



Reducing Nova Scotia's Net Debt

The government is making the right decisions to ensure the province lives within its means so it can continue to deliver important services like health and education.

The province's better-than-expected performance through the global recession, an unanticipated prior-year adjustment, and efforts to control government spending resulted in a \$447.2 million surplus for 2010–2011.

The difference between the estimated 2010–2011 deficit (\$222.1 million) and the forecasted surplus was comprised of

- \$133.5 million in reduced departmental spending
- \$80.0 million in reduced debt servicing costs
- \$39.4 million in other savings
- \$211.4 million in other revenue increases
- \$196.1 million in prior-year revenue adjustments
- \$8.9 million in increased revenues from Government Business Enterprises

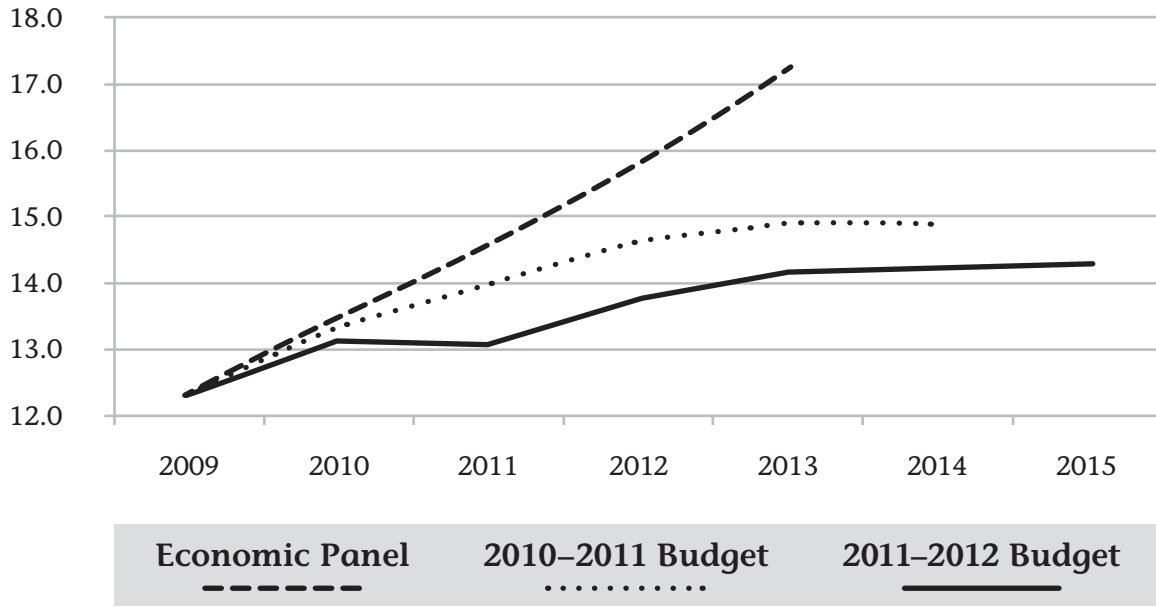
Rather than spend this surplus at year-end, which has been the practice of past governments, this government took the view that “a penny saved is a penny saved” and continued to exercise fiscal prudence, using the funds to reduce net debt by \$37.8 million.

This is only the seventh time in the past 50 years that Nova Scotia has reduced its net debt.

In April 2010, the debt was estimated to be \$14.002 billion for the end of 2010–2011. With the year-end surplus, the province eliminated the need to borrow money to pay for infrastructure, and reduced the provincial net debt to \$13.068 billion as of March 31, 2011.

At today's rate, this change results in a savings of about \$44 million in debt servicing costs annually.

Net Debt—Comparisons of Trends (\$ billions)



The above chart shows the province's projected net debt has improved considerably since 2009.

The 2011-2012 fiscal plan shows that net debt is now expected to be \$14.136 billion as of March 31, 2013, more than \$3 billion lower than projected by the province's Economic Panel, and \$761 million lower than envisioned in last year's budget.

The debt-to-GDP ratio for 2011-2012 has improved. It is now expected to be at 36.6 per cent.

Deficit Still Forecasted for 2011-2012

In this budget, we are forecasting a deficit of \$389.6 million, almost exactly where we expected to be when we laid out our four-year Back to Balance plan last year. The resumption of clear, accountable university funding accounts for \$327.2 million of the deficit.