



ACCOUNTABILITY REPORT

2024-25

Finance and Treasury Board

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Accountability Report 2024–2025

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Table of Contents

Accountability Statement.....3

Measuring Performance.....4

Financial Results8

Public Interest Disclosure of Wrongdoing9

Accountability Statement

The Accountability Report of the Department of Finance and Treasury Board for the year ended March 31, 2025, is prepared pursuant to the *Finance Act* and government policies and guidelines. The reporting of the Department of Finance and Treasury Board outcomes necessarily include estimates, judgments, and opinions by Department of Finance and Treasury Board management.

We acknowledge that this Accountability Report is the responsibility of Department of Finance and Treasury Board management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Department of Finance and Treasury Board 2024-25 Business Plan.

Original signed by:

Honourable John Lohr
Minister of Finance & Treasury Board

Original signed by:

Kelliann Dean
Executive Deputy Minister of Finance & Treasury Board

Measuring Performance

The Department of Finance and Treasury Board works to preserve the financial capacity of the Government of Nova Scotia to provide public programs and services, by providing advice on fiscal sustainability for the province.

To deliver its mandate, the Department is guided by its core functions of:

- budget and fiscal plan development;
- financial accounting;
- expenditure and financial management;
- financial advisory services;
- revenue estimates and federal transfers;
- tax policy, administration, and credits;
- economic and demographic forecasting, statistics, policy analysis, and modelling;
- liability and treasury management;
- lending to municipalities;
- capital markets administration and compliance;
- regulation of pensions, insurance, and select financial institutions;
- oversight on gaming operations; and
- policy oversight to specific agencies, boards, and commissions.

Outcomes with respect to the priority areas identified in the Department's 2024-25 Business Plan and work on other major initiatives throughout the 2024-25 fiscal year are described below.

Meeting government's fiscal objectives

In 2024-25 the Department continued to provide advice for strong financial management and fiscal prudence to allow government to allocate resources to priorities that are important to Nova Scotians.

Three measures are used to determine progress on meeting government's fiscal objectives: (1) fiscal sustainability, (2) flexibility, and (3) vulnerability. These were measured and reported on in the province's annual Budget, public forecast updates, and the Public Accounts.

The performance measure results are presented below in Table 1: Performance Measures

The Province's overall fiscal position has improved since the delivery of Budget 2024-25, which estimated a budgetary deficit of \$467.4 million. Table 1 illustrates that the Province achieved a budgetary surplus in 2024-25 of \$264.8 million.

Table 1: Performance Measures

	2020-21	2021-22	2022-23 (as restated)	2023-24 (as restated)	2024-25	2025-26 (Budget)	2026-27	2027-28	2028-29
Sustainability									
Annual Surplus/(Deficit) (\$ millions)	(\$341.6)	\$338.6	\$122.8	\$141.7	\$264.8	(\$697.5)	(\$522.5)	(\$108.0)	\$8.6
Annual Surplus/Deficit to Nominal GDP (%)	(0.74%)	0.66%	0.22%	0.24%	0.42%	(1.07%)	(0.77%)	(0.15%)	0.01%
Net Debt to Nominal GDP (%)	36.8%	33.4%	32.2%	32.1%	33.4%	34.3%	36.6%	38.4%	39.8%
Net Debt per Capita (\$ dollars)	\$17,194	\$17,157	\$17,306	\$18,079	\$19,364	\$20,647	\$22,820	\$24,658	\$26,193
Net Debt (\$ billions)	\$17.01	\$17.16	\$17.74	\$19.10	\$20.84	\$22.42	\$24.98	\$27.17	\$29.02
Flexibility									
Debt Service Costs (% of total revenue)	6.0%	4.6%	4.3%	4.7%	4.8%	5.5%	6.0%	6.3%	6.8%
Own Source Revenue to Nominal GDP (%)	16.6%	17.7%	19.4%	18.4%	19.6%	15.8%	15.9%	16.1%	16.1%
Vulnerability									
Federal Transfers (% of total revenue)	37.5%	35.3%	31.3%	33.4%	33.0%	37.3%	37.2%	36.6%	36.3%

Notes: Performance measures for 2020-21 to 2024-25 use Government Reporting Entity (GRE) figures (Consolidated). 2025-26 to 2028-29 are as presented in Budget 2025-26 and use General Revenue Fund (GRF) figures because consolidated figures are not available for Budget and forecast years. All amounts above are presented before contingency for 2025-26 and beyond.

Budget 2024-25 was tabled on February 29, 2024, with a projected deficit of \$467.4 million. Actual results show that the budgetary position ended in a surplus of \$264.8 million for the 2024-25 fiscal year. The difference between the 2024-25 Budget Estimate and the balance presented in the 2024-25 Public Accounts is primarily due to higher than expected tax revenues and \$576.6 million in one-time Prior Year Adjustments.

Measure: Sustainability – What does the measure tell us?

Sustainability can be defined as the degree to which a government can maintain existing programs and meet existing creditor requirements without increasing the debt burden on the economy¹. The primary measure for fiscal sustainability is the net debt of the Province compared with its economic output of goods and services (i.e., net debt to nominal Gross Domestic Product (GDP) ratio). Net Debt-to-GDP was 33.4 per cent in 2024-25 and is expected to increase to 39.8 per cent by 2028-29. While Net Debt-to-GDP is increasing in the near-term, this growth is considered reasonable and within the Province’s fiscal planning guardrail of 40 per cent.

Measure: Flexibility – What does the measure tell us?

Flexibility refers to the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues or increasing its debt burden.² The typical

¹ *Indicators of Government Financial Condition, Research Report*; the Canadian Institute of Chartered Accountants, 1997.

² *Ibid*

measure of government financial flexibility is the ratio of debt servicing costs in relation to the total revenue generated in a given year (i.e., debt service costs as a percentage of total revenue).

Consistent work in this area has reduced the debt servicing costs from 8.4 per cent of total revenue in 2014-15 to 4.8 per cent in 2024-25. In the 2024-25 fiscal year, credit rating agencies Standard & Poor's, Dominion Bond Rating Service, and Moody's affirmed the province's credit ratings as AA-, AH and Aa2, respectively, with Dominion Bond Rating Service, and Moody's also affirming the outlook as stable, while on March 18, 2025, Standard & Poor's changed the province's outlook to negative from stable. The three agencies have continued to cite the province's long-term commitment to fiscal prudence and strong financial management practices as positive.

Measure: Vulnerability – What does the measure tell us?

Vulnerability refers to the degree to which a government becomes dependent on, and therefore vulnerable to, sources of funding outside of its control or influence, both domestic and international.³ An often-used measure for the vulnerability of provincial government finances is the amount of federal government transfers in relation to the total revenues of a provincial government (i.e., federal transfers as a percentage of total revenue).

Federal transfers in 2024-25 represented 33.0 per cent of total revenue. The proportion of total revenue represented by federal transfers is expected to rise to 37.3 per cent in 2025-26.

Tax measures

The Department continued to deliver previously-announced tax measures including implementing IT infrastructure for the More Opportunity for Skilled Trades and Occupations Tax Refund (MOST), the Non-resident Provincial Deed Transfer Tax, the Fertility and Surrogacy Tax Credit; and the Children's Sports and Arts Tax Credit.

For the 2025 tax year, the Province introduced income tax indexation, meaning tax brackets and certain non-refundable tax credits were adjusted for inflation at a rate of 3.1 percent. Annual indexation is estimated to save Nova Scotians more than \$160 million in taxes annually by 2028. Lower income earners who receive the affordable living tax credit continue to be supported at the same level.

Work was completed to implement a reduction of the provincial portion of the Harmonized Sales Tax (HST) effective April 1st 2025, as announced in October 2024. The measure will reduce the provincial portion of the tax from 10 per cent to 9 per cent, and the overall HST from 15 per cent to 14 per cent.

The Department also prepared for changes to the provincial Basic Personal Amount (BPA) for eligible tax filers for the 2025 tax year which will account for inflation and provide savings to Nova Scotians. The BPA is a non-refundable tax credit Nova Scotians can claim on their income tax return.

³ Ibid

[Monitoring changes in the economic and demographic conditions for Nova Scotians](#)

In 2024-25, the Department provided economic and demographic forecasts for fiscal management and program planning. The Department provided analysis of new economic opportunities and challenges and advised on sustainability of fiscal plans. The Department continued to publish [DailyStats](#) – a daily report of economic and demographic data for Nova Scotia as well as comparisons with the economies of global trading partners.

[Alcohol retail policy](#)

In 2024-25, the Department continued to work with other departments and with industry to ensure the industry is well positioned to thrive. The NSLC's Emerging Wine Regions Policy was eliminated on June 30, 2024. The Department implemented the Interim Farm Wine Payment Program in Fall 2024. The Interim Farm Wine Payment Program provided one-time payments to Nova Scotia farm wineries to support the majority of registered farm wineries, given the challenges that impacted winery operations including a reduction in payments from the Federal Wine Sector Support Program and the lower production of litres due to the Polar Vortex.

[Financial sector supervision and pension regulation](#)

The Department is responsible for regulating select financial institutions such as insurance companies, credit unions, as well as private pension plans. In 2024-25 the Department conducted a review of its insurance agent and agency licensing regime to further strengthen consumer protection. The Department collaborated with the credit union system and Atlantic regulators to develop a comprehensive response plan for credit unions in Atlantic Canada in the event of a future liquidity shortfall. The Department also initiated a review of the *Credit Union Act* to identify opportunities to modernize the Act, strengthen oversight, and align with best practices from other jurisdictions, which is expected to be completed in 2025-26.

[Gaming oversight](#)

In 2024-25, the Department's Gaming division continued to oversee a viable and socially responsible regulated gambling industry that returns all profits to government to benefit all Nova Scotians.

[Inclusion, diversity, equity, and accessibility](#)

The Department made progress in the area of inclusion, diversity, equity, accessibility, and employee well-being in 2024-25. Diversity-related information, including promotion and education of diverse cultural commemorative celebrations, and information on accessibility in the workplace continued to be shared with all Department staff. In 2024-25, 33 of these communications were circulated – the highest volume to date.

Financial Results

Departmental Expenses Summary (\$ thousands)

<u>Programs and Services</u>	<u>2024-2025 Estimate</u>	<u>2024-2025 Actuals</u>	<u>2024-2025 Variance</u>
Senior Management	1,543	1,378	(165)
Financial Institutions and Pensions	1,524	1,326	(198)
Liability Management & Treasury Services	1,075	889	(186)
Controllers Division	3,571	188,212	184,641
Treasury Board Office	2,309	2,182	(127)
Financial Advisory Services	18,069	16,471	(1,598)
Fiscal Policy, Economics & Budgetary Planning	17,137	14,717	(2,420)
Gaming	2,056	1,844	(212)
Total - Departmental Expenses	47,284	227,019	179,735
Additional Information:			
Ordinary Revenues	13,140	14,199	1,059
Fees and Other Charges	285	287	2
Ordinary Recoveries	323	308	(15)
Total - Revenue, Fees and Recoveries	13,748	14,794	1,046
TCA Purchase Requirements	---	---	---
Funded Staff (# of FTEs)			
Department Funded Staff	279.5	258.0	(21.5)

Departmental Expenses Variance Explanation:

Debt forgiveness for the Halifax Dartmouth Bridge Commission (due to the removal of tolls and change in Government Business Enterprise status); Year-end adjustments were also recorded for legal fees associated with the Tobacco Settlement and revised estimates for asset retirement obligations. These increases are partially offset by miscellaneous salary and operating savings.

Revenue, Fees and Recoveries Variance Explanation:

- Tax Revenue: increases in Personal Income Tax, Corporate Income Tax, Tax on Other Insurance Premiums and significant net positive Prior Years Adjustments for tax revenues.
- Investment Income: increases in interest revenue and sinking fund earnings due to realized interest rates and higher investment holdings.
- Financial Institutions Revenue: Population growth along with increases in premiums for the insurance sector.

Provincial Funded Staff (FTEs) Variance Explanation:

Vacancy Savings.

Public Interest Disclosure of Wrongdoing Act

Annual Report under Section 18 of the *Public Interest Disclosure of Wrongdoing Act*

The *Public Interest Disclosure of Wrongdoing Act* was proclaimed into law on December 20, 2011.

The Act provides for government employees to be able to come forward if they reasonably believe that a wrongdoing has been committed or is about to be committed and they are acting in good faith.

The Act also protects employees who do disclose from reprisals, by enabling them to lay a complaint of reprisal with the Labour Board.

A Wrongdoing for the purposes of the Act is:

- a) a contravention of provincial or federal laws or regulations
- b) a misuse or gross mismanagement of public funds or assets
- c) an act or omission that creates an imminent risk of a substantial and specific danger to the life, health or safety of persons or the environment, or
- d) directing or counselling someone to commit a wrongdoing

The following is a summary of disclosures received by the Department of Finance and Treasury Board.

Information Required under Section 18 of the Act	Fiscal Year 2024-25
Number of disclosures received	None reported
Number of findings of wrongdoing	None reported
Details of each wrongdoing	N/A
Recommendations and actions taken on each wrongdoing	N/A

N/A= not applicable