

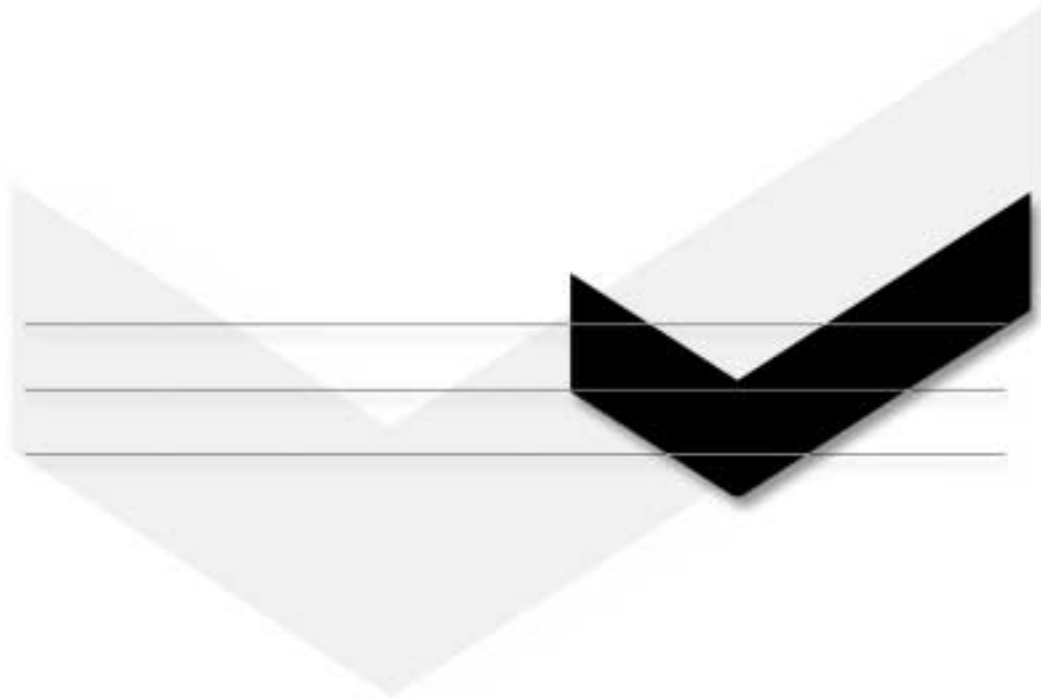
# Public Accounts

VOLUME 1 – FINANCIAL STATEMENTS

Province of Nova Scotia

for the fiscal year **2001-2002**

THE HONOURABLE NEIL J. LEBLANC, MINISTER OF FINANCE







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To Her Honour,

*The Honourable Myra A. Freeman  
Lieutenant Governor of Nova Scotia*

*May It Please Your Honour -*

The undersigned has the honour to submit the Public Accounts of the Province of Nova Scotia for the fiscal year ended March 31, 2002.

Neil J. LeBlanc  
Minister of Finance

Office of the Minister  
Halifax, Nova Scotia



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*The Honourable Neil J. LeBlanc  
Minister of Finance  
Halifax, Nova Scotia*

Sir:

In accordance with Section 9(1) of the Provincial Finance Act, I have the Honour to submit the Public Accounts of the Province of Nova Scotia for the Fiscal year ended March 31, 2002.

Respectfully submitted,

W.D. Hogg, CA  
Deputy Minister of Finance

Office of the Deputy Minister  
Halifax, Nova Scotia



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**Province of Nova Scotia**

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*for the fiscal year ended March 31, 2002*

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***Province of Nova Scotia***

***Statement of Responsibility for the  
Consolidated Financial Statements of the  
Province of Nova Scotia***

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Nova Scotia rests with the government. These financial statements are prepared by the Controller in accordance with the government's stated accounting policies.

The stated accounting policies reflect the accounting principles recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

The consolidated financial statements include a Statement of Financial Position, a Statement of Operations, a Statement of Net Direct Debt, a Statement of Cash Flow and a Statement of Tangible Capital Assets. Together, they present fairly, in all material respects, the financial position and the results of operations for the year then ended.

The government maintains a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

The Auditor General of Nova Scotia provides an independent opinion on the consolidated financial statements prepared by the government.





## AUDITOR'S REPORT

***To the Members of the Legislative  
Assembly of Nova Scotia***

I have audited the consolidated statements of financial position and tangible capital assets of the Province of Nova Scotia as at March 31, 2002 and the consolidated statements of operations, net direct debt and cash flow for the year then ended. These statements are the responsibility of the Government of Nova Scotia, represented by the Minister of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position and tangible capital assets of the Province of Nova Scotia as at March 31, 2002 and the results of its operations, changes in net direct debt and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.

E. Roy Salmon, FCA  
Auditor General

Halifax, Nova Scotia  
October 18, 2002



**Consolidated Statement of Financial Position**  
**as at March 31, 2002**

(\$ thousands)

	2002	2001 (as restated)
<b>Financial Assets</b>		
Cash and Short-term Investments (Note 4)	\$ 1,277,307	\$ 420,455
Accounts Receivable and Advances	490,426	1,054,596
Inventory	1,154	954
Loans and Investments (Schedule 3)	896,333	911,803
	<u>2,665,220</u>	<u>2,387,808</u>
<b>Liabilities</b>		
Bank Advances and Short-term Borrowings	229,317	1,215,839
Accounts Payable and Accrued Liabilities	1,013,742	1,028,368
Deferred Revenue	61,702	47,941
Accrued Interest	275,409	270,976
Unmatured Debt of Government Service Organizations (Schedule 4)	12,211,270	10,680,372
Unamortized Foreign Exchange Translation Losses and Discounts	(521,698)	(565,835)
Pension, Retirement and Other Obligations (Note 6)	928,365	1,042,071
Deficiency in Government Business Enterprises (Schedule 7)	29,027	34,695
Deficiency in Discontinued Government Business Enterprises (Schedule 7)	(863)	3,465
	<u>14,226,271</u>	<u>13,757,892</u>
<b>Net Direct Debt</b>	(11,561,051)	(11,370,084)
<b>Tangible Capital Assets</b>	2,810,659	2,673,920
<b>Accumulated Deficits</b>	<u>\$ (8,750,392)</u>	<u>\$ (8,696,164)</u>
<b>Trust Funds under Administration (Note 7)</b>	<u>\$ 7,406,469</u>	<u>\$ 7,474,925</u>
Prior Period Adjustment (Note 2)		
Contingencies and Commitments (Note 12)		
Subsequent Events (Note 13)		
Comparative Figures (Note 14)		

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.

**Statement 2**

**Consolidated Statement of Operations**  
**for the fiscal year ended March 31, 2002**  
(\$ thousands)

	<b>2002</b>	<b>2001</b> <i>(as restated)</i>
<b>Revenue (Schedule 1)</b>		
Provincial Sources	\$ 2,898,192	\$ 2,734,658
Federal Sources	1,935,794	1,965,075
Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements	130,174	99,914
Federal Tax Collection Agreement Error (Note 5)	(35,000)	
Other	517,292	508,703
Sinking Fund and Public Debt Retirement Fund Earnings	192,293	206,639
<b>Total Revenue</b>	<u>5,638,745</u>	<u>5,514,989</u>
 <b>Net Expenses (Schedule 2)</b>		
Agriculture and Fisheries	43,955	40,184
Community Services	654,019	615,790
Economic Development	87,545	83,162
Education	1,123,262	1,101,964
Assistance to Universities	201,732	203,489
Environment and Labour	56,077	52,128
Finance	13,018	8,704
Health	2,079,020	1,911,182
Justice	87,665	87,532
Natural Resources	53,911	54,499
Public Service	77,107	96,526
Service Nova Scotia and Municipal Relations	99,198	111,556
Tourism and Culture	41,956	38,786
Transportation and Public Works	234,290	220,627
Restructuring Costs	65,396	73,378
Pension Valuation Adjustment	(69,302)	(77,663)
Loss on Disposal of Crown Assets	4,938	321
Debt Servicing Costs (Note 10)	1,179,076	1,172,250
<b>Total Net Expenses</b>	<u>6,032,863</u>	<u>5,794,415</u>
 <b>Deficit from Government Service Organizations, on an Expense Basis</b>	 (394,118)	 (279,426)
<b>Net Income from Government Business Enterprises (Schedule 7)</b>	308,898	296,993
<b>Net Income (Loss) from Discontinued Government Business Enterprises (Schedule 7)</b>	 ---	 (50,885)
<b>Deficit before Unusual Items, on an Expense Basis</b>	<u>(85,220)</u>	<u>(33,318)</u>
 <b>Unusual Items (Note 3)</b>	 30,992	 179,825
<b>Provincial Surplus (Deficit), on an Expense Basis</b>	<u>\$ (54,228)</u>	<u>\$ 146,507</u>

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.

**Consolidated Statement of Net Direct Debt**  
**for the fiscal year ended March 31, 2002**  
(\$ thousands)

	2002	2001 (as restated)
<b>Net Direct Debt - as Originally Reported</b>	\$ (11,370,084)	\$ (11,230,685)
Prior Period Adjustment (Note 2)	---	(23,643)
<b>Net Direct Debt - Beginning of Year</b>	<u>(11,370,084)</u>	<u>(11,254,328)</u>
 <b>Changes in the Year</b>		
Provincial Surplus (Deficit), on an Expense Basis	(54,228)	146,507
Increase in Net Book Value of Tangible Capital Assets	<u>(136,739)</u>	<u>(262,263)</u>
<b>Total Changes in the Year</b>	<u>(190,967)</u>	<u>(115,756)</u>
 <b>Net Direct Debt - End of Year</b>	<u><u>\$ (11,561,051)</u></u>	<u><u>\$ (11,370,084)</u></u>

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.



**Consolidated Statement of Cash Flow**  
**for the fiscal year ended March 31, 2002**  
(\$ thousands)

	2002	2001 (as restated)
<b>Cash Inflows (Outflows) from the following activities:</b>		
<b>Operations:</b>		
Provincial Surplus (Deficit), on an Expense Basis	\$ (54,228)	\$ 146,507
Sinking Fund and Public Debt Retirement Fund Earnings	(192,293)	(206,639)
Foreign Exchange Amortization	(6,237)	(9,416)
Amortization of Tangible Capital Assets	177,390	157,980
Net Income from Government Business Enterprises	(308,898)	(246,108)
Net Change in Other Items (Note 11)	(532,780)	369,942
	<u>(917,046)</u>	<u>212,266</u>
<b>Investing:</b>		
Repayment of Loans	167,599	188,752
Advances and Investing	(152,128)	(144,723)
Acquisition of Tangible Capital Assets	(327,054)	(427,197)
Disposal of Tangible Capital Assets - NBV	12,925	6,954
Net Advances from Government Business Enterprises	298,902	(307,600)
	<u>244</u>	<u>(683,814)</u>
<b>Financing:</b>		
Debentures Issued	2,657,686	1,248,826
Capital Leases	76,598	237,064
Foreign Currency Swaps and Adjustments	58,044	115,361
Sinking Fund Instalments	(286,654)	(266,511)
Proceeds from Sinking Funds for Debt Repayment	510,732	138,532
Repayment of Debentures and Other Long-term Obligations	(1,242,752)	(1,026,646)
	<u>1,773,654</u>	<u>446,626</u>
<b>Cash Inflows (Outflows)</b>	856,852	(24,922)
<b>Cash Position, Beginning of Year</b>	420,455	445,377
<b>Cash Position, End of Year</b>	<u>\$ 1,277,307</u>	<u>\$ 420,455</u>
<b>Cash Position Represented by:</b>		
Cash and Short-term Investments	<u>\$ 1,277,307</u>	<u>\$ 420,455</u>

The accompanying schedules and notes are an integral part of these Consolidated Financial Statements.

**Consolidated Statement of Tangible Capital Assets**

as at March 31, 2002

(\$ thousands)

	2002								2001 (as restated)	
	Land	Buildings and Land Improvements	Machinery Computers and Equipment	Ferries	Vehicles	Capital Leases	Roads, Bridges and Highways	Social Housing	Total	Total
<b>Cost of Tangible Capital Assets</b>										
Opening Cost	\$ 501,738	\$ 1,757,208	\$ 575,075	\$ 9,241	\$ 30,701	\$ 441,020	\$ 303,085	\$ 397,225	\$ 4,015,293	\$ 3,623,435
Additions	8,429	124,087	55,023	---	6,171	83,100	50,244	---	327,054	427,197
Annual Adjustment to Social Housing	---	---	---	---	---	---	---	(9,007)	(9,007)	(8,502)
Disposals	(7,999)	(117)	(16,031)	---	(437)	(4,484)	---	(2,052)	(31,120)	(26,837)
<b>Closing Cost</b>	<b>502,168</b>	<b>1,881,178</b>	<b>614,067</b>	<b>9,241</b>	<b>36,435</b>	<b>519,636</b>	<b>353,329</b>	<b>386,166</b>	<b>4,302,220</b>	<b>4,015,293</b>
<b>Accumulated Amortization</b>										
Opening Accumulated Amortization	---	(751,197)	(374,697)	(8,402)	(18,527)	(44,252)	(144,298)	---	(1,341,373)	(1,211,778)
Disposals	---	(27)	13,378	---	398	4,446	---	---	18,195	19,883
Amortization Expense	---	(41,257)	(58,978)	(168)	(4,921)	(29,493)	(33,566)	---	(168,383)	(149,478)
<b>Closing Accumulated Amortization</b>	<b>---</b>	<b>(792,481)</b>	<b>(420,297)</b>	<b>(8,570)</b>	<b>(23,050)</b>	<b>(69,299)</b>	<b>(177,864)</b>	<b>---</b>	<b>(1,491,561)</b>	<b>(1,341,373)</b>
<b>Net Book Value</b>	<b>\$ 502,168</b>	<b>\$ 1,088,697</b>	<b>\$ 193,770</b>	<b>\$ 671</b>	<b>\$ 13,385</b>	<b>\$ 450,337</b>	<b>\$ 175,465</b>	<b>\$ 386,166</b>	<b>\$ 2,810,659</b>	<b>\$ 2,673,920</b>
<b>Opening Balance</b>										
Opening Balance	\$ 501,738	\$ 1,006,011	\$ 200,378	\$ 839	\$ 12,174	\$ 396,768	\$ 158,787	\$ 397,225	\$ 2,673,920	\$ 2,411,657
<b>Closing Balance</b>										
Closing Balance	502,168	1,088,697	193,770	671	13,385	450,337	175,465	386,166	2,810,659	2,673,920
<b>Increase (Decrease) in</b>										
<b>Net Book Value</b>	<b>\$ 430</b>	<b>\$ 82,686</b>	<b>\$ (6,608)</b>	<b>\$ (168)</b>	<b>\$ 1,211</b>	<b>\$ 53,569</b>	<b>\$ 16,678</b>	<b>\$ (11,059)</b>	<b>\$ 136,739</b>	<b>\$ 262,263</b>

Amortization is calculated on a declining balance basis for assets of the Consolidated Fund. The amortization percentages of the more common tangible capital assets are: buildings (5%); machinery, computers & equipment (20%-50%); ferries (20%); vehicles (30%); and roads, bridges & highways (5-30%). Capital leases are amortized on a straight-line basis over the length of each lease.

Amortization is generally calculated on a straight-line basis for assets of entities consolidated with the Consolidated Fund. The estimated useful lives of the more common tangible capital assets are: buildings (including leasehold improvements) & land improvements (2-50 yrs); machinery, computers & equipment (3-20 yrs); and vehicles (3 yrs). Capital leases are amortized on a straight-line basis generally over a 5 to 20 year term.

Social Housing Assets relate to the Housing Development Corporation. This entity does not track accumulated amortization separately so the closing cost of these assets is the net carrying value of the assets. Social Housing assets are amortized using the sinking fund method.

Included in the closing cost of the various classes as of March 31, 2002, are costs for assets under construction which have not started to be amortized. These costs (\$ thousands) are buildings - \$69,466; machinery, computers & equipment - \$8,177; vehicles - \$56; capital leases - \$1,589; and roads, bridges & highways - \$16,810.

## Schedules to the Consolidated Financial Statements

**Revenue**

for the fiscal year ended March 31, 2002

(\$ thousands)

	2002	2001 (as restated)
<b>Provincial Sources</b>		
Income Taxes	\$ 1,468,920	\$ 1,397,904
Sales Taxes	1,194,329	1,111,646
Other Provincial Revenue	234,943	225,108
	<u>2,898,192</u>	<u>2,734,658</u>
<b>Federal Sources</b>		
Equalization Payments	1,321,100	1,395,500
Canada Health and Social Transfer	553,375	526,054
Other Federal Payments	61,319	43,521
	<u>1,935,794</u>	<u>1,965,075</u>
<b>Prior Years' Adjustments - Federal/Provincial Fiscal Arrangements</b>		
Provincial Sources	83,281	78,156
Federal Sources	46,893	21,758
	<u>130,174</u>	<u>99,914</u>
<b>Federal Tax Collection Agreement Error (Note 8)</b>	(35,000)	---
<b>Other Revenue</b>	517,292	508,703
<b>Sinking Fund and Public Debt Retirement Fund Earnings</b>	192,293	206,639
<b>Total Revenue</b>	<u>\$ 5,638,745</u>	<u>\$ 5,514,989</u>

## Schedules to the Consolidated Financial Statements

**Net Expenses****for the fiscal year ended March 31, 2002**

(\$ thousands)

	2002	2001 (as restated)
<b>Agriculture and Fisheries</b>	\$ 43,955	\$ 40,184
<b>Community Services</b>		
Department of Community Services	593,230	602,065
Nova Scotia Housing Development Corporation	60,789	13,725
	<u>654,019</u>	<u>615,790</u>
<b>Economic Development</b>		
Department of Economic Development	42,568	60,884
Nova Scotia Business Incorporated	23,140	
Nova Scotia Film Development Corporation	2,864	2,822
Nova Scotia Innovation Corporation	5,776	7,189
Trade Centre Limited	11,352	10,794
Waterfront Development Corporation Limited	1,845	1,473
	<u>87,545</u>	<u>83,162</u>
<b>Education</b>		
Department of Education	190,282	192,308
Annapolis Valley Regional School Board	90,567	88,963
Cape Breton Victoria Regional School Board	112,548	111,348
Chignecto-Central Regional School Board	137,926	133,860
College de l'Acadie	4,395	5,031
Conseil Scolaire Acadien Provincial	29,690	27,630
Halifax Regional School Board	294,287	287,336
Nova Scotia Community College	104,512	99,577
Southwest Regional School Board	94,836	93,137
Strait Regional School Board	64,219	62,774
	<u>1,123,262</u>	<u>1,101,964</u>
<b>Assistance to Universities</b>	201,732	203,489
<b>Environment and Labour</b>		
Department of Environment and Labour	25,075	21,370
Resource Recovery Fund Board Incorporated	31,002	30,758
	<u>56,077</u>	<u>52,128</u>
<b>Finance</b>		
Department of Finance	12,389	8,704
Nova Scotia Government Fund Limited	629	---
	<u>13,018</u>	<u>8,704</u>

## Schedules to the Consolidated Financial Statements

**Net Expenses (continued)**  
**for the fiscal year ended March 31, 2002**  
(\$ thousands)

	2002	2001 (as restated)
<b>Health</b>		
Department of Health	787,724	715,274
Annapolis Valley District Health Authority	66,921	16,713
Cape Breton District Health Authority	167,865	43,517
Cape Breton Healthcare Complex	---	104,270
Capital District Health Authority	511,692	511,521
Colchester East Hants District Health Authority	38,705	9,955
Cumberland Health Authority	30,684	7,600
Eastern Regional Health Board	---	43,742
Guysborough Antigonish-Strait Health Authority	41,393	9,815
Insured Prescription Drug Plan	113,271	104,160
Izaak Walton Killam Health Centre	123,877	116,392
Northern Regional Health Board	---	78,057
Nova Scotia Gaming Foundation	657	---
Nova Scotia Health Research Foundation	5,274	---
Pictou County District Health Authority	40,578	10,287
Provincial Drug Distribution Program	51,276	---
South Shore District Health Authority	44,663	10,932
South West Nova District Health Authority	54,440	14,048
Western Regional Health Board	---	114,899
	<u>2,079,020</u>	<u>1,911,182</u>
<b>Justice</b>		
Department of Justice	74,314	87,532
Nova Scotia Legal Aid Commission	13,351	---
	<u>87,665</u>	<u>87,532</u>
<b>Natural Resources</b>		
	53,911	54,499
<b>Public Service</b>		
	77,107	96,526
<b>Service Nova Scotia and Municipal Relations</b>		
Department of Service Nova Scotia and Municipal Relations	98,475	110,903
Nova Scotia Municipal Finance Corporation	723	653
	<u>99,198</u>	<u>111,556</u>
<b>Tourism and Culture</b>		
Department of Tourism and Culture	38,763	38,786
Art Gallery of Nova Scotia	3,193	---
	<u>41,956</u>	<u>38,786</u>
<b>Transportation and Public Works</b>		
	234,290	220,627
<b>Restructuring Costs</b>		
	65,396	73,378
<b>Pension Valuation Adjustment</b>		
	(69,302)	(77,663)
<b>Loss on Disposal of Crown Assets</b>		
	4,938	321

## Schedules to the Consolidated Financial Statements

**Net Expenses (continued)**  
**for the fiscal year ended March 31, 2002**  
(\$ thousands)

	2002	2001 (as restated)
<b>Debt Servicing Costs</b>		
Consolidated Fund	1,126,403	1,110,468
Annapolis Valley District Health Authority	327	---
Annapolis Valley Regional School Board	469	431
Cape Breton District Health Authority	639	162
Cape Breton Healthcare Complex	---	430
Cape Breton Victoria Regional School Board	249	224
Capital District Health Authority	1,716	1,671
Chignecto-Central Regional School Board	1,017	906
Colchester East Hants District Health Authority	129	31
Conseil Scolaire Acadien Provincial	121	108
Cumberland Health Authority	113	33
Eastern Regional Health Board	---	220
Guysborough Antigonish-Strait Health Authority	241	43
Halifax Regional School Board	3,002	2,783
Izaak Walton Killam Health Centre	397	399
Nova Scotia Government Fund Limited	307	---
Northern Regional Health Board	---	295
Nova Scotia Housing Development Corporation	30,610	31,280
Nova Scotia Innovation Corporation	---	129
Nova Scotia Legal Aid Commission	1	---
Nova Scotia Municipal Finance Corporation	11,721	20,547
Pictou County District Health Authority	170	34
South Shore District Health Authority	210	17
South West Nova District Health Authority	201	---
Southwest Regional School Board	333	291
Strait Regional School Board	279	255
Waterfront Development Corporation Limited	421	805
Western Regional Health Board	---	688
	<u>1,179,076</u>	<u>1,172,250</u>
<b>Total Net Expenses</b>	<u>\$ 6,032,863</u>	<u>\$ 5,794,415</u>

## Schedules to the Consolidated Financial Statements

**Loans and Investments**

as at March 31, 2002

(\$ thousands)

	Loans and Investment	Provisions	Net	
			2002	2001 (as restated)
<b>Loans of the Consolidated Fund:</b>				
Agriculture and Rural Credit Act	\$ 172,782	\$ 8,058	\$ 164,724	\$ 164,446
Business Development Corporation Act	---	---	---	120,947
Fisheries Development Act	60,830	1,167	59,663	51,493
Housing Development Act	36,856	18,616	18,240	22,133
Industrial Development Act	76,436	49,753	26,683	31,383
Venture Corporations Act	2,086	2,086	---	230
Loans to Municipalities:				
Funds provided by Government of Canada	64	---	64	137
Municipal Loan and Building Fund Act	1,209	---	1,209	1,417
Special Reserve Fund - Municipal Loan and Building Fund	6	---	6	8
Miscellaneous	709	---	709	709
	<u>350,978</u>	<u>79,680</u>	<u>271,298</u>	<u>392,903</u>
<b>Investments of the Consolidated Fund:</b>				
Business Development Corporation Act	---	---	---	10,671
Housing Development Act	6,549	3,069	3,480	2,137
Industrial Development Act	16,044	8,765	7,279	8,056
	<u>22,593</u>	<u>11,834</u>	<u>10,759</u>	<u>20,864</u>
<b>Loans of Government Service Organizations:</b>				
Nova Scotia Business Incorporated	165,056	45,152	119,904	---
Nova Scotia Innovation Corporation	494	---	494	403
Nova Scotia Municipal Finance Corporation	462,271	---	462,271	474,058
Other Government Service Organizations	74	---	74	112
	<u>627,895</u>	<u>45,152</u>	<u>582,743</u>	<u>474,573</u>
<b>Investments of Government Service Organizations:</b>				
Art Gallery of Nova Scotia	2,506	---	2,506	---
Insured Prescription Drug Plan	8,494	---	8,494	10,979
Nova Scotia Business Incorporated	13,668	4,775	8,893	---
Nova Scotia Innovation Corporation	10,763	---	10,763	11,606
Other Government Service Organizations	877	---	877	878
	<u>36,308</u>	<u>4,775</u>	<u>31,533</u>	<u>23,463</u>
<b>Total Loans and Investments</b>	<u>\$ 1,037,774</u>	<u>\$ 141,441</u>	<u>\$ 896,333</u>	<u>\$ 911,803</u>

Provision for possible guarantee payouts are included in the Provisions as follows (\$000):

Industrial Development Act \$5,259, Housing Development Act \$11,423 and Nova Scotia Business Incorporated \$3,509.

## Schedules to the Consolidated Financial Statements

**Unmatured Debt  
as at March 31, 2002**

(\$ thousands)

	2002			2001
	<u>Gross Debt</u>	<u>Sinking Funds and Defeasance Assets</u>	<u>Net Debt</u>	<u>Net Debt</u>
<b>Government Service Organizations</b>				
Consolidated Fund	\$ 14,758,449	\$ 3,037,583	\$11,720,866	\$ 10,164,427
Nova Scotia Government Fund Limited	21,500	---	21,500	---
Nova Scotia Housing Development Corporation	328,054	---	328,054	337,441
Nova Scotia Municipal Finance Corporation	131,426	---	131,426	166,616
Nova Scotia Power Finance Corporation	1,178,050	1,178,050	---	---
Waterfront Development Corporation Limited	8,400	---	8,400	10,100
Other	1,024	---	1,024	1,788
<b>Unmatured Debt of Government Service Organizations</b>	<u>16,426,903</u>	<u>4,215,633</u>	<u>12,211,270</u>	<u>10,680,372</u>
<b>Government Business Enterprises</b>				
Halifax-Dartmouth Bridge Commission	123,000	13,600	109,400	114,799
Highway 104 Western Alignment Corporation	81,408	---	81,408	80,780
Nova Scotia Gaming Corporation	90,139	---	90,139	94,947
Nova Scotia Liquor Corporation	8,160	---	8,160	8,528
<b>Unmatured Debt of Government Business Enterprises</b>	<u>302,707</u>	<u>13,600</u>	<u>289,107</u>	<u>299,054</u>
<b>Total Unmatured Debt</b>	<u>\$ 16,729,610</u>	<u>\$ 4,229,233</u>	<u>\$12,500,377</u>	<u>\$ 10,979,426</u>

**Notes:**

All debt is presented in Canadian dollar equivalents and after giving effect to currency swap contracts itemized in Note 5.

The current and long-term portions of unmaturing debt of Government Service Organizations are shown on the Consolidated Statement of Financial Position with reference to this schedule. Debt of Government Business Enterprises is reflected in the Deficiency in Government Business Enterprises and in further detail in Schedule 7.

As at March 31, 2002, the Consolidated Fund held Sinking Funds and Public Debt Retirement Funds of \$3,037.6 million. These funds were comprised of \$2,094.5 million in Canadian assets and \$943.1 million in US assets (US \$602.9 million converted to CDN\$ based on the underlying securities' effective foreign exchange rates). Total market value of both funds is \$3,217.7 million at year end. During the year, contributions were \$291.2 million, total earnings were \$192.3 million and redemptions were \$513.3 million.

Sinking fund assets are recorded at cost, which include premiums and discounts associated with the purchase of these investments. These premiums and discounts are amortized on a straight-line basis over the term of the related investment. The unamortized portion of the premiums and discounts are included as part of the value of the sinking funds. As at March 31, 2002, the unamortized net premium was \$121.1 million.



## Schedules to the Consolidated Financial Statements

**Unmatured Debt (continued)**  
**as at March 31, 2002**

(\$ thousands)

Assets consist primarily of debentures of the Provinces and Government of Canada with fixed interest rates ranging from 4.875% to 13.5% for Canadian funds and 6.375% to 9.5% for US funds. Sinking fund payments normally commence on the first anniversary date of the issue of the debenture and are designed to retire the debt over a 20 year period unless the term of the issue is longer. At year end, the Province held \$1,126.2 million worth of its own debentures (gross value of \$1,173.1 million) in Sinking Funds and Public Debt Retirement Funds as active investments.

As per the Nova Scotia Power Corporation Privatization Agreement, Nova Scotia Power Finance Corporation provides for defeasance of its debt. The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other Provincial Governments and utilities, Federal US bonds, coupons or residuals. The debt is shown net of defeasance assets on the Statement of Financial Position.

Future payments are as follows:

	<b>Government Service Organizations</b>			<b>Government Business Enterprises</b>	<b>Total</b>
	<b>Net Principal Repayments</b>	<b>Sinking Fund Requirements</b>	<b>Total Cash Commitment</b>		
2003	\$ 1,024,363	\$ 238,905	\$ 1,263,268	\$ 37,720	\$ 1,300,988
2004	1,004,354	223,835	1,228,189	21,677	1,249,866
2005	858,317	201,134	1,059,451	21,777	1,081,228
2006	1,071,940	180,431	1,252,371	20,342	1,272,713
2007	596,671	141,021	737,692	20,958	758,650
2008 & thereafter	5,520,729	1,149,570	6,670,299	166,633	6,836,932
	<u>\$ 10,076,374</u>	<u>\$ 2,134,896</u>	<u>\$ 12,211,270</u>	<u>\$ 289,107</u>	<u>\$ 12,500,377</u>

Net principal repayments is comprised of the principal amount due less available sinking funds to retire the debenture. Total cash commitment represents the aggregate amount of payments estimated to be required to meet sinking fund or retirement provisions of the debt.

## Schedules to the Consolidated Financial Statements

**Gross Long-term Debt  
as at March 31, 2002**

(\$ thousands)

	<i>Foreign Exchange Rate</i>	<i>CDN \$ Amount</i>	<i>Maturity Dates</i>	<i>Interest Rates</i>
<b>Government Service Organizations:</b>				
<i>Debentures</i>				
Consolidated Fund				
Consolidated Fund (CDN \$)		\$ 10,327,950	2002 to 2031	5.1% to 14.67%
Consolidated Fund (US \$2,104,343)	1.5935	3,343,709	2002 to 2022	7.25% to 9.5%
Consolidated Fund (Yen 50,000,000)	0.0120	600,800	2004 to 2014	4.9% to 5.5%
Consolidated Fund (UK £35)	2.2693	79	2011 to 2019	11.75 to 16.75%
Nova Scotia Municipal Finance Corporation		131,426	2002 to 2015	1.00% to 12.5%
Nova Scotia Power Finance Corporation				
Nova Scotia Power Finance Corporation (CDN\$)		700,000	2012 to 2031	10.25% to 11.25%
Nova Scotia Power Finance Corporation (US\$300,000)	1.5935	478,050	2021	9.4%
Total - Debentures		<u>15,582,014</u>		
<i>Loans</i>				
Consolidated Fund - Other Debt		890	2011	8.375%
Nova Scotia Government Fund Limited		21,500	2002 to 2007	1%
Nova Scotia Housing Development Corporation		328,054	2002 to 2034	4.0% to 21.5%
Waterfront Development Corporation Limited		8,400	Demand loan	bank prime less 0.95%
Total - Loans		<u>358,844</u>		
<i>Capital Leases</i>				
Consolidated Fund		485,021	2003 to 2027	5.4% to 11%
Other		1,024	2003 to 2006	0% to 12.5%
Total - Capital Leases		<u>486,045</u>		
<b>Total - Long-term Debt of Government Service Organizations</b>		<b><u>\$ 16,426,903</u></b>		
<b>Government Business Enterprises:</b>				
<i>Debentures</i>				
Halifax-Dartmouth Bridge Commission		100,000	2007	5.95%
Highway 104 Western Alignment Corporation		81,408	2011 to 2026	10.13% to 10.76%

## Schedules to the Consolidated Financial Statements

**Gross Long-term Debt (continued)**  
**as at March 31, 2002**

(\$ thousands)

	<b>CDN \$ Amount</b>	<b>Maturity Dates</b>	<b>Interest Rates</b>
<b>Loans</b>			
Halifax-Dartmouth Bridge Commission	23,000	2007	floating (line of credit)
<b>Capital Leases</b>			
Nova Scotia Gaming Corporation	90,139		12%
Nova Scotia Liquor Corporation	8,160	2012	13.8%
Total - Long-term Debt of Government	<u>302,707</u>		
Business Enterprises	<u>302,707</u>		
<b>Total Gross Long-term Debt</b>	<b><u>\$ 16,729,610</u></b>		

**Call, Redemption and Other Features:****Consolidated Fund**

Canadian debentures include the following redeemable issues:

- S \$1,173 million in CPP debentures which are redeemable in whole or in part before maturity, on six months notice, at the option of the Minister of Finance of Canada;
- S \$150 million, redeemable in whole or in part, on 30 days notice on July 3, 2005, or on any interest payment date thereafter, at the option of the Province;
- S \$150 million, redeemable in whole or in part, on 30 days notice on December 12, 2005, or on any interest payment date thereafter, at the option of the Province; and
- S \$175 million in promissory notes, redeemable in whole but not in part, on the initial redemption date and on each redemption date thereafter, on 10 days notice, at the option of the Province.

Japanese Yen debentures include 15,000 million yen, redeemable in whole but not in part, on not less than 30 days notice nor more than 60 days notice on August 25, 2004 or on August 25, 2009.

The interest rates shown for the Canadian and US debentures reflect the fixed rates only. There are debentures which have floating and step-up rates. Floating interest rates are adjusted on either a monthly or quarterly basis. Step-up rates are adjusted per the individual promissory note step-up schedules.

**Nova Scotia Housing Development Corporation**

Mortgages and notes payable are secured by an assignment of mortgages receivable and investments in social housing.

**Highway 104 Western Alignment Corporation**

In relation to its senior toll bonds, the Corporation has provided an assignment of all the present and future property and assets, including rights to operate the facility, and a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account. In relation to its junior toll bonds, the Corporation has assigned a second charge security interest in all security pledged to the senior toll revenue bondholders.

**Halifax-Dartmouth Bridge Commission**

The Commission's toll bonds are secured by an assignment of revenues of the Commission; subject to the prior payment of operating, maintenance and administrative expenses, and the maintenance of certain reserve funds by the Commission.

## Schedules to the Consolidated Financial Statements

**Direct Guarantees  
as at March 31, 2002**

(\$ thousands)

	<u>Authorized</u>	<u>Utilized</u>	
	2002	2002	2001
<b>Bank Loans:</b>			
Nova Scotia Business Development Corporation	\$ ---	\$ ---	\$ 10,175
Nova Scotia Business Incorporated	6,079	6,079	---
Industrial Development Act	97,442	87,135	85,056
Nova Scotia Fisheries and Aquaculture Loan Board	2,980	2,837	3,278
Nova Scotia Innovation Corporation	115	115	115
Department of Education - Student Loan Program	51,824	51,824	33,257
<b>Total - Bank Loan Guarantees</b>	<u>158,440</u>	<u>147,990</u>	<u>131,881</u>
<b>Promissory Notes:</b>			
Nova Scotia Resources Limited (US\$ 250,000,000)	---	---	4,200
Nova Scotia Resources Limited to Canada-Nova Scotia Offshore Petroleum Board	17,500	17,500	17,500
<b>Total - Promissory Note Guarantees</b>	<u>17,500</u>	<u>17,500</u>	<u>21,700</u>
<b>Mortgages:</b>			
Nova Scotia Housing Development Corporation Act	240,067	205,948	211,003
Provincial Finance Act	550	550	601
<b>Total - Mortgage Guarantees</b>	<u>240,617</u>	<u>206,498</u>	<u>211,604</u>
<b>Other Guarantees:</b>			
Sysco Performance bonds (Includes US \$ component 122,228)	543	543	9,719
Trade Centre Limited	3,000	3,000	3,000
<b>Total - Other Guarantees</b>	<u>3,543</u>	<u>3,543</u>	<u>12,719</u>
<b>Total - Direct Guarantees</b>	<u>\$ 420,100</u>	<u>\$ 375,531</u>	<u>\$ 377,904</u>
Less: Provision for Guarantee Payout:			
Industrial Development Act		(5,259)	(4,616)
Nova Scotia Business Development Corporation		---	(5,444)
Nova Scotia Business Incorporated		(3,509)	---
Department of Education - Student Loan Program		(16,000)	(12,000)
Nova Scotia Housing Development Act		(11,423)	(8,400)
		<u>(36,191)</u>	<u>(30,460)</u>
<b>Net Direct Guarantees Not Provided for in these financial statements</b>		<u>\$ 339,340</u>	<u>\$ 347,444</u>

**TRADE CENTRE LIMITED**

The Trade Centre Limited has entered into a contract in which it has guaranteed a minimum profit in the amount of \$3.0 million to the Canadian Hockey Association in connection with the hosting of the World Junior Hockey Championship by the Halifax Metro Centre commencing in December, 2002.

## Schedules to the Consolidated Financial Statements

Government Business Enterprises  
as at March 31, 2002

(\$ thousands)

	2002							2001		
	Halifax - Dartmouth Bridge Commission	Highway 104 Western Alignment Corporation	Nova Scotia Gaming Corporation	Nova Scotia Liquor Corporation	Nova Scotia Resources Limited*	Nova Scotia Resources Limited Adjustments	Sydney Steel Corporation*	Sydney Steel Corporation Adjustments	Total	Total
Cash	\$ 4,014	\$ 483	\$ 25,441	\$ 10,733	\$ 13,626	\$ --	\$ 24,300	\$ (24,300)	\$ 54,297	\$ 47,178
Accounts	185	202	---	2,457	1,000	---	7,483	(7,483)	3,844	14,834
Inventory	---	22	2,448	19,516	---	---	4,399	(4,399)	21,986	19,329
Fixed Assets	77,990	115,062	126,772	14,446	5,332	---	1	(1)	339,602	325,489
Other Assets	20,739	13,816	5,976	53	---	---	---	---	40,584	33,448
<b>Total - Assets</b>	<b>102,928</b>	<b>129,585</b>	<b>160,637</b>	<b>47,205</b>	<b>19,958</b>	<b>---</b>	<b>36,183</b>	<b>(36,183)</b>	<b>460,313</b>	<b>440,278</b>
Accounts Payable	1,290	485	781	39,045	6,763	500	6,898	(6,898)	48,864	52,899
Long-term Debt	123,000	81,408	90,139	8,160	---	---	---	---	302,707	307,255
Other Liabilities	3,519	51,838	69,717	---	11,832	---	---	---	136,906	118,284
<b>Total - Liabilities</b>	<b>127,809</b>	<b>133,731</b>	<b>160,637</b>	<b>47,205</b>	<b>18,595</b>	<b>500</b>	<b>6,898</b>	<b>(6,898)</b>	<b>488,477</b>	<b>478,438</b>
<b>Equity (Deficit)</b>	<b>(24,881)</b>	<b>(4,146)</b>	<b>---</b>	<b>---</b>	<b>1,363</b>	<b>(500)</b>	<b>29,285</b>	<b>(29,285)</b>	<b>(28,164)</b>	<b>(38,160)</b>
<b>Total Liabilities</b>										
<b>Equity (Deficit)</b>	<b>102,928</b>	<b>129,585</b>	<b>160,637</b>	<b>47,205</b>	<b>19,958</b>	<b>---</b>	<b>36,183</b>	<b>(36,183)</b>	<b>460,313</b>	<b>440,278</b>
<b>Revenue</b>	<b>\$ 23,144</b>	<b>\$ 14,026</b>	<b>\$ 468,941</b>	<b>\$ 391,427</b>	<b>\$ 230,491</b>	<b>\$ (230,491)</b>	<b>\$ 3,009</b>	<b>\$ (3,009)</b>	<b>\$ 897,538</b>	<b>\$ 942,151</b>
Expenses	9,585	5,706	298,826	245,563	28,681	(28,681)	174	(174)	559,680	590,222
Debt Servicing	7,895	8,316	10,743	2,006	(1,701)	1,701	---	---	28,960	105,821
<b>Total - Expenses</b>	<b>17,480</b>	<b>14,022</b>	<b>309,569</b>	<b>247,569</b>	<b>26,980</b>	<b>(26,980)</b>	<b>174</b>	<b>(174)</b>	<b>588,640</b>	<b>696,043</b>
<b>Net Income (Loss)</b>	<b>\$ 5,664</b>	<b>\$ 4</b>	<b>\$ 159,372</b>	<b>\$ 143,858</b>	<b>\$ 203,511</b>	<b>\$ (203,511)</b>	<b>\$ 2,835</b>	<b>\$ (2,835)</b>	<b>\$ 308,898</b>	<b>\$ 246,108</b>

\* Note: Nova Scotia Resources Limited was deemed a discontinued operation during fiscal year 2000-2001.  
Sydney Steel Corporation was deemed a discontinued operation during fiscal year 1999-2000.

**Schedules to the Consolidated Financial Statements****Government Business Enterprises (continued)  
as at March 31, 2002****HALIFAX-DARTMOUTH BRIDGE COMMISSION**

The Commission is incorporated by Special Statute of the Province of Nova Scotia. The purpose of the Commission is to construct, maintain and operate bridges and their necessary approaches across the Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm. Bridge tolls are regulated by the Nova Scotia Utility and Review Board, a provincially controlled public sector entity. The Commission's fiscal year end is December 31. At March 31, 2002, the Commission owed \$23 million to the Province's Consolidated Fund for a revolving line of credit. The Commission records depreciation on bridge assets using the straight-line method and uses the declining balance method for all other assets. Included in other assets is a reserve fund in the amount of \$15.0 million, \$7.9 million of which is restricted for repayment of principal, interest and fees on Toll Revenue Bonds as established under the terms of the trust indenture.

**HIGHWAY 104 WESTERN ALIGNMENT CORPORATION**

The Corporation has been established to finance, design, construct, operate and maintain a 45 km stretch of highway between Masstown and Thomson Station in the counties of Colchester and Cumberland, Nova Scotia. The Province of Nova Scotia retains ownership of the highway. The Corporation is granted the right to operate the highway and collect tolls for a 30 year period, pursuant to an agreement dated April 1, 1996, after which time the right will revert back to the Province. In addition, the Corporation has entered into an operating agreement with the Province, whereby compensation is based on the annual operating budget plus a variable fee. The Corporation's fiscal year end is March 31. The Corporation records depreciation using the sinking fund method. Restricted assets, consisting of short-term investments in the amount of \$12.8 million, are included in other assets. These reserve accounts were established in accordance with trust indenture agreements between the Corporation and bondholders.

The Province of Nova Scotia has contributed \$55.0 million toward construction of highway, one-half of which was recovered from the Federal Government under the Canada-Nova Scotia Strategic Highway Improvement Program.

**NOVA SCOTIA GAMING CORPORATION**

The Corporation was incorporated on February 15, 1995 by Chapter 4 of the Gaming Control Act of 1994-95. The purpose of the Corporation is to develop, undertake, organize, conduct and manage casinos and other lottery business on behalf of the Province. The Corporation's fiscal year end is March 31.

The revenues of the Corporation are derived from two casinos located in Halifax and Sydney and the Atlantic Lottery Corporation. The net balance owing to the Province at March 31, 2002 was \$14.0 million.

The Corporation is required to reimburse the Operator for approved development costs of the Halifax and Sydney casinos. The net present value of the remaining obligations for casinos is approximately \$90.1 million.

Unclaimed prizes are retained by the Corporation in a prize fund for one year from the announced beginning date of the draw. At March 31, 2002, this amounted to \$9.6 million.

Video Lottery Terminal (VLT) retailers in Nova Scotia have agreed, under the terms of their retailer agreements with the Atlantic Lottery Corporation Inc. to contribute 1% of their VLT commission to the Nova Scotia Gaming Foundation. The Corporation has agreed to contribute an amount equal to all contributions made by the VLT retailers.

The Corporation has agreed to an annual contribution of \$1.0 million annually to the Department of Health to provide funds for programs related to problem gambling. The Corporation will provide up to \$0.8 million in funds in fiscal 2002-2003 for the harness industry in Nova Scotia.

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**Schedules to the Consolidated Financial Statements****Government Business Enterprises (continued)  
as at March 31, 2002****NOVA SCOTIA LIQUOR CORPORATION**

The Corporation derives its mandate from the Liquor Control Act, Chapter 260 of the Revised Statutes of Nova Scotia, 1989. The Corporation operates retail sales locations across the province. Its fiscal year end is March 31. The net balance owing to the Province at March 31, 2002 was \$6.4 million.

**NOVA SCOTIA RESOURCES LIMITED**

The Company has significant discovery licenses and gross royalty on the Deep Panuke/Cohasset gas field. The carrying value of oil and gas properties is \$5.3 million at December 31, 2001.

The Province has proceeded with its plan to sell the Company. In November 2000, the Company's \$796.4 million debt was fully assumed by the Province. Purchase and Sale Agreements were negotiated in February 2001 under which most of the oil and gas properties and related liabilities and commitments were sold as at December 1, 2000 with closing dates of June 15, 2001 and July 31, 2001. As a result, this schedule has been adjusted by provisions for the sale recorded by the Province for the discontinued operations of the Company. In December 2001, further assets were sold for gross proceeds of \$22.5 million. The sale of NSRL shares for \$4 million and other considerations is still pending at this financial statement date. See Notes 3 and 13 for further details.

**SYDNEY STEEL CORPORATION**

The Sydney Steel Corporation (Sysco), a Provincial Crown Corporation established by an Act of the Legislature, operated a steel mill at Sydney, Nova Scotia.

Sysco's operations have been discontinued and work is underway to dismantle and sell the remaining assets. As such, Sysco's Statement of Financial Position has been reported on a liquidation basis. This schedule has been adjusted to reflect provisions for closure recorded by the Province as at March 31, 2000. As at March 31, 2002, the remaining provision for closure of Sysco is \$13.1 million which is offset by the \$29.3 million expected value of Sysco's remaining assets on liquidation. Further provisions have been established for environmental clean up of the Sysco plant and Tar Ponds sites with balances of \$245.5 million and \$53.5 million respectively as at March 31, 2002.

## Schedules to the Consolidated Financial Statements

### Reporting Entity as at March 31, 2002

Listed below are the government service organizations, government business enterprises, government partnership arrangements, and government business partnership arrangements that are included in the government reporting entity.

#### Government Service Organizations

(Consolidation Method)

Annapolis Valley District Health Authority	Nova Scotia Gaming Foundation
Annapolis Valley Regional School Board	Nova Scotia Government Fund Limited
Art Gallery of Nova Scotia	Nova Scotia Harness Racing Incorporated
Cape Breton District Health Authority	Nova Scotia Health Research Foundation
Cape Breton Victoria Regional School Board	Nova Scotia Housing Development Corporation
Capital District Health Authority	Nova Scotia Innovation Corporation
Check Inns Limited	Nova Scotia Legal Aid Commission
Chignecto-Central Regional School Board	Nova Scotia Municipal Finance Corporation
Colchester East Hants District Health Authority	Nova Scotia Police Commission
College de l'Acadie	Nova Scotia Power Finance Corporation
Conseil Scolaire Acadien Provincial	Nova Scotia Primary Forest Products Marketing Board
Consolidated Fund (1)	Nova Scotia Utility and Review Board
Cumberland Health Authority	Pictou County District Health Authority
Fisheries and Aquaculture Development Fund	Provincial Community Pastures Board
Guysborough Antigonish-Strait Health Authority	Provincial Drug Distribution Program
Halifax Regional School Board	Public Archives
Industrial Expansion Fund	Resource Recovery Fund Board Incorporated
Insured Prescription Drug Plan Trust Fund	Rockingham Terminal Incorporated (inactive)
Izaak Walton Killam Health Centre	Sherbrooke Restoration Commission
Law Reform Commission	South Shore District Health Authority
Nova Scotia Arts Council	South West Nova District Health Authority
Nova Scotia Business Incorporated	Southwest Regional School Board
Nova Scotia Community College	Strait Regional School Board
Nova Scotia Crop and Livestock Insurance Commission	Sydney Environmental Resources Limited
Nova Scotia Farm Loan Board	Tidal Power Limited (inactive)
Nova Scotia Film Development Corporation	Trade Centre Limited
Nova Scotia Freedom of Information and Protection of Privacy Review Office	Upper Clements Family Theme Park Limited
	Waterfront Development Corporation Limited

(1) - Includes all departments and public service units of the Nova Scotia Provincial Government.



**Schedules to the Consolidated Financial Statements**

**Reporting Entity (continued)**  
**as at March 31, 2002**

**Government Business Enterprises**

*(Modified Equity Method)*

Halifax-Dartmouth Bridge Commission  
Highway 104 Western Alignment Corporation  
Nova Scotia Gaming Corporation (includes 25% interest in Atlantic Lottery Corporation)  
Nova Scotia Liquor Corporation  
Nova Scotia Resources Limited (disposal in progress)  
Sydney Steel Corporation (disposal in progress)

**Government Partnership Arrangements**

*(Proportionate Consolidation Method)*

Atlantic Provinces Special Education Authority (approximately 54% share)  
Canadian Blood Services (approximately 4% share)  
Council of Maritime Premiers (approximately 51% share)  
Canada-Nova Scotia Offshore Petroleum Board (50% share)  
National Sports Centre Atlantic (approximately 6% share)

**Government Business Partnership Arrangements**

*(Proportionate Modified Equity Method)*

Interprovincial Lottery Corporation (1 of 10 shares)

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**PROVINCE OF NOVA SCOTIA**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2002**

**1. FINANCIAL REPORTING AND ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector, which for purposes of the Province's financial statements are represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements.

These consolidated financial statements have been prepared using the following significant accounting policies:

**a) The Consolidated Reporting Entity**

The consolidated reporting entity is comprised of the Consolidated Fund, Government Service Organizations, Government Business Enterprises, Government Partnership Arrangements and Government Business Partnership Arrangements. This represents the entities which are accountable for the administration of their financial affairs and resources either to a Minister of the government or directly to the House of Assembly and are owned or controlled by the government.

Trusts administered by the Province are excluded from the reporting entity and are disclosed separately on the Statement of Financial Position for information purposes only.

**b) Principles of Consolidation**

The accounts of Government Service Organizations are consolidated on a line-by-line basis after adjusting the accounting policies to be consistent with those described in Note 1(c), with the exception of Tangible Capital Assets. Significant inter-organization accounts and transactions are eliminated.

A Government Business Enterprise is a self-sustaining organization which has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue. Government Business Enterprises have been accounted for on the modified equity basis which does not require any accounting policy adjustments. Their deficits are included in these consolidated financial statements on the Statement of Financial Position. Their net income and net loss are shown as separate line items on the Statement of Operations.

A Government Partnership is a contractual arrangement between the government and a party or parties outside the reporting entity. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership. Where significant, government's interest in partnerships is accounted for using proportionate consolidation.

A Government Business Partnership is a government partnership that sells goods and services to individuals and organizations outside the partnership as its principal activity, and has been delegated the financial and operational authority to carry on a business. Where significant, government's interest in a business partnership is accounted for on the proportionate modified equity basis.

A complete listing of the organizations within the Government Reporting Entity is provided in Schedule 8.

Financial results from fiscal year end to March 31, 2002, for Government Business Enterprises whose fiscal year ends are not March 31, were not significant to these consolidated financial statements so they have not been adjusted. Other adjustments have been made as noted on Schedule 7 regarding Nova Scotia Resources Limited and Sydney Steel Corporation.

## **c) Significant Accounting Policies**

### **Revenues**

Revenues are recorded on the accrual basis. The main components of revenue are interest, various taxes and legislated levies. Revenues from Personal and Corporate Income Taxes, Harmonized Sales Taxes, Federal Equalization payments and the Canada Health and Social Transfers are accrued in the year earned based upon estimates using statistical models. These federal revenues are recorded at the net amount estimated, after considering adjustments for tax credits and administrative costs related to the collection and processing performed by the federal government.

### **Net Expenses**

Net expenses are recorded on the accrual basis and include the cost of supply inventories purchased during the year. Net expenses include recoveries and fees which are directly related to the expenses and are not normally considered to be revenues. Recoveries and fees may include insignificant amounts from other Government Service Organizations, departments and public service units. Gross expenses, before the impact of recoveries, are reported in Note 9 - Net Expenses By Object. Grants are recognized in the period during which both payment is authorized and any eligibility criteria are met. Provisions are made for probable losses on certain loans, investments, loan guarantees, accounts receivable, advances, forgivable loans and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

### **Financial Assets**

Cash and Short-term Investments are recorded at cost which approximates market value. Investments normally include R-1 (mid to high) rated Bankers' Acceptance, term deposits and commercial paper with fixed interest rates averaging 2.1% and are for terms of 1 to 70 days.

Accounts Receivable and Advances are recorded at the principal amount less valuation allowances.

Inventories consist of items held for resale. All other items are expensed in the period.

Loans and Investments are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by a department of government. Any loan write-offs must be approved by the Governor-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

### **Liabilities**

Bank Advances and Short-term Borrowings are generally for less than 180 days and are recorded at cost which approximates market value. Short-term Borrowings had a weighted average interest rate of 2.04% on CDN dollar borrowings.

Unmatured Debt consists of debentures and various loans in Canadian and foreign currencies and capital leases. Debt is recorded at par, net of sinking funds.

Sinking Fund and Public Debt Retirement Fund objectives are to manage short-term liquidity, to manage interest rate and currency exposure and to assist in the orderly refunding of maturing debt while maximizing the long-term investment return to the Province. Sinking fund payments usually commence on the first anniversary date of the issue and are generally designed to retire the debt over a 20 year period or the term of the issue. Sinking Fund and Public Debt Retirement Fund investments are recorded at cost and consist primarily of debentures of the Province of Nova Scotia, other provincial governments and the Government of Canada. Sinking funds for US currency debentures are invested in US dollars denominated investments. Premiums and discounts on sinking funds are deferred and amortized over the life of the investment. Amortization and realized gains and losses for premiums and discounts relating to sinking fund balances and instalments are netted against sinking fund earnings.

Unamortized Foreign Exchange Translation Gains and Losses result when debentures payable in foreign currencies, accrued interest thereon, and sinking funds invested in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at March 31. Foreign exchange gains and losses on the translation of foreign currency are amortized on a straight-line basis over the remaining term of the related monetary issue.

Premiums and Discounts, as well as underwriting commissions relating to the issuance of debentures, are deferred and amortized over the term of the related investment. Amortization and realized foreign exchange gains and losses, premiums and discounts relating to debt balances and serial retirements are charged to debt servicing costs. Amortization and realized foreign exchange gains and losses relating to sinking fund balances and instalments are netted against sinking fund earnings.

Pension, Retirement and other Obligations include various employee benefits. For purposes of these consolidated financial statements, the Province's pension liabilities are calculated using an accrued benefits actuarial method and using accounting assumptions which reflect the Province's best estimates of performance over the long-term. The net pension liability represents accrued pension benefits less the market value of pension assets (if applicable) and the balance of unamortized experience gains and losses. The Public Service Superannuation Plan, the Teacher's Pension Plan, the Sydney Steel Corporation Pension Fund and the Long-term Disability Plan each have separate funds. The Province also maintains accounts within the Consolidated Fund for other pension and retirement obligations as described in Note 6. Pension expense includes the value of pension benefits earned in the period and the amortization of experience gains and losses. Related interest is charged or credited to debt servicing costs. Other obligations include self-insured workers' compensation and long-term disability benefits. These amounts are assessed each year at March 31 and any adjustments are charged or credited to expenses.

#### **Net Direct Debt**

Net Direct Debt represents the direct liabilities of the Province less financial assets and unamortized foreign exchange translation gains and losses and premiums and discounts on outstanding debenture issues.

#### **Tangible Capital Assets**

Tangible Capital Assets have useful lives extending beyond the accounting period, are held for use in the production or supply of goods and services and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at net historical cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, construction, development and installation of the tangible capital asset, except interest. Tangible Capital Assets include land, buildings, major equipment, computer equipment and software, vehicles, ferries, roads, highways, and bridges. Tangible capital assets do not include intangibles or assets acquired by right such as forests, water and mineral resources or works of art and historical treasures.

#### **Accumulated Deficits**

Accumulated deficits represents the direct liabilities of the Province less financial assets, tangible capital assets and unamortized foreign exchange translation gains and losses and premiums and discounts on outstanding debenture issues. It is the accumulated balance of net deficits arising from the operations of the Province.

#### **d) Measurement Uncertainty**

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. Accuracy of these numbers depends on the completeness and quality of information available when the recorded amount is derived. There could be significant variances among the estimates recorded, the actual results achieved and another reasonable estimate. For example, revenues from Personal and Corporate Income Taxes, Federal Equalization payments and Canada Health and Social Transfers are accrued in the year earned based on estimates using statistical models. Also, pension obligations are recorded based on various assumptions about plan members and economic conditions in the marketplace.

## **2. PRIOR PERIOD ADJUSTMENT**

Certain accounting policy changes were made during the year and have been reflected retroactively in these consolidated financial statements. The accounting policy with respect to Industrial Parks and Malls was changed to become more compliant with generally accepted accounting principles. In the past, they were accounted for as Investments. The Industrial Parks and Malls are now accounted for as Tangible Capital Assets to be amortized over their useful life. The impact of this change is a \$0.8 million decrease in the surplus for March 31, 2001 and a \$23.6 million increase in Net Direct Debt as at March 31, 2000. Also, there has been a \$21.8 million decrease in Loans and Investments and a \$5.7 million increase in Tangible Capital Assets as at March 31, 2001 due to this change.

### 3. UNUSUAL ITEMS

The Unusual Items disclosed on the Statement of Operations represent accounting provisions established or adjusted for the sale of certain assets from discontinued operations.

The provisions are comprised of the following :

	2002	2001
	(\$ millions)	
<b>Nova Scotia Resources Limited</b>		
Proceeds on sale of assets	\$ 22.5	\$ 355.0
Net book value of assets	7.1	(187.0)
Interest and revenue adjustments	0.2	17.9
Costs related to sale	1.0	(6.1)
	<u>30.8</u>	<u>179.8</u>
<b>Nova Scotia Innovation Corporation</b>		
Gain on sale of assets	0.2	---
	<u>\$ 31.0</u>	<u>\$ 179.8</u>

#### Nova Scotia Resources Limited (NSRL)

Most of the Company's assets were sold during 2000-01. Negotiations proceeded for the sale of some additional assets in December 2001 for \$22.5 million. Further adjustments to previous sales provisions have been quantified during the year and are reflected in the amounts as reported above. The gain from the sale of assets of NSRL, net of related costs, is included as an Unusual Item on the Statement of Operations for purposes of the 2000-01 and 2001-02 financial statements.

During the year, the Province continued its search for potential buyers of the shares of NSRL. The sale of NSRL shares has not been finalized and no amounts have been recorded in these financial statements.

#### Nova Scotia Innovation Corporation

During the year, the Company disposed of its Environmental Simulation Lab division and the assets of its wholly owned subsidiary, Nova Magnetics Limited. The total net gain on these discontinued operations is included as an Unusual Item on the Statements of Operations for purposes of the 2001-02 financial statements.

### 4. RESTRICTED CASH AND SHORT-TERM INVESTMENTS

As at March 31, 2002, restricted cash and short-term investments of \$46.5 million (\$37.9 million as at March 31, 2001) have been designated for restricted purposes by parties external to the Province.

### 5. DERIVATIVE FINANCIAL INSTRUMENTS

The Province is a party to financial instruments with off-balance sheet risk, either to hedge against the risks associated with fluctuations in foreign currency exchange rates or to manage risks associated with interest rate fluctuations. Foreign currency contracts are used to convert the liability for foreign currency borrowing and associated costs into Canadian or US dollars. Interest rate contracts are used to vary the amounts and periods for which interest rates on borrowing are fixed or floating. Foreign exchange contracts include forward and future contracts, swap agreements and options. Interest rate contracts include forward rate agreements, future contracts, swap agreements and options on swaps, and deferred rate setting agreements.

The Province's credit policy is that it only executes derivative transactions with well rated counter parties. All counter parties are rated equal to or better than the Province.

The Province has executed the following swap contracts to convert certain interest payments from a fixed to floating, from floating to fixed, floating to floating or fixed to fixed basis for the fiscal year ended March 31, 2002:

<b># of Swaps</b>	<b>Currency</b>	<b>Notional Principal</b> (\$ thousands)	<b>Term Remaining</b> (years)	<b>Reset Index</b>	<b>Spread</b>	<b>Mark to Market *</b> (\$ millions)
104	CDN\$	1,591,870	1 to 21	3 mth CAD-BA-CDOR	-0.1630 to +0.364	(16.3)
				1 mth CAD-BA-CDOR	-0.06 to +0.891	
12	US\$	1,332,597	2 to 20	3 mth USD-LIBOR	no spread	
				3 mth CAD-BA-CDOR	+0.3555	151.9
3	UK£	143,215	2	6 mth GBP-LIBOR-BBA	-0.055 to +2.96	
				6 mth USD-LIBOR-BBA	+2.59	(16.7)
2	Euro	90,000	6 to 8	3 mth CAD-BA-CDOR	+0.385	(7.3)
				3 mth EUR-EURIBOR	+0.1875	
<hr/>						
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\* Mark to Market is an indication of the swap's market value as at March 31, 2002. This represents the estimated realizable gain (loss) and is equivalent to the present value of future interest savings based on market conditions as at March 31, 2002. The mark to market values of the currency swaps are reflected in the amounts shown under interest rate swaps.

The Province has also executed several currency swap contracts to convert foreign denominated debt into Canadian or United States denominated debt as follows:

<b>Termination Date</b>	<b>Original Currency</b>	<b>Original Principal</b> (\$ thousands)	<b>Current Currency</b>	<b>Current Principal</b> (\$ thousands)
April 19, 2004	UK£	60,000	US\$	98,736
April 30, 2004	UK£	23,215	US\$	38,204
February 27, 2012	US\$	500,000	CDN\$	795,000
March 15, 2016	US\$	150,000	CDN\$	205,725
March 1, 2020	US\$	300,000	CDN\$	409,200
April 1, 2022	US\$	182,597	CDN\$	247,967
December 28, 2007	Euro	40,000	CDN\$	56,120
February 24, 2010	Euro	50,000	CDN \$	72,235

## 6. PENSION, RETIREMENT AND OTHER OBLIGATIONS

### a) Description of Obligations

Employees of the Province and certain other entities are entitled to receive pension benefits from the Province's Consolidated Fund and several separate pension funds administered by the Province of Nova Scotia. These pensions are defined benefit plans and the pension liabilities are adjusted each year on an accrued benefit basis to reflect the net actuarial position of the plan to date. The Province records the full amount of any unfunded pension or retirement liability. For the Public Service Superannuation Plan (PSSP) and the Nova Scotia Teachers' Pension Plan (TPP), the Province records the full unfunded liability, but records only its 50% share of any surplus in the PSSP and the TPP as it shares any surplus equally with the members.

## **i) Pension and Retirement Obligations**

The following is a general description of the various plans, including benefit formulae:

### **Public Service Superannuation Plan (PSSP)**

The plan invests in Canadian and foreign equities, bonds, debentures, mortgages and money market securities. Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with a total market value of \$44.2 million as at March 31, 2002.

Employees are required to contribute 5.4% of earnings up to the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) and 7% of any earnings over the YMPE. Contributions are matched by the Province and participating agencies.

Pension benefits are based on average salary during the five highest earning years at the rate of 2% per year of contributions. Normal retirement age is considered to be age 65. If early eligibility criteria are not met, employees may elect early retirement as early as age 55 on an actuarially reduced pension basis. Pensions are inflation protected to the lesser of 6% or the increase in the Consumer Price Index (CPI).

In the event there are insufficient funds within the PSSP to make all payments required by the Act, the Province guarantees cash flow assistance.

### **Nova Scotia Teachers' Pension Plan (TPP)**

The plan invests in Canadian and foreign equities, bonds, debentures, mortgages and money market securities. Investments held in the Fund include debentures of the Province of Nova Scotia and the Nova Scotia Municipal Finance Corporation with a total market value of \$63.5 million as at March 31, 2002.

Pursuant to an agreement with the Nova Scotia Teachers' Union in 1993, amendments were made to the Teachers' Pension Act (Schedules A and B) regarding amounts which the Province would pay to the Pension Fund. Schedule A was paid out in 1997. Under Schedule B, the Province is committed to making a series of payments which began at \$10.0 million per annum in 1993, increased by 7.5% each year thereafter until 2003. The present value of these future payments as at March 31, 2002, is approximately \$22.5 million and has been recognized in these financial statements.

Members are required to contribute 8.3% of earnings up to the YMPE under the CPP and 9.9% of any earnings over the YMPE. Contributions are matched by the Province.

Pension benefits are based on average salary during the five highest earning years at the rate of 2% per year of contributions. Normal retirement age is considered to be age 65. Eligible employees taking early retirement can receive reduced benefits beginning at age 55; integration with CPP reduces benefits after age 65. If early eligibility criteria are not met, employees may still elect early retirement as early as age 55 on an actuarially reduced pension basis. Pensions are inflation protected to the lesser of 6% or the increase in the CPI less 1% (never less than zero).

In the event there are insufficient funds within the TPP to make all payments required by the Act, the Province guarantees cash flow assistance.

### **Members' Retiring Allowance Act (MRA)**

There is no separate fund for the Members' Retiring Allowances. Contributions are paid to the Consolidated Fund of the Province and allowances are paid from the Consolidated Fund.

Members are required to contribute 10% of their Annual Indemnity Payment, their annual allowance for expenses and Executive Council salary or other salaried office. The Province contributes 3.96 times the contributions by members.

Pension benefits are based on average salary during the last three years of the rate of 5% per year of contribution to a maximum of 15 years of service. A member qualifies for benefits on ceasing to be a member after having served five years during two or more General Assemblies and having attained age 55. Members may make application for an actuarially reduced allowance at age 45. Pensions are inflation protected to the lesser of 6% or the increase in the CPI.

### **Early Retirement Incentive Program (ERIP)**

The Province has offered early retirement incentive programs to members of the Public Service Superannuation Plan at various times commencing in 1986. Qualified members were offered additional years of pensionable service if they elected to retire. These are obligations of the Province and are not payable from the Public Service Superannuation Plan. The last ERIP offering expired on April 1, 1998.

### **Teachers' Early Retirement Program (ERP)**

This program, which commenced in 1994, entitled teachers who met the eligibility criteria to retire early. For each program participant, the ERP liability was increased by an amount equal to the present value of the remaining payments for the prescribed obligation. This ERP offering expired on April 1, 1998.

### **Judges' Pension Supplement (JPS)**

Provincial and Family Court judges are members of the Public Service Superannuation Plan with all the benefits it entails. However, judges are also eligible to retire under the terms of the Provincial Court Act. A judge who retires at age 65 with at least five years of service is entitled to pension benefits based on the average salary during the three highest earning years at the rate of 7% per year of contributions to a maximum of 70%. The base benefit is paid by the Public Service Superannuation Plan and the supplement necessary to bring the judge's total pension up to the amount payable under the terms of the Provincial Court Act is paid from the Consolidated Fund of the Province. In March 2002, the program was amended and an additional obligation based on past service, has been accounted for in these consolidated financial statements.

### **Deputy Ministers' Supplement (DMS)**

Deputy Ministers are members of the Public Service Superannuation Plan. Benefits paid to retiring Deputy Ministers are based on the average salary for the three highest earning years instead of the five highest earning years which is the entitlement under the Public Service Superannuation Plan. The amount of pension benefit which is attributable to this difference in entitlement is paid from the Consolidated Fund of the Province. A member qualifies for benefits as early as age 50, if they have 20 years of service, five of which were served as a Deputy Minister.

### **Sydney Steel Corporation Pension Fund (SSPF)**

The fund invests in Canadian and foreign equities, bonds, debentures and short-term notes.

The fund is comprised of three plans covering steelworkers, CUPE workers and salaried members. Defined pension benefits are based on \$30 and \$35 per month per year of credited service, respectively, to a maximum of 35 years. The salaried plan has some additional benefits based on required contributions. Senior management benefits are based on 2% of the best five years' average earnings per year in the last ten years. Steelworkers and CUPE plans are noncontributory. The salaried plan contributions are 3% of salary up to YMPE and 5% of salary above YMPE.

### **Other Service (Other)**

The Province's Consolidated Fund is also responsible for funding the cost of certain types of pensionable service which do not fall into the categories described above.

### **Public Service Awards (PSA)**

Upon retirement, employees of the Province are eligible for a Public Service Award equal to one week's salary per year of service to a maximum of six months salary. The liability consists of obligations recorded as 1% of total payroll plus interest allocated annually.

### **Retiring Allowances**

District Health Authorities, School Boards and certain other government service organizations also offer a retiring allowance for benefits accruing to employees under various contractual arrangements. The amount of these allowances has been estimated for these financial statements using standard actuarial methods.



## Retirement Benefits

Retirement benefits other than pensions are often offered as a form of compensation to employees. Under the various retirement arrangements sponsored by the Province as described above, retirees receive subsidized health plan benefits during retirement. For example, members of the Public Service Superannuation Plan pay 65% and the Province pays 35% of the cost of their health plan coverage during retirement. Members of the Teachers' Pension Plan receive fully subsidized health plan coverage during retirement. The coverages, plans and subsidies vary depending on the collective agreements negotiated with each group. The Province currently expenses premiums as paid. No other amounts for these obligations have been recorded in these financial statements.

### ii) Other Obligations

#### Self-Insured Workers' Compensation (WCB)

The Province is self-insured for Workers' Compensation purposes. Any approval claims from injured workers are paid directly by the Province. The amount recorded in these financial statements represents the actuarial estimate of future payments based on claims ongoing as at March 31, 2002.

#### Long-term Disability (LTD)

The Province participates with the Nova Scotia Government Employees Union in the administration of the Nova Scotia Public Service Long-Term Disability Plan Trust Fund. The Fund provides benefits to those workers approved for long-term disability leave. Other LTD plans are accounted for on the cash basis and are not yet actuarially valued.

### b) Member Data

The following table provides member data for certain plans:

<b>Pension Plan</b>	<b>Active Members</b>	<b>Average Age of Active Members</b>	<b>Estimated Average Remaining Service Life</b>	<b>Average Salary of Active Members</b>	<b>Average Pension</b>	<b>Number of Pensioners</b>
PSSF	14,355	45.2	14.0	\$ 40,970	\$ 12,542	9,730
TPP	13,179	43.7	14.3	46,968	29,048	8,081
MRA	52	50.7	7.0	60,556	28,484	102
JPS	31	54.9	11.0	144,806	32,757	27
DMS	19	51.7	7.8	n/a	5,753	36
SSPF	0	n/a	0	n/a	8,852	1,975
Other	n/a	n/a	n/a	n/a	3,040	762

Those pensioners who retired under the PSSF's ERIP or the TPP's ERP programs are included in the number of pensioners for those respective plans.

### c) Actuarial Assumptions

The table below summarizes some of the key accounting assumption used by actuaries to estimate the Province's pension obligations:

<b>Pension Plan</b>	<b>Real Rate of Return on Assets</b>	<b>Annual Salary Increase</b>	<b>Inflation</b>	<b>Average Retirement Age</b>
PSSF	5.00%	3.5% + merit	3.0%	60
TPP	5.00%	3.5% + merit	3.0%	56
MRA	3.93%	3.0%	3.0%	58
JPS	3.93%	3.5%	3.0%	65
DMS	3.93%	3.5%	3.0%	60
SSPF	3.93%	N/A	3.0%	57
Other	3.93%	N/A	3.0%	N/A

**d) Obligation Totals**

Details of the pension, retirement and other obligations are outlined in the table below. Pension obligations are calculated on an actuarial basis. Actuarial assumptions used include factors such as retirement age, mortality rates, rates of return on investments, management's best estimates of short and long-term interest and inflation rates, marital status and future salary levels, among others. In most cases, the estimated plan assets (if applicable) and plan liabilities reported have been updated to the year end date by extrapolating the data from the last valuation.

The actuarial process uses assumptions to calculate the present value of accrued pension benefits. Pension plan assets are stated at either cost or market value at the year end date. Actual experience may vary from the predicted performance of the plans due to such factors as inflation or market performance of fund assets. The resulting gains or losses are amortized over the estimated average remaining service life of the plan members. The net pension obligation represents the accrued pension benefits net of pension assets and the unamortized experience gains or losses. By following PSAB recommendations for pension accounting, the decision on how plans are funded should not affect the expense recognized in the financial statements.

The following table details the net obligations for the plans noted:

<i>Last Actuarial Valuation Date</i>	<i>Pension Plan and Other Obligations</i>	<i>Estimated Accrued Benefits</i>	<i>Market Value of Assets</i>	<i>Unamortized Experience Gains (Losses)</i>	<i>2002 Net (Surplus) Obligation</i>	<i>2001 Net (Surplus) Obligation</i>
March 2000	PSSP (at 50%)**	\$ 1,407,436	\$ 1,473,521	\$ (136,373)	\$ (202,458)	\$ (186,602)
March 2000	TPP	3,888,450	3,650,984	(19,795)	217,671	298,091
March 2000	ERP	101,772	n/a	n/a	101,772	161,680
March 2000	MRA	51,877	n/a	3,601	55,478	53,769
March 2000	ERIP	162,821	n/a	n/a	162,821	171,263
March 2000	JPS	18,705	n/a	524	19,229	16,843
March 2000	DMS	3,180	n/a	(481)	2,699	2,787
March 2001	SSPF	243,789	39,323	n/a	204,466	178,866
March 2000	Other	21,096	n/a	(684)	20,412	20,373
March 2000	PSA	100,222	n/a	12,558	112,780	102,387
Various	Retiring Allowance	144,117	n/a	7,590	151,707	141,931
March 2001	WCB	36,498	n/a	n/a	36,498	34,381
March 2001	LTD	69,282	23,992	n/a	45,290	46,302
		<u>\$ 6,249,245</u>	<u>\$ 5,187,820</u>	<u>\$ (133,060)</u>	<u>\$ 928,365</u>	<u>\$ 1,042,071</u>

\*\* The gross (100%) values of the PSSP are as follows:

Estimated Accrued Benefits	\$ 2,814,872
Estimated Value of Assets	2,947,041
Unamortized Experience Gains	(272,747)
Net Plan (Surplus) Obligations as at March 31, 2002	(404,916)
Net Plan (Surplus) Obligations as at March 31, 2001	(373,204)

Included in estimated accrued benefits is accrued interest on the net over/under-funded pension obligations.

## 7. TRUST FUNDS UNDER ADMINISTRATION

Trust funds assets administered by the Province (before giving consideration to actuarial adjustments) are:

	2002	2001
	(\$ thousands)	
Public Service Superannuation Fund (1)	\$ 2,947,041	\$ 2,913,751
Nova Scotia Teachers' Pension Fund (1), (4)	3,598,718	3,741,847
Workers' Compensation Board (1), (4)	730,898	663,999
Sydney Steel Corporation Superannuation Plan (1), (2)	39,323	67,042
Nova Scotia Public Service Long Term Disability Plan (1), (4)	28,271	31,545
Public Trustee (1)	23,302	20,910
Miscellaneous Trusts (3)	38,916	35,831
	<u>\$ 7,406,469</u>	<u>\$ 7,474,925</u>

- (1) See Public Accounts Volume II for full financial statements of these funds.
- (2) Administration of the assets of Sydney Steel Corporation Superannuation Fund was assumed during fiscal 2000-2001.
- (3) Miscellaneous trusts include a large number of relatively small funds.
- (4) These represent trusts with December 31 year ends. Trust assets balances at March 31 did not differ significantly.

## 8. FEDERAL TAX COLLECTION AGREEMENT ERROR

In early 2002, the Canada Customs and Revenue Agency (CCRA) disclosed that it had recently discovered that provincial Personal Income Tax (PIT) payments to provinces that are members of the Tax Collection Agreements had been overpaid for several years. The overpayments were a result of an error in the payments recording processes at CCRA in which the capital gains refunds to mutual fund trusts were not deducted from provincial payments. This overstated the payments to provinces that had mutual fund trust amounts allocated to them. For Nova Scotia, the overpaid amounts were relatively minor. However, for some provinces with large mutual fund trust bases, the overpayments could be substantial.

Provincial PIT overpayments could have potentially impacted the provinces' results in prior years through federal transfer payments because PIT is one of 33 tax bases used to determine Equalization payments. However, the federal government has opted to protect equalization receiving provinces from any negative impacts resulting from the recovery of overpayments in an effort to provide comparable benefits to the provinces that received the overpayments. The federal government will change the measurement of fiscal capacity in the Equalization Program to accurately reflect the correction of the error. This change will be in place beginning in 2001-02 and the Province has recognized the potential liability through a negative \$35 million adjustment for the impact on Equalization.

9. NET EXPENSES BY OBJECT

	2002	2001 <i>(as restated)</i>
	(\$ thousands)	
Grant and Subsidies	\$ 1,874,096	\$ 1,754,846
Salaries and Employee Benefits	2,080,599	1,980,351
Operating Goods and Services	1,167,137	1,093,533
Professional Services	173,709	150,558
Amortization and Social Housing Adjustment	177,390	157,980
Debt Servicing Costs	1,179,076	1,172,250
Other	4,832	2,142
Less: Chargeables	(312,656)	(258,492)
Less: Recoveries	(311,320)	(258,753)
<b>Total Net Expenses</b>	<b>\$ 6,032,863</b>	<b>\$ 5,794,415</b>

10. DEBT SERVICING COSTS

	2002	2001 <i>(as restated)</i>
	(\$ thousands)	
CDN\$ Denominated Debt	\$ 685,692	\$ 659,731
US\$ Denominated Debt	271,914	278,964
Other Foreign Currency Denominated Debt	31,411	60,331
Pension Liabilities	58,548	(3,495)
Capital Leases	28,452	21,212
Other Debt	52,942	77,131
Premium / Discount Amortization	(6,237)	(9,416)
Foreign Exchange	55,355	85,386
Miscellaneous	999	2,406
<b>Total Debt Servicing Costs</b>	<b>\$ 1,179,076</b>	<b>\$ 1,172,250</b>

Debt servicing costs for Government Business Enterprises was \$29.0 million for the year ended March 31, 2002 (\$105.8 million for the year ended March 31, 2001).

**11. CASH FLOW - NET CHANGE IN OTHER ITEMS**

	<b>2002</b>	<b>2001</b> <i>(as restated)</i>
	<b>(\$ thousands)</b>	
Change in Receivables from Government Business Enterprises	(2,834)	(4,134)
Change in Receivables and Advances	567,004	(29,290)
Change in Accounts Payable and Other Short-term Borrowings	(1,001,238)	485,093
Change in Inventory	(200)	126
Change in Deferred Revenue	13,761	16,151
Change in Accrued Interest	4,433	(27,577)
Change in Pension, Retirement and Other Obligations	(113,706)	(70,427)
<b>Total Net Change in Other Items</b>	<u>\$ (532,780)</u>	<u>\$ 369,942</u>

**12. CONTINGENCIES AND COMMITMENTS**

**a) Contingent Liabilities**

**i) Environmental Sites**

Various provincially owned sites throughout the Province are considered environmental or contaminated sites. Studies are ongoing to assess the nature and extent of the damage and to develop a remediation plan. Remediation costs for these sites are not determinable as at March 31, 2002 and no further provisions for these costs have been recorded in these financial statements.

**ii) Lawsuits**

The Province's losses for any lawsuits pending cannot be determined due to uncertainty of the trial outcomes.

**b) Contingent Gains**

The Province of Nova Scotia is seeking reimbursement for various types of claims paid out. The recoveries are not yet assured so no amounts have been recorded.

**c) Commitments**

**i) Commitments**

Commitments total \$918.7 million, comprised of \$725.6 million for Consolidated Fund, \$185.9 million for other Government Service Organizations and \$7.2 million for Government Business Enterprises. Included are commitments of \$484.5 million representing health benefits of retirees under various Provincial pension plans, \$118.3 million by Nova Scotia Business Incorporated for projects approved under its various programs and \$104.7 million by the Department of Health for information technology and new facilities. Also included is \$51 million by the Department of Service Nova Scotia and Municipal Relations for infrastructure.

In addition to the commitments noted above are estimated construction contract costs and related change orders by the Department of Transportation and Public Works for school construction in the amount of \$42.9 million.

**ii) Environmental Sites**

Engineering and environmental studies have generated initial estimates for the cost of remediation of the Sydney Steel Corporation and adjacent sites as well as the Sydney Tar Ponds site. As a result, the Province recorded liabilities of \$250.0 million and \$68.5 million respectively, in 1999-2000 for environmental site clean up. Of these provisions, \$245.5 million and \$53.5 million, respectively, remain unspent.

**iii) Leases**

As at March 31, 2002, the Province was committed under various operating leases. Future minimum annual lease payments are as follows:

<b>Fiscal Year</b>	<b>Lease Payments</b> (\$ thousands)
2002 - 2003	\$ 37,843
2003 - 2004	31,257
2004 - 2005	24,826
2005 - 2006	20,282
2006 - 2007	16,587
2008 - 2012	28,271
2013 - 2017	15,945
2018 - 2022	7,524
	<hr/>
	\$ 182,535

**13. SUBSEQUENT EVENTS**

On September 8, 2002, the Province announced that it was selling its shares of Nova Scotia Resources Limited to Endless Energy Corp. of Alberta for cash proceeds of \$4 million plus any cash on hand in the Company at the sale date. Also, the agreement requires the purchaser to assume responsibility for a \$17.5 million guarantee to the Canada-Nova Scotia Offshore Petroleum Board for abandonment costs related to the Cohasset/Panuke oil project.

The Province and the purchaser agreed to extend the closing to the earlier of December 31, 2002 or the date when all sale conditions have been met. On November 7, 2002, the \$0.4 million deposit was released to the Province. The \$3.6 million balance of the sale proceeds is being held in trust pending finalization of the guarantee. As at the date of these financial statements, all conditions of sale have not been met. Therefore, no amounts for this sale have been recorded in these financial statements.

**14. COMPARATIVE FIGURES**

To conform with the current year's presentation, certain comparative figures for the prior year have been restated as follows:

**a) New Department**

The previous Department of Housing and Municipal Relations was merged with two other departments. The housing components were added to the Department of Community Services. The municipal relations components were added to the Department of Service Nova Scotia and Municipal Relations. The prior year's operational results have been realigned with the new departments accordingly.

**b) Change in Business Processes**

During the fiscal year, each department budgeted for and recorded its own lease costs. Previously all these costs had been centralized in the Department of Transportation and Public Works. This new method of reporting provides better information on each department's costs of operations.

**c) Prior Period Adjustments**

As described in Note 2, there have been some retroactive restatements of figures in accordance with the newly adopted accounting policies.

**d) Presentation**

Prior year's numbers have been restated to conform to the presentation format adopted in the current year.

**15. RELATED PARTY TRANSACTIONS**

Included in these consolidated financial statements are immaterial transactions with various provincial crown corporations, agencies, boards and commissions. Significant related party transactions have been offset and eliminated for purposes of consolidated reporting. Parties are deemed to be related to the Consolidated Fund due to common control or ownership by the Province of Nova Scotia.

The most significant unadjusted related party transactions are described in Schedule 7 - Government Business Enterprises.

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***Financial Highlights***







## **Nova Scotia**

# *Message from the Minister of Finance*

I am pleased to present the 2001-2002 Financial Statements for the Province of Nova Scotia and to report that our fiscal plan is on track.

The Nova Scotia government finished the year with a \$54.2 million deficit, which is \$36.5 million better than estimated in the original budget. This is the third year that government achieved a lower than expected deficit.

In 2001, the Nova Scotia economy largely escaped the global economic slowdown, which followed the September 11th attacks in the United States. The resulting uncertainty of that time caused economic forecasters throughout North America, including Nova Scotia, to lower their revenue projections.

Nova Scotia's economic growth forecast for 2002 has been revised upwards to 3.1 per cent.

The plan to reduce the province's foreign currency exposure continued, dropping to 28.9 per cent in fiscal 2001-2002, from the previous year's 30.8 per cent. Debt to gross domestic product dropped from 45.1 per cent to 44.1 per cent.

The Nova Scotia government continues to carry out our fiscal plan of prudent and responsible management. As always, we are committed to transparent and accountable financial reporting, in accordance with generally accepted accounting principles.

*Honourable Neil J. LeBlanc  
Minister of Finance*



## Selected Financial Highlights

### Budgetary Summary

(\$ millions)

<b>ACTUAL</b> 2000-2001 (as restated)		<b>ESTIMATE</b> 2001-2002 (as restated)	<b>ACTUAL</b> 2001-2002
	<b>Consolidated Fund</b>		
<b>5,118.4</b>	Ordinary Revenue	<b>5,157.0</b>	<b>5,240.1</b>
	Net Expenses		
4,251.5	Net Program Expenses	4,373.4	4,472.1
908.8	Net Debt Servicing Costs	931.1	949.2
(70.9)	Pension Valuation Adjustment	(48.8)	(66.8)
<b>5,089.4</b>		<b>5,255.7</b>	<b>5,354.5</b>
<b>29.0</b>		<b>(98.7)</b>	<b>(114.4)</b>
	<b>Consolidation and Accounting Adjustments for the Consolidated Fund and Government Service Organizations</b>		
1,485.4	Consolidated Fund Consolidation Adjustments	---	1,639.8
(1,065.0)	Health and Hospital Boards Operations	---	(1,142.0)
(692.2)	School Boards Operations	---	(708.4)
(36.6)	Other Organizations	---	(69.1)
<b>(308.4)</b>		<b>---</b>	<b>(279.7)</b>
	<b>Net Income (Losses) for Government Business Enterprises</b>		
(50.9)	Nova Scotia Resources Limited	---	---
297.0	Other Enterprises	8.0	308.9
<b>246.1</b>		<b>8.0</b>	<b>308.9</b>
<b>(33.3)</b>	<b>Provincial Surplus (Deficit) before Unusual Items</b>	<b>(90.7)</b>	<b>(85.2)</b>
	<b>Unusual Items</b>		
---	Nova Scotia Innovation Corporation	---	0.2
179.8	Nova Scotia Resources Limited	---	30.8
<b>179.8</b>		<b>---</b>	<b>31.0</b>
<b>146.5</b>	<b>Provincial Surplus (Deficit)</b>	<b>(90.7)</b>	<b>(54.2)</b>

**Note:** Interest Revenues have been restated in the 2000-2001 Actual and the 2001-2002 Estimate to include Short-Term Interest revenue, which was formerly netted against General Interest expenses in the Debt Servicing Costs appropriation. Also, the Public Debt Retirement Fund Earnings, which were formerly netted against the Debt Servicing Costs appropriation, have been included under Sinking Fund Earnings in the 2000-2001 Actual and the 2001-2002 Estimate.

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## ***Significant Accounting Policy Issues***

### ***Introduction***

The Province of Nova Scotia recognizes that its primary financial accountability document is the annual financial statements. These statements are prepared following generally accepted accounting principles to ensure full and open disclosure of the Province's financial position and results of operations.

### ***The Standard***

The recommendations and guidelines of the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Board (PSAB), supplemented, where appropriate, by other CICA accounting standards and guidelines, provide an authoritative foundation for the Province of Nova Scotia as it relates to what constitutes appropriate accounting for and disclosure of the Province's financial position and results of operations. PSAB's recommendations have, to a significant extent, been adopted by governments across Canada.

### ***Key Items for the 2001-2002 Financial Statements***

#### ***Sale of Nova Scotia Resources Limited***

In fiscal 2000-2001, the Province of Nova Scotia announced its intentions to sell its interests in Nova Scotia Resources Limited (NSRL). Prior to March 31, 2001, a buyer was secured for the significant assets of NSRL. A provision was recorded for the estimated gain on the sale of those assets, which was completed subsequent to year end. A further gain of \$22.5 million was recorded in fiscal 2001-2002 for the sale of certain remaining assets. A purchase and sale agreement for the shares of NSRL was confirmed in September, 2002. The conditions of this sale have not yet been fully met, therefore no amounts have been recorded in the Province's accounts to date. For further details see Note 3 - Unusual Items and Note 13 - Subsequent Events.

#### ***Accounting Policy Change***

Certain accounting policy changes were made during fiscal 2001-2002 and they have been reflected retroactively in the consolidated financial statements. The accounting policy with respect to Industrial Parks and Malls was changed to become compliant with generally accepted accounting principles. In the past, they were accounted for as Investments. The Industrial Parks and Malls are now accounted for as Tangible Capital Assets to be amortized over their useful life. The impact of this change is a \$0.8 million decrease in the surplus for March 31, 2001 and a \$23.6 million increase in Net Direct Debt as at March 31, 2000. Also, there has been a \$21.8 million decrease in Loans and Investments and a \$5.7 million increase in Tangible Capital Assets as at March 31, 2001 due to this change. For further details see Note 2 - Prior Period Adjustment.

## Revenues - Consolidated Fund

(\$ thousands)

REVENUE SOURCES	ACTUAL	ESTIMATE	ACTUAL	VARIANCE
	2000-2001 (as restated)	2001-2002 (as restated)	2001-2002	Increase (Decrease)
<b>Provincial Sources</b>				
Personal Income Tax	1,228,672	1,250,795	1,274,481	23,686
Corporate Income Tax	169,232	200,864	194,439	(6,425)
Harmonized Sales Tax	804,280	845,724	852,797	7,073
Tobacco Tax	75,577	83,200	105,751	22,551
Motive Fuel Taxes	201,669	215,500	207,951	(7,549)
Gaming Corporation Profits	171,256	170,800	174,716	3,916
Liquor Commission Profits	137,183	139,800	143,859	4,059
Interest Revenues	67,177	56,807	66,724	9,917
Registry of Motor Vehicles	61,979	62,749	65,051	2,302
Royalties - Petroleum	9,269	14,000	17,329	3,329
Other Provincial Sources	168,267	160,181	165,048	4,867
Prior Years' Adjustments - Provincial Sources	78,156	---	83,282	83,282
<b>Total - Provincial Sources</b>	<b>3,172,717</b>	<b>3,200,420</b>	<b>3,351,428</b>	<b>151,008</b>
<b>Federal Sources</b>				
Equalization	1,395,500	1,394,000	1,321,100	(72,900)
Canada Health and Social Transfer	526,054	560,241	553,375	(6,866)
Other Federal Sources	2,330	2,330	2,306	(24)
Prior Years' Adjustments - Federal Sources	21,758	---	46,893	46,893
Federal Tax Collection Agreement Error	---	---	(35,000)	(35,000)
<b>Total - Federal Sources</b>	<b>1,945,642</b>	<b>1,956,571</b>	<b>1,888,674</b>	<b>(67,897)</b>
<b>Total - Revenues</b>	<b>5,118,359</b>	<b>5,156,991</b>	<b>5,240,102</b>	<b>83,111</b>

**Note:** Interest Revenues have been restated in the 2000-2001 Actual and the 2001-2002 Estimate to include Short-Term Interest revenue, which was formerly netted against General Interest expenses in the Debt Servicing Costs appropriation. The amount of Short-Term Interest revenue in the 2000-2001 Actual is \$27.485 million, and \$22.220 million and \$35.346 million in the 2001-2002 Estimate and Actual respectively.

Total Ordinary Revenues were \$5,240.1 million for the fiscal year 2001-2002, which is \$83.1 million higher than the original budget.

### Provincial Sources

In fiscal 2001-2002, Personal Income Tax revenue increased by \$23.7 million over the budget projection, reflecting growth in taxable incomes over the initial estimate. Surtaxes grew more than expected and credits were lower than initially estimated. Corporate Income Tax revenue declined by 3.2% or \$6.4 million from the estimate for fiscal 2001-2002. This reflects a significant decline in national level corporate taxable income, part of which was offset by a decline in provincial credit take-up.

Harmonized Sales Tax increased by 0.8% or \$7.1 million over the 2001-2002 budget projection, due to an increase in the national GST/HST Declared Revenue Pool, of which Nova Scotia is entitled to its provincial share under the Revenue Allocation Formula.

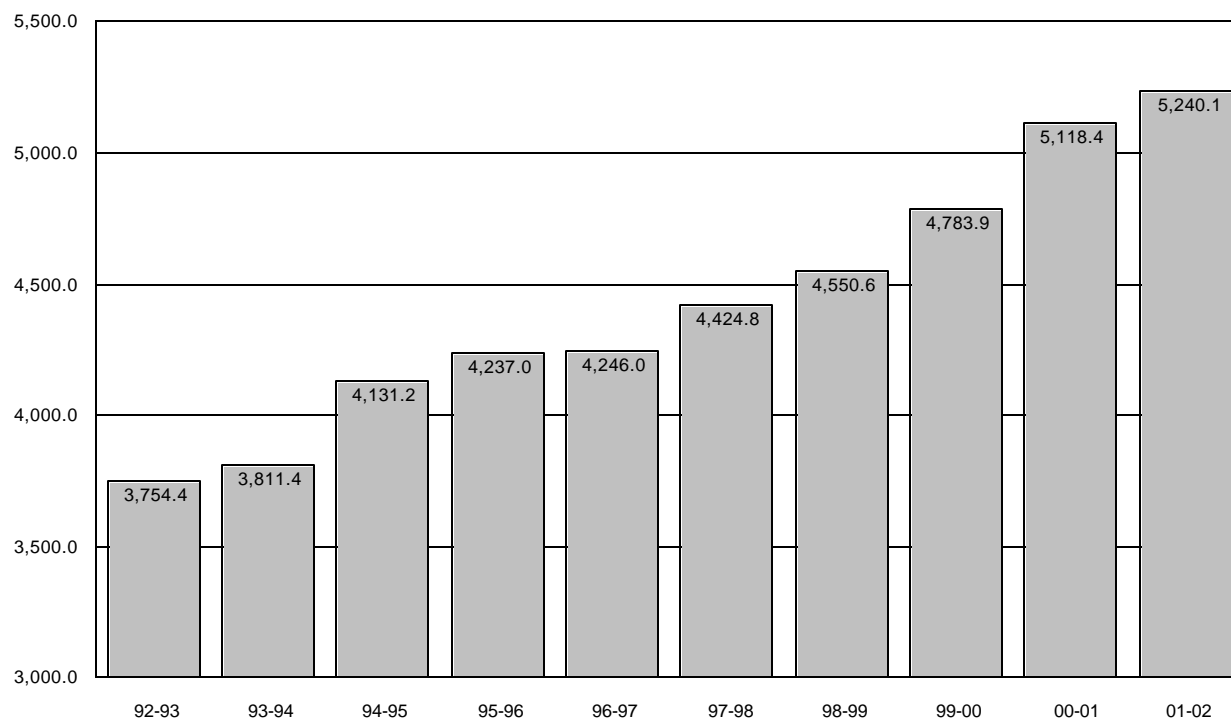
Tobacco Tax rose by \$22.6 million or 27.1% over the 2001-2002 budget. The reason for the increase is primarily the tobacco tax rate increases in April and November of 2001 that were not captured in the original budget. Motive Fuel Taxes fell 3.5% or \$7.5 million from the original estimate. The decline was predominately due to the aboriginal fuel tax refund. Interest Revenues increased by \$9.9 million, primarily because of additional revenues from the Province's miscellaneous investments.

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**Revenues - Consolidated Fund**

1992-1993 to 2001-2002

(\$ millions)



**Federal Sources**

Equalization transfers were \$1,321.1 million in fiscal 2001-2002, which was \$72.9 million lower than the original estimate. This decrease was driven by lower than anticipated growth in central Canada as well as higher than anticipated growth in Nova Scotia's own source revenues.

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### ***Prior Years' Adjustments***

The Province experienced total Prior Years' Adjustment (PYA's) of \$95.2 million in fiscal 2001-2002. PYA's are made to reflect changes in information with respect to prior years' revenues which are still forthcoming from sources such as the federal government. Typically, income tax adjustments are from the previous year, in this case 2000, while transfer payments are finalized for three years from the time of the initial payment.

Positive PYA's of \$48.5 million and \$23.5 million were recorded for personal and corporate income taxes respectively due to updated information. Also, there was a positive PYA of \$19.0 million recorded for the Harmonized Sales Tax to take into account more recent information. These positive adjustments more than offset the negative PYA's of \$5.1 million in the Corporation Capital Tax and \$2.6 million in the Capital Tax on Non-Financial Institutions.

A positive PYA of \$30.6 million was recorded for Equalization transfers, due to revisions in the final data for the three previous years. A positive PYA of \$5.9 million was also recorded with respect of the previous years for the Canada Health and Social Transfer (CHST).

### ***Other Revenue Adjustment***

In addition, Nova Scotia recorded a negative revenue adjustment of \$35.0 million in fiscal 2001-2002 for the impact of a Canada Customs and Revenue Agency (CCRA) error impacting the Equalization formula. The error resulted from CCRA's failure to deduct the capital gains refunds to mutual fund trusts from provincial payments under the Tax Collection Agreements.





## Program Spending - Consolidated Fund

### Net Program Expenses

(\$ thousands)

DEPARTMENTS	ACTUAL	ESTIMATE	ACTUAL	VARIANCE
	2000-2001 (as restated)	2001-2002 (as restated)	2001-2002	Increase (Decrease)
Agriculture and Fisheries	---	40,885	43,955	3,070
Agriculture and Marketing	34,086	---	---	---
Business and Consumer Services	31,471	---	---	---
Community Services	583,856	626,508	638,328	11,820
Economic Development	64,813	34,708	49,300	14,592
Education	872,699	888,437	904,376	15,939
Assistance to Universities	203,489	201,232	201,732	500
Environment	12,380	---	---	---
Environment and Labour	---	27,072	24,141	(2,931)
Finance	8,704	12,867	11,704	(1,163)
Fisheries and Aquaculture	5,706	---	---	---
Health	1,747,388	1,819,031	1,837,746	18,715
Housing and Municipal Affairs	88,317	---	---	---
Human Resources	3,458	---	---	---
Justice	82,273	88,883	88,404	(479)
Labour	7,306	---	---	---
Natural Resources	50,881	53,945	53,911	(34)
Public Service	93,067	104,236	100,373	(3,863)
Service Nova Scotia and Municipal Relations	---	100,237	98,475	(1,762)
Tourism and Culture	38,384	39,457	40,945	1,488
Transportation and Public Works	247,572	233,469	233,455	(14)
Restructuring Costs	75,303	102,402	140,366	37,964
Loss on the Sale of Crown Assets	321	---	4,938	4,938
	<b>4,251,474</b>	<b>4,373,369</b>	<b>4,472,149</b>	<b>98,780</b>

**Notes:** The consolidation of departmental expenditures with that of government service organizations provides the total expenditures for which government is accountable. This Table provides the net program expenses by department prior to consolidation, as compared to the prior fiscal year and the budget, which are the Estimates as approved by the Legislature in the annual Appropriations Act.

The Pension Valuation Adjustment is shown separately under Net Expenses in the Budgetary Summary on Page A5; the projections for this item were included in the Restructuring Costs appropriation in the Estimate and Forecast for fiscal 2001-2002.

Net Program Expenses, which represent the government's share of the programs and services provided to Nova Scotians, increased by \$98.8 million, or 2.26 per cent, during fiscal 2001-2002 over the original budget of \$4.373 billion. Wage settlements that exceeded the government's desired outcome and increased costs in the health care, education and social service sectors were the primary reasons for the additional spending.

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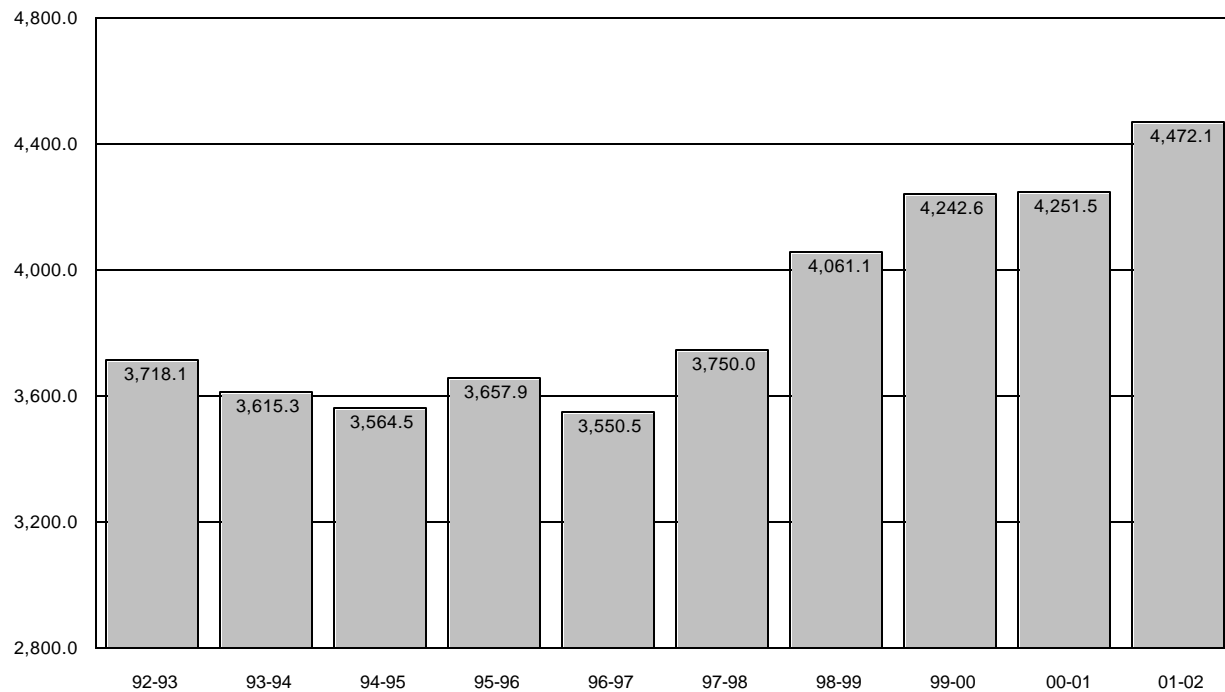
Although the Pension Valuation Adjustment is not included in Net Program Expenses, the item is included under Net Expenses in the Consolidated Fund portion of the Budgetary Summary and, therefore, will be noted in this section of the *Financial Highlights*.

The Province of Nova Scotia accounts for pension costs on a basis that is consistent with generally accepted accounting principles and as such recognizes pension expense to include the cost of pensionable service earned by employees in the current fiscal year and amortization of the experience gains and losses in the pension plans. As a result, there was a positive adjustment of \$66.8 million recorded as the Pension Valuation Adjustment for fiscal 2001-2002, an increase of \$18.0 million over the original budget.

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**Net Program Expenses -  
Consolidated Fund  
1992-1993 to 2001-2002**

(\$ millions)



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The Restructuring Costs appropriation, which includes funding to support such items as the collective bargaining process, workforce adjustment expenses and government restructuring costs, was overspent by \$38.0 million. Included in the increased spending was the provision of funding for the Province's response to the reports of institutional abuse for potential payments to employees affected by the allegations.

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Collective bargaining settlements for those agreements funded by government were generally in the range of 2 per cent annual increases, but the health care sector and the nurses in particular exceeded this by a considerable amount having received annual increases of 7, 5 and 5 per cent over a three year agreement. The increased wage settlements resulted in additional spending of \$49.9 million through the Restructuring Costs appropriation. The additional spending was offset, in part, by savings in the government's human resource strategy initiatives and a decrease in the requirement for workforce adjustment expenses.

The Department of Health required \$18.7 million in additional funding in fiscal 2001-2002 to meet increased commitments in the health care sector, an increase of 1.03 per cent over its original budget of \$1.819 billion. An additional \$20.4 million was related to the year-end deficits of the District Health Authorities, while Long Term Care required an increase of \$8.4 million due to additional capital costs, a one-time deficit payment and wage settlement costs. Also, \$5.1 million was added to the department's capital grants budget because of the liability costs related to the Aberdeen Hospital Project litigation.

These increases were offset, in part, by savings in other areas of the department. The Pharmacare Program was underspent by \$4.5 million as a result of fewer new drugs being used and lower utilization than expected. Also, there were savings of \$4.7 million in the care coordination area of Community Care Services due to vacant positions and their associated operating costs, as well as a decrease of \$3.1 million related to In-Home Program initiatives that were not implemented in Home Care Services.

The Department of Education exceeded its 2001-2002 budget of \$888.4 million by 1.79 per cent, an increase of \$15.9 million, primarily in the public schools education spending envelope. An additional \$5.0 million was allotted for non-capital school renovations and repairs, that were originally budgeted as capital purchases, while the regional school boards budgets were increased by \$4.7 million to meet a number of spending pressures. The additional amortization costs related to the acquisition of furniture, fixtures, equipment and technology for the newly constructed schools added \$1.7 million to the department's expenses and a further \$1.6 million was required for the Matching Contributions to Teachers' Pensions, as a result of flexible option pension purchases by teachers.

The costs of the transition of the Centre for Entrepreneurship Education and Development (CEED) to independence were \$1.7 million and the funding required for the Nova Scotia Community College development plan added \$1.5 million to the original budget. These additional expenses noted above were partially offset by savings in salary and operational expenses in various areas of the department and lower student loan risk premiums.

The Department of Community Services was overspent by \$11.8 million in fiscal 2001-2002, primarily as the result of increased costs in the Community Support for Adults programs. An additional \$12.9 million was required for the costs associated with the funding framework and the continued outplacements to small options facilities resulting from the closure of the larger, outdated facilities. In recognition of the significant housing needs in the province, the government allocated a net increase of \$4.7 million in additional resources to housing subsidy programs.

The increasing caseload of children in care combined with increased costs of the services provided added \$6.1 million to the Family and Children's Services programs. This increase was partially offset by lower spending on the Early Childhood Development initiative. Due to delays in ramping up the programs under the new initiative, the department was unable to spend \$4.7 million of the allotment for fiscal 2001-2002. As a result, there was a deferral of \$4.7 million of revenues received from the Federal government through the Canada Health and Social Transfer in fiscal 2001-2002. This funding will be matched to expenses to be incurred and reflected in the appropriate areas of the results of operations in fiscal 2002-2003.

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Community Services also realized savings of \$5.3 million in the Income Assistance and Employment Support Services division, as a result of the continuing trend of cases exiting the income assistance system, which partially offset the increased spending. In addition, there were \$2.4 million in savings in the department's administrative costs.

A \$19.4 million increase in the reserve against future losses in the loan portfolio and the provision of \$0.8 million in special assistance grants, where the need materialized sooner than planned, were the reasons why the Department of Economic Development was overspent by a net of \$14.6 million. These increases were offset, in part, by savings of \$5.3 million in federal-provincial projects, which were completed at a slower pace than planned, and various operational savings.

An additional \$3.4 million was required by the Department of Agriculture and Fisheries to meet losses by the potato producers under the Loss Provision Program and additional program commitments for the Net Income Stabilization Account and the Canadian Farm Income Program. These additional expenses were offset, in part, by \$0.3 million in savings in salary and operational expenses in various areas of the department.

The actual results for the Department of Tourism and Culture reflect a net increase of \$1.5 million. The Executive Council approved the additional funding to enable the department to immediately address opportunities on six major projects, where the need arose sooner than planned. Miscellaneous department-wide savings partially offset the increased spending.

The Emergency Measures Organization of Nova Scotia required \$1.5 million in additional funding to provide assistance for several initiatives for which a full cost recovery is anticipated. The initiatives include the eligible municipal and private property costs sustained in the 1999 Cumberland County flood and the 2000 Cape Breton County flood, and the costs associated with the provision of accommodations and services to the airline passengers stranded in Nova Scotia because of the shutdown of US air space after the 9/11 disaster.

The Nova Scotia Petroleum Directorate was overspent by \$1.4 million due to an increase in legal and consulting services costs related to the Directorate assuming responsibility for the Newfoundland/Nova Scotia Boundary Dispute file from Intergovernmental Affairs in the summer of 2001. Also, the Nova Scotia Sport and Recreation Commission was required to fulfill prior obligations to recreation facility development projects, which were completed ahead of schedule. As a result, the Commission needed an additional \$1.1 million to meet its actual spending commitments.

The final results for the Government Contributions to Benefit Plans appropriation are over the original budget by \$1.2 million net due to several components. Rising premiums forced an increase in the government contributions to the pensioners' consolidated health plan. Adjustments in the Long-term Disability Fund liability, the Worker's Compensation Fund liability and the vacation pay accrual were based on year-end valuations.

The actual results for fiscal 2001-2002 show several departments and Public Service appropriations to be underspent. The funding provided to Nova Scotia Business Inc. was reduced by \$6.3 million as a result of delays in the startup of the new organization. The Departments of Environment & Labour and Service Nova Scotia & Municipal Relations saved \$2.9 million and \$1.7 million, respectively, in salaries and general operating efficiencies. The Department of Finance was underspent by \$1.2 million due to increased prior years' recoveries and operational savings.

The final item in the Net Program Expenses schedule is Loss on the Sale of Crown Assets, which represents the net difference between the sale price of an asset and its unamortized cost. During fiscal 2001-2002, the sale of assets resulted in net loss to the Province of \$4.9 million. The major item relates to the value of the land connected with the transfer of the Industrial Parks and Malls from the Business Development Corporation to Nova Scotia Business Inc.

## ***Tangible Capital Assets - Consolidated Fund***

Effective April 1, 1999, the Province implemented a new accounting policy for Tangible Capital Assets. The new policy charges a percentage of the original cost to each year of the useful life of the asset. This charge to operations is called amortization. As a result, departments are now required to budget for tangible capital assets purchases and the resulting amortization from the acquisition of these assets. The cost of the estimated purchases of eligible Tangible Capital Assets is voted separately in the Capital Purchase Requirements appropriation and the departmental details are noted below.

### ***Capital Purchase Requirements***

*(\$ thousands)*

<b>DEPARTMENTS</b>	<b>ESTIMATE</b> 2001-2002	<b>ACTUAL</b> 2001-2002	<b>VARIANCE</b> Increase (Decrease)
Agriculture and Fisheries	500	428	(72)
Education	90,558	95,191	4,633
Environment and Labour	25	---	(25)
Finance	---	2,662	2,662
Health	13,243	37,704	24,461
Justice	---	35,877	35,877
Natural Resources	400	475	75
Public Service	150	143	(7)
Service Nova Scotia and Municipal Relations	650	607	(43)
Transportation and Public Works	81,434	75,386	(6,048)
	<b>186,960</b>	<b>248,473</b>	<b>61,513</b>

The net increase of \$61.5 million in the Capital Purchase Requirements appropriation resulted primarily from the change in the accounting treatment of P3 facilities, as noted in the Financial Highlights of the 2000-2001 Public Accounts, which occurred after the budget had been introduced. The accounting review of the leases determined that these leases were capital leases, which meant the net present value of the leases had to be recorded as an acquisition when the Province took possession of the facility. In fiscal 2001-2002, the Province took possession of the Northeast Kings High School in Canning and the correctional/forensic facility in Dartmouth.

This schedule reflects the amortization charged to operations related to the Tangible Capital Assets that were acquired in prior years, as well as the charges related to the acquisitions made during fiscal 2001-2002.

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**Amortization**

(\$ thousands)

<b>DEPARTMENTS</b>	<b>ESTIMATE</b> 2001-2002	<b>ACTUAL</b> 2001-2002	<b>VARIANCE</b> Increase (Decrease)
Agriculture and Fisheries	103	86	(17)
Community Services	35	35	---
Economic Development	4	4	---
Education	35,068	37,790	2,722
Environment and Labour	35	34	(1)
Finance	2,346	2,415	69
Health	6,490	5,611	(879)
Justice	1,314	999	(315)
Natural Resources	410	373	(37)
Public Service	36	36	---
Service Nova Scotia and Municipal Relations	1,587	1,425	(162)
Tourism and Culture	23	23	---
Transportation and Public Works	54,775	53,048	(1,727)
	<hr/> <b>102,226</b> <hr/>	<hr/> <b>101,879</b> <hr/>	<hr/> <b>(347)</b> <hr/>

**Analysis of Appropriations Relative  
to the Appropriations Act, 2001  
for the fiscal year ended March 31, 2002**

(\$ thousands)

	<b>Resolution Number *</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Additional Appropriation Required</b>
<b>Net Program Expenses</b>					
Agriculture and Fisheries	1	40,885	43,955	3,070	3,070
Community Services	2	626,508	638,328	11,820	11,820
Economic Development	3	34,708	49,300	14,592	14,592
Education	4	888,437	904,376	15,939	15,939
Assistance to Universities	5	201,232	201,732	500	500
Environment and Labour	6	27,072	24,141	(2,931)	
Finance	7	12,867	11,704	(1,163)	
Health	9	1,819,031	1,837,746	18,715	18,715
Justice	10	88,883	88,404	(479)	
Natural Resources	11	53,945	53,911	(34)	
Communications Nova Scotia	12	3,200	3,078	(122)	
Emergency Measures Organization of Nova Scotia	13	631	2,091	1,460	1,460
Executive Council	14	13,055	11,774	(1,281)	
FOIPOP Review Office	15	235	210	(25)	
Government Contributions to Benefit Plans	16	6,448	7,651	1,203	1,203
Human Rights Commission	17	1,614	1,597	(17)	
Legislative Services	18	14,133	13,836	(297)	
Nova Scotia Advisory Council on the Status of Women	19	668	643	(25)	
Nova Scotia Business Inc.	20	29,406	23,140	(6,266)	
Nova Scotia Petroleum Directorate	21	4,958	6,398	1,440	1,440
Nova Scotia Police Commission	22	293	293	---	
Nova Scotia Securities Commission	23	1,055	875	(180)	
Nova Scotia Sport and Recreation Commission	24	7,516	8,644	1,128	1,128
Nova Scotia Utility and Review Board	25	2,040	2,030	(10)	
Office of the Auditor General	26	1,920	1,847	(73)	
Office of the Ombudsman	27	835	634	(201)	
Public Prosecution Service	28	12,857	12,687	(170)	
Technology and Science Secretariat	29	3,372	2,945	(427)	
Service Nova Scotia and Municipal Relations	30	100,237	98,475	(1,762)	
Tourism and Culture	31	39,457	40,945	1,488	1,488
Transportation and Public Works	32	233,469	233,455	(14)	
Restructuring Costs	34	53,652	73,593	19,941	19,941

**Note:** The Restructuring Costs appropriation, Resolution #34, is net of the Pension Valuation Adjustment, which is a positive adjustment of \$48.750 million and \$66.773 million in the 2001-2002 Estimate and Actual respectively. The Pension Valuation Adjustment is now being recorded as a separate item under Net Expenses in the Budgetary Summary.

\* - Refers to the Resolution Number in the Appropriations Act, 2001.



**Analysis of Appropriations Relative  
to the Appropriations Act, 2001  
for the fiscal year ended March 31, 2002**

(\$ thousands)

	<b>Resolution Number *</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Additional Appropriation Required</b>
<b>Other Appropriations</b>					
Debt Servicing Costs	8	1,043,399	1,067,749	24,350	24,350
Capital Purchase Requirements	33	186,960	248,473	61,513	61,513
Sinking Fund Instalments and Serial Retirements	35	362,695	390,555	27,860	27,860

**Note:** The Debt Servicing Costs appropriation, Resolution #8, is net of Short-Term Interest revenue, which is included in Interest Revenues in Ordinary Revenue in the Budgetary Summary, and Debt Retirement Fund Earnings, which are now included in Sinking Fund Earnings. The 2001-2002 Estimate and Actual for Short-Term Interest revenue are \$22.220 million and \$35.346 million respectively, while the 2001-2002 Estimate and Actual for Debt Retirement Fund Earnings are \$58.840 million and \$38.377 million respectively.

\* - Refers to the Resolution Number in the Appropriations Act, 2001.

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## ***Debt Review - Consolidated Fund***

In fiscal 2001-2002, the Province of Nova Scotia posted an \$85.2 million provincial deficit before unusual items. The Net Direct Debt of the Province as of March 31, 2002 was \$11.6 billion, an increase of approximately \$200.0 million from a year earlier. The Province's Net Direct Debt to Gross Domestic Product ratio decreased to 44.1 per cent at March 31, 2002 from 45.1 per cent a year earlier.

### ***Capital Markets Issuance Initiatives***

The Province of Nova Scotia borrowed \$2.74 billion in fiscal year 2001-2002. The borrowing was used to pay debt that matured during the fiscal year and to contribute to the Province's sinking funds and Public Debt Retirement Funds, one each in Canadian and United States dollars, for the future repayment of debt. In part, the large borrowing program in fiscal 2001-2002 was to enable a contribution of \$1.0 billion to the Public Debt Retirement Fund.

The \$2.74 billion borrowing program was comprised of \$956.4 million in the domestic Canadian public market, \$454.8 million in private placements and structured notes under the Province's domestic medium term note program, \$96.3 million with the Canada Pension Plan Investment Board, \$440.7 million in European markets under the Province's Euro Medium Term Note (EMTN) program, and \$792.0 million in a USD Global issue. The latter was the Province's first US dollar (USD) Global and the first US market issuance since 1993. By legislation, all non-domestic issues were on a fully swapped basis to Canadian dollars including the USD Global issue.

### ***Financial Risk Management***

In fiscal 2001-2002, the Province reduced its exposure to foreign currency in the gross debt portfolio to 28.9 per cent at March 31, 2002 from 30.8 per cent at March 31, 2001. This action marks a significant improvement in the Province's foreign currency exposure that stood at 72.0 per cent at March 31, 1995. The Province will meet its objective of 20.0 per cent foreign exchange exposure by no later than September 2004, with the maturity of foreign currency debt in August 2004. The target will be met without further active management of the foreign currency component of the debt portfolio.

The Province maintained its exposure to short-term interest rates in the debt portfolio at 15.0 per cent. This level is the minimum of the Province's floating rate exposure policy range. The average term to maturity of the debt portfolio as at March 31, 2002 was unchanged from a year earlier at 10.2 years.

### ***Debt Servicing Costs***

Net Debt Servicing Costs in fiscal 2001-2002 were \$949.2 million, an increase of \$18.1 million from the restated budget. An increase in the interest expense related to pension obligations was the cause of \$16.1 million of the change.

### Net Debt Servicing Costs - Consolidated Fund

(\$ millions)

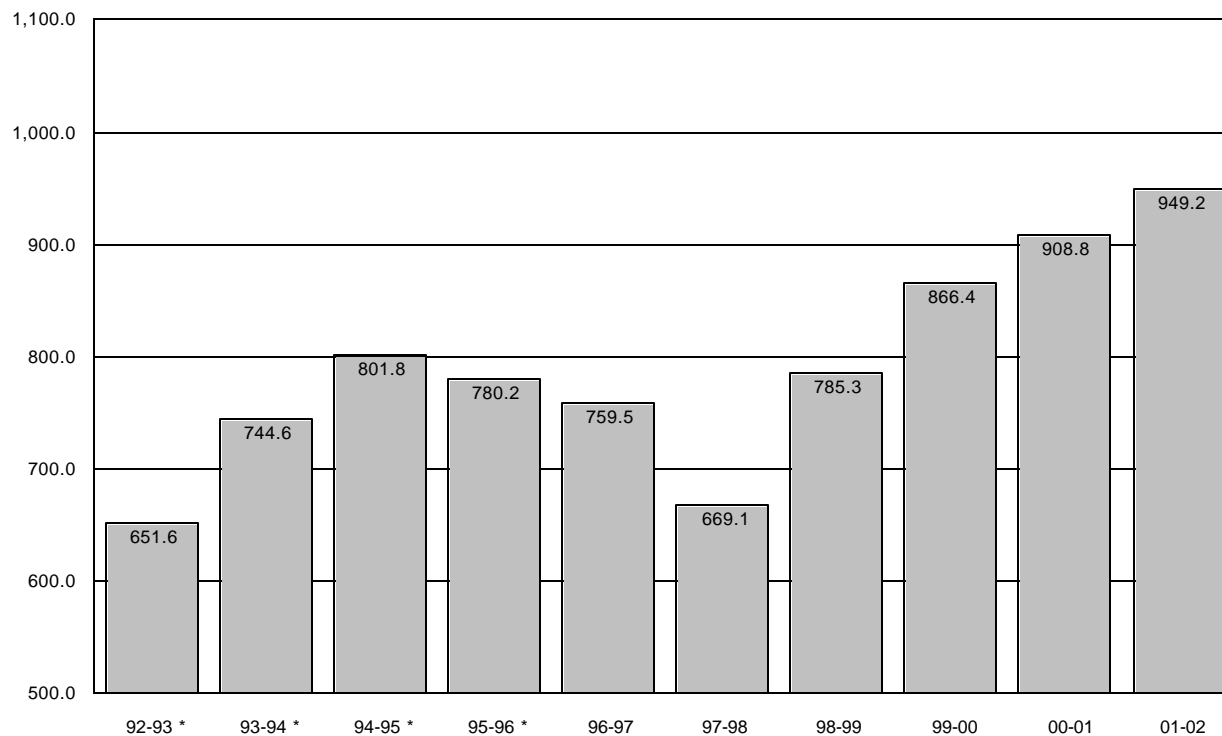
	<b>ACTUAL</b> 2000-2001 <i>(as restated)</i>	<b>ESTIMATE</b> 2001-2002 <i>(as restated)</i>	<b>ACTUAL</b> 2001-2002	<b>VARIANCE</b> Increase (Decrease)
Debt Servicing Costs	1,115.4	1,119.4	1,141.5	22.1
Sinking Fund Earnings	(206.6)	(188.3)	(192.3)	(4.0)
<b>Net Debt Servicing Costs</b>	<b>908.8</b>	<b>931.1</b>	<b>949.2</b>	<b>18.1</b>

**Note:** Short-Term Interest revenue, which was formerly netted against General Interest expenses in Gross Debt Servicing Costs, is now included in Interest Revenues in Ordinary Revenue. Also, Debt Retirement Fund Earnings, which were formerly included in Gross Debt Servicing Costs, are now included in Sinking Fund Earnings.

### Net Debt Servicing Costs - Consolidated Fund

1992-1993 to 2001-2002

(\$ millions)



\* The fiscal years 1992-1993, 1993-1994, 1994-1995 and 1995-1996 have not been restated to reflect the accounting changes related to foreign exchange gains and (losses), premiums and discounts.

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### **Debenture Debt**

The Province's Net Debenture Debt, which is outstanding debentures less sinking funds and the Public Debt Retirement Fund, was \$11.7 billion in Canadian dollar equivalent at the rate of exchange in effect on March 31, 2002. Of this amount, \$711.9 million represents the difference between the value of the foreign currency debt at the exchange rate at the issue date and the net hedged value on March 31, 2002. This amount will fluctuate from year-to-year based on exchange rates in effect at year-end.

The Province of Nova Scotia provides sinking fund instalments for all its term debt issues except Canada Pension Plan and Medium Term Note issues. Annual sinking fund instalments generally range from one to three per cent of the original issue, but may vary slightly from year to year based on actual and anticipated rates of return on sinking fund assets. Instalments are designed to fully fund the issue over 20 years or the life of the issue, whichever is longer. Sinking funds are treated as trust funds and are used solely for debt retirement. Sinking funds related to US dollar debt are invested in US dollar denominated securities.

Sinking Funds totaling \$567.0 million, which were held for Canada Pension Plan and Medium Term Notes (MTNs), as of March 31, 2002, have been moved to the "Sinking Fund General". These monies are available at the discretion of the Minister of Finance to retire maturing debt issues.

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### **Debenture Debt**

(\$ millions)

	<b>Outstanding Debentures</b> (CDN\$ Equivalents)
Debentures Payable in Canadian Dollars	
Canada Pension Plan Investment Fund	1,173.1
Other Issues	9,154.9
United States Dollars	3,343.7
Other Foreign Currencies	600.9
Debt Retirement Funds	---
	<hr/> <b>14,272.6</b> <hr/>

### **Borrowing Powers**

Long-term debt issued by way of debentures and Medium Term Notes are subject to a legislative authority to borrow through the annual Appropriations Act. Unused portions of these authorities carry forward to be used in future years. In fiscal 2001-2002, the Province borrowed, at face value, \$2,737.4 million in long-term debentures, which was applied to the 1999, 2000 and 2001 authorities.

**Statement of Borrowing Powers**  
**as at March 31, 2002**

(\$ thousands)

	<b>Amount of Issue</b>	<b>2000-2001</b>	<b>2001-2002</b>
<b>Balance of Authority from Previous Fiscal Years</b>		<b>264,662</b>	<b>1,764,662</b>
<b>Authority Approved for the Fiscal Year</b>		<b>1,500,000</b>	<b>1,500,000</b>
<b>Balance of Authority at April 1st</b>		<b>1,764,662</b>	<b>3,264,662</b>
<b>Authority Used in the Current Fiscal Year:</b>			
Promissory Note P49	40,000	---	40,000
Promissory Note P50	25,000	---	25,000
Debenture Series B1	350,000	---	350,000
Debenture Series B2	300,000	---	300,000
Promissory Note P51	30,000	---	30,000
Promissory Note P52	30,000	---	30,000
Debenture Series B1 (reopen)	300,000	---	300,000
Promissory Note P53	30,000	---	30,000
Promissory Note P54	30,000	---	30,000
Promissory Note P55	25,000	---	25,000
Promissory Note P56	56,120	---	56,120
Promissory Note P57	185,000	---	185,000
Promissory Note P60	100,000	---	100,000
Promissory Note P53 (reopen)	30,000	---	30,000
Promissory Note P58	65,000	---	65,000
Debenture Series B3	200,000	---	200,000
Promissory Note P59	50,000	---	50,000
Debenture Series B4	795,000	---	795,000
Debenture Series CP39	96,251	---	96,251
		---	2,737,371
<b>Balance of Authority at March 31st</b>		<b>1,764,662</b>	<b>527,291</b>

Additional Borrowing Powers:

Cape Breton Industrial Assistance Act - Chapter 60, R.S.N.S. 1989  
Housing Act - Chapter 211, R.S.N.S. 1989  
Housing Development Corporation Act - Chapter 213, R.S.N.S. 1989  
Municipal Finance Corporation Act - Chapter 301, R.S.N.S. 1989  
Sydney Steel Corporation Act - Chapter 456, R.S.N.S. 1989  
Finance Act - 5, 47, Chapter 365, R.S.N.S. 1989 (OIC #95-786, #90-1002)

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## Economic Information

### Economic Indicators

	1997	1998	1999	2000	2001	2002 (F)
Gross Domestic Product at Market Prices <i>(\$ millions)</i>	20,368	21,401	22,970	24,224	25,203	26,213
Annual % Change	4.4	5.1	7.3	5.5	4.0	4.0
Gross Domestic Product at Market Prices <i>(Chained 1997 \$ millions)</i>	20,368	21,127	22,247	22,657	23,233	23,949
Annual % Change	4.3	3.7	5.3	1.8	2.5	3.1
Personal Income <i>(\$ millions)</i>	19,313	20,305	21,368	22,448	23,212	23,898
Annual % Change	4.0	5.1	5.2	5.1	3.4	3.0
Consumer Price Index - Nova Scotia <i>(Annual % Change)</i>	2.1	0.6	1.7	3.5	1.8	2.8
Population <i>(thousands of persons)</i>	935	936	940	941	943	945

**Sources:** Statistics Canada, Provincial Economic Accounts, Cat. No. 13-213-PIB  
Nova Scotia Department of Finance

**Notes:** The data for 2002 is Department of Finance forecasts as of 18-Nov-2002 (F).

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## Economic Performance

### Output

In 2001 the Nova Scotia economy largely escaped the global economic slowdown. Statistics Canada reported a Real GDP growth rate of 2.5 per cent for Nova Scotia in 2001, higher than the 1.8 per cent growth rate in 2000.

Economic growth in 2001 was concentrated in domestic demand, which is consumer, business and government spending within Nova Scotia, and increased 4.3 per cent. By comparison, exports of goods and services increased by 2.9 per cent. The overall weakness in the export sector resulted from the global slowdown and most of the adverse impact was due to the slump in the United States economy. Not all export sales were weak in 2001, however, as sales were strong for products such as natural gas, fine paper, newsprint, scallops, crabs and lobster.

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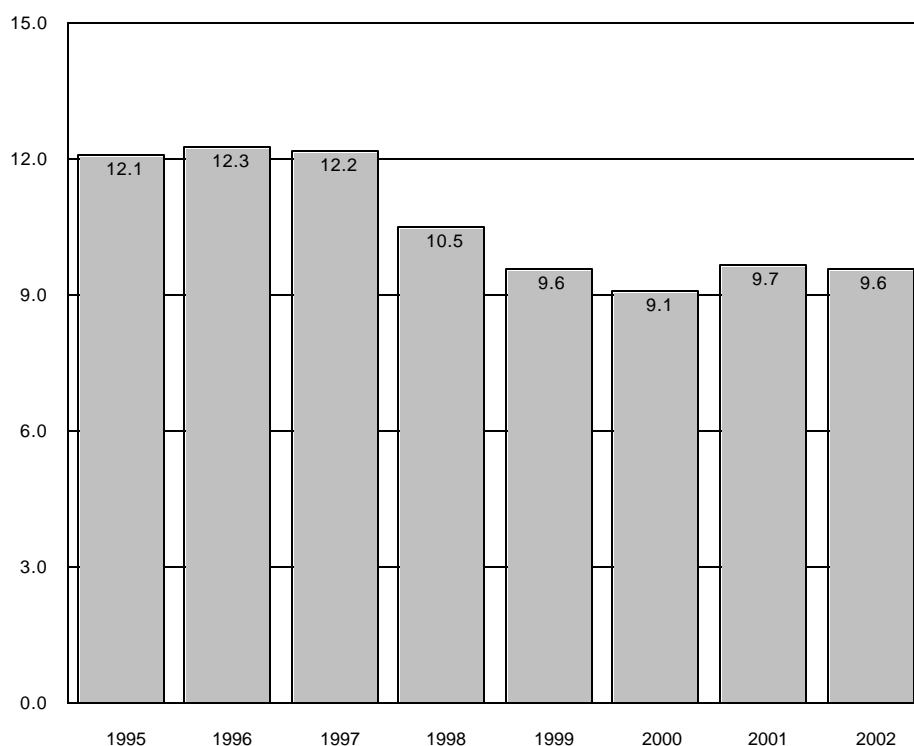
## **Labour Markets**

In 2001, employment increased by 0.9 per cent to 423,300. This net gain of 3,800 was mostly in full-time employment. The labour force, which is the supply of workers, grew at a faster pace than employment, which is the demand for labour, with a growth rate of 1.6 per cent in 2001. Consequently, the unemployment rate increased in 2001 to 9.7 per cent from 9.1 per cent in the previous year.

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### **Unemployment Rate**

(per cent)



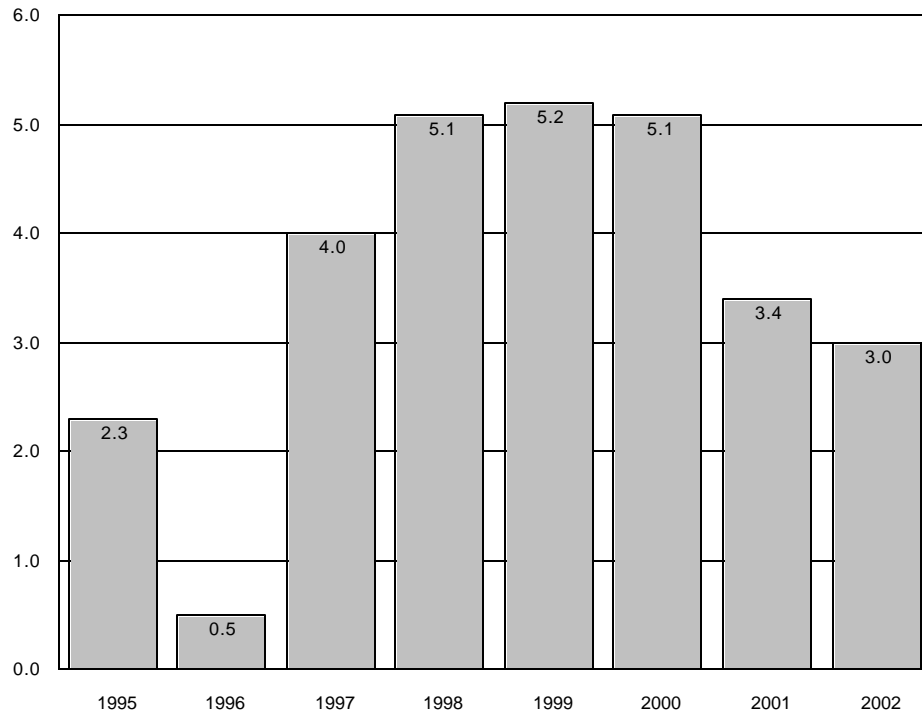
## **Income and Consumer Spending**

The household sector provided a key source of strength to the province's economic performance in 2001, helping the economy avoid the global slowdown. Personal expenditures on goods and services increased 3.5 per cent; retail sales recorded an increase of 3.0 per cent. This willingness of consumers to spend was supported by a 3.9 per cent growth rate for labour income and lower interest rates. Personal income grew 3.4 per cent.

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### **Personal Income Growth**

(per cent)



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### **Industry Performance**

#### **Goods Industries Employment**

In 2001, goods-producing industries accounted for 21.9% of the total employment in the Nova Scotia economy. Total employment in the goods-producing industries was down 0.1 per cent in 2001. The gains in employment in the construction sector were countered by the loss of jobs in the resources sector: agriculture, forestry, fishing, mining, oil, and gas and utilities.

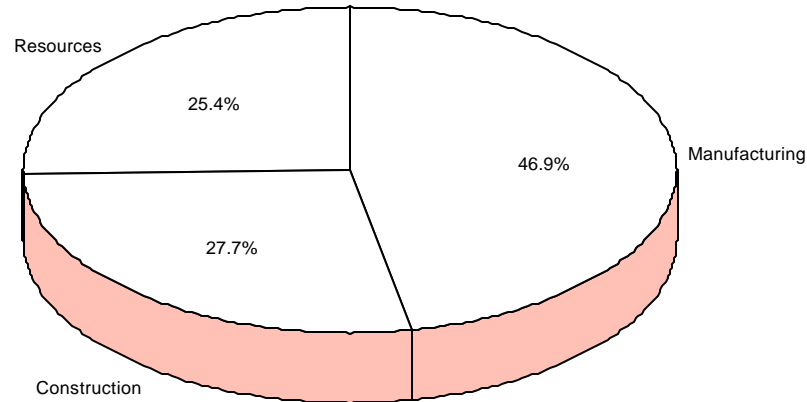
Employment in construction for 2001 increased by 4.5 per cent, while employment in the resources sector fell by 4.6 per cent. The building of new homes accounted for most of the job gains in the construction sector. The decline in jobs for the resources sector resulted mainly from losses in coal mining and fishing industries. There was no change in the employment level for manufacturing.



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### **Employment by Goods Industries 2001**

(as a per cent of Total Goods Industries Employment)



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### **Services Industries Employment**

Nova Scotia is predominantly a service economy. Services industries account for 78.1 per cent of Nova Scotia's employment and registered a 1.2 percent gain in employment in 2001.

Education, health care and the social assistance sectors, which together comprise 25.2 percent of services employment, reported mixed results in terms of employment growth. Employment in educational services had an increase of 2.5 per cent, while employment in health care and social assistance decreased by 1.2 per cent in 2001.

Retail and wholesale trade represent 23.3 per cent of employment in the services industries. This sector had a 2.1 per cent increase in employment in 2001 resulting from a combination of a 6.2 per cent increase in retail trade, which more than offset the 13.8 per cent drop in employment in wholesale trade.

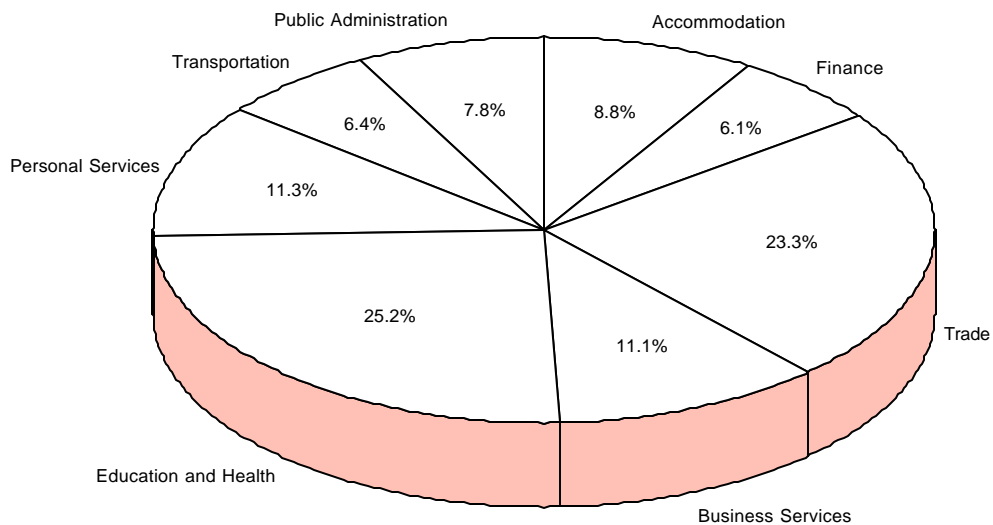
Employment dropped 9.5 per cent in the finance, insurance, real estate and leasing sectors during 2001, due primarily to fewer jobs in insurance and real estate services. Employment in the transportation and warehousing sector grew by 2.9 per cent in 2001.

In the business services sector, professional, scientific and technical services had a 5.3 per cent increase in employment, led by growth in jobs in computer system design services. Management, administration and other support services had a healthy increase in employment of 8.1 per cent for 2001. This growth is directly related to the development of call centres within the province, servicing the needs of clients throughout North America. Publishing, data processing, and amusement and recreation led the 6.0 per cent increase in employment for the information, culture and recreation sector in 2001.

The accommodation and food services sector also had strong employment growth in 2001 with 7.8 per cent gain, reflecting a steady tourism sector performance, with more spending by Nova Scotians. Employment in public administration grew by 2.0 per cent in 2001. The gain in employment for federal and municipal governments exceeded the drop in employment for the provincial government.

**Employment by Service Industries 2001**

*(as a per cent of Total Services Industries Employment)*





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This document and other financial information may be obtained on the Department of Finance website at:

[www.gov.ns.ca/finance](http://www.gov.ns.ca/finance)