

Chapter 2

Highlights from the Province's 2021-22 Financial Audit

Key Messages

- Transparency and accountability over additional appropriations process should be improved
- Spending on P3 projects increasing with more to come in future years
- Significant funding provided to Nova Scotia's universities
- Retirees of significant public sector pension plans not receiving increases from indexing at time of high inflation

Why We Did This Chapter

- To highlight important financial matters impacting the Province

Selected Financial Highlights

Additional Appropriations:

- Nova Scotia's Finance Act does not require House of Assembly approval for budget overspending unlike other jurisdictions in Canada
- Additional appropriations process in Nova Scotia is less transparent than processes used in other provinces
- Additional appropriations significantly increased in recent years with \$4.7 billion in additional appropriations approved in the last ten years
- The Auditor General recommends improved accountability and transparency over additional appropriations

Significant Year-end Spending:

- \$1.4 billion in spending recorded in the last week of March 2022, the largest in the following departments:
 - \$264 million by the Department of Health and Wellness
 - \$224 million by the Department of Advanced Education
 - \$137 million by the Department of Community Services
 - \$131 million by the Department of Municipal Affairs and Housing
 - \$121 million by the Department of Public Works

Public-Private Partnership (P3) Projects Underway:

- The Province currently has two major P3 projects underway – Construction of the outpatient clinic as part of the QEII Health Sciences Centre New Generation project and Highway 104 twinning project
- \$200 million spent in 2021-22 and contractual obligations of \$633 million disclosed for future years
- Unmatured debt of \$333 million related to P3 projects

Health Spending:

- The Province spent \$6 billion in health spending and capital asset acquisitions in 2021-22
- Annual healthcare operating expenses are up \$1.1 billion since 2017-18
- 2021-22 spending attributed to the following entities:
 - \$2.7 billion to Nova Scotia Health
 - \$1.6 billion in the Department of Health and Wellness
 - \$1.0 billion in the Department of Seniors and Long-term Care
 - \$310 million to the IWK Health Centre
 - \$35 million to Office of Mental Health and Addictions
- Includes COVID-19 related spending on personal protective equipment, vaccination clinics, and salaries and wages
- Healthcare capital acquisitions mainly consist of construction and infrastructure projects at Cape Breton Regional Hospital, as well as the P3 QEII Health Sciences Centre New Generation project with work on the Halifax Infirmary and the Outpatient Clinic

Provincial Funding to Universities:

- The Province provided funding of \$551 million in 2021-22 to nine universities in Nova Scotia
- Provincial funding accounts for an average of 35% of total university revenues for the five universities receiving the most funding

Public Sector Pension Plans:

- The Province is not responsible for the Nova Scotia Public Service Superannuation Plan and this plan is not recorded in the Province's financial statements
- Nova Scotia Public Service Superannuation Plan is currently 98.3% funded with retirees not expected to receive pension increases from indexing until 2026 at the earliest
- Nova Scotia Teachers' Pension Plan is currently 82.5% funded with teachers retired after August 1, 2006 not expected to receive pension increases for the foreseeable future
- The report of the independent Nova Scotia Teachers' Pension Plan Panel with recommendations to address challenges facing the plan not yet publicly released