



Budget

2018–19

Crown Corporation Business Plans



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2018-2019

Business Plan and Budget



Art Gallery of Nova Scotia

Cover Images (Clockwise from top left):

1. Art-making at Art Party
2. Sobey Art Award-winning artist Ursula Johnson (center) and visitors at *The Illuminations Project* exhibition opening event.
3. Visitors explore *The Illuminations Project*
4. Jordan Bennett
Nisqunamu'k kmtm (Purple Mountain), 2016
Acrylic paint on carved wooden panel
36 x 36 in.
5. Young artist at work in the AGNS studio

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Message from the AGNS Board Chair

On behalf of the Board of Governors of the Art Gallery of Nova Scotia, I am pleased to present the Gallery's business plan for 2018-2019. The plan builds on the achievements of last year which saw significantly more visitors, increased awareness of our brand and greater participation of the community.

The future of the Gallery looks bright.

In the next year, we will focus our efforts on continuing to enhance the visitor experience, making the Gallery more accessible, and work to diversify our programming, approaches and governance while laying the groundwork to build the AGNS into a leader in its field.

The 2018-2019 Annual Business Plan was prepared by the staff at the Art Gallery of Nova Scotia, taking into consideration government's priorities and policies and the realities facing the Gallery. The annual plan and supporting budget were reviewed and approved by the Gallery's Board of Governors.

A handwritten signature in blue ink, appearing to read 'M. Fraser', enclosed in a thin blue rectangular border.

Malcolm Fraser
Board Chair

ART GALLERY OF NOVA SCOTIA

Mandate

The Art Gallery of Nova Scotia (AGNS) is an agency of the government of Nova Scotia, falling under the jurisdiction of the Department of Communities, Culture and Heritage (CCH). The Department is mandated to contribute to the well-being and prosperity of Nova Scotia's diverse and creative communities through the promotion, development, preservation and celebration of the province's culture, heritage, identity and languages. The Gallery, through the Art Gallery of Nova Scotia Act, is mandated to acquire, preserve, and interpret the province's art collection.

The AGNS aligns with departmental objectives through its exhibitions and programming by promoting arts education and life-long learning, improving the social well-being of communities, enhancing cultural experiences for tourists and residents alike, and by fostering artistic and expressive excellence in the province. With a collection of over 17,000 works, the AGNS is an incredible resource that provides the people of Nova Scotia and its visitors a unique way to explore the province, country and world through art.

Mission

To stimulate meaningful connections with art, through growth and stewardship of the collection and innovative exhibitions and programs.

Vision

A Nova Scotia where citizens and visitors are inspired to understand the world through art and enjoy a vibrant, culturally rich life.

Values

Engagement - The AGNS encourages engagement with our audiences, our community and our stakeholders.

Diversity - The AGNS respects and fosters a variety of opinions and points of view from a diverse community.

Artists – The AGNS values artists and their ability to change how we experience and understand the world through art.

Innovation - The AGNS supports innovative approaches to its work.

Collaboration - The AGNS maintains mutually beneficial working relationships with organizations that can assist us in delivering on our vision and mission.

Stewardship - The AGNS acts responsibly in the stewardship of all the resources in its care.

Our Purpose and Direction

Work undertaken by the Art Gallery's leadership and community members in 2017 explored and articulated our "why" - our reason for being or clear definition of our purpose and how we can move towards accomplishing that purpose. The business plan that follows is inspired by our touchstone and story pillars. They provide the context in which we set the goals and outcomes for the next year and provide guidance for our decision-making.

The first part of the process was to identify and explore the motivators of the Gallery's key stakeholders: public, professional arts community, and donors.

The *Public* all benefit from the work of the AGNS, not just those who come through the door. It is important to communicate the value that AGNS brings to all Nova Scotians. The key drivers for this group include a place to go, art education, a feeling of pride, and the ability to be inspired by culture and community.

Professional Arts Community represents the heart of the AGNS. They are interested in elevating the public's appreciation for art. They are driven by the opportunity to exhibit, validate their worth, and find success.

Donors are pivotal to our success. They champion growth, connect us to the community and stabilize our funding. They are driven by legacy, a sense of purpose, and an ability to make a difference.

The group then created a "touchstone", a short statement of purpose that was intended to be true, repeatable, instructive and motivational - *Sparking Connection for the public, for artists and for ourselves.*



Sparking Connections speaks to the Art Gallery of Nova Scotia’s desire to become a focal point of the community and to continue to inspire people through facilitating connections. For the public, a great art experience can profoundly affect a person, triggering ideas, emotions, thoughts and even change. For artists, sparking connections engenders a stronger sense of community and the chance to create more opportunities for artist to artist and artist to public interaction. Finally, for the Gallery it is about becoming an inclusive gathering place where students, artists, and passersby can find a connection to themselves and to each other.

Three storypillars inform how the AGNS will achieve its touchstone, *Sparking Connections*.

Story Pillars		
<i>Why we matter.</i>	<i>How we matter.</i>	<i>What we do to matter.</i>
We create a better Nova Scotia through art...	We represent the community...	We want to open worlds...
<i>because we believe art can be a mechanism for building a better society through contributions to the creative economy, economic growth, and a better quality of life.</i>	<i>and want to be accessible to all through an inclusive approach that respects diversity, provides leadership and builds a stronger sense of community.</i>	<i>because art matters and AGNS can foster human engagement, build experiences that spark dialogue and create intersections leading to change.</i>

BUSINESS STRATEGY

AGNS’s business strategy for 2018-2019 is similar to last year with a slight shift in focus. The AGNS will continue to push innovation while managing risk; increase awareness of the Gallery and its programs; improve our customer service and visitor experience; invest in fundraising and push to meet ambitious but achievable targets; and change our governance to better align with goals and set the AGNS up for success. More emphasis will be placed on realizing greater diversity throughout the organization and re-thinking how Indigenous voices and diverse perspectives are integrated into the Gallery’s decision-making and programming.

Through this strategy, the Art Gallery of Nova Scotia will continue to contribute to the goals of the Nova Scotia Culture Action Plan. The work of the Gallery contributes to all six themes but the key areas of focus are:

Promote Mi'kmaw Culture

- Exhibitions, programs and collections that enhance visibility and appreciation of Mi'kmaw artistic practice;
- adoption of the TRC recommendations;
- and the hiring of an Indigenous Curator.

Creativity and Innovation

- Take a lead role in creating a digital strategy for the Gallery and broadly improving digital literacy for the arts in Nova Scotia.

Advance Cultural Diversity

- Community engagement programs breakdown barriers and create a more inclusive environment;
- ensure more diversity at all levels of the Gallery including Board, staff and volunteers;
- create a collection that reflects the diversity of the province.

Excellence in Cultural Stewardship

Continue to explore the feasibility of a reimagined Art Gallery of Nova Scotia sharing space with NSCAD University.

BUSINESS PLAN GOALS, OUTCOMES AND PERFORMANCE MEASURES

The five goals for the AGNS in 2018-2019 are:

1. Enhance the visitor experience.
2. Increase AGNS's accessibility to the community.
3. Integrate Indigenous voices and perspectives into AGNS's work.
4. Foster a culture of collision and intersection between artists and the community.
5. Lay the groundwork to build AGNS into a national and international leader in its field.

Goal 1: Enhance the visitor experience.

The AGNS has begun the process of creating a much more visitor-centric model of operations, but much work remains to be done. The Gallery needs to prioritize the visitor experience throughout the organization through the hiring and training of staff, by changing the culture in which we operate and by taking simple steps to improve the experience. Key to that experience is, of course, a dynamic program that addresses community interests and assists us in diversifying audiences. Surveying of existing and potential audiences as well as more in-depth community consultation for a new gallery, assists in responding to community needs.

Outcome	KPI	Strategies to Achieve	Lead Responsibility
The visitor experience improves.	<p>Visitor Experience staff are all hired by end of first quarter.</p> <p>Customer service training is completed by end of first quarter.</p> <p>Wayfinding is improved through signage by end of second quarter.</p> <p>Visitor complaints decline over year.</p>	<p>Work with HR and Finance to hire staff.</p> <p>Identify training program and implement.</p> <p>Install digital and other wayfinding in foyer/galleries.</p> <p>Keep track of complaints and compare to previous years.</p>	<p>Finance and Operations</p> <p>Marketing/Visitor Experience</p> <p>Marketing/Visitor Experience</p> <p>Marketing/Visitor Experience</p>
Visitors are satisfied with exhibitions and programs.	<p>Visitor evaluations of exhibitions are positive.</p> <p>Visitor evaluations of programs are positive.</p> <p>Visitors are aware of exhibition programs at time of opening.</p> <p>Future exhibitions and programs are strengthened by knowledge from evaluations.</p>	<p>Determine method to undertake visitor evaluations of exhibitions and programs.</p> <p>Exhibition programs and planned and marketed in advance of openings.</p> <p>Use knowledge gained from evaluations to inform future exhibition and program choices.</p>	<p>Marketing/Visitor Experience and Curatorial and Programs</p> <p>Marketing/Visitor Experience and Curatorial and Programs</p>

Outcome	KPI			Strategies to Achieve	Lead Responsibility
	2016/17	2017/18	2018/19		
Number of visitors to Halifax location maintained at 2017-18 levels.	40,423	61,500	62,000	Deliver a dynamic exhibition and program slate and market.	Curatorial and Programs with Marketing
Number of visitors to Yarmouth increases by 20%.	5,473	4,300	5,160	Increase marketing dollars to increase awareness of programs.	AGNS – Western Branch and Marketing/Visitor Experience
				Invest more time in planning and programming in AGNS-WB	Finance and Operations with Curatorial and Programs
Attendance to public programs increases.	No data	No data	1,000	Hire part-time public programs officer and deliver more public programs.	Marketing/Visitor Experience
Admissions revenues increase 12%	\$111,960	\$290,000	\$325,000	Continue to invest in marketing to reach broader audiences.	Marketing/Visitor Experience
				Pop up shop at Pier 22 to drive traffic.	Gallery Shop

Goal 2: Increase AGNS’s accessibility to the community.

Access is important. The AGNS’s audiences have grown over the past year and we need to build on that growth and continue to diversify our audiences and our partnerships. Reducing barriers to access is one key way this can be accomplished: hours of operation, pricing structures, methods for free access and even language and other physical barriers that inhibit full participation in AGNS programming must be considered. Access to the Gallery’s collection is also being considered with a collections plan developed and implemented.

Another key method of addressing barriers to participation is to ensure the AGNS’s management and staff reflect the diversity of the community. As a result, efforts will be made to recruit Indigenous people, African Nova Scotians and others so we better reflect the range of human differences on the AGNS’s board, its committees, volunteers and staff. We also need to identify new partnerships that enable the Gallery to better reflect community voices and understand and address other barriers that may not be apparent to the AGNS.

Staff at the AGNS will devise and implement new levels of membership to target and address diverse audiences. This will include varying the membership offerings with an eye to creating more loyal and invested members.

Outcome	KPI	Strategies to Achieve	Lead Responsibility
Accessibility is improved.	<p>Accessibility strategy is complete and implemented by the end of the first quarter.</p> <p>Exhibitions and programs are delivered on time and on budget and bring in more diverse audiences.</p>	<p>Review hours of operation, pricing and other barriers to access and implement as resources available.</p> <p>Determine method of measuring diversity of audience by creating baseline through surveys.</p>	<p>Marketing/Visitor Experience and Curatorial and Programs</p> <p>Curatorial and Programs</p>

Outcome	KPI	Strategies to Achieve	Lead Responsibility
Partnerships increase and are strengthened.	<p>AGNS develops a minimum of one new partnership that assists in diversifying our community reach.</p> <p>AGNS continues to deliver its suite of collaborative, community-based programs with marginalized communities.</p> <p>Publish a book, in partnership with Autism Nova Scotia, by autumn, 2018</p>	<p>Need to consider new ways of partnering – artist in residence, reconciliation space, corporate, etc.</p> <p>Continue to build on partnerships - Alzheimer’s, Autism, Aboriginal Pain, Phoenix Youth, etc.</p> <p>Partner with Autism NS to write, edit and publish.</p>	<p>Curatorial and Programs</p> <p>Development</p> <p>Curatorial and Programs with Design</p>
AGNS Collection is more accessible to its constituents	<p>A written plan will help guide the planning of storage for collections.</p> <p>Adding a public component to the collection database and marketing its access to the community.</p> <p>Articulation and dissemination of an acquisitions strategy and focus to the public.</p>	<p>Hire consultant to work with staff to develop strategy for the collection.</p> <p>Develop an integrated storage and database plan for future growth of the collection.</p>	<p>Curatorial/ Collections</p> <p>Curatorial/Collections with Marketing and Visitor Services</p>
AGNS has better knowledge of its audience and community interests and needs.	<p>Complete at least one survey with members and/or others to determine interest and needs by December 2018.</p> <p>Complete focus groups and other methods of community consultation to determine public expectation of a new gallery by June 2018.</p>	<p>Undertake a survey of membership and other supporters.</p> <p>Use community consultation for building to inform current and future programming.</p>	<p>Marketing/ Visitor Experience with Development.</p> <p>CEO and Senior Leadership Team with consultants.</p>

Outcome	KPI	Strategies to Achieve	Lead Responsibility
Diversity increases at all levels of the organization.	Board is more diverse. Staff is more diverse. Partnerships, collaborations are more diverse.	Target specific communities for board recruitment. Hiring practices target diversity. Committees and other partnerships better reflect diversity.	Governance Committee of Board Finance and Operations (HR) CEO and all.
Diversity is better reflected in our membership	Membership is more diverse Greater numbers of members at various levels of membership More members attending diverse offerings	Develop membership strategy that identifies and targets diverse communities. Create new levels of membership (high and low) that increase opportunities for dedicated membership.	Development and membership

Goal 3 – Integrate Indigenous voices and perspectives into AGNS’s work.

Over the years, the Art Gallery of Nova Scotia has collected, featured, and worked with Indigenous art and artists to showcase their work and address community interest. The AGNS needs to do more to integrate Indigenous voices and perspectives into the decision-making processes of the Gallery, its curatorial practice, program planning, and execution. We want to move beyond mere representation in exhibitions and programs to create new models of authority for Indigenous perspectives to inform the work that is done at the AGNS. One of the key initiatives is the hiring of an Indigenous Curator and potentially Indigenous programming staff. AGNS wants to go even further to ensure that Indigenous voices are present in all levels of decision-making from the Board down, and will explore new methods of representation in the organization. We are also keen to build on the work that Communities, Culture and Heritage has done through the development of the Culture Action Plan and contribute to its actions to Promote Mi’kmaw Culture through exhibitions, programs and collecting.

In the longer-term, the AGNS has agreed to participate as a partner institution in a collaborative seven-year project led by Concordia University in partnership with other academic and museum partners entitled “Thinking through the Museum”. AGNS is committed to continuing our work to

decolonize and indigenize the work the Gallery produces and houses through research, the hosting of a symposium or regional colloquium around decolonization and indigenization as well as hosting, or co-hosting with NSCAD University, a learning environment and ultimately an exhibition, performance or event that is the result of the research. (Funding dependent based on an application to the Social Sciences and Humanities Research Council or SSHRC).

Outcome	KPI	Strategies to Achieve	Lead Responsibility
The Truth and Reconciliation recommendations are part of AGNS decision-making on relevant issues.	Begin the process of reconciliation by: <ul style="list-style-type: none"> • Adopting the UN Declaration on the Rights of Indigenous Peoples. • Work with community to respond to and align with the TRC's recommendations. 	Undertake board/staff education on the TRC recommendations Adopt declaration. Consult with community to determine priorities.	Board, CEO and senior management.
Indigenous representation increases at AGNS.	Indigenous Curator is hired by the end of the first quarter. Recruit board, committee members, volunteers and staff from Indigenous communities. Increase or deepen partnerships with Indigenous organizations.	Determine job description, process through HR and hire. Work through HR, the Board's Governance Committee and all staff to recruit. Work with Mi'kmaw Friendship Centre and others to explore options for input.	Curatorial and Programming with Finance and Operations Board, CEO, staff and HR.
Indigenous artists are better reflected at AGNS.	Showcase Indigenous artists through the presentation of exhibitions and associated programming: <ul style="list-style-type: none"> • <i>Shame & Prejudice: a Story of Resilience</i> (Kent Monkman) in October. • Jordan Bennett (Mi'kmaq artist from Newfoundland) in December (title TBD). • <i>Landmarks: Art + Places + Perspectives</i> February 2019 • Begin process to rehang <i>Shifting Ground</i> (gallery based on Indigenous artworks in AGNS 	Complete exhibitions on time and on budget. Work with local and other Indigenous peoples to program exhibitions. Indigenous Curator to determine and lead	Curatorial and Programming

	collection) and have plan in place by end of 2018. A collections strategy is completed by March 2019 that addresses how the AGNS can collect Indigenous art.	process for rehangng Shifting Ground. Work with Indigenous partners to determine	
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Goal 4 – Foster a culture of collision and intersection between artists and the community.

The Art Gallery of Nova Scotia is interested in challenging its own approach to programming and exploring the idea of fostering a culture that creates opportunities for intersection between artists, their work and our audiences. As an organization that embraces difference, we want to encourage dialogue and debate, and strive to present multiple points of view regardless of race, gender, sexual orientation, class or creed. Through this type of engagement, AGNS hopes to challenge the way we do things and encourage others to engage in conversations and activities that can lead to social change.

Outcome	KPI	Strategies to Achieve	Lead Responsibility
A new approach to programming challenges audiences to think differently.	At least one new program is piloted before the end of the fiscal year to bring artists together with community to challenge perspectives.	Identify program and work with artists/partners to deliver. Evaluate	Curatorial and Programming
Greater links exist between artists, makers and audiences.	Develop an innovative program through the Gallery Shop that brings artists, makers and audiences together.	Work with artists /makers in the shop to develop a program. Market appropriately.	Curatorial and Programming with Gallery Shop.

Goal 5 – Lay the groundwork to build AGNS into a national and international leader in its field.

One of the key means of growing the Art Gallery of Nova Scotia into a leader in its field is the continued exploration of a new facility that would provide an opportunity to realize its full potential as an art gallery. Over the past year, several key steps have been taken: a Co-location Facility and Business Plan (the Lord Report) was undertaken (still in draft form) which examined the feasibility of co-locating AGNS and NSCAD on the Halifax waterfront. This work is ongoing.

As the feasibility of a new facility continues to be explored, the Gallery will begin work on a new curatorial vision through consultation with the community.

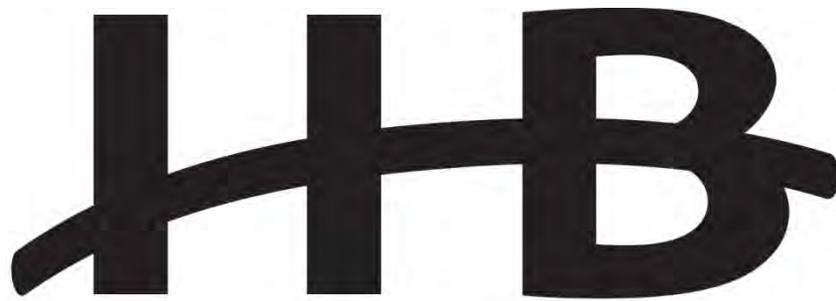
Building on the work AGNS did in 2017-2018 on articulating a new direction and purpose, combined with the articulation of a new curatorial vision, the Gallery will develop a new three-year Strategic Plan in 2018-2019 to guide our work in the coming years. The information gathered through community consultation will provide a key source of information for the new strategic plan.

The AGNS’s efforts to create a strong foundation upon which to build a cutting-edge art gallery will be realized in a number of ways including our participation in projects like the “Thinking through the Museum Project”, continuing our commitment to reducing barriers, and working with marginalized communities. We also need to share the work we do more broadly by partnering, travelling exhibitions and providing leadership on digital strategies for museums.

Outcome	KPI	Strategies to Achieve	Lead Responsibility
AGNS has a new strategic plan.	A strategic plan is complete before the end of 2018-2019.	Use community consultation & curatorial vision to build strategic plan.	Board, CEO, staff and community.
A concept for a touring exhibition is complete.	Develop a touring exhibition with partners to travel nationally or internationally and raise the profile of AGNS.	Build on existing partnerships to determine exhibition to be toured. Work towards sponsorship to mitigate costs.	Program and Curatorial with Marketing Development
Digital literacy at AGNS and in Nova Scotia arts community is improved.	Digital Strategy and critical path is established by March 31, 2019 (funding dependent).	5 participatory workshops are held; research visits, digital strategy retreat; do 3 user-centric digital engagement projects; and plan and produce a high-profile symposium.	Marketing and Visitor Experience with Program and Curatorial with hired consultant.

Art Gallery of Nova Scotia's Budget

		Budget 2017-2018	Forecast 2017-2018	Budget 2018-2019
REVENUE				
	Operating	2,319,200	2,452,000	2,518,573
	Development	810,500	475,000	890,000
	Education	247,784	230,593	288,261
	Programming	189,000	189,000	178,000
	Western Branch	34,591	27,691	67,207
	Gallery Shop / Wholesale	261,000	523,000	586,110
	Acquisitions	-	9,832	-
	Endowment	66,800	66,800	66,800
	Total Revenue	3,928,875	3,973,916	4,594,950
EXPENDITURES				
	Salaries and benefits	2,269,071	2,180,902	2,304,321
	Administration	289,821	262,614	284,339
	Building Operations	17,100	24,100	17,100
	Development	71,500	91,800	150,500
	Communications, Marketing and Visitor Experience	126,500	128,160	327,300
	Programming	34,500	34,500	39,500
	Exhibitions	297,490	277,566	327,946
	Collections Management	156,000	156,000	167,500
	Education Programs	178,931	172,731	211,736
	Western Branch	133,849	147,941	186,147
	Gallery Shop / Wholesale	221,593	380,535	447,871
	Acquisitions	29,709	29,709	36,344
	Endowment	35,600	35,600	38,500
	Total Expenditures	3,861,664	3,922,159	4,539,104
	Amortization of tangible capital assets	67,211	51,757	55,846
	Annual Surplus (deficit)	(0)	(0)	0



Halifax Harbour Bridges

Halifax Harbour Bridges

**Annual Business Plan
Fiscal 2018-2019**

Message from the Chairman of the Board and the CEO

We are pleased to present the 2018 - 2019 business plan for Halifax Harbour Bridges (HHB).

The fiscal year 2018-2019 is a transition period for HHB. The Big Lift project that replaced the entire suspended spans of the Macdonald Bridge is now largely complete. HHB will shift focus to new priorities as part of its mission to provide safe, efficient and reliable cross harbour transportation infrastructure in a cost effective manner.

The details of some of those priorities can be found in this business plan and include:

- Corrosion prevention on portions of the Macdonald Bridge that were not replaced during the Big Lift and remain original since construction in 1955
- Research into replacing the toll system
- Evaluating results of a study to examine the future of the MacKay Bridge

Also in 2018 we will celebrate 20 years of electronic tolling with MACPASS. Almost 75 percent of all bridge crossings are made with MACPASS and, as we consider the future of tolling on the bridges, we will investigate how we can make MACPASS easier for customers to use.

Last but not least, safety will continue to be a focus. We are developing a strong safety culture at HHB which is evident in the reduction in lost time injuries, and from independent safety audits. We strive for continuous improvement and remain vigilant so HHB remains a safe place to work.

The board of commissioners is highly engaged with planning for the future. Their engagement ensures we continue to strive towards being recognized as world class for providing innovative transportation solutions.



Wayne F. Mason
Chairman of the Board of Commissioners



Steve Snider
General Manager and CEO

Mandate

The Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges or HHB) is a self-funding commission of the Nova Scotia government responsible for operating and maintaining two toll bridges that span the Halifax harbour: the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. HHB was created in 1950 by a statute of the Province of Nova Scotia and now operates under a statute passed in 2005.

The objectives of HHB are to:

- (a) Maintain and operate the bridges and any other transportation project authorized by Section 27 of the Act; and
- (b) Assess, market, license, implement, provide, maintain and integrate such electronic collection systems as are approved by the Governor in Council.

The board of commissioners is responsible for ensuring the affairs of HHB are administered effectively and are based on sound business practices in accordance with HHB objectives.

Mission

HHB's mission is to provide safe, efficient and reliable cross harbour transportation infrastructure in a cost effective manner.

Vision

HHB's vision is to be recognized as world class for providing innovative transportation solutions.

Core Values

Safety. A fundamental focus and shared responsibility.

Stewardship. The protection and maintenance of our bridges.

Customer Service. Focused on excellence.

Respect. Relationships are based on open, truthful and professional communications.

Community. Engagement and support of our communities.

Integrity. Act with integrity, credibility and accountability.

Engagement. Promote personal and professional development.

Leadership. Competent, energetic and focused.

Key Priorities

Through its strategic planning process HHB has identified **four strategic goals** that guide its work. What follows are the goals and the major initiatives for 2018/19 that support each goal.

Quality and standards - Improve safety and efficiency in maintenance and operations.

Desired outcomes

- An injury-free workplace
- Maximize operational capacity of the two bridges
- Extend life of the bridges
- Improve public safety

2018/19 initiatives

1. Corrosion prevention

HHB will conduct a pilot project to paint the bridges – encapsulate and remove existing coatings and apply a new coating that will last 25-30 years with only minor touch-ups required during that time. The pilot will take place on the Macdonald Bridge and will include areas not replaced during the Big Lift, including the towers, approach spans and cable bents.

2. MacKay Bridge feasibility study

HHB will have the results of a study to recommend an approach for the future of the MacKay Bridge. The study is examining a variety of options including rehabilitating the existing bridge (redecking, strengthening, widening) or replacing it with a new bridge. Each will take into consideration structural constraints, connections to approach roads, implications for infrastructure (structure, roads, buildings, wharves, property ownership and utilities) increasing capacity, regulatory issues, environmental considerations, cost, and implications for existing traffic operations.

3. High mast lighting at Victoria Road Interchange

HHB will improve roadway safety and be more energy efficient by implementing LED lights on the Victoria Road Interchange. LED lights are already in place on the Macdonald and MacKay bridges.

Recognition of value - Provide an excellent customer experience.

Desired outcomes

- Increased customer satisfaction with bridge operations
- Expanded use of MACPASS*Plus* for parking
- Improved access and egress for cyclists
- Reduced delays on bridges

2018/19 initiatives

HHB will introduce several initiatives to improve the level of customer experience:

1. **Install webcams on the approaches of the bridges.** Having cameras that provide real time information about the traffic flow on the bridges is another tool for bridge users to have when making decisions on their commute.
2. **Track and analyze incidents.** HHB works to minimize incidents from happening and on clearing them quickly when they do occur. Understanding the root cause of incidents will allow HHB to address the causes to improve the customer experience.
3. **Implement an awareness campaign for toll plaza safety.** Educating drivers of the most common reasons why incidents occur in the toll plaza will help reduce incidents and improve traffic flow.

Fiscal sustainability. Demonstrate financial responsibility through effective deployment of our capital and operating resources.

Desired outcomes

- Revenues from operations are sufficient to fund all operational and capital requirements
- A long term capital plan that addresses needs in a timely and effective manner
- Efficient operational, administrative, maintenance and toll collection activities
- A detailed and current, long term financial plan

2018/19 initiative

Toll system replacement

The existing tolling system and infrastructure is approaching the end of its life. HHB will assess its current tolling model and determine the costs, benefits and risks associated with converting to all electronic tolling (AET).

Leadership in the workplace. Create a workplace culture where employees have an opportunity to grow and participate.

Desired outcomes

- Visible leadership at all levels of the organization
- Employees are engaged with the organization's goals

2018/19 initiatives

1. **Behaviour-based safety.** The outcomes of HHB's safety program demonstrate the significant strides the organization has made over the past eight years. HHB will build on this success and move towards a behaviour-based safety program which supports and encourages the safe behaviours that continue to reduce injuries and helping everyone to become coaches for safety.
2. **Employee engagement** – continue to implement a human resources vision and strategy for HHB to create meaningful work and growth through participation to build high performing teams.

Performance measures

To measure HHB's performance against its mission and the priorities planned for the coming fiscal year, HHB plans to undertake the following:

- Rate customer satisfaction for maintenance, safety, service and value for tolls paid. To be measured through customer surveys.
- Continue to evaluate the Big Lift against: scope, schedule, cost, quality, safety and environmental objectives.
- Measure maintenance performance through a review of the repair projects completed by HHB in the current year against the high and medium priority items identified in inspection reports.
- Use road traffic statistics to measure the effectiveness of enhanced operational activities.
- Measure financial results against annual operating and capital budgets.
- Measure the extent to which priority projects have advanced. These projects include:
 - Corrosion prevention
 - MacKay Bridge feasibility study
 - High mast lighting at Victoria Road Interchange
 - Install webcams on approaches
 - Track and analyze incidents
 - Implement awareness campaign for toll plaza safety
 - Toll system replacement
 - Behaviour-based safety
 - Employee engagement

Financial summary

	2017-2018 Budget	2017-2018 Forecast	2018-2019 Budget
Revenue	(\$thousands)	(\$thousands)	(\$thousands)
Toll revenue	31,028	31,362	31,103
Other rate charges	130	69	197
Trust fund investments	157	214	315
Interest promissory notes	-	165	10
Other	335	365	385
Investment income	40	95	50
Total revenue	31,690	32,270	32,060
Expenses			
Operating	7,242	7,148	7,252
Maintenance	2,936	2,852	3,267
Amortization	9,056	8,818	8,706
Debt servicing	5,106	5,106	4,952
Loss (profit) on disposal of property, plant & equip.	-	38	-
Total expenses	24,341	23,962	24,177
Net operating and comprehensive income	7,349	8,309	7,883





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MESSAGE FROM THE MINISTER AND CEO OF HOUSING NOVA SCOTIA

It is our privilege to present Housing Nova Scotia's Business Plan for 2018-2019. We have made progress over the last several years to assist low-income Nova Scotians in accessing safe and affordable housing. This plan describes the priority areas for the coming year, which are aligned with and support the provincial government's priorities.

In November 2017, the federal government released the National Housing Strategy, which seeks to reduce the number of Canadians in core housing need or experiencing chronic homelessness. While there are many details to be worked out, we welcome this development. Housing Nova Scotia, along with other housing agencies across the country, has been working with the Canada Mortgage and Housing Corporation to finalize a multi-lateral housing framework. This work will continue and will lead into the development of a Canada-Nova Scotia bilateral agreement to operationalize the National Housing Strategy.

Nova Scotians can expect Housing Nova Scotia to continue to deliver affordable housing opportunities for those who need it the most. To support this objective, Government has committed to reducing the public housing wait list by 30% over the next three years, with an emphasis on making more rent supplements available to housing applicants for affordable rental housing in the private market. Housing Nova Scotia will develop a long-term renewal plan for its public housing stock, while making additional investments to address repairs to support resident health and safety.

Continuing to assist low-and modest-income homeowners with housing affordability through home repair and adaptation programs will remain a focus. Building on work that commenced last year, we will streamline programs to ensure those who need help can access it easily and efficiently. Supporting low-income seniors so they can remain in their homes is a critical element of our priorities for the upcoming year.

In 2018-2019, the Province will work with its partners in the non-profit and private sectors, as well as municipalities, to continue to develop affordable housing solutions. Housing Nova Scotia will also continue to advance internal strategic initiatives to improve operational effectiveness and ensure that it is well positioned to meet emerging challenges and opportunities. This will include developing a client service framework, completing a governance review, and assessing the our information management structure to enable the organization to fulfill its core business functions.

We look to the year ahead as we continue to work with our partners to provide housing solutions and ensure that all Nova Scotians have access to adequate, suitable and affordable housing.

The Honourable Kelly Regan
Minister responsible for Housing Nova Scotia

Dan McDougall
President and Chief Executive Officer, Housing Nova Scotia

MANDATE

Housing Nova Scotia (HNS) is the primary housing delivery agency in Nova Scotia. It is responsible for ensuring access to safe, suitable, and affordable housing for all Nova Scotians.

Our mission is to deliver innovative strategies that contribute to the overall health and well-being of Nova Scotians and the sustainable development of the province.

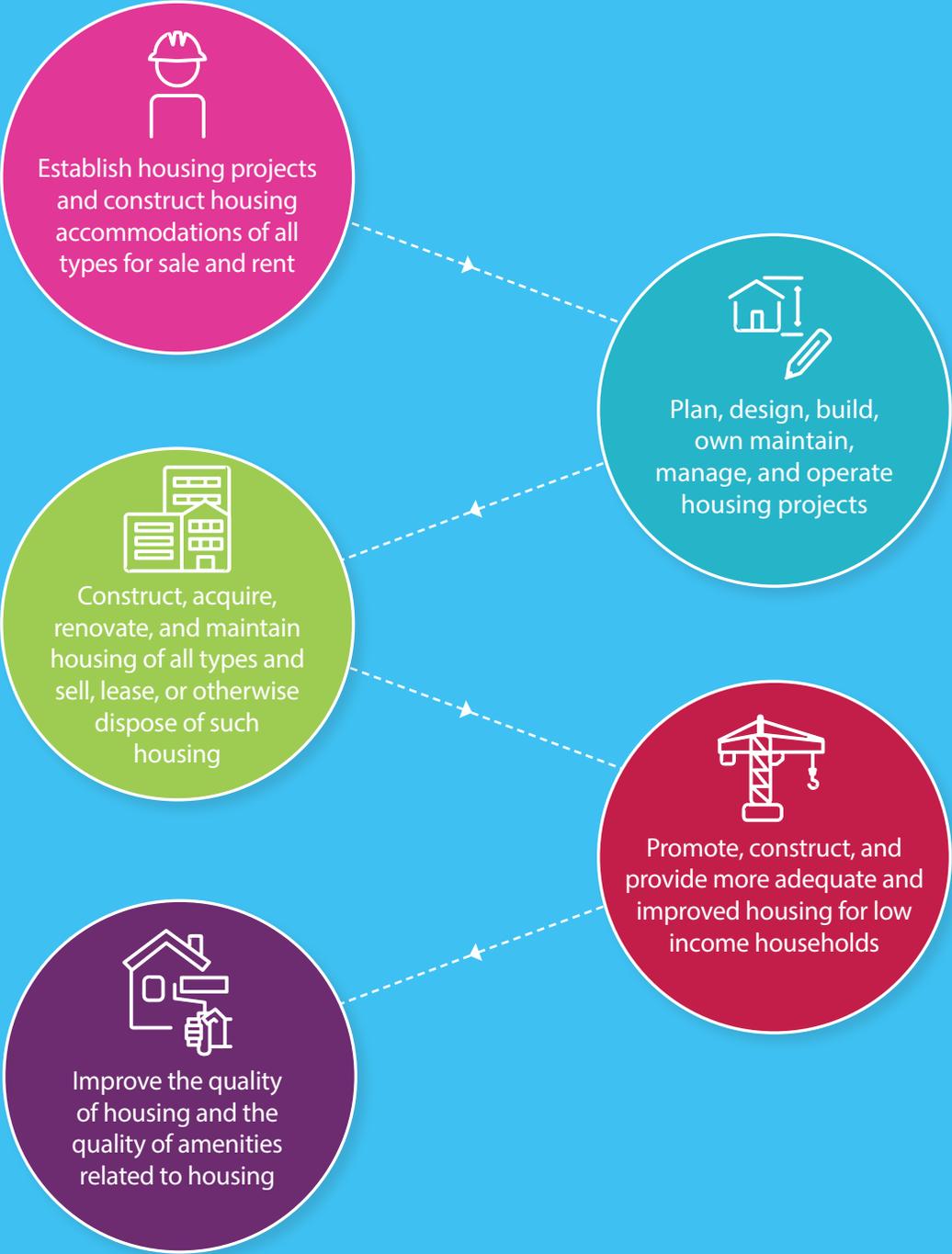
Our vision is that all Nova Scotians can live in a home that's right for them, at a price they can afford, in a healthy, vibrant, and diverse community that offers the services, supports and opportunities they need.

Housing Nova Scotia helped more than 150 families buy their first home through the Down Payment Assistance Program. In 2018-2019, this program will be continued and we will evaluate results to determine actions in subsequent years.



CORE BUSINESS FUNCTIONS

Housing Nova Scotia's core functions, as set in the Housing Nova Scotia Act are:



PLANNING CONTEXT

There are several opportunities and challenges affecting the affordable housing sector in Nova Scotia, as described below, which influence the design and delivery of programming and, in some cases, will require innovative solutions to address the challenges they present.

National Housing Strategy

The March 2017 federal budget committed \$11.2 billion over eleven years to support a National Housing Strategy (NHS) to build, renew and repair Canada's stock of affordable housing. The NHS was released by the Canada Housing and Mortgage Corporation (CMHC) in November 2017 as a 10-year plan that sets out a renewed role for CMHC to engage with provinces and territories as they deliver affordable housing solutions along the housing spectrum.

Many of Housing Nova Scotia's programs are funded through federal-provincial agreements. Currently, there are two such agreements in place: the Investment in Affordable Housing (IAH) Agreement, which is used to support home repairs, adaptations, and the creation of affordable housing units; and the Social Housing Agreement (SHA), which is used to operate public housing buildings, fund rent supplements, and subsidize affordability of units in co-op/non-profit buildings. The IAH Agreement will expire at the end of March 2019, and federal subsidies under the SHA decline annually until it expires in 2034.

Housing Nova Scotia, along with other housing agencies in provinces and territories across the country, has been working with CMHC toward the development of a multi-lateral Housing Partnership Framework that will lead into a Canada-Nova Scotia

bilateral agreement to operationalize the National Housing Strategy.

Demographic Trends

Changes in demographic trends influence demand for affordable housing. For example, the province has one of the highest proportions of its population living in low-income, at 17%. It also has the highest percentage of households in core housing need¹ among Atlantic Provinces. In addition, the proportion of Nova Scotians aged 65 and older has increased over the last decade, shifting demand for different types of affordable housing and creating increased demand for home repair and adaptation programs, as older adults are choosing to stay in their homes and live independently in their communities.

Aging Housing Stock

Nova Scotia's public housing stock is one of the oldest in the country. Approximately one-third of the units are at least 40 years old – built before 1976. The age of the stock drives the need for capital improvements including the replacement of major building systems. HNS has developed a Capital Asset Management Program to compile reliable data on building conditions, identify required renewal projects, and target funding to where it is most effective. Using the results from this program, HNS is making strategic investments to help preserve the Province's public housing stock, including over \$27 million invested in the last two years. Required repair and renewal work will be undertaken over the next several years to ensure building conditions are adequate and remain in a fair condition while a longer-term renewal plan is developed.

¹ Core Housing Need is the number of low-income households who could not access affordable, suitable, adequate housing without spending 30% or more of their total household income on housing. (CMHC)



PRIORITY AREAS AND PLANNED ACTIONS FOR 2018-2019

HNS has identified four strategic priority areas that will guide its activities in 2018-2019. These priority areas have been identified with a view to advancing Government's priorities and the organization's Ministerial mandate.

**The strategic priority areas
for 2018-2019 are:**

1

Increase access to affordable housing

2

Preserve and sustain existing public housing stock

3

Maintain and expand strategic partnerships

4

Ensure that Housing Nova Scotia is well positioned to meet current and emerging challenges

PRIORITY AREA 1

Increase access to affordable housing

Housing Nova Scotia's key focus remains increasing affordable housing opportunities for low-income families, seniors, and persons with disabilities. The planned actions for 2018-2019 will contribute to the creation of new affordable housing for owners and renters.

Planned Actions for 2018-2019

- Implement new rent supplements to help reduce the public housing waitlist. There are currently 3,400 eligible families and seniors waiting for public housing. Housing Nova Scotia will house 30% of applicants - over 1,000 individuals - in a rent supplement unit by 2021.
- Help low-income first-time home buyers through continuation of the Down Payment Assistance Program, which was first introduced in May 2017. The Program provides eligible first-time home buyers with an interest-free loan repayable over 10 years. In the first year of the program almost 150 households were assisted to reach the goal of home ownership. In 2018-2019, Housing Nova Scotia will continue the program for a further year, and will evaluate results to determine actions in subsequent years.
- Continue to partner with Bryony House, the Mi'kmaw Native Friendship Centre, Chrysalis House, and Autumn House to complete new building construction and repair. This creates new affordable housing options targeted to victims of domestic violence and those in need of transitional housing.
- Continue to partner with the private sector and not-for-profit partners to build new affordable and accessible housing. In 2018-2019, Housing

Nova Scotia will monitor the impact of changes introduced in 2016 that increased maximum funding per unit from up to \$25,000 to up to \$50,000.

PRIORITY AREA 2

Preserve and sustain existing public housing stock

There is a high demand for public housing with over 17,600 residents in 2,152 buildings and 3,400 eligible families and seniors on the waitlist. Federal funding for public housing under the Social Housing Agreement is declining and will expire in 2034. Nova Scotia's public housing stock is aging, and major systems and components will require renewal or replacement over the next decade.

Planned Actions for 2018-2019

- Undertake needed repair and renewal projects that are identified through the Capital Asset Management Program.
- Develop a plan to assess long-term options for renewal of the public housing portfolio. The plan will be based on building condition assessment results and analysis of options to support long-term sustainability. It will also consider demographic trends and projected future demand for public and affordable housing to align demand and existing stock.
- Support innovative approaches to sustainability by monitoring levels of energy reduction in Passive House pilot projects completed in 2016-2017, and explore opportunities to improve technologies and building systems to reduce energy consumption and increase sustainability of buildings in the long-term.



Nova Scotians can expect Housing Nova Scotia to continue to deliver affordable housing opportunities for those who need it the most.

PRIORITY AREA 3

Maintain and expand strategic partnerships

Partnerships with key stakeholders and partners will be crucial to enabling the Province to address the challenges facing the affordable housing sector and to leverage new opportunities .

Planned Actions for 2018-2019

- Continue to collaborate with co-operative housing organizations and the Co-operative Housing Federation of Canada to support sustainability and growth of social housing projects.
- Facilitate strategic partnerships with social housing providers and shelter operators that increase housing options for the most vulnerable Nova Scotians, and continue to work with partners at the Halifax Housing and Homelessness Partnership.
- Work together with the Union of Nova Scotia Municipalities to identify partnership opportunities with local governments to address homelessness and increase the supply of affordable housing.
- Enhance cross-government collaboration to promote a coordinated approach to meeting the housing needs of Nova Scotians. This includes working with the Department of Community Services to most effectively meet the needs of shared client groups, engaging with the Nova Scotia Health Authority to address common areas of interest to better serve vulnerable Nova Scotians, collaborating with the Department of Energy and Efficiency Nova Scotia, and working with the Department of Seniors to advance SHIFT: Action Plan for an Aging Population.

PRIORITY AREA 4

Ensure that HNS is well-positioned to meet current and emerging challenges.

Building on work completed over the last year, these planned actions advance the organization's mandate by ensuring that Nova Scotia is well-positioned to meet current and emerging issues in housing, and to best serve the most vulnerable populations.

Planned Actions for 2018-2019

- Advance an Information Technology and Information Management strategy. In 2018-2019, Housing Nova Scotia will begin implementation of recommendations from recently completed IT/IM current state assessment. These multi-year initiatives will create an integrated information management structure to support HNS's corporate business functions including program evaluation, capital asset planning, policy development, and management reporting.
- Complete a governance and organizational structure review. Improvements to the organization's governance and service delivery structures support more effective core service delivery and help ensure the organization is positioned to address emerging issues, maximize resources, and leverage opportunities with partners.
- Develop a client service framework for public housing. Building on work completed in 2017-2018, Housing Nova Scotia will develop client service standards to guide operations and to communicate organizational values across service delivery areas. Performance measures will be identified to track progress across regions to ensure increased accountability.
- Complete a review of home repair and adaptation programs, making it easier for Nova Scotians to access information about programs and understand eligibility along with loan and grant parameters. Increase organizational efficiency by streamlining administrative processes to enable the most effective service delivery to our clients.



FINANCIAL SUMMARY

Housing Nova Scotia – Comparative Statements (\$ thousands)

	2016-17 Actual	2017-18 Estimate	2017-18 Forecast	2018-19 Estimate	Variance Increase (decrease) 18/19 Est over 17/18 Est
Revenue from Government Sources	132,646	133,469	128,854	137,671	4,202
Revenue from Rents	57,546	58,100	58,437	59,230	1,130
Interest, Revenue from Land Sales and Other Revenue	35,192	33,510	34,329	33,667	157
TOTAL FUNDING	225,384	225,079	221,620	230,569	5,490
Interest on Long Term Debt	37,969	35,911	35,894	34,078	(1,833)
Property Management and Operation	63,260	62,358	62,805	63,753	1,395
Maintenance and Capital Improvements	39,024	34,860	36,934	40,979	6,119
Housing Renovation and Affordable Housing	21,487	22,810	21,010	22,810	0
Social Housing Subsidies	21,078	20,275	20,066	16,967	(3,308)
Depreciation of Investment in Social Housing	23,083	23,100	23,278	22,604	(496)
Provision for Doubtful Accounts	1,101	850	404	761	(89)
Social Infrastructure Fund (SIF)	16,664	18,280	17,122	17,855	(425)
Housing Initiatives	1,485	750	750	1,140	390
TOTAL EXPENDITURES	225,151	219,194	218,264	220,948	1,754
NET SURPLUS (Equal to TCA Purchases)	233	5,885	3,356	9,621	3,736



Housing
NOVA SCOTIA
Opening Possibilities.

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BUSINESS PLAN

2018-2019

innovacorp
EARLY STAGE VENTURE CAPITAL

We get invested.

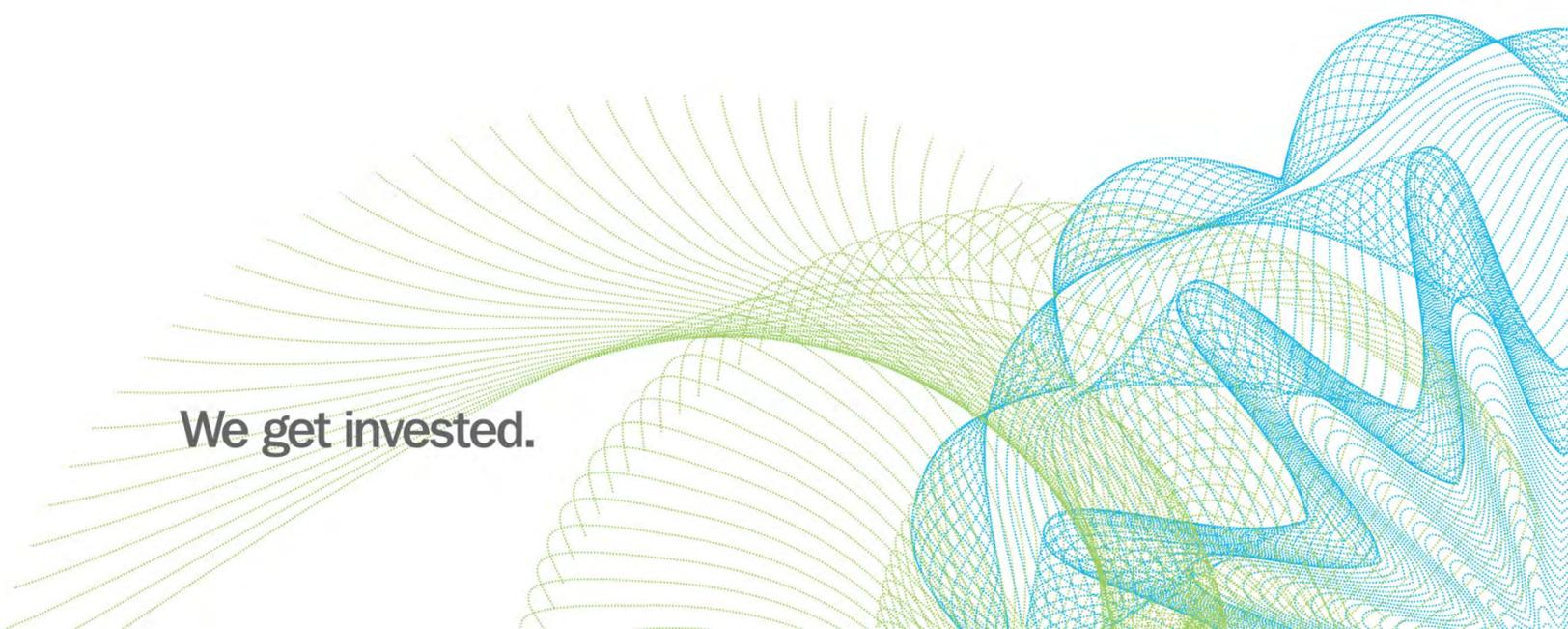


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Message from the Chair

Innovacorp continues to be a vital partner in Nova Scotia's strategy for economic growth. A robust start-up ecosystem is key to achieving a strong economic future for Nova Scotia and Atlantic Canada – and Innovacorp is helping build that ecosystem.

We are excited about the recent appointment of Malcolm Fraser as our new president and CEO. He is a successful serial entrepreneur who understands what it takes to make start-ups thrive. We also appreciate the leadership of our former leader, Stephen Duff, who recently returned to the private sector.

Innovacorp's mission is to *find, fund and foster* innovative Nova Scotia start-ups that strive to change the world. We continue to pursue this goal in our target high-potential technology sectors.

As of January 31, 2018, Innovacorp's Nova Scotia First Fund (NSFF) held a portfolio of 40 companies. Revenue and employment generated by these companies in 2017-2018 was \$48.6 million and 591 jobs representing 20 per cent and 10 per cent year-over-year increases, respectively.

In 2017-2018, Innovacorp *funded* new and follow-on investments in 15 companies totaling \$7.8 million alongside \$31.7 million in leveraged private sector investment. Over the year, the portfolio's value increased by \$5.5 million due to distributions realized and up rounds, partially offset by write-downs.

We will focus more on *find* activities in the coming year as we look to attract and develop more entrepreneurs and companies through initiatives such as our Start-Up Visa Program and marketing a world-class ocean technology incubator/accelerator at COVE. Access to talent, research and industry at COVE will enable Innovacorp to be a key player in technology commercialization in the global ocean economy.

In 2018-2019, we will continue to *foster* incredible companies and entrepreneurs in Nova Scotia through initiatives that provide access to expertise, capital and world-class facilities. We will continue to partner with new programs such as Creative Destruction Lab, Volta Cohort and ideaHUB to build stronger companies and great leaders.

Building and investing in our start-up ecosystem is the best way to create more innovation, commercialization and entrepreneurship success stories in Nova Scotia.

Sincerely,

Rodney F. Burgar
Board Chair, Innovacorp

About Innovacorp

Innovacorp is Nova Scotia's early stage venture capital organization.

Our mission is to find, fund and foster innovative Nova Scotia start-ups that strive to change the world. Our vision is that this region will be among the top 10 start-up ecosystems in the world.

Early stage investment is at the core of our business model. We also give entrepreneurs access to world-class incubation facilities, expert advice and other support to help them commercialize their technologies, accelerate their companies, and succeed in the global marketplace. We support the start-up community and culture across the province through competitions, programs and events that foster a vibrant entrepreneurial ecosystem.

Innovacorp Activities

Early Stage Venture Capital

Venture capital-backed start-ups typically have a greater economic impact than their non-backed peers, demonstrating stronger growth in revenue, employment and assets. The province's venture capital community is maturing and the ONE Nova Scotia Commission set a goal for per capita venture capital investment in Nova Scotia to reach the five-year national average by 2024.



From 2011-2012 to 2017-2018, Innovacorp made 87 investments totaling \$42.2 million in 52 companies while attracting \$94.8 million in direct leveraged co-investment from other venture capital funds and strategic and angel investors. During the same period, increases to the Nova Scotia First Fund (NSFF) from portfolio distributions and investment valuation increases supported by third-party transactions totaled \$18.5 million, offset by \$17.7 million in write-downs.

In 2018-2019, Innovacorp will continue to make venture capital investments in high-potential Nova Scotia start-ups, while actively managing and providing follow-on investment to existing portfolio companies. Innovacorp's investment professionals will seek to leverage our deals with other venture capital and angel co-investors, attracting capital and expertise from outside the region.

In addition to being a limited partner in Build Ventures, Atlantic Canada's \$65-million regional venture capital fund, Innovacorp will invest \$15 million in Build Ventures' second fund (Build Ventures II), which

has a targeted size of \$50 to \$75 million. Further, Innovacorp will invest \$15 million in a new private sector-managed technology pre-seed fund. Following a public request for submissions, a manager for the new fund will be selected in spring 2018. Both funds will be actively investing in 2018-2019. Innovacorp, Build Ventures and the new fund, along with the co-investors they engage, will help fill funding gaps in the start-up ecosystem and advance the province toward the 2024 per capita venture capital target.

Incubation

Innovacorp manages three incubation sites which host about two dozen companies employing over 300 entrepreneurs and skilled professionals. The **Technology Innovation Centre (TIC)** in Dartmouth targets companies in the clean technology sectors, while the **Innovacorp Enterprise Centre (IEC)** on the Dalhousie University campus in Halifax focuses on companies in the life sciences sectors. The **Innovacorp Demonstration Centre** in Brooklyn is an industrial demonstration facility where cutting-edge bioresource innovators and researchers can test their products before bringing them to full market scale.

Going forward, Innovacorp will continue to deliver incubation infrastructure and support for high-potential Nova Scotia start-ups, including collaboration spaces and access to expertise through strategic partnerships and programs.

New incubation clients are also attracted through the **Start-Up Visa Program**, a federal program for immigrant technology entrepreneurs who wish to establish new, high-growth businesses in Canada that will support innovation and job creation. Innovacorp is a designated Canadian business incubator under this program, and able to recommend entrepreneurs to receive a start-up visa from Immigration, Refugees and Citizenship Canada. In 2018-2019, Innovacorp will hire a full-time employee to focus on attracting high-potential immigrant entrepreneurs to Nova Scotia.

Several of Innovacorp's newest initiatives will ramp up in 2018-2019. For example, in spring 2018, Innovacorp will accept its first clients at Start-Up Yard, an incubator at the Centre for Ocean Ventures and Entrepreneurship (COVE). In addition, Innovacorp's Momentum initiative will enhance the assistance provided to Cape Breton start-ups, providing access to an entrepreneur-in-residence, acceleration programs, training opportunities, a makerspace, mentorship and networking events.

Acceleration Programs

Innovacorp's business acceleration activities are significant components of the overall value it provides to Nova Scotia's entrepreneurs. The programs, events and other initiatives augment the organization's venture capital activity and incubation facilities and services to help start-ups gain market traction and achieve success more quickly.

The **Early Stage Commercialization Fund** helps move Nova Scotia university and college research to market. It provides support for projects that demonstrate commercial readiness or are close to achieving a prototype or proof-of-concept stage with a possibility of attracting industry partners and investment. The prospect of generating a new revenue stream must also be apparent.

Innovacorp delivers a variety of sector-specific programs designed to help start-ups achieve business milestones and reach investment readiness. Competitive in nature, these initiatives target companies in the life sciences, clean technology, information technology and ocean technology sectors.

In 2018-2019, Innovacorp plans to build on the past year's success of its **acceleration programs in clean technology, life sciences and ocean technology**. These acceleration initiatives provide start-ups with access to world-class expert advice, workshops, incubation facilities and services, financial support and other resources. Companies that complete the programs may have the opportunity to pitch for investment.

In 2017-2018, Innovacorp expanded its **Spark Innovation Challenge** across the province. Four Spark competitions had been held in Cape Breton since 2014, and one in western Nova Scotia in 2016, Spark West. The province-wide edition received 136 submissions. Spark helps find and support high-potential, early stage knowledge-based companies, and encourage entrepreneurial activity in Nova Scotia. Winners receive cash and guidance from seasoned business professionals to put their ideas into action. Innovacorp intends to run Spark again in 2018-2019.

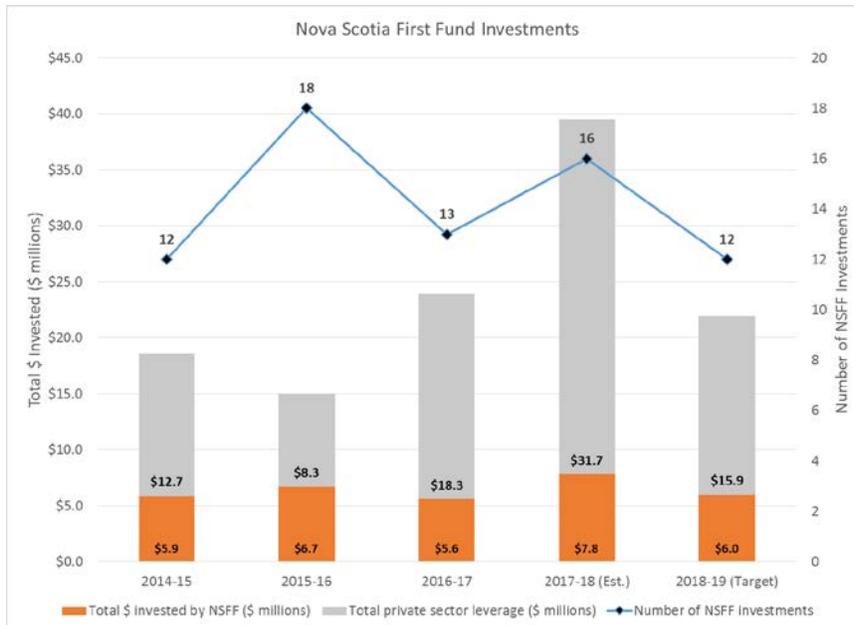
Strategic partnerships have become increasingly important in supporting Nova Scotia's promising entrepreneurs.

Through a partnership with **Bioenterprise Corporation**, a Guelph-based agri-technology accelerator, Innovacorp offers valuable advisory services to high-potential agricultural start-ups. The **Market Intelligence Atlantic Partnership** with Toronto-based MaRS lets Innovacorp connect clients with 14 premium technology and market research databases, delivering hundreds of thousands of dollars' worth of market value. Innovacorp also worked with federal funding partners and **Volta Labs** to create the Volta Cohort Fund, a new seed fund program for information technology start-ups.

Innovacorp will continue to help foster the development of the entrepreneurial ecosystem and deliver monthly events such as **TecSocial** in Cape Breton and the popular **Business Over Breakfast** series.

Performance Measures

Early Stage Venture Capital

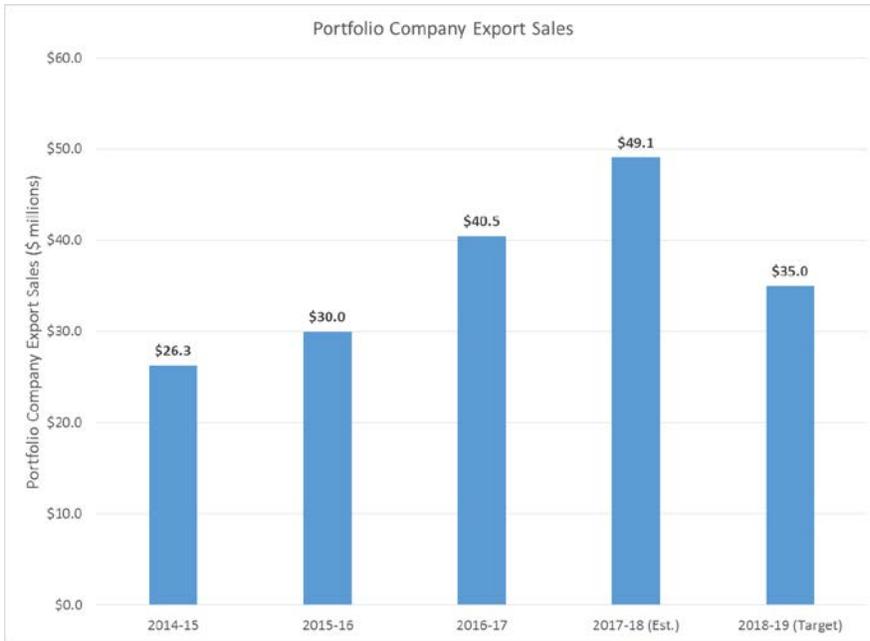


High-potential start-ups need access to venture capital to launch and grow. In 2018-2019, Innovacorp expects to make 8-12 investments in Nova Scotia start-ups, deploying \$4-8 million of venture capital. Innovacorp co-invests with institutional, private sector and angel investors from across Canada and beyond. We aim to leverage our Nova Scotia First Fund (NSFF) investments with private sector capital based on a dollar-weighted mix of at least 1:1 leverage in pre-seed and bridge financings and 1:2

leverage in seed and Series A investment rounds.

The objective of NSFF is to generate a return for Nova Scotia. This is measured by the total value of the portfolio (i.e., realized distributions and unrealized changes in value) to the total amount contributed by the Province (Modified TVPI ratio¹). At the end of 2017-2018, NSFF's TVPI was 0.83:1. The TVPI for investments made since 2011 when Innovacorp's investment thesis was enhanced, is 0.94:1. Innovacorp's objective is to generate returns at least sufficient to recover the Province's contributions to NSFF and the cost of capital on those funds (i.e., approx. 1.2:1).

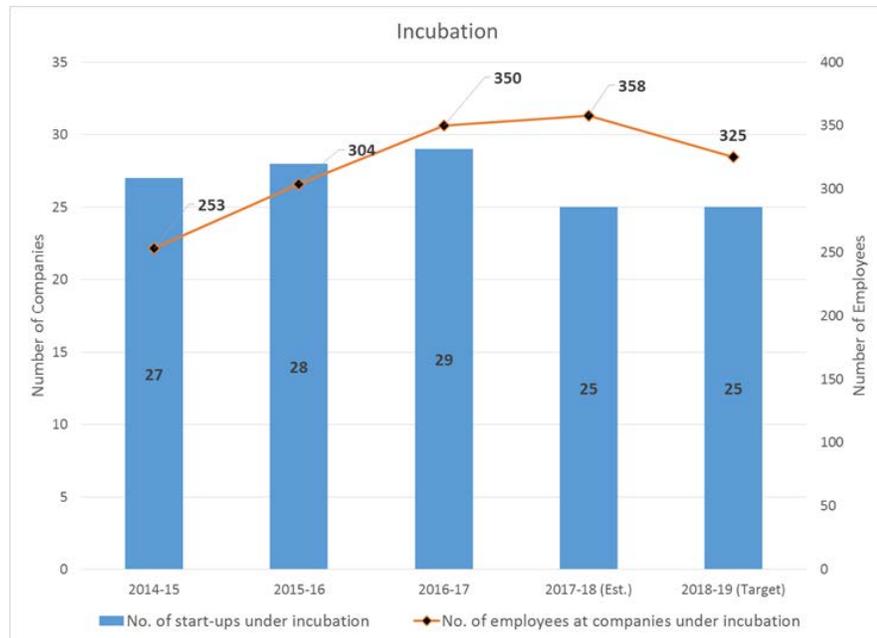
¹ The TVPI ratio typically includes in Paid In capital the amount of management fees paid to the fund manager. NSFF capital funds are 100 per cent used to make investments, and investment management costs are included in Innovacorp's operating budget. The measure is noted as modified to indicate it is not directly comparable to TVPI statistics.



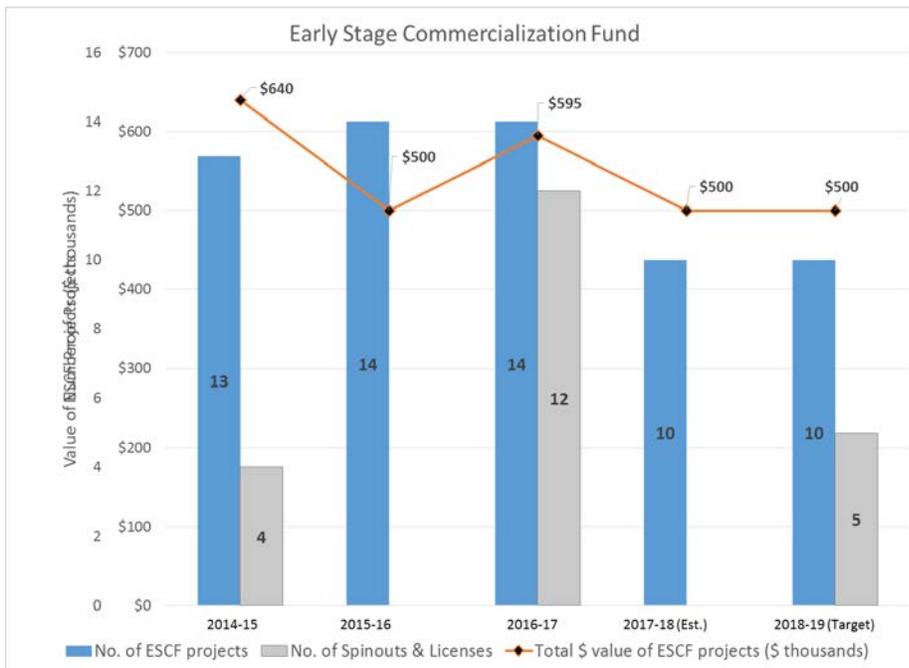
Export sales by NSFF portfolio companies are expected to decline by \$14 million in 2018-2019 to an aggregate annual revenue of \$35 million as a result of revenue lost from exits and portfolio companies ceasing operations, which will be offset by anticipated underlying growth of 25 per cent year over year in the remaining companies.

Incubation

Innovacorp manages three incubation sites: the Technology Innovation Centre in Dartmouth, the Innovacorp Enterprise Centre in Halifax, and the Innovacorp Demonstration Centre in Brooklyn – premier destinations for early stage technology companies. In 2018-2019, Innovacorp targets providing incubation infrastructure and resources to 25 high-potential Nova Scotia start-ups, which together will employ about 325 people.

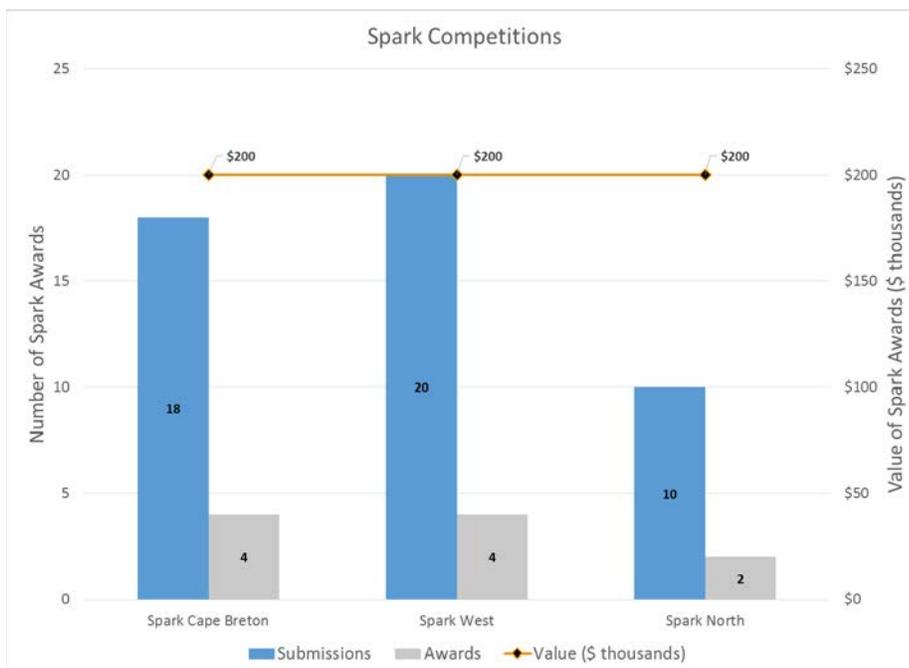


Acceleration Programs



Innovacorp runs two cohorts of the Early Stage Commercialization Fund (ESCF) each year. ESCF provides funding and go-to-market support for university and college research projects that demonstrate potential to advance a technology to a prototype or proof-of-concept stage and market readiness. In 2018-2019, Innovacorp targets supporting 10 ESCF projects and awarding a total of \$500,000. We also

expect to see five new licensing deals or spin-out companies from past ESCF projects by 2018-2019².



Through our annual Spark competitions we look for the best early stage technology companies in Nova Scotia. Winners receive funding and mentoring for the completion of prototypes or preparation to take their product or service to market. In 2018-2019, Innovacorp targets receiving 48 Spark submissions and making 10 awards totaling \$600,000.

As Nova Scotia's early stage venture capital organization, we often encounter emerging companies that are approaching investment readiness, but need help reaching that milestone. Innovacorp will run sector-specific, milestone-based acceleration programs in 2018-2019. We target making 25 awards totaling \$750,000 and expect participating companies to achieve their desired development milestones.

² ESCF spin-out and licensing data is collected bi-annually.

Innovacorp works with start-ups in a variety of technology sectors, and we build partnerships to enhance what we offer so our clients get the expertise, capital and other resources they need to succeed in global markets. In 2018-2019, Innovacorp will continue its partnership with Bioenterprise Corporation to help commercialize Nova Scotia agricultural technologies. We expect to advance 10 start-ups through our partnership with Bioenterprise. Further, Innovacorp and Bioenterprise will work together to bring their successful collaboration model to at least one new Atlantic province, to strengthen the region's agricultural technology sectors.

Budget Context

Innovacorp is committed to achieving its financial targets. To this end, the organization works with the Province of Nova Scotia and partner agencies to strategically leverage its assets in support of innovation and economic development initiatives.

	Estimate 2017-2018 (\$)	Forecast 2017-2018 (\$)	Estimate 2018-2019 (\$)
Revenue			
Provincial funding	8,669,000	9,224,000	9,266,000
Funding recognized re capital assets acquired	147,000	147,000	146,000
Incubation	1,180,000	1,675,000	1,607,000
Investment	12,000	512,000	-
	10,008,000	11,558,000	11,019,000
Expenses			
Incubation	4,780,000	5,830,000	7,246,000
Investment	2,709,000	3,209,000	1,259,000
Corporate services	1,642,000	1,642,000	1,746,000
	9,131,000	10,681,000	10,251,000
Surplus before non-operating items	877,000	877,000	768,000
Other income (expense)			
NSFF total return	(328,000)	(1,642,000)	(337,000)
Post-retirement benefits and long service award	(75,000)	(75,000)	(67,000)
Amortization	(403,000)	(403,000)	(466,000)
Interest income (expense), dividends, and capital gains (losses)	(212,000)	(212,000)	(39,000)
	(1,018,000)	(2,332,000)	(909,000)
Deficit	(141,000)	(1,455,000)	(141,000)

Revenue

Provincial funding 2018-2019 estimate is \$597,000 higher than the 2017-2018 estimate. Highlights of the changes are summarized in the following table:

Thousands of dollars	
Estimate 2017-2018	\$8,669
Funding for proposed new programs in budget	485
Increase in core funding	93
Increase in funding for incubation facility at COVE	88
Reduction in funding from departments	(69)
Estimate 2018-2019	\$9,266

Incubation 2018-2019 estimate is \$427,000 higher than the 2017-2018 estimate. Highlights of the changes are summarized in the following table:

Thousands of dollars	
Estimate 2017-2018	\$1,180
Funding of Momentum in Sydney	552
Reduction in client revenue at facilities	(144)
Other	19
Estimate 2018-2019	\$1,607

Expenses

Incubation 2018-2019 estimate is \$2,466,000 higher than the 2017-2018 estimate. Highlights of the changes are summarized in the following table:

Thousands of dollars	
Estimate 2017-2018	\$4,780
Transfer of program budgets from Investment	1,460
Proposed new programs in budget	485
Momentum in Sydney	552
Incubation facility at COVE	88
Projects sponsored by other departments	(69)
Other	(50)
Estimate 2018-2019	\$7,246

Investment 2018-2019 estimate is \$1,455,000 lower than the 2017-2018 estimate. Highlights of the changes are summarized in the following table:

Thousands of dollars	
Estimate 2017-2018	\$2,709
Transfer of program budgets to Incubation	(1,460)
Other	10
Estimate 2018-2019	\$1,259

Corporate services 2018-2019 estimate is \$104,000 higher than the 2017-2018 estimate. Highlights of the changes are summarized in the following table:

Thousands of dollars	
Estimate 2016-2017	\$1,642
Consulting work on several HST issues	43
Other	61
Estimate 2018-2019	\$1,746

Non-Operating Items

Amortization 2018-2019 estimate of \$(466,000) is \$63,000 higher than the 2017-2018 estimate of \$(403,000) due to capital additions.

Interest income (expense), dividends, and capital gains (losses) 2018-2019 estimate of \$(39,000) is \$173,000 lower than the 2017-2018 estimate of \$(212,000) due to interest expense savings on the principal repayment of an outstanding loan.

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Nova Scotia Business Incorporated

Business Plan 2018–19



Message from the Board Chair and CEO

Nova Scotia Business Inc. (NSBI), a private sector led Crown Corporation, is a lead business development agency for the Province of Nova Scotia. In support of the provincial mandate to create inclusive economic growth through export, NSBI attracts innovative, globally competitive companies to establish a business location in Nova Scotia, and works with Nova Scotia businesses to build export capacity through delivery of business advisory services, skills development and training, trade intelligence, and market diversification programs and services.

2017-2018 was a year of shifting waters in international trade. The introduction of protectionist policies from the current US administration, renegotiation of the North American Free Trade Agreement (NAFTA), and the imposition of tariffs on softwood lumber and newsprint have highlighted the need for Nova Scotia businesses to strengthen their footholds on the ground in the US, and prioritize export market diversification efforts. The Comprehensive Economic and Trade Agreement (CETA) with the European Union, and the emerging Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) provide new export pathways for Nova Scotia companies, and NSBI is responding with programming and services to ensure our exporters are prepared to take full advantage of the opportunities presented with these new trading relationships.

In 2018-2019, NSBI will build on the valuable insight gained from our clients and look for new and better ways to support companies at all stages of the export continuum. Market diversification will be a key focus, as we build upon the launch of the Cambridge Scale-Up Hub and explore replicating this model in another key market of interest, bringing Nova Scotia companies to the world and supporting them on the ground as they build networks and grow exports. For companies further along the export continuum, NSBI will work with partners to create an Export Accelerator model to help high-potential firms in the province grow and scale, enhance their export ambition, and improve their global success.

NSBI stands behind the province's innovation agenda by attracting anchor companies into the province's innovation ecosystem and supporting Nova Scotia businesses on their path to improved productivity. The past year has seen NSBI implement new programs aimed at driving research & development and innovation, and we look forward to our second year delivering the Productivity and Innovation Voucher Program and the introduction of the Innovation Rebate Program to ensure businesses have the connections and financing required to strengthen global competitiveness.

The federal government and private sector's co-investment in the Ocean Supercluster in Atlantic Canada, announced on February 15th, 2018, positions us to become a global leader in the knowledge-based ocean economy. The Ocean Supercluster will foster new partnerships between industry, post-secondary education institutions, government, and other partners to accelerate innovation and commercialization and to drive sustainable economic growth from our oceans. NSBI will support our companies to take full advantage of the Ocean Supercluster effort and showcase the opportunity to global oceans players, with a particular focus on the promotion of facilities such as the Centre for Oceans Ventures and Entrepreneurship (COVE).

Through our daily interaction with companies across the province, we will listen for the obstacles and challenges standing in the way of their growth and we will bring these concerns to the table to inform policy, program and service development. Inclusive economic growth will guide our efforts as we review and improve NSBI's tools, programs, and services to better encourage the hiring of under-represented populations, ensuring that all Nova Scotians benefit from our efforts and those of our clients. To achieve the export and investment outcomes necessary to grow our economy, 2018-2019 will see NSBI deliver programming and services rooted in evidence that support our businesses as they build export capacity and innovate to keep pace with the constant change in global markets.

Mandate

Nova Scotia Business Inc. (NSBI), led by a private sector Board of Directors, is a lead business development agency for the Province. NSBI's mandate is to help Nova Scotia businesses across the province grow exports through access to business advisory services, skill development and training to build export capacity, market intelligence, financing, and support in accessing global markets, with a focus on developing new exporters and attracting innovative, globally competitive companies to establish a business location in Nova Scotia.

Mission

Nova Scotia Business Inc. drives economic momentum in Nova Scotia through attracting and expanding investment and developing businesses in all communities to be more successful exporters.

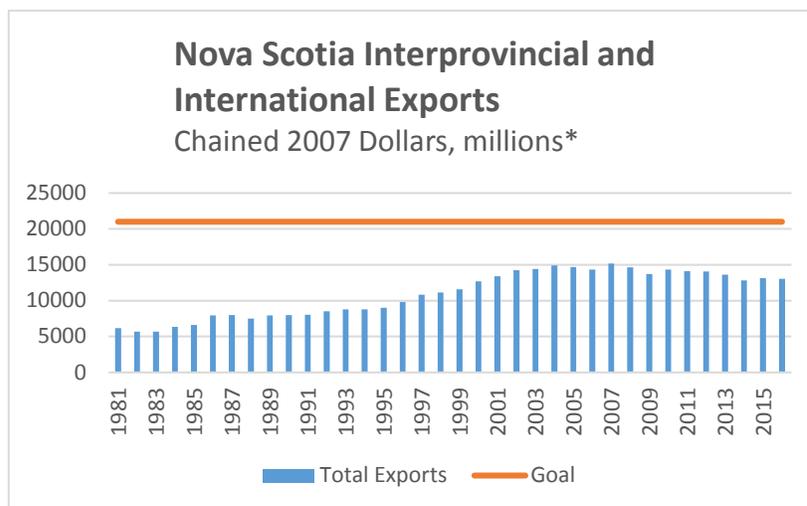
Vision

A strong, thriving, and globally competitive Nova Scotia today and for generations to come.

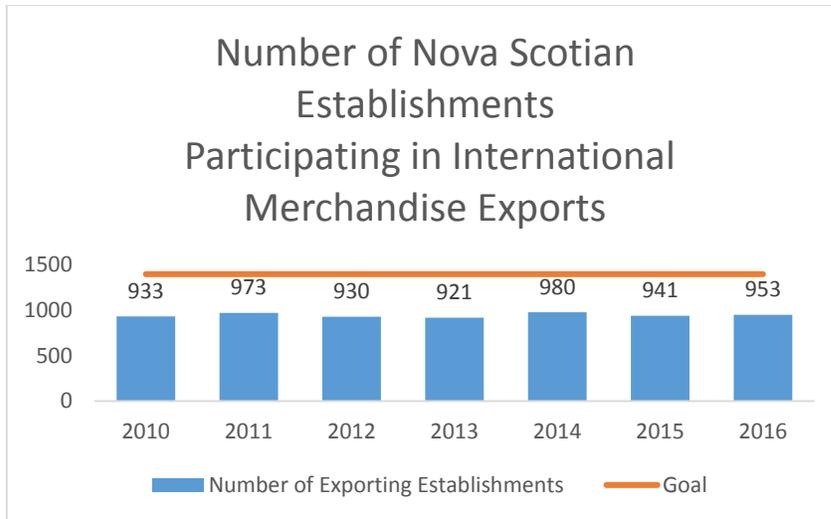
Setting the Stage

Trade

The Nova Scotia Commission on Building Our New Economy's historic report (oneNS Report) emphasized the role that export must play in Nova Scotia's future economic prosperity. The oneNS Report identified bold targets of increasing the value of Nova Scotia exports and the number of Nova Scotia companies participating in export by 50% by 2024. The \$20 million Atlantic Trade and Investment Growth Strategy (ATIGS), a pan-Atlantic collaboration between the Government of Canada and the four Atlantic provinces signed in 2017, brought forward new goals to double the number of exporting enterprises from Atlantic Canada from 1,700 to 3,400 by 2025.



*Chained 2007 Dollars are used to be consistent with the measurement approach adopted to track Nova Scotia's progress towards the oneNS Report's value of exports goal (Goal 5). Source: Statistics Canada, CANSIM table 384-0038



Source: Statistics Canada, CANSIM table 228-0077

If Nova Scotia is to gain momentum toward the attainment of the goals within the oneNS Report and the Atlantic Trade and Investment Growth Strategy, businesses must increasingly look to export as the pathway to growth. NSBI will continue working with exporters at all stages of development to improve productivity, make capital investments aimed at driving innovation, and build capacity to enter and expand into targeted export markets, with particular focus on companies that are demonstrating growth in their sales outside the province.

Although sectors such as seafood have expanded their reach into key Asian markets, Nova Scotia remains dependent on the United States as an export market, with the US representing 68%¹ of the province's export sales in 2016. While Nova Scotia and the United States have benefitted from decades of positive trade relations, current uncertainty with regards to the future of the North American Free Trade Agreement (NAFTA) has given rise to a need for proactive market diversification efforts. The introduction of protectionist policies from the current US administration, renegotiation of NAFTA, and the imposition of tariffs on softwood lumber and newsprint highlight the need for Nova Scotia businesses to look to new export opportunities, such as those created by the Comprehensive Economic and Trade Agreement (CETA) with the European Union and the emerging Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). NSBI will ensure that Nova Scotia businesses are ready, willing and able to take advantage of the international opportunities associated with current and emerging trade agreements.

¹ Trade Data Online, January 23, 2018

Foreign Direct Investment

Foreign direct investment (FDI), which encompasses new investments into Nova Scotia from companies elsewhere in Canada and abroad, continues to play an important role in economic growth - from 2011 to 2016, \$1.9 billion in Greenfield FDI projects took root in Atlantic Canada².

The Conference Board of Canada's "*Strengthening Symbiosis: International Business and Innovation*" report emphasized the link between international business and innovation, and concluded that innovative firms must be introduced to global markets in order to succeed. Attracting new, mature, multinational exporting firms into Nova Scotia contributes to the province's economic growth and innovation landscape – boosting the province's export sales, and enabling domestic companies to enter global markets through partnerships and relationships with these businesses that have established international footprints.

NSBI will continue to promote Nova Scotia's unique assets – our highly skilled and educated workforce, our ports and gateway, time zone advantages, reliable infrastructure, a competitive business operating cost model, and proximity to global markets – to attract companies that will benefit from a Nova Scotia location and contribute to economic growth and the innovation agenda in our province.

NSBI's Role and Response

Export Development

In 2018-2019, NSBI will look for new and better ways to continue supporting export curious, new exporters, and experienced exporters. The \$20 million Atlantic Trade and Investment Growth Strategy enables Nova Scotia to join federal and provincial partners to pave the way for companies in pursuit of international export growth by ensuring they are prepared and making the connections they need to be successful on the global stage. In recognition of potential shifts in the international trade agreement landscape, we will work with our ATIGS partners to implement market entry, expansion and diversification plans for China, the European Union, and the United States. NSBI will ensure that Nova Scotia businesses are ready, willing and able to take advantage of emerging trade agreements such as the CPTPP, as well as opportunities within the growing Association of Southeast Asian Nations (ASEAN) market.

Market diversification will be a key focus as we will build upon the launch of the Cambridge Scale-Up Hub and explore replicating this model in another key market of interest, bringing Nova Scotia companies to the world and supporting them on the ground as they build networks and grow exports. For companies further along the export continuum, NSBI will work with partners to create an Export Accelerator model to help high-potential firms in the province grow and scale, enhance their export ambition, and improve their global success.

² Atlantic Growth Strategy, 2017

NSBI will organize targeted outbound trade missions to connect Nova Scotia businesses in high potential clusters (ICT, Oceans, and Seafood & Agri-food) with global business connections in promising export markets. Our Export Capacity Building team will work side by side with businesses and partners to deliver training and resources tailored to company's needs, while the Small Business Development Program will enable our clients to hire the expertise they need to build the capacity to export and grow. NSBI will develop improved, timely, online export resources to enable Nova Scotia businesses to access the information they need when they need it. Our Export Growth Program will support the cost of in-market travel for businesses, and our Trade Market Intelligence service and Global Advisors Program will help companies make educated export market decisions and international business connections to maximize their time spent in market.

Investment Attraction

2017-2018 saw NSBI design and implement a renewed data mining methodology to identify and signal when companies are looking to expand into a new jurisdiction. NSBI will continue with evidence-based lead generation to identify innovative, exporting companies within knowledge-based industries that would benefit from a Nova Scotia location. We will revise and tailor our value proposition materials and content to resonate with key industries such as ICT, Financial Services, Oceans, and Advanced Manufacturing, and address the intelligence needs of other critical FDI audiences, such as Site Selectors. Market diversification in Japan, as well as other ASEAN countries, will be a focus for NSBI's investment attraction efforts as a result of the CPTPP.

NSBI will promote the Digital Media Tax Credit and will implement our project management framework to help digital media and animation companies settle and grow from Nova Scotia. We will work with our private and public sector partners to make the connections these companies need to seamlessly and efficiently establish roots in Nova Scotia and capitalize on our highly-skilled and creative talent pool, which is constantly being replenished by top-notch graduates from our leading post-secondary education institutions.

NSBI will work with the federal and neighboring provincial governments through the \$20 million Atlantic Trade and Investment Growth Strategy to improve investment readiness across the province so that all communities can achieve greater benefits from our economic growth. We will continue to be a strong supporter and partner to officially open the doors at the Centre for Oceans Ventures & Entrepreneurship (COVE), where high quality marine infrastructure, unparalleled access to the ocean, and collaborative space will provide the venue for ocean industries to connect, innovate and prosper.

NSBI will work with partners to create collaborative business communities and networks, support young entrepreneurs and innovators through their export journey, and attract and grow businesses here in the province that are committed to creating inclusive employment and economic growth by recognizing the value that under-represented groups contribute to their workforce development strategies. Our investment attraction transactions will provide a positive return to the province, and our tools will be reviewed and improved to better encourage inclusive economic growth and the hiring of under-represented populations, ensuring that all Nova Scotians benefit from our efforts and those of our clients.

Strengthening Nova Scotia Businesses

NSBI's Regional Business Development team lives and works across the province, serving as the critical first point of contact for NSBI to businesses in all communities. Our Regional Team is the gateway to our programs, services, and partner network, connecting with over 700 unique companies last year to deliver business advisory and navigation services. NSBI will continue proactively connecting across the province with businesses that can benefit from our suite of services and the offerings of our partners, ensuring that businesses have the resources and support required to innovate, increase export capacity, and grow from Nova Scotia. Through our daily interaction with businesses, we will listen for the obstacles and challenges standing in the way of their growth and we will bring these concerns to the table to inform policy, program and service development.

NSBI will continue to stand behind the province's innovation agenda and build upon programs and services introduced in 2017-2018 to support the capital investment and productivity enhancing needs of Nova Scotia's business community. 2017-2018 was the first year for NSBI's delivery of the Productivity & Innovation Voucher Program, and we look forward to offering the program in 2018-2019 to create deeper research and development ties between businesses and Nova Scotia's universities and colleges. The Innovation Rebate Program, a new 5-year pilot program introduced in 2017-2018, will support Nova Scotia firms through the capital investments required to improve global competitiveness and gain market share. NSBI will deliver this program to companies looking to make investments in production capacity to enter new markets and/or produce new products.

The federal government and private sector's co-investment in the Ocean Supercluster in Atlantic Canada, announced on February 15th, 2018, positions us to become a global leader in the knowledge-based ocean economy. The Ocean Supercluster will foster new partnerships between industry, post-secondary education institutions, government, and other partners to accelerate innovation and commercialization and to drive sustainable economic growth from our oceans. NSBI will support our companies to take full advantage of the Ocean Supercluster effort and showcase the opportunity to global oceans players.

In recognition of the importance of productivity to innovation and export success, NSBI is continuing its collaboration with the Atlantic Canada Opportunities Agency (ACOA), Canadian Manufacturers and Exporters (CME), and the Department of Labour and Advanced Education to deliver a productivity training program to 32 SMEs in Nova Scotia's manufacturing sector. Participating companies will learn how to implement sustainable LEAN manufacturing methods, leading to significant productivity and quality gains and increasing efficiency, which is critical for Nova Scotia companies to remain competitive in the global marketplace.

Marketing & Partnership Development

The oneNS Coalition's "*We Choose Now*" playbook emphasized the cultural change needed across the province to support growth through export. NSBI recognizes and embraces the role we play in promoting an export-first business culture as the path to sustainably growing Nova Scotia's economy. NSBI will contribute to the export message here at home by sharing the stories of our companies as they sell to the world. We will bring the world home to Nova Scotia through telling of our own experiences and those of our clients – highlighting the successes but also the lessons learned – both of which are necessary as the foundation for an export-first business culture.

As our relationship with our strongest trading partner to the south evolves, NSBI will focus our partnership initiatives to support the market diversification efforts of our clients. We will build awareness of Nova Scotia and our high potential sectors in key markets like the EU and China, and continue to build relationships to assist our companies as they forge the path to new markets for growth.

Film and Television Production Support

2017-2018 was a record year for transactions within the Nova Scotia Film & TV Production Incentive Fund and we look to continue this momentum into 2018-2019. NSBI has put considerable focus and effort into increasing transparency throughout the fund administration process, so that producers can have a greater level of confidence. As NSBI enters our third year of engagement with the film and television production industry, we will continue to administer the Nova Scotia Film & TV Production Incentive Fund and the Eastlink TV Independent Production Fund Program in a client-centric, timely and effective manner. We look forward to continuing to build our relationships in this creative sector as we partner to highlight the stories of productions that are made here in our province.

Portfolio Management

NSBI is the agency responsible for the management and administration of the NS Business Fund and the province's legacy Jobs Fund investment portfolio. We will continue to work with clients, ensuring service excellence while navigating complex financial circumstances on behalf of the Province of Nova Scotia. NSBI will also manage our real estate assets to maximum benefit, and continue our support of the Nova Scotia Credit Union Small Business Loan Guarantee Program to provide funding to businesses from across the province.

Performance Measures

Measures	2018 - 2019 Targets
1. Annual increase in NSBI client reported actual export sales	15% increase in the actual export sales of NSBI's clients overall, and by clients within the high potential clusters of ICT, Oceans, and Seafood & Agri-food
2. Number of NSBI clients becoming new exporters	A minimum of 15 NSBI clients become new exporters, with a minimum of 10 clients within the high potential clusters of ICT, Oceans, and Seafood & Agri-food becoming new exporters
3. Actual payroll generated by NSBI clients	15% increase in the actual payroll generated by NSBI clients overall, and by clients within the high potential clusters of ICT, Oceans, and Seafood & Agri-food
4. Return on investment (ROI) of Payroll Rebate transactions	Achieve an average ROI to the province of 40% on Payroll Rebate transactions
5. Linkages between business and Nova Scotia's universities and colleges	NSBI will issue 50 Productivity and Innovation Vouchers with a total value of \$1.0 million to create stronger ties between businesses and Nova Scotia's universities and colleges
6. Diversification of export markets	A minimum of 10% of NSBI clients diversify markets through exporting to an additional country

Budget Context

	Budget 2017-18 (\$ 000)	Forecast 2017-18 (\$ 000)	Estimate 2018-19 (\$ 000)
Revenue			
Provincial Grants	55,259	52,855	59,474
Gain on Sale of Properties	0	466	0
NS Business Fund: Loans & Equity, plus Properties	2,026	725	1,640
Miscellaneous Revenue	529	2,130	999
Total	57,813	56,176	62,113
Expenses			
Operating	16,832	17,651	17,876
Strategic investments	15,107	12,807	16,597
NS Film & TV Production Incentive Fund	22,849	22,745	20,000
Innovation Rebate Program	0	0	5,000
Provision for credit losses	1,000	5,025	1,000
NS Business Fund: Loans & Equity, plus Properties	1,358	(130)	832
Total	57,146	58,099	61,305
Surplus (Deficit)	667	(1,923)	808

Appendix 1

Strategic Investment Funds Pursuant to NSBI Regulations Policies and Guidelines/Procedures, NSBI 2018–2019 Business Plan

STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS POLICIES AND GUIDELINES/PROCEDURES, NSBI 2018-19 BUSINESS PLAN	
	PAYROLL REBATE PROGRAM (the “Program”)
Overview	<p>A Payroll Rebate is a discretionary, non-entitlement business development incentive (the “incentive”) intended to promote targeted payroll generation through the creation of incremental employment.</p> <p>This incentive may be used when it can be shown that a company’s project generates an economic benefit to the province, which may include export development, investment in the province, or improved competitiveness of existing businesses, in one or more of the province’s key economic sectors.</p>
Amount	<p>Rebates will be equivalent to between 5% and 10% of gross payroll, depending on the company’s strategic location in Nova Scotia or business sector and the economic benefit generated to the province. Additional rebate may be considered where the company is hiring individuals with specific skills or experience, new members of the Nova Scotia workforce, is increasing export activity, undertaking a capital project deemed strategic to their Nova Scotia region, or establishing or expanding its presence in rural Nova Scotia.</p> <p>All other Nova Scotia provincial government assistance with respect to the project must be disclosed to NSBI and may influence the rebate amount.</p>
Eligibility	<p>The company’s business must be considered eligible according to NSBI’s operating regulations.</p> <p>The incentive must be project-based. Projects are expected to create sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance.</p> <p>Eligibility requires that all projects should result in creation of jobs for at least 20 full time equivalents (FTEs) in Nova Scotia. Projects creating fewer than 20 FTEs will be considered when there is high strategic value or strong economic benefit.</p> <p>Companies that have previously received under the Program will not be eligible for additional incentive unless the project is incremental to the peak FTE level attained by the company under the previously provided incentive.</p>

	<p>Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.</p> <p>The company will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).</p>
Application Requirements	<p>Historical and/or projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company.</p> <p>Acceptable reports providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk.</p> <p>Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.</p>
Criteria	<p>The company and the project must have reasonable prospects (business plan) for continued growth and success. The company should be profitable, with a proven track record. In addition, the project should be export oriented and/or be in a strategic economic sector.</p> <p>The company must also demonstrate:</p> <ul style="list-style-type: none"> • strong management (corporate and local) • compliance with Environment Act, Occupational Health and Safety and Labour Standards Code (if already established in Nova Scotia) • economic benefit to the province (e.g., estimated number of FTEs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution) • financial stability
Performance Conditions	<p>The incentive is contingent on specific targets the company must achieve, which will typically be the creation of (x) FTEs by a specific date and with an average annual salary/wage of a specific amount. These targets are expected to still be in place at the end of the rebate period.</p> <p>Companies may be required to achieve additional targets with respect to capital project completion including investment or export targets, if applicable.</p> <p>The company must provide an - audited report, certifying that the employment, wage and other targets have been achieved. The report must contain the following information:</p> <ul style="list-style-type: none"> • Incremental gross wage or payroll amount (including benefits) and the number of incremental and/or maintained employees and hours worked according to the Company's records on each anniversary date from the project commencement; • Gross wage or payroll amount, including benefits, and the total number of FTEs of the company on each anniversary date from the project commencement; • Incremental employees province of residence; and • Applicable export, investment and project details.

Payment Terms	<p>Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement.</p> <p>In most cases, rebates will be paid annually on each anniversary from the project commencement;</p> <p>Payment term generally average five years.</p>

Appendix 2

Nova Scotia Business Fund:

The Nova Scotia Business Fund is the historic source of capital for Nova Scotia Business Inc.'s business lending activities. The Nova Scotia Business Fund has not issued any new business development incentives since fiscal 2014-2015.

The portfolio currently has approximately \$59.6 million outstanding to more than 37 companies located throughout the province. Net new capital needed for Nova Scotia Business Inc. to continue to meet the financing needs of current clients is estimated to be \$200,000, with repayments of current outstanding investments estimated to be about \$4.5 million.

Regulations for the Nova Scotia Business Fund require determination of specific parameters for investment decisions and the profile of the portfolio on an annual basis.

The following outline the parameters for investment decisions for the Nova Scotia Business Fund should new business development incentives be issued:

- Annual sector investment targets:
 - traditional: 16%
 - knowledge based (information and communications technology and life sciences): 20%
 - manufacturing: 45%
 - energy: 9%
 - ocean technology: 5%
 - other: 5%
- \$15 million maximum per company (investments exceeding this amount will be considered in exceptional circumstances).
- Maximum of 20% of the Nova Scotia Business Fund available for working capital investments.
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization).

CROP AND LIVESTOCK INSURANCE
COMMISSION

BUSINESS PLAN

2018-19

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Message from the Minister Chair and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2018-19. The plan outlines the Commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses. This business plan supports the Province's priorities of fiscal sustainability, economic growth and demographic stability.

The AgrilInsurance product line continues to expand the opportunities for risk transfer in the production of agricultural products. The Commission continues to expand its product line offering increased benefits and more insurance options. These products are developed and tested in Nova Scotia for the province's unique agronomic mix and business needs.

The Commission continues to work toward increased administrative efficiency, particularly related to its information management system. The development of a new information technology system to replace the current outdated and inefficient system has been identified as critical to ensuring that the Commission is able to meet the needs of its clients and funding partners.

Hon. Keith Colwell, E.C.N.S.
Minister, Agriculture

Mr. Arthur Pick, P.Ag.
Vice Chair

Mr. Bill MacLeod, P.Ag.
CEO

Mission

The mission of the Nova Scotia Crop and Livestock Insurance Commission is to provide Nova Scotia farm managers with insurance products with which they can manage the financial risk associated with reduced crop yields or animal production losses due to insurable perils.

2018-2019 Priorities

The Strategic themes of the Department of Agriculture support government priorities including enabling responsible economic growth, support for research and innovation, building public trust and market acceptance, increasing trade and market access and encouraging value added opportunities.

The Nova Scotia Crop and Livestock Insurance Commission supports these priorities and strategic themes by providing agricultural entrepreneurs with the opportunity to transfer some of the risk of financial loss caused by crop or production failures in a fiscally responsible manner. The Commission supports a climate that fosters private sector economic growth through its crop and livestock- based insurance programs encouraging employment and economic growth in the provinces rural communities. Through fiscally sustainable, cost shared programs, the Commission provides farmers with the opportunity to transfer the risk of production failure due to natural causes. This supports and encourages further on-farm development such as expanded value-added opportunities, the ability to access export markets, and the exploration of increased on farm research and/or innovation capacity in rural agricultural communities.

Planning Context

The Nova Scotia Crop Insurance Commission was established in 1968 to provide Nova Scotia farmers the opportunity to manage the risk of production failure. The Nova Scotia *Crop Insurance Act* was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the *Crop and Livestock Insurance Act*.

The Commission reports to the Minister of Agriculture and is a key component of the business risk management services that the department offers to the industry under the AgriInsurance platform. It administers 16 crop insurance plans, a dairy livestock insurance plan and a poultry insurance plan. The Commission also administers a Wildlife Compensation Program under the AgriInsurance platform which, while not an insurance-based program, compensates farmers for losses as a result of wildlife. Cost sharing of AgriInsurance (also known as Production Insurance and Crop Insurance) in Nova Scotia is currently governed by *Growing Forward 2*: a federal-provincial-territorial

framework agreement on agriculture, agri-food and agri-based products policy (2013 -14 to 2017-18). The province has signed a new multilateral agreement, the Canadian Agricultural Partnership (CAP), which will replace the existing agreements, on April 1, 2018. The current AgrilInsurance programming and funding will continue with no major changes anticipated under the new agreement. These agreements outline cost sharing arrangements and administrative requirements that govern the design and delivery of AgrilInsurance programs. By design, AgrilInsurance is required to be a fiscally self-sustaining partnership with cost sharing by producers, and both the federal and provincial governments.

Federal and provincial policy direction has encouraged the expansion and strengthening of the role of AgrilInsurance programs to offer more coverage to commercially grown crops and livestock species. In this context, the Commission is continuing to develop insurance products for crops and livestock that have not traditionally been covered under AgrilInsurance in Nova Scotia.

Administratively, the Commission continues to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next one to three years. The Commission operates with a relatively small staff and the ability to maintain and refill positions directly impacts the delivery of the Commission's programs. The Commission will continue to review staff training and development needs during the coming year.

The Commission has long recognized the need to improve its service delivery and in particular, to modernize its information management capabilities. A continued emphasis on the redesign of the Commission's information technology infrastructure has resulted in a number of improvements, however, there is still a considerable amount of work to be done.

Strategic Goals

- Stabilize agricultural business incomes through the provision of fiscally responsible and sustainable insurance products to support the economic growth of the province.
- A competitive sustainable and profitable farm industry proactively managing risk through income stabilizing insurance-based programs.
- A modern highly responsive, efficient, reliable and secure service delivery system.

Core Business Areas

The core business of the Nova Scotia Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. Its business is conducted pursuant to federal and provincial regulations and in accordance with the Business Risk Management components of Federal/Provincial cost sharing agreements.

Priorities for 2018-19

A key priority of the Commission is to increase the insurance coverage it offers to Nova Scotia agricultural production. The value of coverage is actively managed by increasing the number of clients using AgriInsurance, or by increasing the number of products offered and the range of options available to the farming community. In support of a competitive business climate that stabilizes farm incomes and encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the Commission will pursue increased program participation through the following:

1. **Program expansion / enhancements**
 - a. The Commission will continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance plans (examples include work on rerating premiums in the strawberry & raspberry plans).
 - b. The Commission will work with industry stakeholders on the development of new insurance programs in sectors such as grapes (For example, development work has been initiated on a grapevine plan, stakeholder consultation has been initiated with growers in sectors such as potato, hemp and haskap).
 - c. The Commission continues to review its Regulations (For example, work is underway to finalize the update to the form and content of its current dairy regulation and recommend revisions to the *Arbitration Proceedings Regulations* and the *Crop Insurance General Field Crop Regulations*).
 - d. The Commission will review and recommend changes to the Crop Insurance regulations to streamline the regulatory process consistent with the province's office of Regulatory Affairs and Service Effectiveness Mandate.
 - e. The Commission will continue to work with stakeholder groups to review the effectiveness of its Wildlife Compensation Program.
2. **Administrative Priorities**
 - a. Over the next year, using a phased approach and both internal and external

resources, the Commission will continue to modernize its information technology infrastructure to achieve a more accurate, reliable, secure, and efficient data handling system.

- b. The Commission will continue to promote AgriInsurance as a key business management option for agricultural producers in Nova Scotia.

Financials

The Commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the *Growing Forward 2* and the *Canadian Agricultural Partnership* provides for reimbursement of 60% of the administrative costs relative to AgriInsurance and Wildlife Compensation. Insurance premiums are cost shared by farmers (40%), the federal government (36%), and the provincial government (24%) and are administered directly by the Commission. Only the provincial premium contributions are included in Department of Agriculture budget figures.

Table 1. Estimate of Income and Fund Balances

	Authority 2017-18 (\$ 000)	Forecast 2017-18 (\$ 000)	Budget 2018-19 (\$ 000)
Revenues			
Insurance Premiums paid by Clients	823	811	823
Insurance Premiums Contributed by Govt. (Federal)	736	668	736
Wildlife Compensation Payments (Federal)	150	81	150
Insurance Premiums Contributed by Govt. (Provincial)	491	445	491
Wildlife Compensation Payments (Provincial)	100	65	100
Interest Income	70	72	70
Total Revenues	2,370	2,142	2,370
Expenses			
Indemnity Claims	1,900	1,892	1,900
Wildlife Compensation Payments	250	135	250
Reinsurance premiums	0	0	0
Bad Debt Expense	5	1	5
Total Expenses	2,155	2,028	2,155

Net Income from Insurance Activities	215	114	215
Crop and Livestock Insurance Fund Balance			
Beginning of Year	4,666	4,666	4,765
End of Year	4,881	4,780	4,980
Administrative Expenses			
Government Contributions (Canada)	649	603	649
Government Contributions (Nova Scotia)	470	437	470
Total Administrative Expenses	1,119	1040	1,119
Net Govt. Expenditure			
Canada (Premium + Administration)	1,535	1,352	1,535
Nova Scotia (Premium + Administration)	1,061	947	1,061
Total Program Expenditure	2,596	2,299	2,596

NOVA SCOTIA
FARM LOAN BOARD

BUSINESS PLAN

2018-19

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Message from the Minister and Board Chair

We are pleased to present the Nova Scotia Farm Loan Board ("NSFLB") business plan for 2018-2019. The plan outlines the Board's goals and priorities for the coming year in line with its mission and mandate, as well as the Province's economic and sustainable growth.

The primary focus of the NSFLB continues to be the provision of agricultural financing and credit counselling to advance, encourage, and support the development of agricultural and timber businesses in Nova Scotia. The NSFLB strives to ensure the needs of the industry are always our priority, and that we are evolving our services to meet the challenges clients in these industries are facing in today's global economy. The introduction of the Micro-Loan will provide direct to market small scale producers with loans for capital or operating projects to assist in expanding their businesses. As well, the NSFLB is working with farmers transitioning to the growing NS grape industry to provide value added products. This is made possible with a Board consisting of individuals from the industry and corporate or community lenders who understand the economy and needs of those working in these sectors. We provide an in-depth understanding that is not matched at other financial institutions regarding the cycles of the industry and downturns that can be faced by our clients. The structure of the NSFLB aims to recognize the uniqueness of the NS farming industry and ensuring the continuation of sustainable Nova Scotia farming communities.

A review is underway to update the Board's regulatory and policy framework to enhance the Board's effectiveness in addressing industry changes; improving service quality; developing innovative and creative programs and financing solutions; and alleviating undue risk to Board investments. This regulatory review will also align the *Farm Loan Board Regulations and Fisheries and Aquaculture Loan Board Regulations*. This will offer us the ability to streamline our services to offer more supports for both industries, while the Boards continue to operate separately, maintaining our unique sector supports.

Andrew Vermeulen
Vice-Chair
Nova Scotia Farm Loan Board

Honourable Keith Colwell. E.C.N.S.
Minister
Nova Scotia Department of Agriculture

Mission

The Nova Scotia Farm Loan Board (“NSFLB”) supports the development of agriculture and agricultural business in Nova Scotia through responsible lending.

Vision

The NSFLB is a leader in agricultural lending, creating opportunities in rural Nova Scotia.

Mandate

The mandate of the NSFLB is to support the agricultural industry through the provision of capital financing. The NSFLB operates as a Crown Corporation established under the *Agriculture and Rural Credit Act*. This Act provides authority to the Board to make loans to or guarantee loans of, a borrower for acquiring or improving any farm asset, including livestock. Regulations made under the Act govern the terms and conditions of capital provided by the NSFLB.

The NSFLB also serves the forest industry, as the Timber Loan Board established by the *Forest Act*. The *Forest Act* provides for credit to acquire forested land for forest product mills. Regulations of the Timber Loan Board, which govern terms and conditions of credit provided are made under the *Forest Act*.

Operations

The NSFLB has been active since 1932 as an agricultural development agency, acting to build a financially stable and sustainable agricultural base in Nova Scotia. It supports agriculture and rural business development by providing short, medium and long-term capital with competitive fixed interest rates. The NSFLB is committed to meeting the needs of the industry by assessing loans and programs to grow businesses. Several products designed to serve specific lending needs have been developed including asset acquisition or construction, working capital, long development projects like orchards and grapes, and new entrants supports. The NSFLB has implemented the Micro-Loan Program to assist direct to market small scale working groups to expand their agricultural businesses. Loans of \$50,000 or less are available for capital or operating projects. Other programs to assist and develop the farming industry include programming to encourage and support new farmers to establish commercial farms in Nova Scotia, loans for quota, and the “Deferred Product Options Loan” for apple and blueberry development. This provides cash flow generation during the implementation processes of these sectors which can take 2-5 years to see

cash flow returns. The “Fast Tractor” program provides a preapproved purchasing line of credit for new or used equipment.

Operating Environment

The NSFLB forms a critical link in the capitalization of rural Nova Scotia businesses with an investment of \$189 million in Nova Scotia farms and farm processing. This capital is used to: buy farm land; construct farm buildings, plant new crop varieties; make animal genetic improvements; purchase new efficient equipment; adopt new agricultural technology; purchase marketing quotas; and provide working capital.

These investments make Nova Scotia a better and more productive place to farm, as well as providing more local food for Nova Scotians. These investments support a great deal of related industry including: building and material suppliers; building contractors; equipment dealers; and provide a very significant spin off impact through the entire Nova Scotia economy.

The Department of Agriculture has identified five strategic themes. While all are valued, the Board’s activities primarily focus on:

Enabling Responsible Economic Growth: The NSFLB has a positive impact on the rural economy of Nova Scotia. The staff that support the NSFLB and its Board Directors are very aware of the responsibility they have as stewards of this provincial investment.

Increasing Trade and Market Access: While most Nova Scotia fresh produce is sold in province, a large and growing sector in apples, blueberry (both wild and high bush) and certain cole crops such as kale are making significant in-roads in cross border sales to the USA and Europe. As an example, 75% of the honeycrisp apples (a relative new variety that grows especially well in Nova Scotia’s climate) are sold in the USA.

Encouraging Value Added Opportunities: One exciting opportunity in Nova Scotia is the development of the wine industry. The NSFLB has supported several growers in this transition. Risks can be higher for value-added products, but so are the economic impacts. The Board will continue to offer financial support to clients when taking on value added opportunities with good business potential.

Portfolio Management

The developmental nature of the NSFLB means that the board is willing to provide financing to clients who are not able to find reasonable rates or obtain loans at a traditional bank due to the cyclic nature of their industry, or the fact that they are new entrants. To better manage this risk and provide greater likelihood of success, the Board works toward individually customized

solutions as well as on credit assessment, risk assessment.

The NSFLB currently has invested in 500 clients, with an additional 100-200 loan applications in 2017-2018. This results in an investment in the Nova Scotia economy of \$189 million, contributing to local and export markets. The Board makes every effort to assist our clients by providing support for established clients through all cycles including industry downturns. Wherever possible, innovation and value added processing are also supported.

The Director reports to the Deputy Minister of Agriculture and is responsible for the operations of the Nova Scotia Fisheries and Aquaculture Loan Board in addition to the NSFLB. The Board of Directors consists of Nova Scotia residents who have worked in the industry and corporate or community lenders who understand the economy and needs of those working in these sectors. They are recommended by the Minister of Agriculture and appointed by Governor in Council.

Regulatory Review

The NSFLB is currently completing a review of our *Nova Scotia Farm Loan Regulations* to modernize and align it with the *Nova Scotia Fisheries and Aquaculture Loan Board Regulations* to continue to improve our effectiveness and lending capabilities. The proposed regulatory changes will offer the Board the ability to streamline services and improve efficiencies by integrating the administrative and operational functions of the staff supporting the two boards, as well as areas such as application processing and website. The two Boards will continue to operate separately to maintain their unique sector supports. These changes will make the Loan Boards a more appealing institution for borrowers by providing the industries with greater and more flexible loan options that fit their needs and reducing loan turn-around times.

Budget Context

NSFLB Operational Income Statement

Description	2017–2018	2017–2018	2018–2019
	Estimate	Forecast	Estimate
	(\$ 000)	(\$ 000)	(\$ 000)
Interest	5,800	5,891	5,800
Life Insurance revenue	22	24	24
Fee revenue / recoveries	209	110	200
Total revenue	6,031	6,025	6,024
Interest	4,700	4,155	4,300
Operating expenses	1,651	1,554	1,651
Bad debt expense	253	2,252	253
Total expenses	6,604	7,961	6,204
Net income (loss)	(573)	(1,936)	(180)
Transferred to the province	573	1,936	180
Remaining	0	0	0

Capital Funds

Description	2017-2018	2017-2018	2018-2019
	Estimate	Forecast	Estimate
	(\$ 000)	(\$ 000)	(\$ 000)
Opening principal	180,415	183,119	189,189
Add loan advances	40,000	31,000	40,000
Less repayments	(30,000)	(24,000)	(28,000)
Less principal written off	(2,000)	(930)	(2,000)
Closing principal	188,415	189,189	199,189
Provision for impaired accounts			
Opening provision	14,906	15,567	16,889
Less accounts written off	(2,000)	(930)	(2,000)
Additions (principal portion of bad debt expense +/- adjustments)	253	2,252	253
Closing allowance	13,159	16,889	15,142
Net portfolio at year end	175,256	172,300	184,047

NOVA SCOTIA
FISHERIES AND AQUACULTURE
LOAN BOARD

BUSINESS PLAN

2018-19

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Message from the Minister and the Board Chair

We are pleased to present the Nova Scotia Fisheries and Aquaculture Loan Board (“NSFALB”) business plan for 2018-2019. The plan outlines the Board’s commitment to providing responsible lending services that encourage, sustain, improve and develop the fishing and aquaculture industries in Nova Scotia.

The NSFALB strives to ensure the needs of the industry are always our priority, and that we are evolving our services to meet the challenges clients are facing in today’s global economy. This is made possible with a Board consisting of individuals from both industry and corporate lenders who understand the economy and needs of those working in these sectors. We provide an in-depth understanding that is not matched at other financial institutions regarding the cycles of the industries and downturns that can be faced by our clients. The structure of the NSFALB also aims to recognize the uniqueness of the NS fishing and aquaculture industries. Through credit counselling and our individual approach, the NSFALB has been consistently reducing the percentage of loans with payment issues.

Review is underway to update the Board’s regulatory and policy framework to enhance the Board’s effectiveness in addressing industry changes; improving service quality; developing innovative and creative programs and financing solutions; and alleviating undue risk to Board investments. This regulatory review will also align the *Fisheries and Aquaculture Loan Board Regulations* and *Farm Loan Board Regulations*. This will offer us the ability to streamline our services to offer more supports for both industries, while the Boards will continue to operate separately, maintaining our unique sector supports.

Dannie Hanson
Chair
Nova Scotia Fisheries and Aquaculture Loan Board

Honourable Keith Colwell. E.C.N.S.
Minister
Nova Scotia Department of Fisheries and Aquaculture

Mission

The Nova Scotia Fisheries and Aquaculture Loan Board (“NSFALB”) supports the development of fisheries and aquaculture businesses in Nova Scotia through responsible lending.

Vision

The NSFALB is a recognized leader in fisheries and aquaculture lending, creating opportunities in rural Nova Scotia through its market focus and service-orientation. The NSFALB adapts and responds along with the industry it serves to deliver competitive, relevant and meaningful products. Maintaining a balanced and diversified portfolio, and supporting industry succession and development while managing and taking calculated risks is fundamental to success.

Mandate

The mandate of the NSFALB is to support the fisheries and aquaculture industry through the provision of capital financing. The NSFALB operates as a Crown Corporation established under the *Fisheries and Coastal Resources Act*. This Act provides authority to the NSFALB to make loans to, or guarantee loans of a borrower for any purpose which, in the opinion of the Governor in Council, will encourage, sustain, improve or develop the fishing industry in the Province. Regulations made under the Act govern the terms and conditions of loans provided by the NSFALB.

Operations

The NSFALB is a fisheries and aquaculture development agency, acting to build a financially stable and sustainable fisheries base in Nova Scotia since 1936. It supports fisheries and aquaculture rural business development by providing short, medium and long-term capital with competitive, fixed rates of interest. The NSFALB has developed several products designed to serve financing needs for acquisition or construction of boats, for licenses, or for fishing or aquaculture equipment.

Operating Environment

The NSFALB forms a critical link in the capitalization of rural Nova Scotia businesses with an investment of \$120 million in Nova Scotia fisheries and aquaculture businesses. The capital is

Nova Scotia Fisheries and Aquaculture Loan Board Business Plan 2018-2019

used to: buy or construct fishing vessels; purchase commercial fishing licenses; purchase aquaculture equipment and seed stock; modify or upgrade commercial fishing vessels; and adopt new fisheries or aquaculture equipment or technology.

Fish and seafood is currently Nova Scotia's largest export at \$ 2 billion in 2017. Lobster, crab, scallop and shrimp the largest of the fish exports, valued at \$947 million, \$314 million, \$144 million and \$126 million, respectively. The NSFALB has made significant investments in many of these sectors and in particular lobster, where exports have increased by over \$594 million from 2008 to 2017.

These investments make Nova Scotia a better and more productive place to harvest, grow or process fish as well as to provide opportunities for Nova Scotians to purchase local seafood. With an estimated total of \$44 million in new funds advanced in 2017-2018, these investments support a great deal of related industries including: building and materials suppliers; boat builders; marine brokers; and provide a very significant spin-off impact through the entire Nova Scotia economy.

The NSFALB enables responsible economic growth and has a positive impact on the rural economy of Nova Scotia. The staff that support the NSFALB and its Board Directors are very aware of the responsibility they have as stewards of this provincial investment. The percentage of accounts in arrears has dropped from 2.1% in 2016-2017 to 1.7% in 2017-2018.

The NSFALB encourages valued added opportunities where possible and has recently expanded eligibility to include shore-based infrastructure and operations. This will allow the fisheries and aquaculture industry to increase the value of the products it provides while ensuring the sustainable and responsible use of the related resources. Risks can be higher for value-added operations, but so are the economic impacts. This expanded eligibility will provide further support to clients when taking on value added opportunities with good business potential.

Portfolio Management

The developmental nature of the NSFALB means that the Board is willing to provide financing to clients who are not able to find reasonable rates or obtain loans at a traditional bank due to the nature of their industry, the fact that they are new entrants, or that their work is considered too risky. To better manage this risk and provide greater likelihood of success, the Board works toward individually customized solutions, as well as on credit and risk assessment.

The NSFALB currently has invested in 640 clients, with an additional 100-150 loan applications in 2017-2018. This results in an overall investment in the Nova Scotia fishing and aquaculture

economy of \$120 million, contributing to local and export markets.

The Director of Crown Agencies reports to the Deputy Minister of Agriculture, and is responsible for the operations of the Nova Scotia Farm Loan Board in addition to the NSFALB. The Board of Directors consists of Nova Scotia residents who have worked in the industry or are corporate or community lenders who understand the economy and needs of those working in these sectors. They are recommended by the Minister of Fisheries and Aquaculture and appointed by Governor in Council.

Regulatory Review

The NSFALB is completing a review of the *Nova Scotia Fisheries and Aquaculture Loan Board Regulations* to modernize and align it with the *Nova Scotia Farm Loan Regulations* to continue to improve our effectiveness and lending capabilities. The proposed regulatory changes will offer the Board the ability to streamline services, and improve efficiencies by integrating the administrative and operational functions of the staff supporting the two boards, as well as areas such as application processing and website. The two Boards will continue to operate separately to maintain their unique sector supports. These changes will make the Loan Boards more competitive with other financial institutions.

Budget Context

NSFALB Operational Income Statement

Description	2017-2018 Estimate (\$000)	2017-2018 Forecast (\$000)	2018-2019 Estimate (\$000)
Interest revenue	6,500	6,540	6,600
Loan fees	204	420	204
Total revenue	6,704	6,960	6,804
Interest expense	4,300	4,690	4,700
Operating expenses	693	805	693
Bad debt expense	78	78	78
Total Expenses	5,071	5,573	5,471
Net income (loss)	1,633	1,387	1,333
Transferred to the province	(1,633)	(1,387)	(1,333)
Remaining	0	0	0

Capital Funds

Description	2017-2018 Estimate (\$000)	2017-2018 Forecast (\$000)	2018-2019 Estimate (\$000)
Opening principal	102,284	103,751	103,751
Add loan advances	35,000	44,000	60,000
Less repayments	(25,000)	(25,000)	(27,000)
Less principal written off	(2,000)	(-)	(-)
Closing principal	110,284	122,751	136,751
Provision for impaired accounts			
Opening provision	2,393	2,832	2,471
Less accounts written off	(2,000)	(0)	(-)
Additions (principal portion of bad debt expense +/- adjustments)	78	(361)	78
Closing allowance	471	2,471	2,549
Net portfolio at year end	109,813	120,280	134,202

Nova Scotia Lands Incorporated

Business Plan 2018–19



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Message from the Minister and President

We are very pleased to present the 2018-2019 business plan for Nova Scotia Lands Inc. (NSLI) and Harbourside Commercial Park Inc. (HCPI)

Since its establishment in 2006, NSLI has managed major environmental remediation and site management projects. Once remediated and suitable for commercial development, NSLI turns these lands over to HCPI for sale and lease to the private sector.

Port Mersey Commercial Park is experiencing considerable interest from prospective tenants, seeking to join the 10 current tenants that employ more than 100 people. To help guide the direction of the park, NSLI is working with the Region of Queens, the South Shore Regional Enterprise Network, and other government partners to create an action plan for future development.

In Sydney, staff at Harbourside Commercial Park continue long term monitoring and maintenance of the cleaned-up and remediated Sydney tar ponds and coke ovens sites. The transformation of these once-contaminated sites to prime commercial and recreational properties has been remarkable. Properties continue to be leased and sold to the private sector, and today there are 25 commercial tenants with approximately 275 employees.

NSLI is using the experienced gained in Sydney to lead the province's remediation efforts at Boat Harbour. A general services contractor has been hired to conduct bench and pilot scale tests to determine the best methods of clean up. These activities will happen in this fiscal year along with environmental assessments of the property.

We continue to manage Pictou Wharf and small properties throughout the province. This year, we will reach out to other government departments to determine what level or remediation service they may need from NS.

There is no separate business plan for Sydney Steel Corporation as its activities have been wound down for some time. The long-term monitoring and maintenance expenses are listed under NSLI's budget.

Lloyd P. Hines
Minister, Transportation and Infrastructure Renewal

Stephen MacIsaac, RPF, P.Eng
President, Nova Scotia Lands Inc.

Background

Reason for Creation of NS Lands / Current Mandate

Nova Scotia Lands Inc. is a crown corporation owned by the Province of Nova Scotia. It was incorporated in 2007, with its principal role originally to continue the remediation activities at the former Sydney Steel Corporation (SYSCO) site and put in place the necessary infrastructure for redevelopment of the site into a viable commercial park facility. Its role was focused on Sydney Steel but its mandate was broadly scoped to allow NSLI to expand to include other provincial interests. SYSCO is a separate Crown Corporation that retains the services of NS Lands to manage the remediation and redevelopment of SYSCO Lands. Other entities that exist to support NSLI activity are Harbourside Commercial Park, Port Mersey Commercial Park and Sydney Utilities. Port Mersey Commercial Park performs property management at the former Bowater Site in Liverpool. The other entities mentioned exist to ensure the proper maintenance and operation of the remnants of Sydney Steel and the Coke Ovens. All entities are governed by the same board of directors and staff fall under the payroll of NSLI.

Today, NSLI is responsible to manage several properties throughout the province including parcels of land in Trenton and Pictou and several remediation projects on provincially owned sites. As industries fall in to a state of decline in the province, departments look to NSLI to provide expertise in the fields of demolition, remediation and redevelopment. Examples include Sydney Steel, Trenton Works, Bowater Mersey Pulp and Paper Mill, MV Miner Vessel Salvage, New Glasgow School demolition, a fracking test site in Kennetcook and, most recently, the significant effort to return Boat Harbour to a tidal estuary.

Since 2007 the organization has built capacity and a specialty in environmental remediation, brownfield redevelopment, monitoring and maintenance and overall land management. The province is looking to NSLI to work closely with provincial partners to provide this service moving forward.

The board consists of representation from Transportation and Infrastructure Renewal (TIR) Deputy Minister (Chair), TIR Finance and nominees of Department of Business, Department of Natural Resources, and Department of Finance and Treasury Board. Current members are:

- Chair – Paul LaFleche
- Director – Diane Saurette
- Director – vacant
- Director – Donald James
- Director – Robert Bourgeois
- President and CEO – Stephen MacIsaac

All appointments will be for a five- year period.

Organizational Strengths and Opportunities

Nova Scotia Lands has created a core mandate based on the following strengths:

1. Sound Knowledge in Environmental Remediation and Brownfield Redevelopment
 - Project scoping
 - Project management
 - Contract management
 - Environmental Assessment
 - Engineering
 - Economic Development
 - Managing consultants and contractors
 - Environmental Monitoring - during and post clean up
 - Managing budgets
 - Managing large environmental and spatial data sets
 - Working with First Nation Communities to ensure appropriate procurement and employment opportunities and to acknowledge Aboriginal knowledge and concerns
 - Working with adjacent municipalities and community groups
 - Working with Communication Staff in response to media inquiries
 - Managing decommissioned infrastructure and utilities
 - Previous experience with large clean- up projects
2. Land Management, Maintenance and Monitoring
 - Conducting ongoing environmental tests
 - Negotiating lease and sale agreements
 - Overall park planning
 - Building and land maintenance
 - Water Utility Management and Operations
 - Dam management and maintenance
3. Environmental Analysis and Assessments
 - Ability to identify overall government liabilities and identify financial resources to remediate
 - Asbestos abatement
 - Hazardous Materials Management
 - Undertaking Environmental Assessment Sampling
 - Air Monitoring
 - Operation of Industrial Water and Wastewater Treatment Plants
 - Contaminated sites management (long term)

Current staff have a wealth of knowledge and experience with items bulleted above. Staff skill sets cover a diverse level of knowledge and experience. They can handle large multi-million dollar contracts, work with the public and media, provide unparalleled expertise in diverse

environmental fields, provide hands-on trade skills in asbestos assessment and management, carpentry and electrical fields and even provide experienced drone operators. NSLI staff expertise is recognized provincially, regionally and nationally, with some of our projects routinely highlighted in major conferences, trade journals and through representation on environmental boards of national associations.

Nova Scotia Lands and Transportation and Infrastructure Renewal Staff work closely on joint projects. NSLI intends to reach out to other departments to offer support and services based on the strengths above.

Organizational Gaps and Threats

Brownfield site development and management is risky business from many perspectives. New legislation and regulation around contaminated sites is pushing departments to take a close look at their remediation priorities. It is an ongoing concern and concentrated effort to ensure a project moves forward, addressing the issues of:

- Environment
- Public Health
- Public Safety
- Community Engagement
- Economic Development

Moving Forward

Vision

Nova Scotia Lands Inc. is the “go to” agency for environmental clean-up, asset management information and land management in the province of Nova Scotia.

Mission

To ensure proper remediation and best use of provincial land assets.

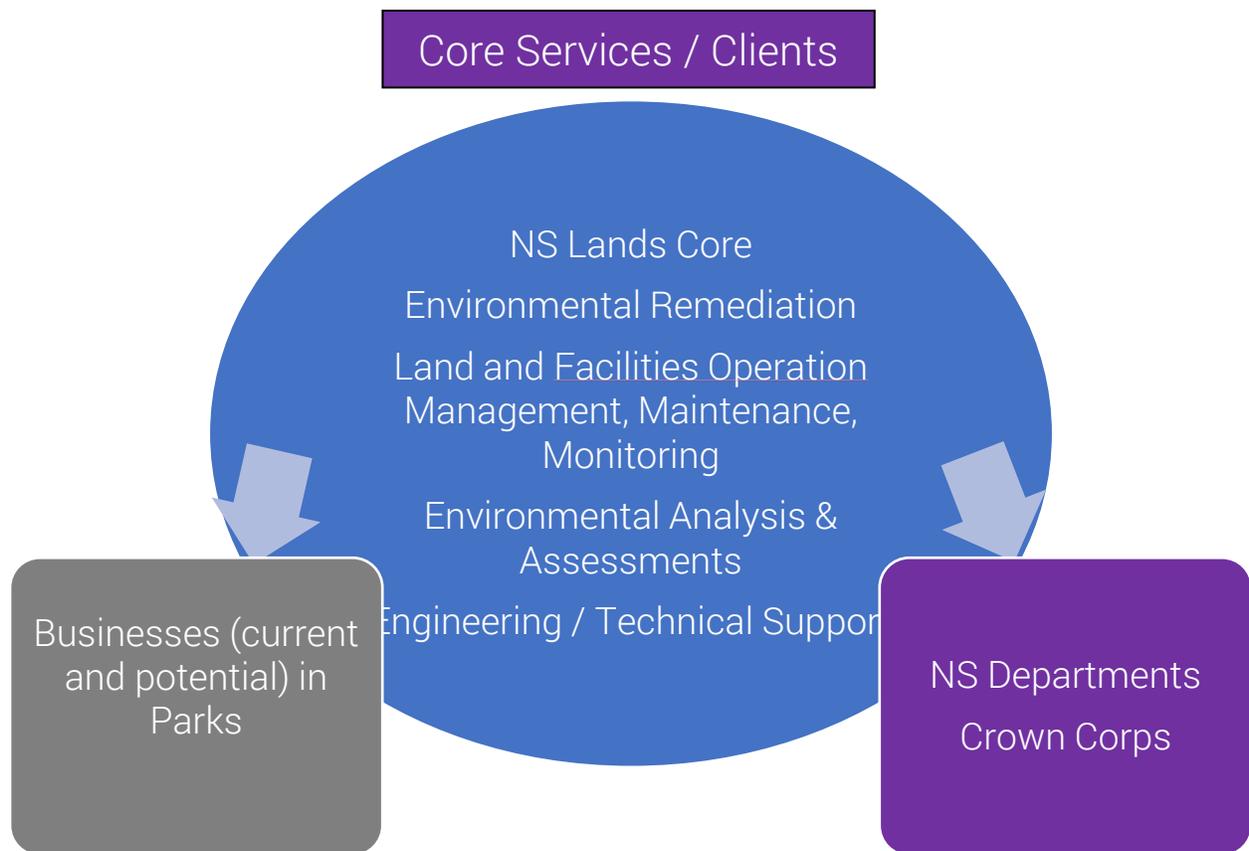
Core Values

- To be transparent and accountable
- To capitalize on human and built strengths and recognize a competent and capable workforce
- To ensure a safe working environment

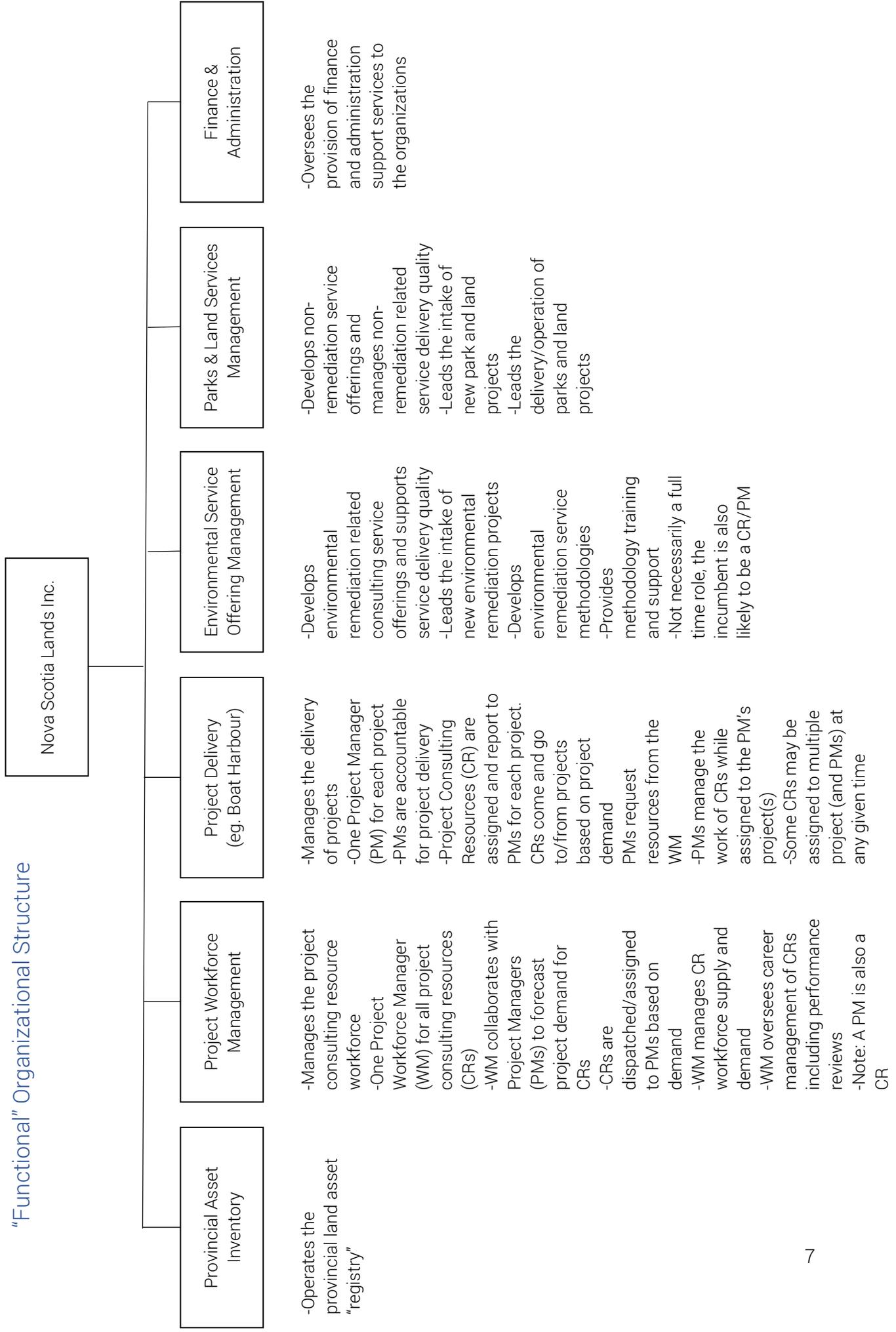
Goals / Objectives

Core Programs:

1. Environmental Analysis and Remediation
2. Parks and Land Management
3. Asset Inventory Management (Information only)
4. Boat Harbour (considered separate from #1 due to the magnitude of the project and special legislation).



“Functional” Organizational Structure



Nova Scotia Lands Budget Context

	Estimate 2017-2018 ('000)	Forecast 2017-2018 ('000)	Estimate 2018-2019 ('000)
REVENUES			
Management Fee from HCPI	146	146	148
Miscellaneous Recoveries	0	19	0
Grant-Pictou Wharf	79	0	0
OHP LTMM Fund & Admin Fee	1,113	826	1,163
Boat Harbour & Admin Fee	4,838	9,521	9,521
Grant-MV Miner	159	132	0
MV Miner-Other Expenses	0	25	0
Envirosystems & Admin Fee	3,259	3,417	0
Admin Fee Port Mersey	183	183	184
Sysco LTMM & Admin Fee	1,345	1,510	3,559
Miscellaneous Income	317	48	12
DNR Mines Project & Admin Fee			492
Future Building/School Demolition & Admin Fee			648
Marine Vessel Program & Admin Fee			1,111
Provincial Business Parks Management & Admin Fee			1,092
TOTAL REVENUE:	11,439	15,827	17,930
EXPENSES			
Payroll	1,098	859	1,015
General & Administration Expenses	820	600	830
Sysco LTMM	1,002	1,167	3,190
OH Park & CO LTMM	898	611	886
Pictou Wharf	0	2	2
Boat Harbour	4,521	9,204	9,152
Envirosystems	3,100	3,259	0
MV Miner- Contract		13	
MV Miner-Other Costs		25	
DNR Mines			400
Future Building/School Demolition Project			500
Marine Vessel Program			1,000

	Estimate 2017-2018 ('000)	Forecast 2017-2018 ('000)	Estimate 2018-2019 ('000)
Provincial Business Parks Management			1,000
Unbudgeted Recoverable Items		3	
TOTAL EXPENSES:	11,439	15,743	17,975
NET INCOME (LOSS):	0	84	-45

Port Mersey Commercial Park Budget Context

	Estimate 2017-2018 ('000)	Forecast 2017-2018 ('000)	Estimate 2018-2019 ('000)
REVENUES			
Miscellaneous Recoveries	0	23	0
Leases	265	159	220
Sales	300	0	0
Wharf Usage	300	349	350
Equipment Rentals	35	19	30
Ec Dev Provincial Recovery	1,250	1,250	1,259
PNS Grant	976	1,009	1,000
Miscellaneous Income	0	0	0
TOTAL REVENUE:	3,126	2,809	2,859
EXPENSES			
Payroll	658	719	679
General & Administration Expenses	1,970	1,825	1,992
Security Expenses	190	134	0
Site Reconstruction	125	31	40
Admin Fee to NSLI	183	183	184
TOTAL EXPENSES:	3,126	2,892	2,895
NET INCOME (LOSS):	0	-83	-36

Harbourside Commercial Park Budget Context

	Estimate 2017-2018 ('000)	Actual 2017-2018 ('000)	Estimate 2018-2019 ('000)
REVENUES			
Leases and Rent	203	203	203
Provincial Funding	510	510	510
Economic Development	0	0	0
Sale of Land	0	0	0
Other	60	117	12
TOTAL REVENUE:	773	830	725
EXPENSES			
General Operating Expenses	972	924	917
Management Fees	146	146	148
TOTAL EXPENSES	1,118	1,070	1,065
OPERATING INCOME (LOSS)	-345	-240	-340
One Time Gain on Sale Of Assets	400	1,046	350
NET INCOME (LOSS)	55	806	10
Capital Expenditure	0	0	0

**One time gain on sale of assets was included in revenues for the 2017-2018 budget estimate. It has been moved from inclusion in the operating income (loss) calculation to the separate one time gain on sale of assets line for consistency and comparative purposes.*



Annual Business Plan
Fiscal 2018 – 2019

Mandate & Legislated Responsibility

The Nova Scotia Liquor Corporation (NSLC) is a local company and has been since 1930. We're owned by the people of Nova Scotia through their government and 100% our profits are returned to the Province to help fund key public services. Our mandate and legislated responsibilities are identified in the Liquor Control Act (LCA) of Nova Scotia. Our role includes responsibility for the receipt, distribution, regulation and control of beverage alcohol in Nova Scotia. Safe and responsible distribution and sale of beverage alcohol, including the prevention of alcohol sales to minors, is fundamental to our mandate.

The legislation states that the objects of the Corporation are:

1. Promotion of social objectives regarding responsible drinking;
2. Promotion of industrial or economic objectives regarding the beverage alcohol industry in the Province;
3. Attainment of suitable financial revenues to government; and
4. Attainment of acceptable levels of customer service.

In relation to our legislated mandate, the Board of Directors is responsible for ensuring that the affairs of the Corporation are administered on a commercial basis and that all decisions and actions of the Board are based on sound business practices in accordance with the objects of the Corporation.

We take our responsibilities seriously and we work diligently to deliver on the responsibilities entrusted to us under the LCA. We make every effort to be a good corporate citizen and recognize the value we add in the communities we serve. Responsibility is ingrained in our corporate culture and it's the lens we use for all our business decisions - and not just because it's legislated. It's the right thing to do, for the business, our customers and our employees.

This responsibility extends to the safe and responsible sale of beverage alcohol in our stores and we consider this a fundamental part of our mandate. We take an integrated approach to Corporate Social Responsibility and have a framework that outlines our commitments. At a strategic level and within our day-to-day operations, we carefully consider what we do, how we do it and who we interact with, and how our activities impact accountability, community, responsibility and sustainability.

We operate the business to be in balance with all of our mandates, including corporate social responsibility and support for local industry. But, we are also a retailer. We have 104 retail stores, along with 61 Agency stores in primarily rural areas and four Private Wine and Specialty stores. Through this network, we work hard to provide Nova Scotians with a wide product assortment and superior customer service supported by knowledgeable employees.

In December 2017, our Shareholder announced that our mandated responsibilities have been expanded to include the retailing of recreational cannabis in our stores when it is legalized in July 2018. This is a significant and exciting change in our history and we will retail cannabis responsibly by adhering to all federal and provincial regulations. Our focus will be aligned with our Shareholder in creating a legal cannabis market, focused on public safety and responsible sales. Our priorities include:

1. Keeping cannabis out of the hands of minors
2. Creating awareness and educating customers about cannabis
3. Provide a safe supply of cannabis to Nova Scotians to help eliminate the illicit market

We have a proven track record of success retailing a controlled product in a responsible way and providing a level of customer service that our customers enjoy. We plan to apply the same retail principals and industry best practice to recreational cannabis sales.

Purpose and Vision

Purpose: To bring a world of responsible beverage enjoyment to Nova Scotia.

Vision: To be a superb retailer recognized for an engaging customer experience and to be a valued industry partner.

We support Nova Scotians by focusing our operations and efforts on fulfilling our mandated responsibilities, and by living our purpose and vision. As a crown corporation we support Nova Scotians and the priorities of the Government of Nova Scotia, healthcare, education, helping those who need it most, and providing opportunities for all Nova Scotians, within an overall context of fiscal sustainability and delivery of our core services efficiently and effectively. All of our profits go back to the Province to support the programs and services that matter most to Nova Scotians.

Our Purpose and Vision remain the same but our purpose will be expanded to include cannabis.



NSLC Core Focus Areas

Fiscal 2019, the fourth year of our Five-Year Strategic plan, presents new challenges and opportunities for our business as we execute on our new mandate to the same standard as our original line of business. Our new mandate to sell recreational cannabis responsibly in addition to beverage alcohol is a fundamental addition in our business model. We will continue on our journey to offer superior customer service and superb experiences at every touchpoint. The plan will be updated to include recreational cannabis and the new customer points of interaction it creates. The market, and our retail environment, will continue to evolve over time but our efforts are still focused on celebrating our people, the industry and communities while helping our customers celebrate life's occasions and responsible choices.

Our three key focus areas outlined in the plan as it relates to the beverage alcohol side of our business, is also consistent with our new line of business. These include: our customers, supporting local industry and our fiscal (financial) obligations. These key focus areas are supported by technology and infrastructure as well as our people, and together these provide a strong and stable foundation for the business. We will continue to manage our business by making decisions that consider and support our key focus areas while always keeping our mandates, our people and responsible sales top-of-mind. Throughout all of our objectives and actions outlined below, we consider the well-being of our employees a critical success factor. Providing employees with a safe and healthy work environment, while supporting their growth and development is key to achieving our business objectives. Focusing on

our people supports Nova Scotia's goals of enhancing workplace participation and health and wellness outcomes while making a positive contribution in the communities where we live and work.

Our journey to be a superb retailer continues to drive the organization, especially as it relates to leadership and employee development. We continue to assess our business processes and functions to make sure employees are supported in their day-to-day work environments. The new leadership structure introduced in the fall of 2016, creates a framework for greater accountability, collaboration and teamwork. The structure offers strong integration across all customer touchpoints; improving our level of customer service and satisfaction, as well as execution of our mandate to sell beverage alcohol and recreational cannabis with public safety and responsible sales being top priorities.

Customer: To achieve exceptional customer satisfaction through engaged and personalized experiences.

We strive to delight our customers and create awareness about responsible choices. We are relentlessly focused on our customers, and that focus is critical to ensure we continue to engage with them as the retail landscape changes.

Reviewing trends and insights allows us to provide relevant and innovative product offers and services. The design of our retail network is based on customer demands and improving our customer satisfaction is at the forefront of all our activities. We continue to add diversity in our retail network with our banner strategy. During the last fiscal year, three new NSLC Express format stores were opened – two downtown locations, Park Lane and Scotia Square and the third in Burnside on Wilkinson Avenue. Also opening at the beginning of this fiscal year will be our first 'Select Plus' store located in the Nova Centre.

Review of our main store space continues and focuses on ensuring our store environment stays on pace with changing category dynamics, including retail of cannabis and customer expectations, and delivers a forward thinking, seamless customer experience. As part of this multi-year project, two proto-type stores, Portland Street and Joe Howe will be the first of our 'Signature' stores to be completed in fiscal 2019 as part of our overall banner strategy implementation.

Incorporating the sale of recreational cannabis into our retail network will be a focus for fiscal 2019. This market is brand new and we want to make sure we can adapt as the market matures. Initially we plan to sell recreational cannabis in nine stores across the province. Eight of these will be a "store-in-store" concept and one will be a stand alone store located on Clyde Street in downtown Halifax. These nine locations are population hubs in the Province which will allow us to service a large majority of the population. Customers will also be able to purchase cannabis online. Results in these nine stores, as well as through e-commerce will help us understand how our customers interact with cannabis; and help us assess future customer demand and response.

Actions for 2018/19:

We will:

- Continue to leverage insights across marketing, merchandising and network planning activities.
- Deliver an integrated Guest Strategy in support of customer experience goals.
- Continue implementation of and support for new customer programs.
- Continue to build capacity of Retail Product Specialist's (RPS) as leaders in their stores

- Recognize that employee training and development is key to providing a great work experience as well and delivering exceptional customer service. Learning will focus on core competencies to help our employees be even more successful in their work.
- Continue to improve performance management efforts.
- Implement network diversification to clarify customer offering and satisfy demand.

Local Industry: To provide an engaged and collaborative business environment for local producers.

Supporting local industry is an important part of our mandate and one of our three key focus areas as identified in our Five-Year Strategic Plan. Nova Scotians' continue to support the "Buy Local" movement, and so do we. The local beverage alcohol industry in Nova Scotia is growing. We work hard to do our part to contribute to the success of the industry by providing listings and promoting the products our local producers bring to market, and by providing advice and support to help local products succeed.

As a business, we also look to support the agricultural sector, as well as private businesses, which all contribute to the economic well-being of Nova Scotia. These efforts support entrepreneurship, which is a key directive in the One Nova Scotia Report, helping operators of small and medium-sized enterprises in Nova Scotia be successful.

Actions for 2018/19:

We will:

- Continue to collaborate with local industry to support their growth by directly utilizing our retail network and retail expertise to promote their products which will help grow their businesses.
- Continue to assess and recommend regulation and policy changes which reduce red tape and make it easier for business owners to navigate regulations and programs to achieve business objectives. We will do this in large part by working with Industry Associations and the Province.
- Ensure local product offering is clearly reflected in our retail stores and communications.
- Execute technology and business process solutions to provide efficiency and effectiveness in interactions with our various industry customers. We will also seek to create efficiencies through the introduction of more sustainable business practices, and by streamlining processes and communication efforts.

Financial responsibility: To strategically maintain profitability, delivering \$1.16B in earnings over the five years, and demonstrating value to Nova Scotians by balancing financial objectives with other legislative mandates.

Protecting financial return to Nova Scotians is at the forefront of our decision making. Economic and demographic factors play a large role in our performance as well as the impacts of the emerging cannabis market. We continue to manage margin and expenses carefully, working through disciplined and sustainable management practices. We have a vested interest in supporting the province's priorities including recommendations from the One Nova Scotia report.

Customer satisfaction is a driver for improved financial returns. We are constantly working to improve this through training and development for our employees, and by providing the right products in the right place and the right time in our network. We are committed to providing the

best possible experience for our customers at all touchpoints. We are all relentlessly focused on our customer and employee experience: they are equally important factors in our success.

Actions for 2018/19:

We will:

- Continue to review and refine processes, bringing efficiencies into the workplace.
- Continue our efforts to put data strategy best practices in place.
- Execute on information technology infrastructure items, ensuring our systems are protected and maintained in a fiscally responsible manner.
- Continue to assess pricing and category dynamics to ensure profitability.
- Ensure a communications approach is included in our continued efforts to integrate Enterprise Risk Management within our business.
- Implement Year four of our Network Plan while integrating sale of cannabis into our main store space.
- Execute on facilities renewal with focus on scheduled and preventative maintenance.
- Continue to invest in training and development for our employees.
- Deliver \$233.6M in net income to the province.

Performance Measures

In order to manage our operations effectively, we monitor a core set of metrics - key performance indicators (KPIs), which ensure we stay focused on delivering our set goals. Our corporate KPI's and stated targets in our Five Year Strategic Plan are shown below and were established based on our beverage alcohol business. New targets which incorporate both beverage alcohol and recreational cannabis business will not be established until there is a better understanding of how our customers interact with the product, the demand for the product, and its impact on our beverage alcohol business. Fiscal 2019 budget Net Sales, Net Income and Budget Context charts, presented below incorporate both the beverage alcohol and cannabis lines of business.

Customer:

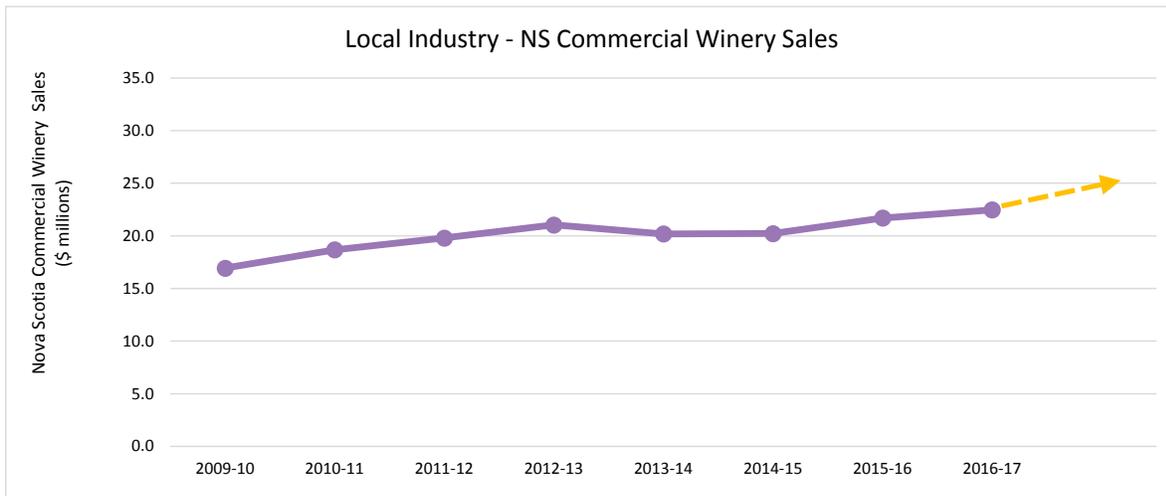
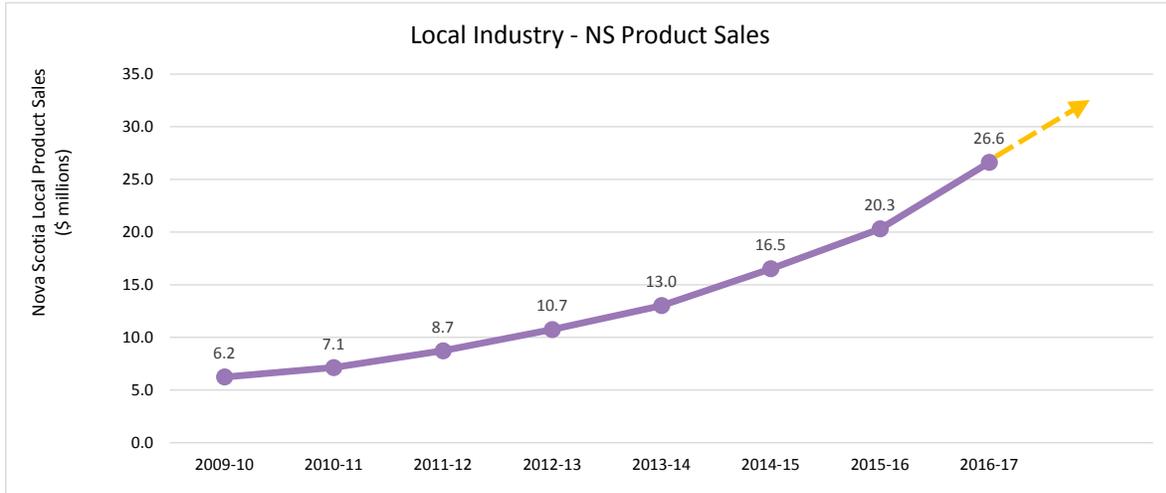
- Customer Satisfaction:

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Ongoing Target
83%	85%	89%	87%	86%	88%	88%	88%	90%	90%	89%	90%

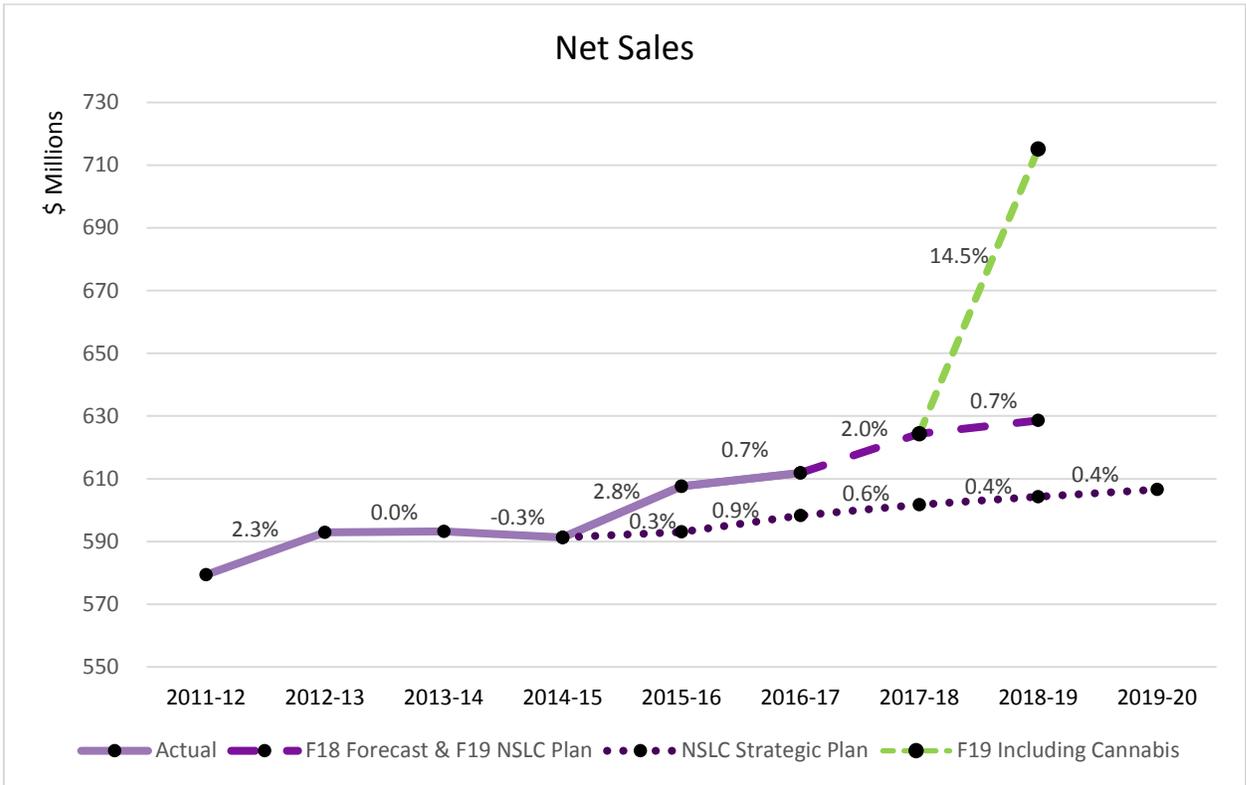
- Employee Engagement:

2003	2005	2008	2011	2013	2015	2017	2020 Target
75.8	76.6	73.7	72.8	76.0	76.3	76.1	80.0

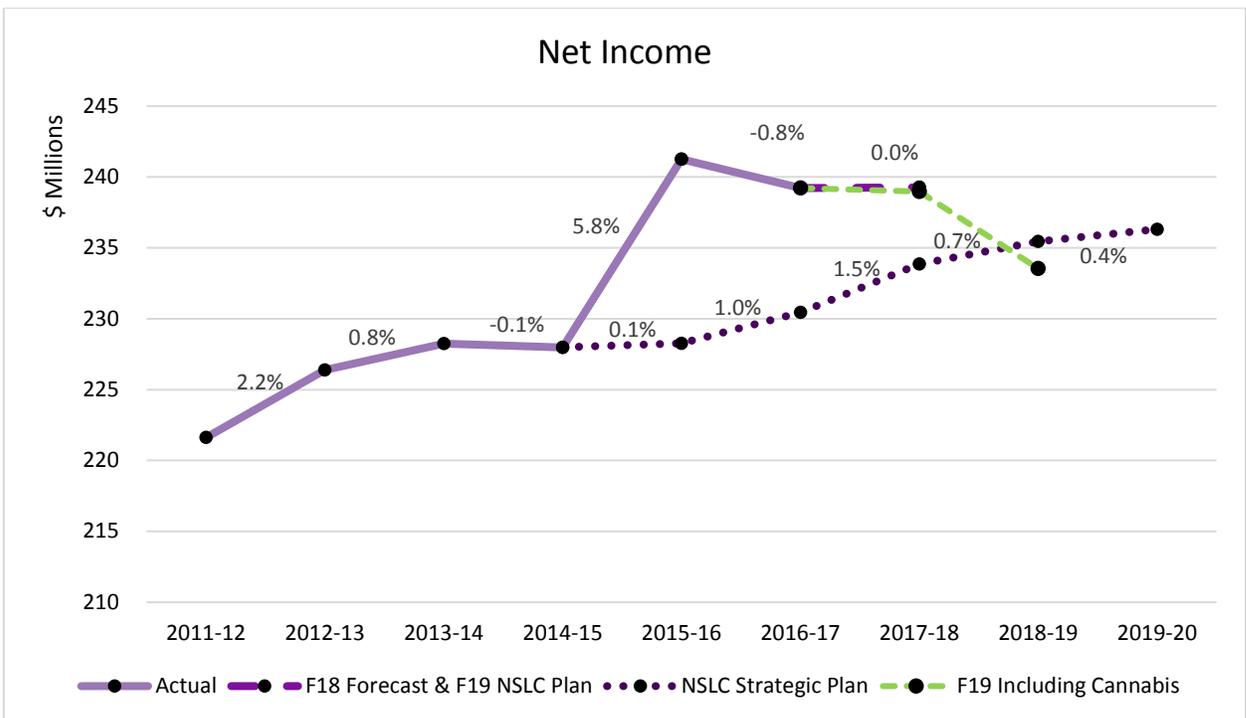
Local Industry:



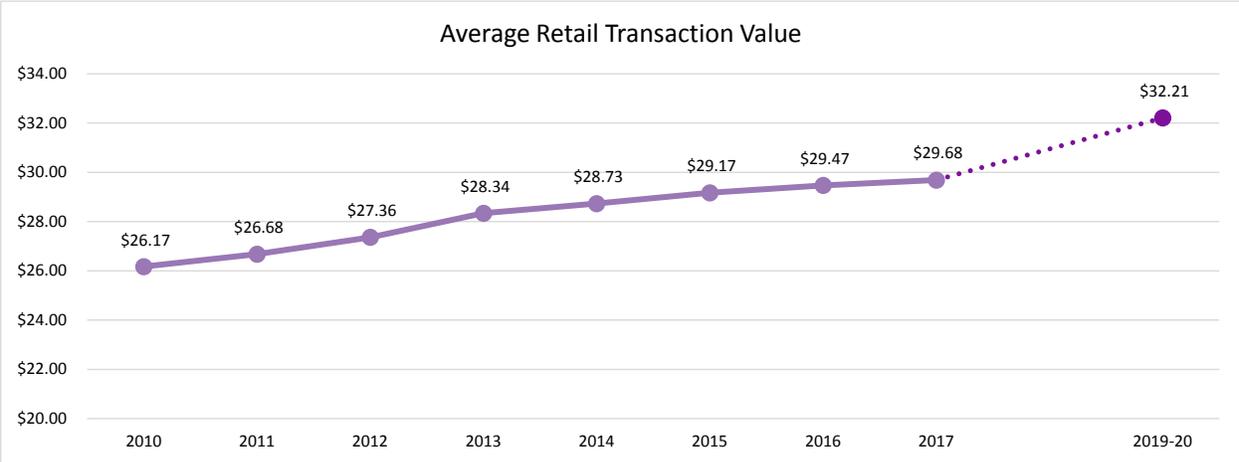
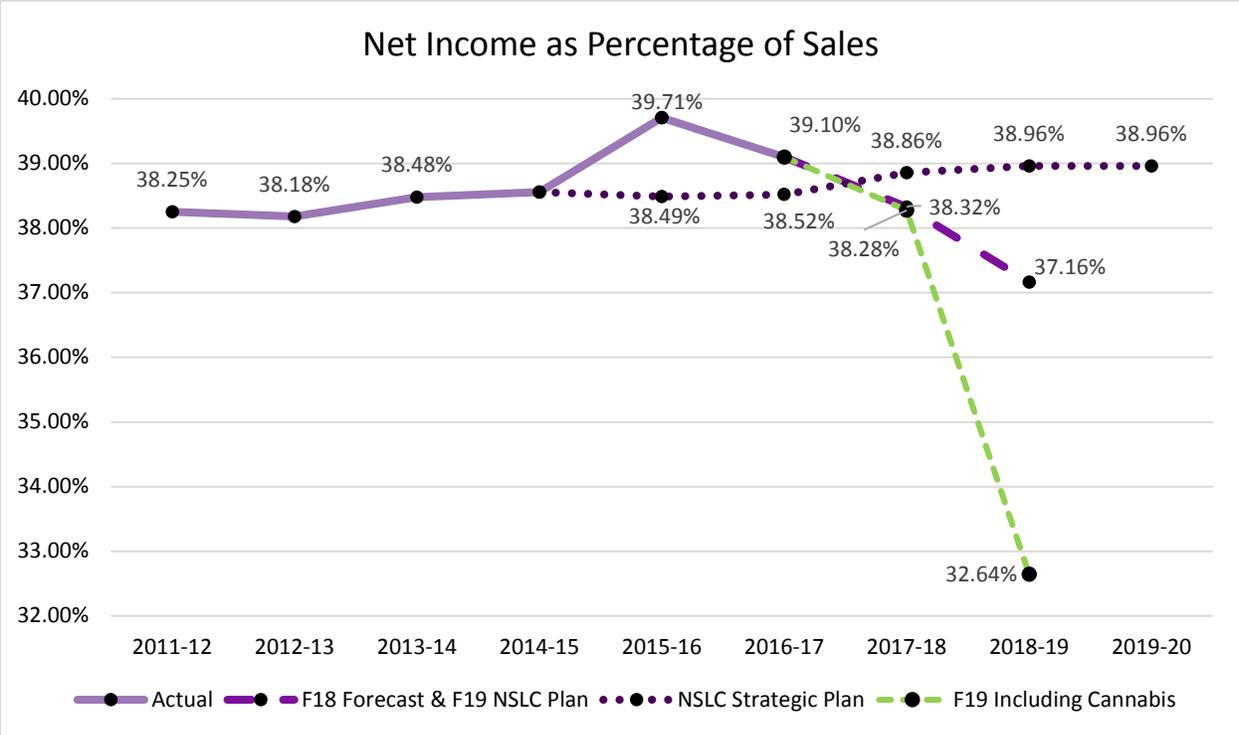
Financial:



Percentage indicates the percentage change in Net Sales from previous year.



Percentage indicates the percentage change in Net Income from previous year.



Budget Context:

	Actual 2013-14*	Actual 2014-15	Actual 2015-16	Actual 2016-17	Forecast 2017-18	Sales (%)	Budget 2018-19**	Change (%)
	\$	\$	\$	\$	\$		\$	
Spirits	167,166,069	163,265,323	165,636,957	165,837,842	167,684,555		167,911,973	
Wine	133,211,335	135,160,664	141,348,224	143,569,801	150,899,634		156,634,879	
Beer	278,635,186	275,454,680	281,484,342	278,893,578	281,903,647		279,291,536	
Ready-to-drink	23,895,350	28,040,206	30,557,393	34,962,836	37,234,907		38,422,645	
Non-liquor	119,965	125,883	121,396	130,786	134,715		134,715	
Cannabis	0	0	0	0	0		87,151,665	
Total Gross Sales	603,027,904	602,046,757	619,148,313	623,394,843	637,857,459	102.2%	729,547,413	14.4%
Less: Discounts	9,861,940	10,746,737	11,563,725	11,549,801	13,515,616	2.2%	13,808,390	
Net Sales	593,165,964	591,300,020	607,584,588	611,845,042	624,341,843	100.0%	715,739,023	
Cost of Sales	268,001,097	263,507,143	269,611,009	274,909,681	283,658,446	45.4%	362,499,279	
Gross Profit	325,164,867	327,792,876	337,973,579	336,935,361	340,683,397	54.6%	353,239,744	
Less: Store Operating Expenses	60,900,062	61,281,852	61,231,677	61,334,942	63,532,786	10.2%	72,678,705	
Gross Operating Profit	264,264,805	266,511,024	276,741,902	275,600,419	277,150,611	44.4%	280,561,039	
Less: Supply Chain	6,762,224	6,922,635	7,048,509	7,058,180	7,337,752	1.2%	10,479,119	
Corporate Services	23,618,485	24,860,627	24,697,017	24,530,382	25,326,141	4.1%	29,704,836	
Other Expenses	1,139,452	2,694,644	-40,017	1,729,630	1,800,000	0.3%	1,800,000	
Add: Other Revenue	5,148,656	5,321,491	5,387,396	5,565,709	4,921,503	0.8%	4,315,620	
Total Expenses (excl. stores)	26,371,505	29,156,416	26,318,113	27,752,483	29,542,390	4.7%	37,668,335	
Operating Income before Depreciation	237,893,300	237,354,609	250,423,789	247,847,936	247,608,221	39.7%	242,892,703	
Less: Depreciation	9,647,840	9,368,127	9,166,691	8,626,736	8,636,737	1.4%	9,261,102	
Income from Operations	228,245,460	227,986,481	241,257,098	239,221,200	238,971,484	38.3%	233,631,601	-2.2%
Actuarial Loss (Gain)	(2,295,500)	2,123,100	(3,297,500)	265,700	0	0.0%	0	
Comprehensive Income	230,540,960	225,863,381	244,554,598	238,955,500	238,971,484	38.3%	233,631,601	-2.2%
Total Expenses (not depreciation)	87,271,567	90,438,268	87,549,790	89,087,425	93,075,176	14.9%	110,347,040	
Total Expenses	96,919,407	99,806,395	96,716,481	97,714,161	101,711,913	16.3%	119,608,142	

						Change (%)		Change (%)
Volume (hectolitres)								
Spirits	49,085	48,872	49,240	48,171	49,027	1.8%	48,800	-0.5%
Wine	92,901	93,250	97,056	100,147	99,822	-0.3%	102,018	2.2%
Beer	607,852	594,402	599,552	569,377	586,247	3.0%	577,590	-1.5%
Ready-to-drink	32,547	39,362	42,909	53,925	51,287	-4.9%	52,953	3.2%
Total	782,385	775,886	788,756	771,619	786,383	1.9%	781,361	-0.6%
Volume (Kilograms)								
Cannabis	-	-	-	-	-	0.0%	12,000	-

*Historic expense numbers have been adjusted to reflect a reallocation of credit card fees causing a reduction in Other Expenses and an increase in Store Operating Expenses. This has resulted in no change in the Income from operations for these years.

**F18-19 budget figures include beverage alcohol and recreational cannabis lines of business.



— NOVA SCOTIA —
**MUNICIPAL FINANCE
CORPORATION**

Business Plan 2018-2019

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Message from the Minister and the Chair

The Nova Scotia Municipal Finance Corporation is a Crown Corporation of the Province of Nova Scotia. The Corporation was established by the *Municipal Finance Corporation Act* in 1979 and began business in January 1980. The Minister of Municipal Affairs is responsible for the Corporation.

Since 1979, the Corporation has worked closely with clients to build healthy and vibrant communities. The Corporation's work touches the lives of all Nova Scotians. Over its 38-year history, it has helped municipalities make significant investments in the infrastructure we use and rely on every day; from fire services equipment to improve public safety, to wellness centres that support healthy communities, to facilities that provide clean drinking water for thousands of residents.

The Corporation is forecasting to have over \$774.9 million in debentures outstanding at March 31, 2018. New debenture issues in 2018–2019 are estimated to be approximately \$250.0 million, which will be balanced against debenture retirements of \$105.3 million.

The Corporation is governed by a board of directors appointed by the Governor in Council. Legislation requires that two of the board members be appointed on the recommendation of the Union of Nova Scotia Municipalities. An additional member of the board is appointed on the recommendation of the Association of Municipal Administrators of Nova Scotia. These appointments provide municipalities with an important voice on the Corporation's Board. Three full-time staff members of the Corporation are supported through staff and resources from the provincial Departments of Finance and Treasury Board, Justice, and Municipal Affairs.

Ensuring municipalities, both urban and rural, have modern infrastructure helps Nova Scotia to remain competitive and attract and retain residents and businesses. Though this mandate has not changed since the Corporation's inception and remains relevant today, the means through which it is achieved continues to evolve to reflect changing conditions.

The Honourable Derek Mombourquette
Minister

Kelliann Dean
Chair

Mission

The purpose of the Nova Scotia Municipal Finance Corporation is to provide the lowest cost of financing available to its clients, which include municipalities, municipal enterprises, school boards, and health authorities. In accordance with the *Municipal Finance Corporation Act*, all municipalities and municipal enterprises must finance their external capital requirements through the Corporation. Currently, most school board and hospital capital expenditures are financed directly by the Province.

In addition to its core mandate, the Corporation works directly with clients to support the sound financial management of Nova Scotia municipalities. Staff provides advice on the debenture process. Through the development of several tools and programs - the Debt Affordability Model, Financial Management Best Practices, a Mentoring Program, a High Interest Savings Account Program, and sponsorship of financial modules put on by the Association of Nova Scotia Municipal Administrators, the Corporation can assist municipalities improve their financial planning and capacity. Finally, by using its biennial client surveys to measure the success of its programs and services, the results of the 2017 survey, which are reported in this business plan, the Corporation can identify and respond to ongoing client needs. As throughout its 38-year history, the Corporation remains committed to fostering a client-focused approach.

Planning Context

The Corporation faces several challenges and opportunities in meeting its strategic goals in the upcoming year.

Ensure access to capital markets and the financial and administrative ability to meet municipal government demand for capital infrastructure funding.

Challenges:

- North American capital markets are generally experiencing rising interest rates on government debt, in part due to the recent actions taken on administered interest rates by the Federal Reserve Board in the United States and the Bank of Canada. Government of Canada 10-year yields have risen by over one percentage point in the past 18 months, with most of that increase having taken place over the past 12 months. However, interest rate on Government of Canada 10-year bonds remain well below the average experienced over the past 10 years. These low interest rates continue to be very beneficial to borrowers. Over the past year, liquidity in the municipal debt sector has improved, but still is an important factor in the investment decision process. Municipal credit spreads have maintained stable levels or improved somewhat compared to their host province over the past year.
- In the spring sitting of the House of Commons in 2017, the *Canada Infrastructure Bank Act* was passed

setting in motion its establishment. Based on the material that is known, the infrastructure bank can be used to fund infrastructure projects that are associated with a revenue stream. Currently, it is unknown what affect this will have on the Corporation's clients.

- Over the past two years, the Federal and Provincial governments have increased their portion of municipal infrastructure spending significantly thus causing a reduction in the long-term borrowings required by municipalities. The forecasted amount for 2018-2019 is seven times greater than three years ago indicating the amount of required long-term borrowings by municipalities may still be lower than anticipated.

Opportunity:

- The Corporation continues to be able to borrow under the Province of Nova Scotia's provincial guarantee, which provides greater borrowing predictability and stability. The province's General Revenue Fund has purchased all the Corporation's debt issues since 1998 and is expected to continue to do so in the future.

Maintaining current knowledge of developments in municipal government capital finance

Challenge:

- As a small organization, it is challenging to develop, maintain, and demonstrate expertise in municipal government.

Opportunity:

- Professional development is a priority at the Corporation. Each of the three full time staff attends courses and/or conferences annually to maintain expertise in their field.

Maintain financial self-sufficiency

Challenge:

- The Corporation must remain economically viable in both the short and long terms. This includes matching assets and liabilities both to amount and maturity; maintaining banking arrangements and credit facilities, credit risk, adequate reserves; and the ability to manage administration expenses within the Corporation's budget.

Opportunity:

- The Corporation remains stable, as it has for over 38 years. In addition, no client of the Corporation has ever defaulted on a loan.
- The Corporation has access to a \$50 million line of credit from the Department of Finance and Treasury Board to fund its short-term loan program. This program was previously funded through the Corporation's reserve fund. This change creates an opportunity for our municipal clients to pay less interest with low interest loans.

Identify client needs and respond to them

Challenge:

- Municipalities in Nova Scotia must plan and finance their long-term capital infrastructure needs.

Opportunities:

- Opportunities exist to assist municipal governments in Nova Scotia with long-term capital planning and financing options.
- Opportunities also exist to work with local governments to achieve North American standards in municipal financial management capacity through the adoption of recommended practices. For example, the Corporation has

worked with the County of Cumberland and the Town of Lockeport over the past year to implement some of the core financial management best practices.

- During 2017, the Corporation has established a high interest savings account program that will allow municipalities, who wish to participate, the opportunity to earn a higher rate of return on capital funds and reserves than what they would at their own financial institutions.
- Through the Corporation's Mentoring program, newly hired Directors of Finance can get the basic training needed to understand municipal government from a retired Municipal Director of Finance.
 - The Corporation sponsors two of the Association of Municipal Administrators of Nova Scotia Municipal Management Modules; one on finance for administrators, and one for elected officials.
- Using the \$50 million line of credit from the Department of Finance and Treasury Board to fund the short-term loan program will allow for greater capacity to help fund the cash flow requirements of municipalities between the completion of capital projects and the issuance of debentures.
- The Corporation has switched to utilizing e-documents to streamline the debenture process beginning with the Spring 2017 debenture issue. This change has helped reduce courier and mail charges for both our clients and the Corporation.
- The major risks to the Corporation are reduced capital market receptiveness to smaller serial debt issues and the availability of human and financial resources needed to carry out its mandate. Some resources are directly under the control of the Board, whereas others are provided by provincial departments. The Corporation will continue to work with provincial departments to align both sets of priorities.

Strategic Goals

The Corporation's strategic goals are designed to further municipal and departmental infrastructure objectives. Capital infrastructure is a major component of economic development in both attracting and retaining business investment and promoting communities that are appealing places to live.

The following strategic goals have been developed to assist the Corporation in meeting its mission as well as to provide support for infrastructure, economic, and community priorities:

- Our clients will be provided with capital infrastructure financing at the lowest possible cost, within acceptable risk parameters, and their debt structure and timing needs will be met.
- Access to capital markets will be ensured through sound management of all financial aspects of the corporation, including credit risk and asset/liability management.
- Financial management knowledge in municipalities will be strengthened, and municipal capital project planning and financing will be promoted.

Building and maintaining infrastructure creates jobs; allows local businesses to transport goods to market; connects Nova Scotians to vital services, employment, and education; and leads visitors to every corner of the Province.

Core Business Areas

1. Providing flexible financing options at the lowest available cost

- Provide financing for clients' approved funding requirements by using pooled debenture issues and short-term loans.
- Facilitate and participate in loans to municipalities from financing sources such as the Federation of Canadian Municipalities Green Municipal Fund, where funding is available for projects meeting established criteria at below-market rates.

2. Ensuring access to capital markets

- Ensure that appropriate processes are in place for evaluating the creditworthiness of the loans made by the Corporation.
- Ensure that the Corporation's assets and liabilities are closely matched in both amount and maturity.
- Administer the Corporation's financial resources prudently to ensure that the Corporation's administrative expenses and reserve balances are within approved policies.

3. Helping build financial management and knowledge

- Partner with municipal clients, the Department of Municipal Affairs, and the Association of Municipal Administrators of Nova Scotia on the topic of capital planning and finance.
- Develop programs and services geared toward enhancing our clients' knowledge of capital planning and financing.
- Maintain links with the investment community, public sector finance practitioners, and academics, and carry out research as required to enable the Corporation to respond to changing client needs.

Priorities for 2018–2019

The following details the actions, products, and services that the Corporation intends to carry out to fulfill the Corporation's mission and to meet its strategic goals.

1. Providing capital financing at the lowest available cost

- The Corporation will provide low-cost financing by issuing pooled debentures for the approved amount required to meet municipal borrowing requirements and lending a similar amount to our clients. In 2018–19 the new debenture issuances are expected to be approximately \$250.0 million, which is balanced against retirements of existing debentures of approximately \$105.3 million.
- Pooling of capital requirements allows the Corporation to access capital markets and achieve pricing based on the Province of Nova Scotia credit spreads.
- The Corporation will access its \$50 million line of credit from the Department of Finance and Treasury Board to offer short-term financing for municipalities to help fund the cash flow requirements between the completion of capital projects and the issuance of debentures.
- The Corporation will facilitate and participate in loans to municipalities from the Federation of Canadian Municipalities Green Municipal Fund. Funding is available at below-market rates for projects meeting established criteria.

2. Ensuring access to capital markets

- Obtain verification of creditworthiness from the Department of Municipal Affairs (for municipal borrowers) prior to setting the parameters for pooled issues.
- Match the amount, term, and timing of the Corporation's debentures with loans to municipalities.
- Manage the Corporation's financial resources (budget and reserves) in accordance with policies established by the Corporation's board of directors.

3. Helping build financial management and knowledge

- Sponsor and assist in planning training workshops aimed at enhancing the overall knowledge of municipal finance and budgeting for municipal staff and councilors.
- Offer training and assistance on the Corporation's core best practices and research support to municipalities to promote effective and efficient financial management.
- Continue to promote the use of the Debt Affordability Model, and provide technical support for municipal administrators. The Debt Affordability Model is a tool used by municipalities to help determine how much debt is too much debt to carry. The model can also be used by municipalities for multi-year budgeting and forecasting and analyzing revenue and expenditure options.

- Continue to promote the Mentoring Program to municipalities who hire a new Director of Finance who lacks municipal experience. The intent of this program is to assist the new municipal Director of Finance become more accustomed to municipal government by speaking with a retired former Municipal Director of Finance to help understand the way municipalities function and operate.
- Conduct research and analysis of what our municipal clients require increasing their infrastructure borrowing capacity, and for the Corporation to develop and tailor its programs and services accordingly.
- Work with the Corporation's lead managers and other members of the investment community, staff of the Nova Scotia Department of Finance and Treasury Board, other municipal finance corporations, and others involved in municipal capital financing to identify evolving municipal government financial needs and the optimum means of satisfying them.

Human Resource Strategy

Organizations with small staff are challenged when developing human resource strategies. Development and training opportunities are made available to existing staff to enable them to stay abreast of developments in the industry.

Link to Municipal and Departmental Priorities

The Corporation contributes to the Department of Municipal Affairs' departmental priorities by helping to finance infrastructure projects that create economic opportunities and safe and sustainable communities. The Corporation's loans are used to finance sewage treatment plants, solid waste facilities, and water services that promote clean and healthy communities. Loans are also made to finance streets, buildings, recreation services, and the purchase and development of land. Improvements in each of these areas contribute to safer and healthier communities in Nova Scotia. By working with municipalities to develop recommended financial management practices, the Corporation also contributes to the fiscal stability of Nova Scotia municipalities. These priorities support the priorities of the Department of Municipal Affairs as well as the One Nova Scotia Commission's *Now or Never* Report.

Budget Context

Nova Scotia Municipal Finance Corporation Administration Budget

	Estimate 2017-2018 (\$000)	Actual** 2017-2018 (\$000)	Estimate 2018-19 (\$000)
Total program expenses— (gross current)	463.0	422.5	492.3
Net program expenses— (net of recoveries) *	0.0	0.0	0.0
Salaries and benefits	307.3	299.0	322.9
Funded staff (gross FTEs)	3	3	3

* The Corporation is completely self-funded. The costs of administration are covered through an administrative fee that is levied on all municipal loans and from interest revenue earned on investments.

** As of December 31, 2017

NSMFC Statement of Financial Position, March 31, 2017

Financial assets	(\$)
Cash and cash equivalents	7,035,872
Accrued interest receivable	8,972,550
HST receivable	558
Accounts receivable	85
Loans to municipal units	797,415,572
Total Assets	813,424,637
Financial liabilities	
Accounts payable	50,581
Accrued interest payable	8,967,588
Employee obligations	86,195
Short-term loan due to PNS	332,700
Debentures	797,396,789
Total liabilities and equity	806,833,853
Net financial assets	6,590,784
Accumulated surplus	6,590,784

NSMFC Statement of Operations, year ended March 31, 2017

Revenue	Estimate 2017 (\$)	Actual 2017 (\$)
Interest on loans to units	28,777,024	28,714,109
Interest on short-term investments	45,031	59,236
Recovery of issue cost	377,618	281,798
Administration fee	442,089	337,932
Total revenue	29,641,762	29,393,075
Expenses		
Interest on debenture debt and short-term loans	28,775,604	28,719,686
Debenture issue expense	374,595	282,917
Administrative expense	475,029	425,483
Total expenses	29,625,228	29,428,086
Annual operating surplus (deficiency)	16,534	(35,011)
Accumulated surplus, beginning of year	6,625,795	6,625,795
Accumulated surplus, end of year	6,642,329	6,590,784

Outcomes and Performance Measures

Core Business Area 1 – Providing Capital Financing at the Lowest Available Cost

Outcome	Measure	Data	Target 2018-2019	Target 2019-2020	Strategies to Achieve Target
Provision of lowest available cost of financing to clients in a timely manner	Percentage of clients that are satisfied with the timing of debenture issues	97% (2017 client survey results)	97%	97%	<ul style="list-style-type: none"> Align debenture issues with the construction completion schedule and capital budgeting process Improve application process by working with clients to ensure quick processing of debenture documents
	Percentage of clients that agree the debenture terms and structure are flexible enough to meet their needs	97% (2017 client survey results)	97%	97%	<ul style="list-style-type: none"> Promote short-term financing program Work with clients on financing options (payments and terms) Communicate financing options more effectively (e.g. through the website and consultations) Communicate the Corporation's rates and products more effectively with clients (e.g., through the AMA list server and consultations)
	Quality of credit loans	Procedures ensure creditworthiness of loans	Regular review of loan procedures	Regular review of loan procedures	<ul style="list-style-type: none"> Maintain quality of portfolio
	Pricing received from lead managers in relationship to the Province of Nova Scotia's cost of funds	Provincial guarantee allows the Corporation to price off the Province of Nova Scotia spread	Maintain access to the Provincial guarantee	Maintain access to the Provincial guarantee	<ul style="list-style-type: none"> Promote profile of the Corporation's credit quality to maintain a strong relationship with government to ensure its support of the Provincial guarantee

Core Business Area 2 – Ensuring Access to Capital Markets

Outcome	Measure	Data	Target 2018-2019	Target 2019-2020	Strategies to Achieve Target
A sustainable source of funding is available from clients to ensure the operational viability of the Corporation	Client default rate	0%	0%	0%	<ul style="list-style-type: none"> • Ensure that all loans are creditworthy • Promote the Debt Affordability Model • Monitor loan payment process
	Matching assets and liabilities Matching of aggregate amounts, terms, and timing of debentures and loans	Assets are closely matched to term and timing	Maintain matching strategy	Maintain matching strategy	<ul style="list-style-type: none"> • Match the term and timing of the Corporation's debentures and loans to clients

Core Business Area 3 – Helping Build Financial Management Knowledge

Outcome	Measure	Data	Target 2018-2019	Target 2019-2020	Strategies to Achieve Target
The Corporation's client use of the Debt Affordability Model	Percentage of municipal clients that have used the Debt Affordability Model	47% (2017 client survey results)	60%	60%	<ul style="list-style-type: none"> • Work with clients to help them implement the Debt Affordability Model • Tailor Debt Affordability Model to better suit the needs of clients
The Corporation's client use of the Financial Management Best Practices	Percentage of municipal clients that have used the Financial Management Best Practices	34% (2017 client survey results)	40%	40%	<ul style="list-style-type: none"> • Work with clients to help them implement best practices of their choice
Increased overall municipal finance knowledge among municipalities	Attendance at the Corporation's sponsored Municipal Finance Workshops	42% (Percentage of municipalities who attended 2016 workshops)	80%	80%	<ul style="list-style-type: none"> • Assist in planning the agenda of the workshops • Promote the workshops more effectively to municipal staff and council members • Maintain the no-fee structure to attend the workshop
Increased knowledge of the Corporation's programs and services	Percentage of municipal clients that are aware of the Corporation's programs and services	81% (2017 client survey results)	95%	95%	<ul style="list-style-type: none"> • Updated and revitalized website • Developed web-based programs, such as webinars • Quarterly newsletter sent to Councillors, CAOs and Directors of Finance • Use email to communicate with Directors of Finance to keep them informed about the Corporation's programs and services • Obtain greater exposure to municipal councils to promote programs and services

Nova Scotia Power Finance Corporation

Business Plan 2018–19



Section 1 – Mandate

Nova Scotia Power Finance Corporation (NSPFC) works to **ensure that the debt of Nova Scotia Power Corporation (NSPC), which is guaranteed by the Province of Nova Scotia, is discharged in an orderly and timely manner.**

By way of background, under an Asset Transfer Agreement, dated August 10, 1992, Nova Scotia Power Corporation (NSPC) transferred all its existing assets, liabilities, and equity, except for long-term debt and related sinking funds, to the privatized company Nova Scotia Power Inc. (NSPI) in exchange for matching notes receivable equivalent to the outstanding long-term debt, matching notes payable equivalent to sinking fund assets, and an amount of fully paid common shares. The common shares were sold in a secondary offering on August 12, 1992. Subsequent to the reorganization and privatization, the business activities of NSPC continued under NSPI. Concurrently, the Nova Scotia Power Corporation changed its name to NSPFC.

NSPFC retained the long-term debt, which is guaranteed by the Province of Nova Scotia, and the related sinking funds. The entire original debt of \$2,152,879,732 in Canadian dollars, guaranteed by the Province, was offset by sinking fund assets, and the balance was defeased, as per the agreed schedule and terms of the Defeasance Agreement at December 31, 1997. The process of ensuring cash and / or bonds sufficient to service and retire all outstanding NSPC debt guaranteed by the Province as the debt comes due, is known as defeasance.

In terms of the Nova Scotia Power Reorganization (1998) Act, NSPI was reorganized as a holding company, NS Power Holdings Inc., in December 1998. The holding company structure does not change the underlying obligations under the existing agreements. The holding company changed its name to Emera Incorporated on July 10, 2000.

As noted above, the sole mandate of NSPFC is to monitor the adequacy of the defeasance asset portfolio and to ensure the repayment of all NSPC debt, guaranteed by the Province of Nova Scotia, at the respective dates of each debt maturity.

Nova Scotia Power Finance Corporation's strategic goal for the fiscal year 2018-2019 and key actions are to:

- Continue to monitor the adequacy of the defeasance portfolio and to ensure continuing progress toward elimination of NSPC debt guaranteed by the Province of Nova Scotia and defeased by NSPI.
- To review the defeasance assets to ensure that the defeasance program is positioned such that any potential capital losses are minimized and that there is a very high likelihood of the program achieving its goals.

- The outstanding debt continues to be offset by cash and / or bonds sufficient to service and retire all outstanding NSPC debt, guaranteed by the Province, as the debt comes due in accordance with the terms of the Defeasance Agreement.

Section 2 – Core Responsibilities

NSPFC continues to be on target to meet its mission objective outlined above during the course of the current planning horizon.

Actions	Performance Measures
Entire outstanding debt defeased in accordance with the Defeasance Agreement.	<ul style="list-style-type: none"> The Defeasance Agreement required the defeasance of a minimum of \$1,381,600,000 of outstanding NSPC debt by December 31, 1997. This minimum has already been met and surpassed, \$1,440,290,000 having been defeased by March 31, 1997. Public reporting of interim financial results through public forecast documents.
Defeasance assets are adequate to ensure the repayment of all NSPC debt guaranteed by the Province of Nova Scotia.	<ul style="list-style-type: none"> Outstanding par value of debt as at March 31, 2017, was \$350,000,000 denominated in Canadian dollars and US issued par value of debt was \$399,300,000 in Canadian dollars. Defeased assets as at March 31, 2016, had par values in excess of the outstanding par value of debt. As at March 31, 2017 Canadian long-term debt had market values of \$565,418,000 and U.S. debt had market values of \$506,492,000 in Canadian dollars totalling \$1,071,910,000. Canadian assets had market values of \$571,641,000 and U.S. assets had market values of \$506,828,000 in Canadian dollars totalling \$1,078,469,000. The NSPFC defeasance portfolio maintains sufficient assets to service and retire all outstanding NSPC debt, guaranteed by the Province, as the debt comes due thus rendering the guaranteed debt fully defeased. The adequacy of defeasance assets to fully repay all the outstanding NSPC debt guaranteed by the Province is verified by the auditing firm of KPMG.

NSPFC has no employees. NSPI executes necessary transactions to create and maintain the defeasance portfolio. The monitoring of NSPI debt defeasance is performed by a board of directors, appointed by the Government of Nova Scotia, with staff support from the Nova Scotia Department of Finance and Treasury Board. The accounting firm of KPMG verifies the defeasance assets arranged by NSPC are sufficient to fully defease the outstanding NSPC debt guaranteed by the Province. Under the terms of the privatization agreements, NSPI is responsible for the payment of all NSPFC expenses.

— NOVA SCOTIA PROVINCIAL —
LOTTERIES & CASINO CORPORATION

2018-19 BUSINESS PLAN

February 2018

Nova Scotia Provincial Lotteries
and Casino Corporation
1601 Lower Water Street, Suite 501
P.O. Box 1501
Halifax, NS B3J 2Y3
www.gamingns.ca

Phone: (902) 424-2203
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Message from the Minister, Chair, and President & CEO

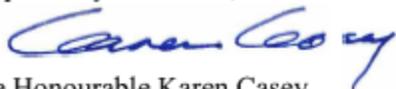
We are pleased to present the Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC) Business Plan for 2018-19. The Plan focuses on our promise to offer an industry that is well regulated, fun and entertaining, and provides Nova Scotians with real benefits. This Plan is about making Nova Scotia a better place by being a key contributor to the Province, its people and good causes that are important to Nova Scotians and creating a gaming industry Nova Scotians are proud of and enjoy.

NSPLCC's mandate is to run the business in a manner that is accountable, sustainable and socially responsible. The corporation will offer first-class responsible gambling programs to Nova Scotians. One hundred percent of the profits from regulated gambling is used by government to fund priority programs and services. NSPLCC and its operators are proud to be key contributors to the Nova Scotia economy since its inception.

The 2018-19 Business Plan links a business culture with a promise to give back to the people of Nova Scotia. Through the *Support4Sport* program, Nova Scotians have raised more than \$35 million to support local athletes, coaches, officials and community sport organizations since its inception in 2006. This program is now the largest contributor to sport in Nova Scotia and reflects a longstanding historical link between gambling and sport. Modelled on the success of the *Support4Sport* program, NSPLCC launched *Support4Culture* in 2013, a program that has contributed more than \$8.6 million to support the arts, culture and heritage sectors.

NSPLCC's Plan for 2018-19 highlights its strategies to achieve responsible economic returns in an environment where there is increasing competition from both regulated and non-regulated gambling options. NSPLCC is committed to offering Nova Scotians a socially responsible and economically sustainable gambling industry.

Respectfully submitted,



The Honourable Karen Casey
Minister responsible for Part I of the *Gaming Control Act*



Byron Rafuse
Chair, Board of Directors



Robert MacKinnon
President & CEO

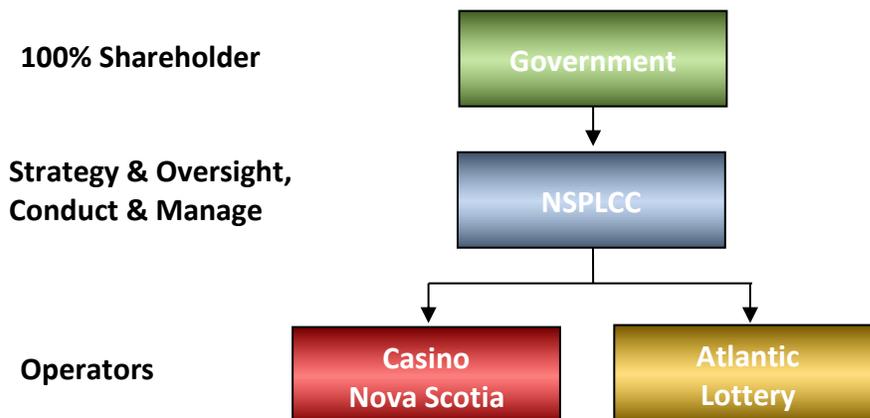
Mission

The Nova Scotia Provincial Lotteries and Casino Corporation's mission is to offer trusted and entertaining responsible gambling experiences, optimizing the benefits for Nova Scotians.

Organization Mandate

The Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC) is responsible for managing regulated gambling in the province. It is a Crown corporation governed by Part I of the *Gaming Control Act*, charged with leading a viable and socially responsible gambling industry for the benefit of all Nova Scotians. NSPLCC works hard to meet the needs of Nova Scotians and to earn their trust. NSPLCC's vision is to have a gambling industry Nova Scotians are proud of and enjoy.

NSPLCC's role is to ensure gambling in Nova Scotia is socially responsible while making reasonable profits for the government. In performing this role, NSPLCC oversees its operators, Atlantic Lottery Corporation (ALC) and Casino Nova Scotia (CNS), who carry out the day-to-day business on NSPLCC's behalf. The Government, and ultimately the people of Nova Scotia are the shareholders and owners of the industry.



The public demands that government offer regulated gambling in a socially responsible manner. Nova Scotians have the right to expect the highest ethical standards, integrity, and social and fiscal accountability from NSPLCC. Corporate social responsibility is a critical part of NSPLCC and its pledge to be socially responsible means giving players the information they need to play responsibly, ensuring the integrity of the industry, and giving back to the people of Nova Scotia.

Core Responsibilities and Services

NSPLCC contributes to the Province in a number of notable ways. While the economic benefits are substantial, managing the business in a socially responsible manner is a primary objective.

Each year, 100% of NSPLCC's profits go back to the Province and provide major benefits to Nova Scotians through the funding of programs and services including education, transportation and healthcare. In 2018-19, NSPLCC will provide \$145.0 million to the Province to fund vital programs and services. The industry also creates and supports employment 517 people and will add more than \$38.7 million in retail commissions to local businesses. With a mandate to deliver 100% of its profits to support important programs and services, NSPLCC and its operators are proud to be key contributors to the Nova Scotia economy and a source of funding for government.

NSPLCC will continue to achieve its core business functions, as follows:

Operations Management

NSPLCC will continue to effectively manage its various businesses: ticket lottery, video lottery and casinos. There are three aspects of this activity:

1. *Operator Management* – Oversee NSPLCC's Operators (i.e., ALC and CNS), to ensure there is strategic alignment with Nova Scotia's goals and that projects are completed as planned. Ensuring the Operators offer products that are fun and entertaining as well as socially responsible in an environment of security and integrity are key objectives.
2. *Risk Management and Quality Control* – Proactively manage risks and employ effective quality control processes of NSPLCC and its Operators' day-to-day activities and the business environments in which they operate.
3. *Compliance Management* – Ensure operations conform to legislation, regulations, contracts and policies. Careful oversight of operations allows NSPLCC to ensure the industry is managed to the highest standards of integrity, public confidence and security, and is a critical piece of NSPLCC's mandate.

Responsible Industry Development

NSPLCC focuses on initiatives that will develop a balanced and socially responsible industry that is sustainable and benefits all Nova Scotians through:

1. *Policy and Planning* – Manage the business to provide value to Nova Scotians and ensure the business and strategies are aligned with the Province's goals for gambling.
2. *Responsible Product Implementation* – Make evidence-based decisions in assessing changes to products and environments in which they are offered.
3. *Social Responsibility* – Nova Scotia leads responsible gambling and continues to be among the most socially responsible jurisdictions in the world. NSPLCC will continue to offer responsible gambling programs that promote awareness, education and informed choice for all Nova Scotians.

Status of 2017-18 Activities

Over the past year, NSPLCC has seen success in meeting its targets and is on track to achieve all of its objectives for 2017-18, including:

Casinos: Casinos in Nova Scotia were promoted as a one-stop destination that provides gambling, entertainment and high-quality restaurants. A project to update the Halifax casino was completed in the fall. This involved an expansion of the entertainment options and a general freshening of the gaming floor as well as the renovation and re-launch of the restaurants and buffet services at the property.

Ticket Lottery: In September 2017, NSPLCC achieved a significant milestone by completing the replacement of the lottery central system, allowing for new game content and better play experiences for Nova Scotians.

Video Lottery: Video lottery remained a sustainable source of revenue for government and the video lottery business line continued to be supported with new game content.

Responsible Gambling: Responsible gambling programs remain a priority for NSPLCC. Initiatives completed in 2017-18 included:

- Responsible Gambling Awareness Week;
- Promote the integration of Responsible Gambling Resource Centres into the casino environment; and,
- Responsible Gambling Training Programs for ticket lottery and video lottery retailers as well as the launch of a new training program for casino staff.

2018-19 Strategic Goals

NSPLCC is guided by a vision to offer a gambling industry that is fun, while being a major contributor to the economy, communities and good causes. There are four goals related to this activity:

Goal #1: Provide exceptional value by offering fun products to achieve responsible revenue and profits

NSPLCC will ensure a responsible return to the Province by using sustainable business models and fulfilling its commitment to integrity and security. NSPLCC will make evidence-based decisions that incorporate responsible gambling in the design, delivery, promotion and use of its products, and will facilitate benefits to communities, businesses, and individuals across the province.

Goal #2: Provide customers with products they want in an environment they expect

NSPLCC will deliver products that customers want, when, where and how they want them. The corporation will seek input from players to make sound decisions on how to advance the gambling industry in Nova Scotia.

Goal #3: Lead responsible gambling

NSPLCC will advance its social responsibility agenda by leading responsible gambling programs that provide Nova Scotians with the tools and information they need to make informed decisions. NSPLCC will look to make gambling fun, safe and responsible, which requires the corporation to conduct business with an understanding of how its activities can impact others.

Goal #4: Focus on Nova Scotians through excellence in corporate social responsibility

The people of Nova Scotia are NSPLCC's valued customers, employees, neighbours, families, suppliers and business partners. The corporation strives for excellence as a steward of the gambling industry to provide entertaining, enjoyable experiences. NSPLCC will leverage designated revenue and industry expertise to support good causes throughout the province.

NSPLCC will provide strong management and accountability by ensuring timely and complete communication to the media, public, and stakeholders when managing the business.

Priorities for 2018-19

Provide exceptional value by offering fun products to achieve responsible revenue and profits

In striving to generate responsible economic returns, NSPLCC will focus its attention on the following priorities in 2018-19:

Casinos – CNS will work to increase player engagement by offering experiences that meet and exceed expectations. CNS will also evaluate ongoing tactics to support long-term sustainability of the casino properties. The casinos will focus on the total experience by ensuring entertainment is a key component of all aspects of the operation. The casinos will continue to provide guests with games that are appealing as well as high-quality dining, and attractive entertainment offerings.

Ticket Lottery – Ticket lottery is NSPLCC's most mature business line and requires investments to sustain the existing business and will require additional innovation to be sustainable. In 2018-19, Atlantic Lottery will leverage the systems and investments made over the past number of years and is now in a position to offer new game content and an improved player experiences to Nova Scotians. Atlantic Lottery will focus on evaluating and developing strategies and innovations that will responsibly grow the ticket lottery player base and provide a framework for sustainable

growth. The ticket lottery business will focus on re-engaging current and lapsed players, while making efforts to attract new players to broaden the player demographic for lottery products.

Video Lottery – Video lottery is a mature product and unlikely to be a sustainable source of revenue for government in the long-run. The focus for 2018-19 will be on stabilizing the video lottery business as well as looking at opportunities for improvement. Efforts will also be made to further integrate responsible gambling into the day-to-day operations at retail locations in order to reduce the stigmatization of video lottery and its players.

Provide customers with products they want in an environment they expect

The plan for 2018-19 is to improve the player experience for those who choose to purchase lottery products online, and to sustain NSPLCC's ability to compete in the online space. The corporation will strive to ensure that the transactional web portal and any player-facing components meet industry standards and the players' expectations. In addition, NSPLCC will continue to ensure that the online platform offers a safe and regulated environment in which to play, as well as providing sufficient harm-mitigation tools for those who choose to gamble online.

Lead responsible gambling

Responsible gambling programs remain a priority for NSPLCC. The cornerstone of NSPLCC's social responsibility mandate remains its commitment to responsible gambling. The development of the NSPLCC Social Responsibility Charter in 2006 put social responsibility top of mind for the corporation, and it is integrated into its corporate culture. All aspects of the business are looked at through a social responsibility lens to ensure the commitment to balancing economic sustainability with social responsibility is met. NSPLCC will continue a number of responsible gambling programs as follows:

- Responsible Gambling Awareness Week;
- Responsible Gambling Resource Centres at both casinos;
- Mobile Access to Responsible Gambling Information (MARGI) at both casinos; and
- Responsible gambling tools and training for ticket and video lottery retailers, casino staff, and NSPLCC employees.

The corporation will continue to offer products that are socially responsible. Responsible Gambling Assessments (RGAs) will be performed to ensure that all new products, initiatives and projects are reviewed using an industry best-practice evaluation program.

NSPLCC will continue to collaborate with industry experts in the field of responsible gambling to ensure that best practices are employed in the region and Nova Scotians benefit from a leading and responsible gambling industry.

Focus on Nova Scotians through excellence in corporate social responsibility

Nova Scotia's communities will continue to receive support from NSPLCC. The *Support4Sport* program, which raises funds through the sale of lottery products, is expected to raise \$4.0 million for sport, which will be used to buy sports equipment, create recreation/participation programming

for all ages, support performance training programs for competitive athletes, and hire coaches at all levels, making it the largest source of funding for amateur sport in the province. In addition, the *Support4Culture* program, another designated lottery program, was launched in 2013 and is expected to raise \$4.0 million in 2018-19 for arts, culture, and heritage in communities throughout Nova Scotia.

The *Support4Communities* program provides in-kind support and learning opportunities for charitable organizations in Nova Scotia. Initiatives include the *Support4Communities* Casino Night program, which supports licensed Monte Carlo fundraisers, and *Support4Communities* Fundraising Seminars, which provide learning opportunities for community leaders and charitable organizations wanting to improve their fundraising efforts.

As a public organization, NSPLCC must be transparent, with timely and open communications. To achieve this, quarterly reports, an annual report, a business plan, a community report, fact sheets about NSPLCC programs and the gambling industry, and news releases will be made available via its website throughout the year. Working with its operators, NSPLCC will continue to ensure that Nova Scotians stay informed about where gambling revenues come from and where they go.

Outcomes and Performance Measures

Outcome	Indicator(s)	Measure(s)	Baseline	Target 2018-19	2018-19 Strategies and Initiatives	Long-term Target 2021-22
Nova Scotia has an economically sustainable and socially responsible gambling industry.	The Province has a sustainable source of revenue from gambling to help pay for programs and services	Gross sales	(2011-12) \$427.4 million	\$458.9 million	Continue to provide relevant and engaging products to players in a safe and regulated environment	\$458.9 million
		Payment to Province	6-year Average (2010 to 2016) \$135.6 million	\$145.0 million	Ensure Operators are meeting business plan objectives	\$144.9 million
	Government reduced reliance on revenue from VLTs	Video Lottery as % of total provincial revenue	2010-11 0.91%	0.99%	Remove VLTs through natural attrition and grow revenue from other business lines (e.g., Ticket Lottery)	0.90%
	NSPLCC supports small businesses across the province through commissions to retailers	Commission paid to retailers	2010-11 \$39.8 million	\$38.7 million	Leverage new ticket and video lottery products and make further enhancements to the video lottery business model	\$39.9 million
Nova Scotia has a socially responsible gambling industry, players have the information they need to play responsibly, and games remain entertaining, safe and fun.	Nova Scotians are aware of appropriate responsible gambling behaviours	% of public that can cite two responsible gambling behaviours	2008-09 16.1%	25%	Execute responsible gambling and public awareness programs	25%
	Nova Scotians are aware of and support NSPLCC's support for responsible gambling programs	% of public that support NSPLCC's commitment to responsible gambling	2007-08 68%	75%		75%
Nova Scotia's gambling industry is trusted and supported.	NSPLCC's response time to routine access request for information	% of routine access requests responded to within two business days	100%	100%	Employ sound operations management	100%
	Nova Scotians are in favour of regulated gambling	% support for regulated gambling	5-year Average (2011 to 2016) 54%	55%	Execute initiatives in the Social Responsibility Business Plan	70%

2018-19 Budget

	Estimate 2017-18 (\$ 000)	Forecast 2017-18 (\$ 000)	Estimate 2018-19 (\$ 000)
Sales			
Casinos	\$69,800	\$85,900	\$82,100
Ticket Lottery	225,800	223,600	237,600
Video Lottery	<u>137,900</u>	<u>135,200</u>	<u>139,200</u>
Total Sales	<u>433,500</u>	<u>444,700</u>	<u>458,900</u>
Cost of Sales	<u>289,700</u>	<u>298,100</u>	<u>311,600</u>
Gross Profit	<u>143,800</u>	<u>146,600</u>	<u>147,300</u>
Expenses			
Responsible Gambling Programs	7,600	7,000	7,400
Commitments to Community Programs	<u>9,500</u>	<u>9,300</u>	<u>9,500</u>
Total Expenses	<u>17,100</u>	<u>16,300</u>	<u>16,900</u>
Net Income	126,700	130,300	130,400
Casino Win Tax	<u>12,600</u>	<u>15,400</u>	<u>14,600</u>
Payment to Province	<u>\$139,300</u>	<u>\$145,700</u>	<u>\$145,000</u>



Perennia Food and Agriculture Inc.

Business Plan

2018/19

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Message from CEO and Chair

We are pleased to present the business plan for Perennia Food and Agriculture Inc. (Perennia) for 2018/19. Perennia is the Province's development and service agency focused on providing technical services to the agriculture and seafood sectors, two sectors that are key provincial economic drivers and vital to the sustainability and growth of our rural and coastal communities.

Our work focuses on sector development and applied research, program implementation, consulting services and research for commercialization of new products.

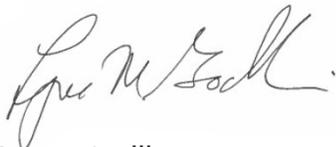
In 2018/19 Perennia will focus on utilizing our team to have the highest possible impact on our client's profitability and to grow the economy.

In keeping with this mandate and government priorities, our work will be driven by five key strategic themes: enabling responsible economic growth; supporting research and innovation; building public trust and market acceptance; increasing trade and market access; and encouraging value added opportunities.

We are undertaking some exciting projects and introducing some new services lines that will support the government's mandate in 2018/19 of supporting development of Nova Scotia's wine sector, and maximize the value of our fisheries and seafood products. We will be making financial investments in adding an additional seafood team member to ensure we have the capacity to undertake the outreach work and projects necessary to advance the sector. We will also be making a strategic investment in a federally-licensed cannabis testing lab to support that growing business sector, and assurances that the product is of the highest quality, meeting government-mandated standards.

Partnerships will continue to be key for us in 2018/19 including continued strong relationships with the Nova Scotia Department of Agriculture, the Nova Scotia Department of Fisheries and Aquaculture, industry associations, and universities and colleges, as well as the province's other development agencies, Innovacorp and Nova Scotia Business Inc.

We also appreciate and understand the needs of the sectors we service are constantly changing. In 2018/19, we will make it a priority to continuously assess the needs of our clients, and restructure our teams and services lines to be as responsive as possible to support growth and diversification in the agriculture and seafood sectors.



Lynne Godlien
Interim CEO



Charles Keddy
Chair, Perennia Food and Agriculture Board

Mandate

Perennia Food and Agriculture Inc. is a provincial agency focused on the development of Nova Scotia's food sector. Lead by an industry-driven board, its mission is to help farmers, fishers and food processors be more prosperous and profitable.

Its services lines include: agricultural services, fisheries services, quality and food safety, and product development and commercialization.

The agency has a 35+ full-time team members operating out of offices in Kentville, Halifax and two in Bible Hill, including an Innovation Centre for accelerating product development and research for commercialization.

Perennia is pleased to support two key areas as mandated to the Nova Scotia Departments of Agriculture, and Fisheries and Aquaculture:

- developing Nova Scotia's wine and craft brewery sectors to be world leaders
- increasing exports and maximizing the value of our fishery resources to support the province's seafood as a globally-recognized premium product

2018/19 Priorities

The following are some initiatives Perennia will undertake to support government priorities in maximizing the value of Nova Scotia's agriculture and seafood sectors in 2018/19.

- Continue collaborative work with the Nova Scotia Department of Fisheries and Aquaculture to further develop Perennia's capacity in the fisheries, aquaculture and seafood sectors by working on key development projects including quality standards, lobster grading and brand standards to support Nova Scotia as the leading global provider of premium seafood. Also included will be further work with the department and other partners on the Centre for Applied Marine Research, with a priority on aquaculture development.
- Focus on proactive outreach in the fisheries sectors to identify companies interested in accessing new markets through implementing internationally-recognized food safety standards that are often a requirement for international markets, and/or by developing new products, with a focus on creating maximum value from waste byproducts.
- Perennia will formalize a Memorandum of Understanding with Universite Ste-Anne that will support development projects in both fisheries and agriculture, and provide an option for any new fisheries team members to co-locate at their campus or satellite offices.

- Work will continue with the Province's Wine Development Board, the Nova Scotia Department of Agriculture, and Grape Growers of Nova Scotia and Winery Association of Nova Scotia to support the province's wine industry advancement initiative. In 2018/19, the following will be undertaken:
 - A new wine quality specialist will be fully operational under a partnership with Perennia, Acadia University, the Department and ACOA to work with emerging and current wineries on opportunities related to quality.
 - Work will continue for Perennia's viticulturist and other related specialists to conduct site assessments for new plantings to support optimal growing success, and to work closely with industry associations, and vineyard and winery operators, to determine research needs, assess and determine new grape varieties and introduce innovative production and management practices to support the continued emphasis on developing world-class Nova Scotia wines.
 - A new plant health analysis program will be launched in 2018/19 to support the planting of healthy vines, to further support higher and better yields in vineyards.
 - A new mobile bottling service for still wines that will support new wineries that do not have full bottling capacity and established wineries needing extra or complementary capacity at certain times of the year.
- In 2018/19, Perennia will be seeking to extend a joint initiative supported by government, provincial beekeeper and wild blueberry associations, and wild blueberry processors to continue the Atlantic Tech Transfer Team for Apiculture. The project is delivered by two apiculturists housed at Perennia with their work directed by an industry-led committee and focused on honey bee health, nutrition, diseases, pests and overwintering. Hive health and pollination are key to the success of both the province's bee and wild blueberry sectors.
- The federal government's new *Safe Food for Canadians Act*, which was passed in 2012 consolidating existing food-related legislation under one Act, is expected to be ready for implementation in 2018/19. The new regulations could mean a great deal of change for food businesses. Perennia will work with various government and industry partners to create awareness in various sectors of forthcoming changes and provide responsive educational opportunities, in an effort to ensure compliance and continuous business operations once the new regulations are enacted.
- Perennia and the Nova Scotia Department of Agriculture will develop and offer e-learning and in-person sessions in 2018/19 focused on preparing new food companies for success (from business and marketing planning, to food safety and product scale-up considerations), as well as very targeted programs for food businesses currently selling, or wanting to sell products, through retailers and how to create the best relationship and pricing for success.

- In 2018/19, Perennia will conduct a multi-faceted industry needs assessment process and undertake an assessment of our internal organizational structure and services to ensure we are efficiently and effectively meeting industry needs for the highest impact and customer service.

Core Functions

- Working on farm with producers sharing advice on best practices, building skills, sharing information, conducting applied research and introducing new ideas and technologies is a key way we support the continued prosperity of Nova Scotia farms and our rural communities. Perennia's agricultural services team will continue to deliver these services on behalf of the Nova Scotia Department of Agriculture as part of the farm extension and development program. Sectors covered include horticulture, livestock, field crops and soils.
- Perennia will be working in partnership with the Nova Scotia Department of Agriculture in 2018/19 to develop resources specific to enhancing the general food safety knowledge and skills of both emerging and established food operations, as well as provide technical information to educate the industry on the product development commercialization cycle, which can be daunting to some.
- Monitoring for pests and the conditions that are ideal for pests and viruses has been a key priority for Perennia, with a particular emphasis on our high value berry crops. In 2018/19, Perennia will continue to offer the following programs to industry ensuring growers can address issues before they become a concern and/or to verify the health of crops for export: mummy berry forecasting program for small fruit; wild blueberry blight forecasting in partnership with the Wild Blueberry Producers Association of Nova Scotia; aphid monitoring and virus testing in strawberries in partnership with Horticulture Nova Scotia; and strawberry nursery plant inspection program.
- In 2018/19, Perennia's food safety specialists will continue to work with individual farms and food companies to address their food safety needs as they implement Global Food Safety Initiative certifications to open North American and global markets for their products. Specific emphasis will be placed on plan development, continuous improvement, audit preparation and recovery, as well as staff coaching. The food safety team will also continue to work with clients to implement specific retailer requirements necessary to have them carry their products. In 2018/19, enhanced emphasis will be placed on expanding Perennia's partnership with Sobeys to conduct gap assessments with potential suppliers to ensure they meet the retailer's food safety standards.
- Recognizing that many food companies start or sell directly to consumers at farmers markets, Perennia will continue its formal partnership with the Farmers' Markets Nova Scotia to develop and market product development and food safety services and information to their members.

- Through a partnership with NSF/Guelph Food Technology Centre, Perennia will once again offer a comprehensive schedule of public training sessions aimed at current agriculture and seafood processors. In addition, Perennia will begin marketing its newly created series of seven self-directed e-learning introductory food safety courses.
- In 2018/19, Perennia will continue with the Health Canada process to become a licensed testing lab for government-regulated cannabis to be able to provide licensed producers and sellers a Nova Scotia-based highly qualified testing facility to ensure their product meets Health Canada standards.

Financials

Operating Income Budget Summary (\$ thousands)			
<u>Programs and Services</u>	<u>2017-2018 Estimate</u>	<u>2017-2018 Forecast</u>	<u>2018-2019 Estimate</u>
Revenues & Operating Grants	6,006	4,798	6,128
Capital Grant	350	350	
Direct Project Inputs (excluding salaries)	(1,356)	(822)	(1,071)
Salary & Related Expenses	(3,089)	(3,125)	(3,660)
Operating Expenses	(1,907)	(1,085)	(1,551)
Total Operating Income	4	116	(154)*

* Note: The proposed deficit is a result of depreciation costs related to investments in equipment to support wine sector growth and enhancements to the Perennia Innovation Centre to better support the needs of clients. Both of these investments are expected to result in future revenue streams that will recoup these investment costs.

TOURISM NOVA SCOTIA BUSINESS PLAN

2018-2019



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MESSAGE FROM THE CHAIR & CEO

Tourism Nova Scotia is the provincial Crown corporation responsible for marketing Nova Scotia as a tourism destination, improving tourism competitiveness, and leading the growth of Nova Scotia's tourism industry. In alignment with our corporate strategy, *Driving Export Revenue*, we work with businesses, community organizations and all levels of government to co-invest in marketing and sector development initiatives that will move the industry closer to the Ivany Report goal of \$4 billion in tourism revenues by 2024.

Last year, Nova Scotia experienced its fourth consecutive year of non-resident visitation and revenue growth, with 2.4 million overnight visitors (an increase of 9% or 195,000 visitors compared to 2016), and an estimated \$2.7 billion in tourism revenues (\$100 million more than 2016). Many factors contributed to this success, including Tourism Nova Scotia's marketing initiatives, hard work by the industry, Canada 150 celebrations, free access to national parks and historic sites, the price of gas and favourable exchange rates. We must take advantage of these favourable growth conditions to enhance our quality experience offerings and build brand awareness, to drive demand over the long-term.

In 2018-19, we will continue to invest in marketing programs with Destination Canada and the Atlantic Canada Agreement on Tourism to promote Nova Scotia in the Northeast US, UK, Germany and China. We're especially excited to mark the 2018 Canada-China Year of Tourism by working with our first-ever in-market representative in China to develop a sales and marketing strategy for Nova Scotia. Air access will remain a priority for 2018-19 as we focus on strategic trade and consumer marketing partnerships to support markets that have direct air access to Nova Scotia.

From May 13-16, 2018, Nova Scotia will host Destination Canada's largest business event, Rendez-vous Canada, at the Halifax Convention Centre. Over 1,800 tourism professionals, including 500 tour operators and travel agents from over 20 countries, will be in Halifax for sales meetings and to experience a first-hand account of Nova Scotia. Tourism Nova Scotia will host familiarization tours to give delegates a taste of all regions of Nova Scotia.

We will continue to partner with businesses and organizations to develop quality experiences that motivate travel, and will expand our focus to develop indigenous experiences and experiences that will help drive visitation in the shoulder seasons. We will undertake research to inform experience development and marketing activities, and to enhance our ability to assess return on investment for our marketing initiatives.

We will continue to make decisions based on research, and we will be nimble, innovative and progressive as we embrace opportunities that are good for the tourism industry and good for Nova Scotians.

Sincerely,

R. Irene d'Entremont, C.M., D.Comm hc, Chair, Tourism Nova Scotia Board of Directors
Michele Saran, CEO, Tourism Nova Scotia



R. Irene d'Entremont
Chair, Tourism Nova Scotia



Michele Saran
CEO, Tourism Nova Scotia

MANDATE

The Tourism Nova Scotia Act, passed on May 4, 2015, states the objectives of the corporation are to:

- Achieve tourism growth in the province and maximize the value of tourism to the economy of the province.
- Develop and implement a long-term strategy for tourism to drive sustainable tourism in the province that delivers growth and profitability in the tourism sector, provides economic benefit to the province, and is consistent with the province’s strategic priorities.
- Communicate and collaborate with communities, private industry, and the tourism industry in the province.

MISSION

To market Nova Scotia’s tourism experience to the world through innovation and collaboration.

VISION

To be recognized globally as the leading destination marketing organization.



TOURISM NOVA SCOTIA

Tourism Nova Scotia, a provincial Crown corporation, is the destination marketing organization (DMO) for Nova Scotia. A DMO is an organization that is responsible for developing a tourism strategy and leading tourism marketing and development efforts for a destination.

Our organization’s five-year strategic plan, *Driving Export Revenue*, is the foundation of our 2018-19 business plan. *Driving Export Revenue* outlines what Tourism Nova Scotia and industry stakeholders need to do to reach the Ivany Report goal of \$4 billion in tourism revenues by 2024. Our strategic plan and the activities identified in our business plan align with key government priorities and the Government’s Framework for Private Sector Growth.

The following key strategies guide all of our investments and partnerships.

1. Attract first-time visitors to Nova Scotia

While Tourism Nova Scotia cares about all visitors, our marketing messages and execution will focus on attracting those who have not been to Nova Scotia before.

2. Invest in markets of highest return

Tourism Nova Scotia will invest its marketing dollars in markets that will attract the highest value visitors to Nova Scotia.

3. Focus on world-class experiences

Tourism Nova Scotia will lead tourism experience development and sector development through a “world-class” lens to support attracting first-time visitors to the province.

4. Build Nova Scotia’s tourism confidence

Tourism Nova Scotia will build stakeholder knowledge of, and support for, its strategic direction to attract increased investment, grow revenues, and boost Nova Scotia’s tourism confidence.

Innovation, Collaboration and Stakeholder Alignment

Achieving Nova Scotia’s aggressive tourism revenue goal requires all stakeholders to align with the goal and own their roles. Tourism Nova Scotia will remain laser-focused on activities related to our mandate and strategy, while other stakeholders will be responsible for the following roles identified in our strategy, *Driving Export Revenue*:

Industry

- Close the sale pre-trip and during trip.
- Drive repeat visitation by exceeding visitor expectations.
- Invest in product.
- Deliver world-class experiences.

Community

Community is defined as municipalities, regional/ community destination marketing organizations and

regional tourism industry associations. Community also includes all Nova Scotia residents. Personal interactions with Nova Scotians are critical to the visitor experience and influence the desire of visitors to recommend Nova Scotia as a vacation destination and to become repeat visitors.

Community roles include:

- Partner with industry to deliver destination development and marketing.
- Visitor servicing.

Government (Federal and Provincial)

Government enables tourism growth by considering policies and investments that support the \$4 billion goal.

Government roles include:

- Community economic development.
- Attraction of inward investment.
- Infrastructure development.

KEY ACTIVITIES

The Province of Nova Scotia is focused on strategic sector growth, and has embraced the One Nova Scotia (Ivany Report) tourism expansion goal to increase tourism revenues to \$4 billion by 2024. 2017 marked the fourth consecutive year of tourism growth in Nova Scotia, and the 2018 outlook is favourable.

In 2018-19, Tourism Nova Scotia will continue to focus on activities related to our mandate and strategy, and lead sustainable tourism growth in the province.

Launch a Consumer-focused Advertising Campaign

In 2018-19, Tourism Nova Scotia will create and implement a consumer-focused advertising campaign targeting key Explorer Quotient™ segments (Authentic Experiencers and Cultural Explorers). 2018-19 will build on the success of the 2017-18 “If You Only Knew” campaign, that performed at or above industry standards in terms of generating foundational interest in, and stimulating travel to, Nova Scotia.

Engage Travel Influencers

Tourism Nova Scotia will deliver a media relations program to boost awareness and consideration of Nova Scotia as a vacation destination for travelers. This includes hosting selected travel writers and influencers on press trips throughout the province, who in turn will produce and share content (stories, video, etc.) with their audiences.

Develop Overseas Markets Through Trade Marketing Initiatives

Tourism Nova Scotia will continue to invest in Destination Canada trade marketing partnership programs in key overseas markets.





We will also work with our in-market representatives in Germany, UK, and China to increase awareness of Nova Scotia as a vacation destination and facilitate sales opportunities with the travel trade (tour operators and travel agents). We will increase our activity in the China market by working with our China in-market representative to build expertise around Nova Scotia product and develop relationships with key tour operators and travel agents.

Leverage International Air Access

Air access is critical to enticing international visitors to the province. In 2018-19, Tourism Nova Scotia will continue to leverage Destination Canada trade and consumer partnership programs to build awareness of Nova Scotia under the Canada brand in international markets.

Host Rendez-vous Canada

From May 13-16, 2018, Nova Scotia will host Destination Canada’s largest business event, Rendez-vous Canada, at the Halifax Convention Centre. Over 1,800 tourism professionals, including 500 tour operators and travel agents from over 20 countries, will be in Halifax for sales meetings and to experience a first-hand account of Nova Scotia via familiarization tours that will give delegates a taste of all regions of Nova Scotia. This event will inspire international trade operators to develop itineraries that include Nova Scotia product, and ultimately drive leisure visitation to the province. Tourism Nova Scotia is hosting this event, with support from Atlantic Canada Opportunities Agency (ACOA), the Atlantic Provinces, Discover Halifax, and tourism organizations and operators across the province.

Continue to Update Nova Scotia’s Tourism Online Presence

Sustainable tourism growth requires adapting to evolving consumer behaviour. In 2018-19, Tourism Nova Scotia will continue to evolve our flagship consumer-focused website, NovaScotia.com. A key area of focus will be optimizing the mobile user experience.

Leverage Partnerships and Resources

Partnerships and leveraging resources are critical to achieving tourism growth. In 2018-19, Tourism Nova Scotia will extend its marketing reach through strategic initiatives with key stakeholders that align tourism marketing

investments at the operator, provincial, Atlantic, and national level. Key initiatives include:

- Digital Marketing Partner Program: a program that provides Nova Scotia tourism businesses and organizations with an opportunity to partner with Tourism Nova Scotia to promote their products and/or services in key Canadian markets and the Northeastern United States, using digital marketing tactics.
- Inspiring Content Partner Program: a program that leverages Tourism Nova Scotia's scale to develop compelling visual content that will appeal to key Explorer Quotient™ segments.
- Strategic co-investment partnerships with Destination Canada in key international markets in the US, UK, Germany and China to extend Nova Scotia's market reach under the Canada brand. These co-investment partnerships leverage Destination Canada's scale and reach across the direct-to-consumer, trade, and media channels.

Nova Scotia has a long history of working collaboratively with its Atlantic Canada partners, with co-investment from ACOA. In 2018-19, under the Trade and Investment pillar of the Atlantic Growth Strategy (AGS), Tourism Nova Scotia will continue its participation in the Atlantic Canada Growth Strategy for Tourism to support the growth of a more vibrant and sustainable tourism economy for Nova Scotia. Through our collaboration with ACOA and the other three Atlantic Provinces, Tourism Nova Scotia will extend our reach in key international markets in the US, UK, Germany and China through investment in direct-to-consumer advertising and strategic Destination Canada partnerships.

Deepen Understanding of Nova Scotia's Target Markets

Tourism Nova Scotia will conduct research to deepen our understanding of Nova Scotia's target markets. Key 2018-19 activities include expanding our understanding of the return on our marketing investment, and research to support experience development initiatives, with focus on specific areas of interest, such as culinary, wineries/distilleries/craft breweries, and trails.





Lead Experience Development

Experience development is a key strategic imperative. In the past two years, through the World-class Experience EXCELLerator Program, more than 20 compelling tourism experiences have been developed and brought to market. The experience development process has challenged tourism operators to innovate and embrace change to create unique and authentic Nova Scotian experiences that engage and delight visitors. In 2018-19, Tourism Nova Scotia will continue to partner with private sector operators to develop experiences that will attract high-value visitors to the province.

2018-19 marks the third year of the World-class Experience EXCELLerator Program. This year, we will continue to work with operators to develop experiences that align with the Free Spirits Explorer Quotient™ segment. Among partners that have already developed experiences, we will conduct coaching and mentoring to enhance export readiness and increase marketability.

Through collaboration with industry partners, the EXCELLerator Program will be expanded to focus on indigenous experiences and seasonally offered experiences that align with the Authentic Experienter and Cultural Explorer segments.

Enhance Market Readiness and Quality

Visitors expect a high-quality Nova Scotia experience. In 2018-19, we will continue to partner with sector associations and industry to enhance market readiness and quality to support the delivery of world-class experiences through export and travel trade readiness training initiatives. Tourism Nova Scotia will support the development of the Nova Scotia Approved Program and work with industry partners on a new enhanced quality program.

Facilitate Industry Growth

Tourism Nova Scotia will work with current and prospective business operators to facilitate industry growth, with accommodations identified as a key area of focus. In 2018-19, we will provide business advice and coaching to encourage new accommodation developments, and will leverage findings from the 2017 Accommodation Needs Assessment report to help inform operators and developers seeking to invest in the province. We will work with

Nova Scotia Business Inc., Regional Enterprise Networks and other stakeholders on accommodation investment readiness by sharing industry statistics, market opportunities and directing investment inquiries to these partners.

Tourism Nova Scotia will work with the Nova Scotia Office of Immigration to introduce proactive business coaching that will help new immigrant investors understand the province's tourism industry and respond to the opportunities available.

Strategic tourism infrastructure revitalization has been identified as a government priority. To support this priority, Tourism Nova Scotia will work with the Province to invest in key tourism sites.

Build Nova Scotia's Tourism Confidence

Communications activities in 2018-19 will focus on enhanced stakeholder engagement and Tourism Nova Scotia's strategic imperative to build Nova Scotia's tourism confidence.

Other Responsibilities/Services

In addition to the key 2018-19 activities that align with our mandate and strategy identified above, Tourism Nova Scotia provides support to the tourism industry in the following areas.

Tourism Nova Scotia operates six provincial Visitor Information Centres (Halifax Stanfield International Airport, Halifax waterfront, Amherst, Yarmouth, Peggy's Cove and Port Hastings). The Visitor Information Centre staff assist visitors with planning their travel throughout Nova Scotia and encourage increased spending and length of stay. Tourism Nova Scotia also provides funding that contributes to the operation of local visitor information centres across the province.

Our Tourism Contact Centre supports our marketing programs by answering inquiries around Nova Scotia travel planning.

Our Literature Distribution Program offers direct-to-consumer and public sector tourism literature services to key target markets.



OUTCOMES AND PERFORMANCE MEASURES

While Tourism Nova Scotia works with key stakeholders to maximize the value of tourism to the province, Tourism Nova Scotia cannot directly increase all visitor expenditures. One component of our work is to influence awareness and consideration of Nova Scotia as a vacation destination, and the other is to engage and influence Nova Scotia stakeholders to implement the tourism strategy.

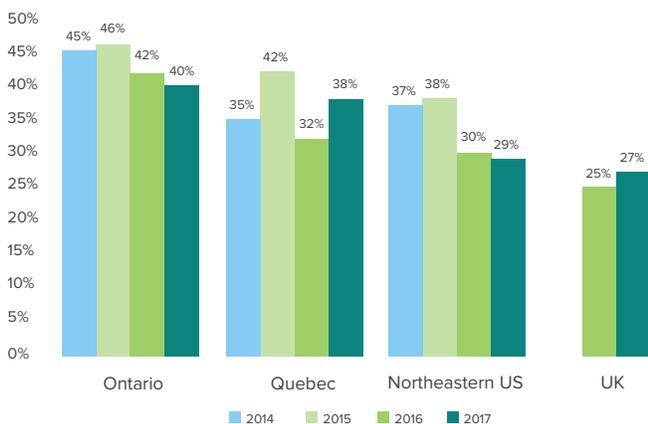
Outcome: Increase visitor expenditures by strategic investment in high-yield markets.

Tourism Nova Scotia seeks to increase visitor expenditures by influencing travelers to consider Nova Scotia as a vacation destination. An indicator for assessing the effectiveness of our marketing investments is consideration of Nova Scotia as a vacation destination. Tourism Nova Scotia monitors the strength of the tourism brand among non-visitors in key target geographic markets, currently Ontario (Toronto/Ottawa), Quebec (Montreal), the Northeastern US and the UK (London/Glasgow).

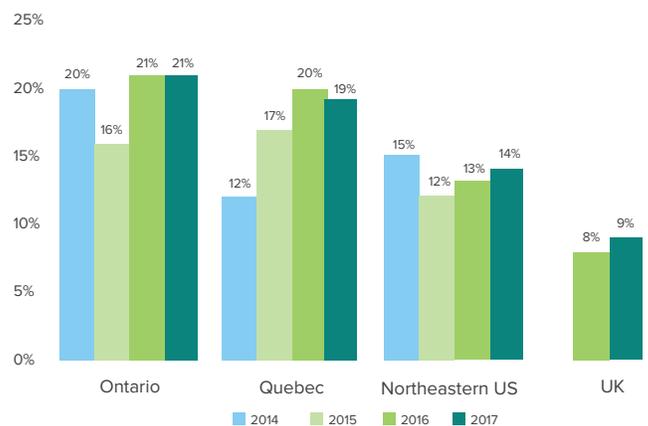
Having a highly favourable opinion of Nova Scotia is an important step on the path to purchase. In 2017, the indicator for consideration of the province as a vacation destination in key markets among non-visitors is increased or stable in all markets.

Another measure on the path to purchase is having plans to visit Nova Scotia. In 2017, this measure is stable compared with 2016.

RATING OF NOVA SCOTIA AS A VACATION DESTINATION AMONG NON-VISITORS
[% 8, 9, OR 10 ON 10-POINT SCALE]



LIKELIHOOD OF VISITING NOVA SCOTIA IN NEXT 2-3 YEARS AMONG NON-VISITORS
[% SAYING "VERY LIKELY"]



2018-19 Performance Measures

In 2018-19 Tourism Nova Scotia will refine its performance measures related to influencing awareness and consideration of Nova Scotia as a vacation destination, and building Nova Scotia’s tourism confidence. Tourism Nova Scotia’s goal is to influence growth of the provincial tourism industry.

OPERATING BUDGET

	Budget 2017-18 (\$)	Forecast 2017-18 (\$)	Budget 2018-19 (\$)
Revenue			
Provincial Operating Grant	21,514,000	21,203,000	21,291,000
Tourism Recoveries	577,000	1,402,900	728,900
Tourism Fees & Charges	709,000	781,100	734,000
Total Revenue	22,800,000	23,387,000	22,753,900
Expenses			
CEO & Board Administration	360,500	377,800	357,400
Corporate Services	7,014,000	5,957,200	7,105,500
Marketing	12,247,500	14,399,600	13,084,200
Sector Development	3,178,000	2,652,400	2,206,800
Total Expenses	22,800,000	23,387,000	22,753,900
Surplus (Deficit)	0	0	0

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Budget 2018–19: Crown Corporation Business Plans
Finance and Treasury Board
March 2018

ISBN: 978-1-55457-820-7

