans	N/A	95%	100%	Support to managers and staff to develop career plans
	Percentage of staff provided professional development opportunities consistent with career plans	N/A	80%	100%	Review career development plans, available professional development opportunities, and available resources to identify staff participation.
	Staff participation in Respectful Workplace training	2008-09 – 100%	100%	100%	
	Percentage of staff with current Violence Prevention training	N/A	70%	100%	

5.0 Human Resource Strategy

The department's current workforce of approximately 170 staff consists of management, confidential excluded and NSGEU employees.

In 2005 the Nova Scotia Public Service Commission initiated Nova Scotia's Corporate Human Resource Plan 2005-10.

The plan has five goals:

- To make a difference through a skilled, committed and accountable public service;
- To be a preferred employer;
- To be a safe and supportive workplace;
- To be a diverse workplace; and,
- To be a learning organization

The Department of Finance remains strong in its support to employees and has implemented a Healthy Workplace program which follows the Corporate National Quality Institute Healthy Workplace Model. The Program remains true to the model and will continue to address all three sides of NQI Model equally. In doing so, the Department of Finance Healthy Workplace Program supports the establishing of a culture where Occupational Health and Safety is embedded, the workplace is seen to be supportive, respect among all is the norm, and healthy lifestyle practices are encouraged and championed.

The Department is dedicated to providing appropriate and relevant recognition to staff, which demonstrate the true value of their ongoing contributions. The Department recognizes a healthy, supportive, respectful culture ultimately maximizes employee engagement and organizational excellence and is proud to champion this position. The Department remains committed to ensuring consistent implementation of the performance management process, providing mentoring/coaching and career planning, providing development opportunities, promoting diversity and equality during the hiring process.

The Department also plays a lead role in an HR Strategy for the Financial Community. Work started and accomplished this past year will continue the forward momentum generated thus far. The goal remains the same, and that is to provide support and opportunity to members of the financial community so that the province has highly skilled staff that are engaged and current in the delivery of financial services across government.

6.0 Budget Context

Finance			
	2008-2009 Estimate	2008-2009 Actual	2009-2010 Estimate
Program & Service Area	(\$thousands)	(\$thousands)	(\$thousands)
Program Expenses:			
Senior Management	4,498	3,036	3,297
Office of the Assistant Deputy Minister	5,035	5,267	5,596
Corporate Services Unit	1,441	1,342	1,426
Controller	18,897	17,440	20,080
Total Program Expenses	29,871	27,085	30,399
Additional Information:			
Fees and Other Charges	(675)	(681)	(36)
Ordinary Recoveries	(3,336)	(2,898)	(3,255)
TCA Purchase Requirements	1,665	1,863	7,017
Provincial Funded Staff (FTEs) Net	201	170	198