

# Budget

2017–2018

Crown Corporation Business Plans

# Budget

## 2017–2018

### Crown Corporation Business Plans

The Province of Nova Scotia introduced the 2017–2018 Budget on April 27, 2017.

Before spending appropriations were debated, a general election was called for May 30, 2017.

The Crown Corporation Business Plans which were introduced on April 27, 2017, are being re-tabled today with no changes.



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# Art Gallery of Nova Scotia



## Crown Corporation Business Plan and Budget 2017/18

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Cover image

Maud Lewis, Yellow Birds

## Message From the 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 2017-2018. As the largest art museum in Atlantic Canada, the gallery aspires to be at the heart of artistic and cultural energy in the region and understands its contribution to the socio-economic wellbeing of the province.

As the Gallery looks to the future, we are very focused on the importance of the impact our organization has on Nova Scotians and the world. As we move into the next fiscal year, we will be focusing our efforts on visitor engagement, community impact and our overall contribution to the Province's Culture Action Plan.

The 2017 -2018 Annual Business Plan was prepared by 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.



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 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 Art Gallery of Nova Scotia encourages engagement with our audiences, our community and our stakeholders.

### *Diversity*

The Art Gallery of Nova Scotia respects and fosters a variety of opinions and points of view from a diverse community.

### *Artists*

Art Gallery of Nova Scotia values artists and their ability to change how we experience and understand the world through art.

### *Innovation*

The Art Gallery of Nova Scotia supports innovative approaches to its work.

### *Collaboration*

The Art Gallery of Nova Scotia maintains mutually beneficial working relationships with organizations that can assist us in delivering on our vision and mission.

### *Stewardship*

The Art Gallery of Nova Scotia acts responsibly in the stewardship of all the resources in its care.

# Business Strategy

The Art Gallery of Nova Scotia is on the cusp of significant change. A new Board Chair, Malcolm Fraser, took over in June of 2016; a new Director and CEO, Nancy Noble, was hired in the autumn of 2016; and significant progress is being made toward the creation of a new home for the Gallery and the province's provincial art collection. It is an exciting time to be part of the Art Gallery of Nova Scotia and the Board and staff are enthusiastic about the future.

2017/18 is a time for review, assessment and analysis but also a time for innovation and change. The Gallery's Business Plan and Budget reflects that approach. We will learn from what has happened and build on our strengths, while recognizing there are opportunities that can be seized. The Gallery's strengths are its collection, the board and volunteers, staff and the support of the community. Opportunities the Gallery should embrace are: developing a strong brand identity and utilizing marketing to improve awareness of who we are and what we do; understanding our true purpose and garnering additional support, financial and otherwise, to accomplish our goals; and finding solutions to our operational and administrative inefficiencies so we can focus on what we want to achieve. This approach means taking more calculated risks to forge a new and dynamic path forward.

*Innovation is primarily a process, not a product, fueled by discipline, focus and a strong will for change. It requires letting go of what is no longer useful and experimenting your way forward.<sup>1</sup> At the Gallery, we will innovate – take calculated risks, experiment, and find processes that drive creative solutions throughout the organization. We want to create an innovative experience for our visitors, including exhibitions and programs that push boundaries and garner attention; rethink how we hang our permanent collection; consider ideas for open or visible storage; use technology and other means to transform how we engage visitors and the community; and connect to social issues, through programs and exhibitions, to create dialogue and interest.*

The Gallery will continue to struggle if awareness of who we are and what we do remains so low. Having a dynamic and innovative program is critical, but our success is also predicated on a significant investment in marketing and brand awareness, with more emphasis on social media and public relations. It is the only way we will grow loyalty, build membership, secure more donors and sponsors, and increase visitation. With the hiring of a new Marketing and Communications Officer, there is an opportunity to change our approach, develop a robust marketing plan that addresses the issues and redirects resources to increase brand awareness and drive attendance. The Gallery will take a longer view of how we engage with the community and encourage participation in the Gallery. The Gallery's exhibitions, programs, and approach to customer service should align so we can elevate the visitor experience. The strategy must consider the type of programming we are doing as well as how it is being executed. How do we partner and work with others? How do we use technology to engage audiences? How do we reach out to audiences where they live? How can blockbusters drive attendance? These and other questions will be answered in building the strategy and plan.

2017 is also the end of the AGNS current strategic plan. With clear intentions to move to a new building in the next several years, it is critical the AGNS has a clear roadmap and strong leadership in place to navigate the challenges of a capital campaign, planning and executing a new building, while maintaining excellence in program delivery at its current locations. Capital projects can be a drain on an organization, so planning is fundamental to success, as is a commitment to properly resourcing the building project.

The other critical component of the business plan is an effort to stabilize the organization by aligning our human resources with our priorities, reviewing and changing our governance practices, and assessing our

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policies, procedures and processes to increase efficiency, develop consistency, and mitigate potential risks to the organization. Although many of our administrative and operational processes function very well, there are areas that require review and change including pricing (admissions, loans, etc), data management, contract management, and staff compliance. By improving these processes the Gallery will reduce risk and create a more stable working environment allowing staff to focus on realizing our priorities.

All parts of the business plan combine to address the Gallery's four strategic priorities and build a stronger organization for the future. By enhancing our programming, we will attract more people, build new audiences and create greater visibility. By stabilizing our operations through better business practices and aligned human resources we will have the means to build our capacity for engagement, increase visitation and membership. And all of it will contribute to creating a supportive environment in which to grow the Gallery and realize the dream of a new facility.

## Business Plan Outcomes and Performance Measures

The Art Gallery of Nova Scotia's Strategic Plan 2012 to 2017 outlines four key strategic priorities.

1. Enhance exhibitions and public programming.
2. Increase visitation and membership.
3. Build a new home for the AGNS.
4. Stabilize AGNS operational and program funding.

In 2017/2018, the following outcomes will be achieved to meet the four key strategic priorities outlined above.

### 1. AGNS's Strategic Priority - Enhance exhibitions and public programming.

The Gallery will deliver a slate of exhibitions and programs to increase attendance and diversify audiences. The exhibitions on offer this year provide a diversity of subject matter and historical perspective that balances a celebration of our past, with a vital look ahead. The Gallery seeks to develop and increase new and diverse audiences through historical exhibitions such as *Centuries of Silence: The Discovery of the Salzannes Antiphonal* and reinstallations of popular collection-based exhibition, *Expressions of Faith*, as well as the rehang of key collection works celebrating Canada's sesquicentennial. Focused exhibitions from the prints and drawings collections as well as our ceramic collection provide value and interest to our visitors. Enhanced programming will bring these exhibitions further life.

Through exhibitions being circulated by sister institutions across the country, we strengthen institutional relationships and broaden our reach. *Illuminations Projects* showcases a collaboration between two of this country's most prominent and thoughtful artists, Emily Vey Duke and Shary Boyle. The correspondence between the two Sobey Art Award alumni developed over years and result in a brave pairing of written and drawn responses. *SakKijâjuk: Inuit Fine Art and Craft from Nunatsiavut* is the first-ever nationally touring exhibition of Labrador Inuit art from Nunatsiavut. Circulated by The Rooms Provincial Art Gallery in St. John's, Newfoundland, the exhibition examines the long history of artistic production in Nunatsiavut, focusing on the post-Confederation era and highlighting many new critical forms of contemporary art and craft production. The exhibition features work from significant collections across Canada never before exhibited together, as well as several exciting recent works selected from a major community-based exhibition.

Exhibitions developed with artists and partners locally tell stories from multiple perspectives. Marking the 100<sup>th</sup> anniversary of the Halifax Explosion through work produced under the umbrella of Photopolis (the Halifax-wide photography festival) a mentorship between established and emerging artists will bring to light the decimation of *Turtle Grove*, the Miq'maw community annihilated in the Explosion.

*Perfect Brightness: Discovery and Escape in Contemporary Photography* brings together works from the Permanent Collection of the AGNS by artists who have travelled the world, capturing its beauty through their own particular lens. The photographs, be they of Sable Island in Thaddeus Holownia's photographs, or Tim Brennan's photos of Detroit, or Lois Conner's images of Yuanming Yuan, (the Garden of Perfect Brightness,) offer a window on the world around us, offering an opportunity to take stock of where we fit therein.

Measuring increases in attendance and visitor satisfaction are the key performance indicators for exhibitions and programs, but the collection of visitor data and/or surveys is used to determine changes to diversity over time and provide qualitative data. A benchmark needs to be established this year so comparative measurements can be done in subsequent years. The use of postal codes can provide some indication of diversity, but other measures should be identified and implemented.

The Gallery's reach into audiences is also extended through its travelling exhibition program, outreach programs like Artsmarts and ArtReach and through its publications. AGNS's *Last Art College* travels to the Southern Alberta Art Gallery this year and a travelling tour for *The Nature of Nature: The Photography of Thaddeus Holownia* is currently being planned. Artsmarts and ArtReach continue to provide access to art and artists for thousands of Nova Scotia school children in targeted cities across the province. The Gallery will also publish an exhibition catalogue for *Centuries of Silence: The Discovery of the Salzinnes Antiphonal* as well as other publications, extending our reach beyond the province.

Public programs also have a new emphasis in 2017/18 with significantly more investment and revenue to deliver a more robust slate of programs. Using the inquiry model, the program plan is meant to bring our expertise and resources to the community, stimulate conversation, encourage change through the arts, and act as champions of the arts. In 2017/18, programs will focus on three areas of the collection: indigenous works, photography, and folk art. The Gallery hopes to engage a variety of audiences through artist workshops, public talks, performances, tours, training, family guides, and exhibitions. This is achieved through a variety of partnerships, close collaboration with artists, working with teachers and engaging other organizations including social justice groups. On-line learning resources will also be developed to introduce the artists and works in the collection and help to prepare students and others for a physical tour.

Delivering the slate of exhibitions and programs is a critical component of our success. As we begin planning for future exhibitions and programs, however, we will use a more rigorous method of assessing what exhibitions and programs we are going to deliver to continue to attract existing audiences and build new ones. The decisions need to be filtered through a matrix that may include:

- Our renewed vision and mission – does it fit with what we are trying to accomplish?
- How are we going to deliver? Partnerships, collaborations, other engagement strategies.
- Who are the target audiences? What impact will it have?
- Does it fit with provincial priorities (as outlined in the new Culture Action Plan)?
- Can we raise funds to support the exhibition/program?

Once this matrix is developed, a longer-term engagement strategy, including a 3 to 5-year exhibition and program plan, will be developed to maximize our accomplishments in our current location, ensure we meet

our provincial mandate, and set us up for success in a new location. The plan should address key matters including, but not limited to, rehanging the permanent collection, the use of technology in the galleries to increase engagement and interactivity, balancing our own exhibitions with bringing in circulating exhibitions from elsewhere, consideration of the blockbuster in driving attendance, and a plan for travelling our own exhibitions. AGNS must consider what our programming goals are and how we are going to achieve them. Public programming should find a balance between supporting exhibition content, collaborating with other agencies to animate the galleries (including other cultural forms like film, music, dance) and those projects that address significant social need in the community through art. These plans are closely linked to the creation of a new strategic plan for the organization.

## Outcomes and Performance Measures

*Strategic Priority: Enhance exhibitions and public programs*

| Measure   | KPI   | 2015-16  | 2016-17<br>(projection) | 2017-18<br>(target) | Strategies to Achieve  | Lead Responsibility                                     |
|---|---|----------|-------------------------|---------------------|--|---|
| Number of visitors to exhibitions and programs increases. | 17% increase in paid visitation in Halifax. | 17,635   | 18,000                  | 21,138              | Develop and deliver a dynamic exhibitions and programs aimed at targeted audiences to increase participation. Invest more in public programming.                                       | Senior Leadership Team                                  |
|   | 12% increase in all visitation.             | 37,900   | 40,175                  | 45,000              | Increase and focus marketing dollars to increase awareness of exhibitions and programs.  | Marketing to track.                                     |
|   | 3% increase in visitation in Yarmouth.      | 5,607    | 5,800                   | 6,000               |  |   |
| Admissions revenues increase (Halifax).                   | General admissions grow 23%.                | \$94,386 | \$112,300               | \$138,000           | As above and create an accessibility policy that articulates a plan for access that is consistent, fair and values the products AGNS is offering.                                      | Senior Leadership Team                                  |
|   | School admissions grow to \$28,000.         | \$3,957  | \$1,500                 | \$28,095            | Begin charging for school programs in April 2017.  | Business Office to track financials and report monthly. |
|   | Public programs admissions grown by 56%.    | \$71,693 | \$79,433                | \$123,688           | Add a surcharge for public programs, April 2017.   |   |
| AGNS's audiences are more diverse.                        | Benchmark needed.                           |          |                         |                     | Determine which audiences to target for diversification.<br><br>Develop a benchmark to measure targeted audiences through appropriate collection of data at front desk and/or surveys. | Marketing   |

| Measure  | KPI                                 | 2015-16 | 2016-17<br>(projection) | 2017-18<br>(target) | Strategies to Achieve   | Lead Responsibility                      |
|--|-------------------------------------|---------|-------------------------|---------------------|---|--|
| A 3 to 5-year Engagement Strategy (exhibitions, programs, outreach, travelling) is complete. | Strategy is complete by fall, 2017. |         |                         |                     | As part of the strategic planning process, identify key priorities for engagement strategy including exhibitions, programs. | CEO/Director with Senior Leadership Team |
| Based on strategy a 3-year exhibition and program plan is complete.                          | Plan is complete by Dec 2017.       |         |                         |                     | Create an internal team of staff to create 3- year plan.  |  |

**2. AGNS Strategic Priority – Increase Visitation and Membership**

Attendance has been flat or declining over the past several years. Three key factors will be addressed: lack of awareness of the Gallery and its programs; creating a memorable visitor experience that brings people back and promotes the Gallery through word-of-mouth recommendations; and broader and more creative community engagement. Several initiatives are required to address these issues: investment in marketing to raise awareness of the Gallery and to specifically promote exhibitions and programs in both locations; taking a more visitor-centric approach to our operations as a means of enriching the visitor experience including providing a more welcoming environment with improved signage and wayfinding throughout the galleries; and ensuring visitors have the proper amenities to complete the experience including knowledgeable staff, food services and a destination Gallery shop. In addition, we need to develop an engagement strategy and test at least one far-reaching public engagement experience to test our capacity and the public’s response.

Membership continues to be a key pillar to increasing support for and use of the Gallery and is one of the affordable ways that people can gain access to our exhibitions and programs. A membership strategy was completed a few years ago, but further focus and change will be necessary to realize a 44% increase in membership revenue in 2017/18. To succeed, the Gallery must review the pricing structure, reduce the number of complementary memberships, retain existing members and add new members. Many of the initiatives described above will contribute to greater benefit for members and contribute to meeting these goals. Additionally, the Development team will improve communications with members, develop a reliable auto renew option, and promote a corporate membership plan to engage companies of varying sizes to get involved with the Gallery. Key to a successful membership program is significant improvement in the management of data, described elsewhere.

Providing access to the Gallery’s exhibitions and programs is another important consideration in our efforts to be inclusive and encourage visitation from all segments of society. Barriers to access are multi-faceted and complex but include physical access, language, signage, ticket prices, hours of operation, and our ability to reach out to those who cannot physically attend. A review of these barriers is necessary to create a strategy of inclusiveness that balances the need to generate revenue while ensuring that access is available as broadly as possible. Consistency is also critical and clear guidelines for complementary tickets, for example, will be established. The Gallery must also consider its provincial mandate, review how we are servicing those outside of Halifax and determine the best way to provide access to all Nova Scotians.

## Outcomes and Performance Measures

Strategic Priority: Increase Visitation and Membership

| Measure   | KPI  | 2015-16  | 2016-17 (projection) | 2017-18 (target) | Strategies to Achieve  | Lead Responsibility                                    |
|---|--|----------|----------------------|------------------|--|--|
| Number of visitors to exhibitions, public programs increases.                       | See above  | 37,900   | 40,175               | 45,000           | Develop and deliver dynamic exhibitions and public programs aimed at targeted audiences to increase participation.   | Senior Leadership team                                 |
| General, public and school program admissions revenues increase                     | See above  |          |                      |                  | Increase and focus marketing dollars to increase awareness of the AGNS and its exhibitions/programs.<br><br>Implement new pricing structure for school and public programs.                              | Marketing  |
| The Gallery has a plan to meet its provincial mandate.                              | Plan is complete by February, 2018 for implementation in 2019.   |          |                      |                  | Develop an innovative plan for accessibility that addresses the needs of the community including access outside of Halifax.  | CEO and Senior Leadership Team (with Board input)      |
| Membership revenues grow.   | Membership revenues grow by 44%.   | \$50,465 | \$45,500             | \$65,600         | Develop and implement a communications strategy including use of social media, events, etc to promote and retain members.<br><br>Create auto-renew function.<br><br>Keep up-to-date data on all members. | Development  |
| Marketing is more effective at increasing awareness of AGNS and driving attendance. | Attendance grows (as above).<br><br>Awareness of AGNS grows (benchmark needed)   | 37,900   | 40,175               | 45,000           | Hire new Marketing and Communications Officer with emphasis on marketing.<br><br>Develop a marketing plan and implement.   | CEO<br><br>Marketing                                   |
| The general public are more engaged with the Gallery.                               | Engagement is more integrated into all aspects of programming.<br><br>At least 1,000 people from the general public are engaged with the gallery through a newly implemented experience. |          |                      |                  | Develop an engagement strategy by the end of Q2.<br><br>Develop, implement and evaluate one major public engagement experience before the end of the year.   | Marketing and Programs<br><br>(with support from many) |

### **3. AGNS Strategic Priority – Continue to stabilize AGNS operational and program funding.**

Over the past several years, the AGNS has been building a more sustainable operating model to ensure the long-term success of the Gallery. More work remains to be done. Several key initiatives will be undertaken or completed in 2017/18: review and implement governance changes to support the Gallery's new vision, mission and priorities; create an organizational structure and staffing plan that supports the Gallery's key priorities and makes it more efficient; additional emphasis on building a revenue-conscious, entrepreneurial culture to create new and diverse revenue sources that will contribute to the institution's financial stability and growth; greater emphasis on creating brand awareness through additional investment in marketing; and review and improve policy and procedures including additional legislative changes to create a more responsive, efficient and effective organization.

These key initiatives are critical to the Gallery's success in the short term, but ultimately the organization will have a longer-term strategic plan to guide decision-making and clarify focus as we navigate balancing ongoing operations with a capital project to move to a new location. To achieve success in a new building and location, we must have success where we are through an extraordinary experience that engages the public and generates earned and contributed revenues. Proving our value now will ensure support in the future. The strategic plan should build on the work done in recent years and consider the organization's vision, mission and values to create key messages that can be utilized operationally and in the capital campaign.

A governance review is prudent to determine if the governance system is adding value or is a burden to the organization. The review should address any issues or concerns raised by the Board, including but not limited to whether additional legislative changes are required; the role and responsibility of Directors; the number of Directors; the type, number and role of board committees; weaknesses in policies and procedures; and compliance with national standards.

To support the priorities of the Gallery and ensure we have the skills and abilities to meet the challenges now and in the coming years, a reorganization of the existing staffing structure and changes to certain positions is essential. The changes focus on building a visitor-centric model; more investment in marketing, development and the Gallery shop to diversify revenues and increase support for the Gallery; and streamlining administrative staff to create efficiency and ensure departments are supported.

Another key area of emphasis, linked closely to the creation and implementation of an engagement strategy, is increased investment in marketing to bolster awareness of the Gallery and drive attendance. Identification of audiences, rigorous selection of exhibitions and programs, combined with careful consideration of the most appropriate channels to reach specific audiences, is essential to realize our goals of greater awareness, attendance and support.

The Gallery's ability to diversify and grow contributed revenues (major gifts, donations, sponsorships, events) is directly linked to our ability to present a compelling story and strengthen individual and corporate relationships for support. In addition to a compelling vision and mission, we will build effective systems for processing, stewarding and engaging donors and others, including significant improvements to data management, communications and stewardship. Additional efforts should be focused on securing funds from grants and foundations, an area of great potential.

To further stabilize our operations, AGNS will review its policy, procedures and processes to create consistency, build greater efficiency, meet best practices, and mitigate risks to the Gallery. This includes initiating a policy review with the Board to determine priorities; and reviewing operational processes and procedures, including contract management, data management, and others as determined by the review.

The AGNS's collection is at the heart of what we do and stewarding it effectively is a priority. Over the past 15 years, the collection has grown significantly and stretches on and off-site storage considerably. This makes access difficult for staff and others, jeopardizes the works by requiring additional handling, and uses significantly more staff time as works are shuffled from rack to rack. The Gallery has applied for funding to hire a consultant to assess the storage situation and outline short, medium and long-term improvement plans for on and off-site storage. Gallery staff will then develop (next year) a multi-year action plan to address the required improvements.

## Outcomes and Performance Measures

*Strategic Priority: Stabilize AGNS operational and program funding.*

| Measure                                    | KPI  | 2015-16   | 2016-17 (projection) | 2017-18 (target) | Strategies to Achieve  | Lead Responsibility          |
|--|--|-----------|----------------------|------------------|--|------------------------------|
| Governance improves.                       | Governance review is completed by October, 2017.<br><br>Plan is implement as possible.<br><br>Governance is more effective (benchmarks needed) |           |                      |                  | Review existing legislative changes and determine what and how to implement additional changes.<br><br>Determine a process and then undertake a governance review. | Board (Governance Committee) |
| Complete a new 3 to 5-year strategic plan. | Plan is complete by June, 2017.  |           |                      |                  | Invest in external assistance to drive the creation of the plan.<br><br>Create a team of Board and senior staff to drive the process.                              | Board with CEO               |
| Rental revenues increase.                  | Rental revenues grow 28%   | \$48,819  | \$72,400             | \$92,800         | Increased marketing for theatre, seminar room, Teichert and Cafe rentals.  | Marketing & Development      |
| Contributed revenues increase.             | Membership revenues grow 44%   | \$50,465  | \$45,500             | \$65,600         | Implement membership strategy to achieve higher retention rates, more new members.   | Development                  |
|  | Donations grow 67%   | \$70,295  | \$126,200            | \$211,000        | Increased awareness, relationship building and more donations.   |                              |
| Event revenues increase.                   | Event revenues grow 122%.  | \$134,424 | \$42,990             | \$95,500         | Develop and implement a signature AGNS fundraiser and raise \$65,000.  | Development (with Board)     |
| Sponsorship revenues increase.             | Sponsorships grow 115%.  | \$173,044 | \$106,875            | \$229,600        | Dedicate resources to raising funds.   | Development (with Board)     |

| Measure  | KPI   | 2015-16 | 2016-17 (projection) | 2017-18 (target) | Strategies to Achieve  | Lead Responsibility |
|--|---|---------|----------------------|------------------|--|---------------------|
| Grants and foundation revenues increase.                 | Grants and foundation revenues grows by 802%  |         | \$25,500             | \$230,000        | Dedicated staff to write grants and foundation applications.<br>More research on potential grants and foundation applications.   | Development         |
| Gallery shop revenue increases.                          | Gallery shop revenue grows 135%   | 149,137 | 112,150              | 263,500          | Hire a retail manager.<br>Develop a retail/wholesale plan to create a unique, destination shop (online and at the gallery).<br>Use launch of Maudie film as opportunity for significantly increasing sales.<br>Greater marketing and visitation from tourists. |                     |
| Data is managed, analyzed and informing decision-making. | Data management system is in place by fall, 2017.   |         |                      |                  | Identify position responsible and make accountable for managing various data types.<br>Fully utilize existing software to maximize usage and potential.  |                     |
| Storage improvement plan is complete.                    | AGNS receives funding from MAP to proceed with the Collection Storage Assessment and Improvement Plan |         |                      |                  | Application completed in 2016/17.<br>Depending on funding, hire consultant to do the work.   |                     |

#### 4. AGNS Strategic Priority – Build a new home for AGNS

The condition of the AGNS's current buildings continues to limit our ability to thrive. The physical deterioration of the buildings jeopardizes the physical safety of the collections and hinders our ability to attract significant new collections. Staff is often disrupted as efforts are made to improve the facilities, taking focus and time away from more important tasks. The physical limitations of the buildings also affect the visitor experience. Major investment no longer seems logical given that large-scale changes are required to areas like the foyer, for example, to create a truly welcoming environment. The flow of people and wayfinding is also challenging with the two buildings joined below ground and numerous, disjointed Gallery spaces. At least two independent studies (2008 and 2012) found that a new building was imperative for the Gallery's future success.

By the end of the 2016/17 the Gallery will have a new feasibility study complete with recommendations on working with the Nova Scotia College of Art and Design to co-locate in separate but joined buildings on a waterfront location in Halifax. Dependent upon those recommendations, the Gallery will begin preparation for the launch of a capital campaign to support the building project. A compelling vision, mission and brand,

is essential and must be informed by the new strategic plan. A campaign management structure also should be determined and put in place to drive the project. Prior to launching a full campaign, the Gallery will secure federal and provincial funding, and key transformative gifts. Then, the case for support can be developed so the campaign can be fully underway early in the next fiscal year. In addition to raising funds, the Gallery will work to secure additional gifts to our permanent collection to enhance our ability to engage new and existing audiences at the new location.

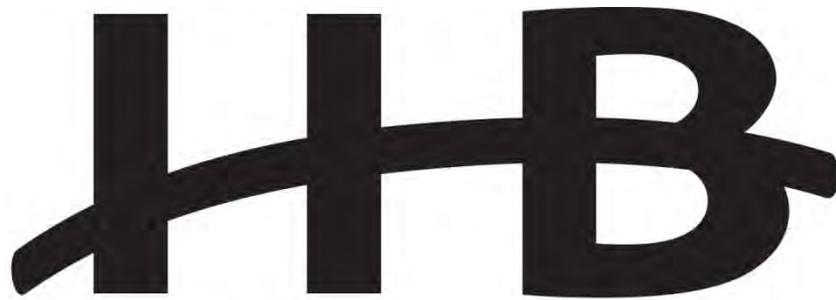
## Outcomes and Performance Measures

*Strategic Priority: Build a new home for AGNS.*

| Measure   | KPI  | 2015-16 | 2016-17<br>(projection) | 2017-18<br>(target) | Strategies to Achieve   |
|---|--|---------|-------------------------|---------------------|---|
| Lord study is complete and informs scope and approach to capital project. | Scope and approach is determined by spring, 2017.                                  |         |                         |                     | Use the results of the Lord study to determine the collaborative approach and scope to the building project.<br><br>Negotiate agreements with partners, as necessary. |
| Government funding is in place.   | Federal and provincial funding is secured by March, 2018.                          |         |                         |                     | Work with the provincial and federal ministries to obtain support.<br><br>Undertake applications (federal) as necessary.  |
| Transformative gifts are pledged.   | A minimum of \$20 million of private sector funding is promised by March 31, 2018. |         |                         |                     | Work with campaign team to secure major capital gifts as a precursor to launching the full capital campaign.  |
| Agreements are in place to secure key collections for new Gallery.        | At least one key collection has been secured by March 31, 2018                     |         |                         |                     | Continue negotiations with key collectors.<br><br>Identify additional collectors to target.   |
| The case for support is complete.   | Draft a case for support by March 31, 2018.  |         |                         |                     | Work with campaign team to develop a case for support.  |

## Art Gallery of Nova Scotia's 2017-2018 Budget Context

|   | Budget<br>2016-2017 (\$) | Forecast<br>2016-2017 (\$) | Budget<br>2017-2018 (\$) |
|---|--------------------------|----------------------------|--------------------------|
| <b>Revenues</b>                         |                          |                            |                          |
| Operating                               | 2,335,442                | 2,493,981                  | 2,319,200                |
| Development                             | 816,004                  | 336,709                    | 810,500                  |
| Education                               | 286,686                  | 180,673                    | 247,784                  |
| Programming                             | 178,000                  | 185,500                    | 189,000                  |
| Western Branch                          | 17,500                   | 21,563                     | 34,591                   |
| Gallery Shop/Wholesale                  | 160,000                  | 109,650                    | 261,000                  |
| Acquisition Fund                        | ---                      | ---                        | ---                      |
| Endowment Fund                          | 45,000                   | 75,000                     | 66,800                   |
| <b>Total revenue</b>                    | <b>3,838,632</b>         | <b>3,403,076</b>           | <b>3,928,875</b>         |
| <b>Expenses</b>                         |                          |                            |                          |
| Salaries and benefits                   | 2,227,907                | 2,051,457                  | 2,269,071                |
| Administration                          | 280,500                  | 313,843                    | 289,821                  |
| Building operations                     | 19,800                   | 17,800                     | 17,100                   |
| Development                             | 136,400                  | 78,546                     | 71,500                   |
| Communications/Marketing                | 154,500                  | 67,050                     | 126,500                  |
| Programming                             | 28,500                   | 26,200                     | 34,500                   |
| Exhibitions                             | 217,004                  | 198,505                    | 297,490                  |
| Collections Management                  | 148,500                  | 141,550                    | 156,000                  |
| Education Programs                      | 164,989                  | 97,364                     | 178,931                  |
| Western Branch                          | 185,517                  | 166,304                    | 133,849                  |
| Gallery Shop/Wholesale                  | 141,115                  | 143,973                    | 221,593                  |
| Acquisitions                            | 15,235                   | 15,000                     | 29,709                   |
| Endowment                               | 35,200                   | 34,500                     | 35,600                   |
| <b>Total expenses</b>                   | <b>3,755,167</b>         | <b>3,352,092</b>           | <b>3,851,664</b>         |
| Amortization of tangible capital assets | 82,825                   | 50,344                     | 67,211                   |
| <b>Annual Surplus</b>                   | <b>640</b>               | <b>640</b>                 | <b>0</b>                 |



Halifax Harbour Bridges

**Halifax Harbour Bridges**

**Business Plan 2017-2018**

## Message from the Chairman of the Board and the CEO

We are pleased to present the 2017 - 2018 business plan for Halifax Harbour Bridges (HHB).

HHB's focus for 2017-2018 is to complete the Big Lift project and plan for future capital work on our toll systems and corrosion prevention programs.

The final phases of the Big Lift will be completed by the fall of 2017. The work that remains includes: installing the expansion joints, replacing the suspender ropes and dehumidifying the main cable. The Big Lift has been and continues to be a very complex project requiring the Macdonald Bridge to be closed on a scheduled basis. We thank our customers and the public for their patience. This project will extend the life of the Macdonald Bridge by at least 75 years and reduce maintenance.

In 2017 and beyond HHB anticipates an increase in traffic followed by several years of minimal traffic growth. To be ready for the future we will enhance operational efficiencies by preparing to introduce a new tolling system (last replaced in 2008) and will improve incident management to reduce traffic congestion.

The maintenance of both bridges remains a primary focus and in 2017-2018 HHB will investigate new corrosion prevention programs that use alternate paint coating products and application techniques. Evolving technologies offer new ways to keep the bridges in excellent condition to help achieve our mandate.

The board of commissioners is highly engaged with the Big Lift progress and planning for the future. Their engagement helps ensure we fulfill our mission of providing safe, efficient and reliable cross harbour transportation infrastructure in a cost effective manner.



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) is the self-supporting entity that operates and maintains two toll bridges: 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.

## **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.

## **Strategic goals**

### **1. Quality and standards**

Improve safety and efficiency in maintenance and operations.

*Desired outcomes*

- An injury free workplace
- Maximized operational capacity of the two bridges
- Extended life of the bridges
- Improved public safety

### **2. 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

### **3. 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

### **4. 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

### **Key Priorities**

*The key priorities planned for 2017-2018 to fulfill HHB's mission include the following:*

#### Big Lift

The construction phase of the Macdonald Bridge re-decking project known as the Big Lift began in 2015-2016, has continued throughout 2016-2017 and the 2017-2018 objective is to complete the project within the financial budget. The replacement of the suspended structure is HHB's largest construction project since the MacKay Bridge was built in 1970. It is only the second time in the world that the suspended spans of a suspension bridge have been replaced while keeping the bridge open to traffic during the day.

#### Bridge maintenance and engineering

HHB is investigating alternate approaches to protect the bridges from corrosion. The current painting program is not as effective in protecting the bridges as compared to evolving technologies.. In 2017-2018 HHB will study methods to remove the existing coating and replace it with a multi-coat protection. In 2018-2019 HHB will conduct a trial of a new program.

Additionally, HHB will continue with a proactive maintenance program on all components of the bridges. To enhance the effectiveness of its maintenance program, HHB will introduce a more formal bridge maintenance management system using internal and external resources. This system will more accurately track the maintenance history of all bridge components. HHB will also continue annual physical inspections of the bridges to formulate future maintenance programs.

#### Operations

More efficient emergency response and incident clearance will improve incident management and reduce traffic congestion. HHB will update emergency response plans and procedures reflecting an enhanced coordination with local and regional policing and emergency response agencies.

### Toll system planning

During this fiscal year HHB will develop a long term strategic plan for the next generation of tolling technology. In addition to increasing toll plaza safety, there are several reasons why this plan is required:

- The performance of HHB's cash collection equipment has reduced and repair costs are increasing.
- The MACPASS "operating system" has a limited life
- The toll system has not been updated since 2008 and more efficient technology is now available which will improve traffic flow while improving safety conditions for bridge personnel.

### 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 for the coming year have been completed as planned"

## Financial summary

|  | <b>2017-2018<br/>Budget</b> | <b>2016-2017<br/>Forecast</b> | <b>2016-2017<br/>Budget</b> |
|--|-----------------------------|-------------------------------|-----------------------------|
| <b>Revenue</b>   | (\$thousands)               | (\$thousands)                 | (\$thousands)               |
| Toll revenue   | 31,028                      | 30,614                        | 30,424                      |
| Other rate charges                                       | 130                         | 48                            | 47                          |
| Trust fund investments                                   | 157                         | 99                            | 91                          |
| Other  | 335                         | 355                           | 326                         |
| Investment income  | 40                          | 86                            | 40                          |
| <b>Total revenue</b>                                     | <b>31,690</b>               | <b>31,202</b>                 | <b>30,928</b>               |
|  |                             |                               |                             |
| <b>Expenses</b>  |                             |                               |                             |
| Operating  | 7,242                       | 6,902                         | 6,741                       |
| Maintenance  | 2,936                       | 2,619                         | 2,682                       |
| Amortization   | 9,056                       | 5,623                         | 7,015                       |
| Debt servicing   | 5,106                       | 2,373                         | 2,392                       |
| Loss (profit) on disposal of<br>property, plant & equip. | -                           | 12                            | -                           |
| <b>Total expenses</b>                                    | <b>24,341</b>               | <b>17,530</b>                 | <b>18,830</b>               |
|  |                             |                               |                             |
| <b>Net operating and<br/>comprehensive income</b>        | <b>7,349</b>                | <b>13,673</b>                 | <b>12,098</b>               |

# Harbourside Commercial Park Inc.



## Business Plan 2017-2018

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## Message from the Minister and the President

Harbourside Commercial Park Inc. (HCPI) began operations as a Crown corporation during the 2007-2008 fiscal year, with the mandate to manage the commercial development of remediated areas of the former Sydney Steel property. HCPI has also taken possession and control of the former Bowater property in Liverpool, Nova Scotia. HCPI also works closely with the operations at Pictou Wharf facility.

Since the opening of three phases of the commercial park, levels of employment have steadily increased. The 26 businesses within the Sydney park have 244 full-time employees plus an additional 20 part-time workers.

Harbourside Commercial Park personnel are actively dealing with prospective tenants interested in land and building purchases. Because of demand, the park has reached full capacity for rental of available office space in existing buildings.

Harbourside Park has contributed, and continues to contribute, to the local economy and provides an excellent area for new and existing businesses to develop. The 2017-2018 fiscal year looks very positive, as new tenants choose Harbourside as their business location.

Just as importantly, the Sydney site aims to achieve viable operations with minimal or no government financial support.

The Honourable Geoff MacLellan  
Minister of Transportation and Infrastructure Renewal

Gary Campbell  
President, Harbourside Commercial Park Inc.

## Mandate

HCPI's overall strategy is to advance its objectives with respect to establishing fiscally viable commercial business parks at the former Sysco steel mill site and the former Bowater property (Port Mersey Commercial Park).

The Commercial Park facilities are managed with an eye to community economic/employment benefit while striving to operate in a fiscally responsible manner aiming to achieve viable operations with minimal or no government support.

## Governments Priorities

HCPI will continue to develop and implement marketing strategies promoting HCPI and Port Mersey Commercial Park to attract new tenants to both parks.

As more property is remediated and purchased, HCPI will continue to participate in the development of a long-term plan that clearly establishes its vision for the sites and their adjacent properties. Included in the planning will be potential uses of the lands and a strategy to attract to the parks new businesses that support the vision.

### 1) People

- a) As part of the redevelopment, leasing and sales arrangement with any property – the process includes review and approval of all potential clients' business envelope. In this envelope, anticipated short term and long term employment numbers for a given operation form one of the key decision chains.

### 2) Innovation

- a) At the Port Mersey Commercial Park, Innovacorp sponsors the Center of Excellence and has attracted startup companies whose very premise is innovation. These companies include Cellufuel who utilize a novel process converting wood materials into a diesel fuel product that can be used as a supplement or replacement for traditional diesel fuel.
- b) A second Innovacorp sponsored company is Unify/Lightsail who have a new technology for the efficient storage of power produced from wind energy turbines.
- c) Several other startup companies that remain relatively low key who have chosen our commercial parks as their venue include:

- Protocase – a computer component company specializing in limited production orders and lightning-fast turn arounds
- Jaspro Service Inc. – who can provide the manpower and skills to do almost anything almost anywhere
- Millcreek Environmental – industrial waste handlers who have proven that they can handle any difficult situation or emergency,
- R.J. MacIsaac – ship decommissioning, disposal and recycling of vessels and other marine structures
- Lloyoll Custom Building – modular homes
- Covey Island ship building
- currently there are 26 companies – all unique in some aspect – that are operating on Nova Scotia Lands managed properties.

## Core Responsibilities and Services

### Harbourside Commercial Park Development



HCPI's core objectives are the continued property management and operation of the park.

#### Key Actions:

- a) Explore marketing advertising opportunities to further park usage,
- b) establish industrial/commercial tenant for north brown field property,
- c) provide business and other opportunities to the communities of CBRM,
- d) maintain sound health and safety practices to minimize the potential risk of injury to workers, visitors, tenants, suppliers, and others who may visit the site,
- e) maintain adequate maintenance on the site to prevent the loss or damage to provincial property and site assets
- f) investigate commercial development opportunities for Harbourside East and Frederick Street properties, and
- g) maintain financial viability whereby government financial assistance is negligible or not required.

### Port Mersey Commercial Park Development

Continue management, promotion and development of this first class commercial park in the Brooklyn/Liverpool sector of Queens County.



Key Actions:

- a) Explore marketing and advertising opportunities to further park usage,
- b) establish and work with tentative new tenants/partners on ship breaking program,
- c) lease terminal building and maintenance shops,
- d) continue wharf usage development,
- e) establish at minimum two new commercial tenants,
- f) maintain adequate security on site to prevent loss or damage to provincial property and site assets,
- g) current employment levels have surpassed 100 people, and
- h) maintain sound health and safety practices to minimize the potential risk of injury to workers, visitors, tenants, suppliers, and others who may visit the site.

## Open Hearth Park Management

HCPI will continue to promote and encourage active living and community cohesiveness through Open Hearth Park operations.



Key Actions:

- a) Work with Cape Breton Regional Municipality in the extension of Open Hearth trails to the downtown boardwalk and cruise-ship pavilion,
- b) encourage use of the park through promotional events which may include summer concerts, parades and holiday activity events,
- c) stay within the funding guidelines provided through the 25-year federal/provincial maintenance and monitoring agreement, and
- d) complete connection from Harbourside Commercial Park to North Bridge in Open Hearth Park,
- e) continue to intricately link the Open Hearth Park to Harbourside Commercial Park to enhance land value and attractiveness.

## Outcomes and Performance Measures

Promote the growth and expansion of the two commercial parks falling under HCPI's mandate by promoting the attributes of the parks, assisting businesses in leasing space (and buildings) in the parks and enabling tenants to succeed by facilitating contracts with government and other resources, wherever possible.

HCPI has been active in the past year attracting new tenants to the parks and will work with community and government contacts to target additional tenants in the parks in 2017-2018.

HCPI will endeavor to attain this goal by continuing to focus on helping clients establish and promote businesses in the parks through the facilitation of contacts with local government departments and agencies to ensure widespread knowledge of the resources, services and opportunities available to business from park tenants.

The pending sale of two properties in Port Mersey Commercial Park and one in HCPI will increase employment levels by 30 people at each site.

## HARBOURSIDE COMMERCIAL PARK BUDGET CONTEXT

|                               | Estimate<br>2016-2017<br>('000) | Forecast<br>2016-2017<br>('000) | Estimate<br>2017-2018<br>('000) |
|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>REVENUES</b>               |                                 |                                 |                                 |
| Leases and Rent               | 285                             | 285                             | 203                             |
| Provincial Funding            | 510                             | 510                             | 510                             |
| Economic Development          | 0                               | 0                               | 0                               |
| Sale of Land                  | 384                             | 272                             | 400                             |
| Other                         | 12                              | 60                              | 60                              |
| <b>TOTAL REVENUE:</b>         | <b>1,191</b>                    | <b>1,127</b>                    | <b>1,173</b>                    |
| <b>EXPENSES</b>               |                                 |                                 |                                 |
| General Operating<br>Expenses | 1,021                           | 935                             | 972                             |
| Management Fees               | 206                             | 206                             | 146                             |
| <b>TOTAL EXPENSES:</b>        | <b>1,227</b>                    | <b>1,141</b>                    | <b>1,118</b>                    |
| <b>NET INCOME (LOSS):</b>     | <b>-36</b>                      | <b>-14</b>                      | <b>55</b>                       |
| <b>CAPITAL EXPENDITURE</b>    | <b>0</b>                        | <b>0</b>                        | <b>0</b>                        |

## PORT MERSEY COMMERCIAL PARK BUDGET CONTEXT

|  | Estimate<br>2016-2017<br>('000) | Forecast<br>2016-2017<br>('000) | Estimate<br>2017-2018<br>('000) |
|--|---------------------------------|---------------------------------|---------------------------------|
| <b>REVENUES</b>                        |                                 |                                 |                                 |
| Miscellaneous                          | 0                               | 18                              | 0                               |
| Recoveries                             |                                 |                                 |                                 |
| Leases                                 | 210                             | 152                             | 265                             |
| Sales                                  | 400                             | 100                             | 300                             |
| Wharf Usage                            | 250                             | 318                             | 300                             |
| Equipment Rentals                      | 0                               | 0                               | 35                              |
| Ec Dev Provincial                      | 1,250                           | 1,250                           | 1,250                           |
| Recovery                               |                                 |                                 |                                 |
| PNS Grant                              | 1,000                           | 1,000                           | 976                             |
| Miscellaneous Income                   | 0                               | 3                               | 0                               |
| <b>TOTAL REVENUE:</b>                  | <b>3,110</b>                    | <b>2,841</b>                    | <b>3,126</b>                    |
| <b>EXPENSES</b>                        |                                 |                                 |                                 |
| Payroll                                | 800                             | 750                             | 658                             |
| General and<br>Administration Expenses | 2,020                           | 2,114                           | 1,970                           |
| Consulting Expenses                    | 50                              | 20                              | 0                               |
| Security Expenses                      | 190                             | 143                             | 190                             |
| Site Reconstruction                    | 50                              | 44                              | 125                             |
| Admin Fee to NSLI                      |                                 |                                 | 183                             |
| <b>TOTAL EXPENSES:</b>                 | <b>3,110</b>                    | <b>3,071</b>                    | <b>3,126</b>                    |
| <b>NET INCOME (LOSS):</b>              | <b>0</b>                        | <b>-230</b>                     | <b>0</b>                        |

# Housing Nova Scotia



Opening Possibilities.

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## Message from the Minister and the CEO for Housing Nova Scotia

We are pleased to present Housing Nova Scotia's business plan for 2017-18. This plan outlines our ongoing priorities to provide safe, suitable and affordable housing for low-and modest income Nova Scotians. Our work involves making strategic investments, leveraging new funding, and building on critical partnerships to help further position ourselves to meet current and future housing challenges.

In carrying out our core functions, we are focused on leveraging opportunities with other partners to deliver affordable housing outcomes for low-and modest income households and persons with disabilities. We are eager for the release of a National Housing Strategy in the coming months and will ensure we are aligned to take advantage of existing and new funding programs for the benefit of our clients.

While there are a number of priority activities for the coming year, the following four key areas sum up our focus:

**Improve access to public housing.** Hard work over the past year has led to the reduction of the public housing wait list by 10%. By investing federal social infrastructure funds to make more rent supplements available, we can continue to help more Nova Scotians access safe, affordable homes.

**Preserve and maintain public housing.** We continue to create new housing options, upgrade family and seniors' housing, create greater access to affordable rental housing, and build partnerships with private landlords.

**Break the cycle of homelessness.** We will continue our commitment to Housing First, one of the most innovative and effective approach to helping vulnerable individuals find more stable housing options.

**Strategic Partnerships.** We will work with our local and federal partners to continue to upgrade our facilities and create new opportunities for Nova Scotians in core housing need. We will also turn to businesses and the non-profit sector to help increase the supply of affordable housing.

We look to the year ahead with renewed focus on putting our clients at the centre of everything we do. We will continue to ensure the services we offer are delivered how and when Nova Scotians want them.

Sincerely,

Originally signed by

The Honourable Joanne Bernard  
Minister responsible for Housing Nova Scotia

Originally signed by

Dan McDougall  
President and Chief Executive Officer, Housing Nova Scotia

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## Mandate

Housing Nova Scotia is the primary housing delivery agency in Nova Scotia. It is responsible for ensuring the availability of safe, suitable, and affordable housing for all Nova Scotians.

Our core functions as set in the *Housing Nova Scotia Act* are:

- Establish housing projects and construct housing accommodations of all types for sale and rent
- To plan, design, build, own maintain, manage, and operate housing projects
- To construct, acquire, renovate, and maintain housing of all types and sell, lease, or otherwise dispose of such housing
- To promote, construct, and provide more adequate and improved housing for low income households
- To improve the quality of housing and the quality of amenities related to housing

In carrying out its core functions Housing Nova Scotia is focused on leveraging opportunities with other partners to deliver affordable housing outcomes for low to moderate income households.

## Key External Drivers

### Sustainability of the Public Housing Portfolio

Nova Scotia has one of the oldest social housing stock in the country. Approximately one-third of the units are at least 40 years old – built before 1976. Another third were built 35-40 years ago. The age of the stock drives the need for capital improvements including the replacement of major building systems. In addition, inflationary pressures on the cost of things such as utilities, fuel oil, building materials and wages have had a significant impact on the annual operating costs.

### Core Housing Need

Canada uses core housing need data to measure housing need. It indicates 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. The 2011 data indicates that 12.5% of households in Nova Scotia are in core housing need. The province ranks 5<sup>th</sup> out of the ten provinces – the rates range from a low of 10.1% in Alberta to 14.6% in British Columbia.

Looking in detail at the 2011 provincial core housing need<sup>1</sup> data:

- Of the 12.5 %, approximately 90% of households have an affordability problem which means they are paying 30% or more of their total household income on housing;
- By household type, non-senior 1-person households, senior led households and lone parent households, account for 30.5%, 29.4% and 20.6% of the households in core housing need;
- 63% of renter households in the province are in core housing need and the majority of these households live in the Halifax and Sydney areas;

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<sup>1</sup> Canada Mortgage and Housing Corporation's definition of "core housing need." A household is said to be in core housing need if its housing falls below at least one of the adequacy, affordability or suitability, standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three [housing standards](#) – adequate, affordable and suitable).

- Outside the larger urban areas of the province, more owner households are in core housing need than renters; and,
- 44% (20,410) of the households in core housing need live in the Halifax area.

More current CMHC data indicates that in 2014, 13.7% of Nova Scotia’s urban households are in core housing need. This includes the Halifax, Sydney, Kentville, Truro and New Glasgow urban areas.

Compounding these figures, Nova Scotia has among the oldest housing stock in the country and a high per capita rate of older adult households and persons with disabilities.

**Demographic Changes**

- Highest disability rate in the country at 20% based on 2012 Statistics Canada data
- Second highest per capita rate of older adults at least 65 years of age estimated at 19.4% in 2016 compared to 16.6% in 2011
- 2016 Census data reflects continued rural to urban shift in the population, but at a lower rate Approximately 1.4% between 2011-16 compared to 2.4% over the 2006-11 period
- Increasing number of 1 and -2 person households, almost two out of every three households in 2011
- Increasing number of immigration – over 3,200 persons in 2015, and 2,730 persons in 2016 as of June 2016

**Federal Housing Initiatives**

Federal funding arrangements also drive Housing Nova Scotia’s housing activities. The majority of what Housing Nova Scotia does, is tied to bi-lateral federal/provincial housing funding agreements. For example, in February 2016, the federal government’s budget announced a two-year social infrastructure initiative. For Nova Scotia, this involves approximately \$75M, comprised of both Federal and Provincial funding, for creating and preserving affordable housing. There is a tight timeline for delivering these funds as illustrated in the table below.

| <b>Social Infrastructure Expenditure Timeline Delivery Schedule</b> |                                 |                                |
|---|---------------------------------|--------------------------------|
|   | <b>\$ Must be committed by:</b> | <b>\$ Must be expended by:</b> |
| Year 1  | March 31, 2017<br>(\$48.1M)     | March 31, 2019<br>(\$48.1M)    |
| Year 2  | March 31, 2018<br>(\$26.7M)     | March 31 2020<br>(26.7M)       |

In addition to the Social Infrastructure funding announced in February 2016, the federal government stated its intent to develop a national housing strategy. Canada Mortgage and Housing Corporation (CMHC) was designated the lead federal agency. CMHC undertook a consultation process and its findings were released in November 2016. Key themes that emerged were:

- Helping those in greatest need
- Helping indigenous peoples achieve better housing outcomes for themselves
- Eliminating homelessness
- Making housing more affordable
- Adopting a housing systems perspective

- Housing policies and programs should center on people and place

CMHC is scheduled to release the national strategy in Fall 2017.

Given that Housing Nova Scotia and its programming will be impacted by the National Housing Strategy, its priorities and future funding streams, Housing Nova Scotia has undertaken a review of its priorities, programs and services to see how it might better align and leverage any new funding to better address current and emerging housing issues, deliver on its mandate and best serve its clients into the future.

## Why Housing Matters

Housing is a determinant of health. Low income families, seniors, persons with disabilities, vulnerable individuals and victims of domestic violence benefit when we improve access to affordable housing that is safe, suitable, and affordable. Having a place to call home has a positive impact on the health and social well-being of individuals.

Older adults and persons with disabilities want to stay in their homes and live independently and with dignity in their communities for as long as possible. Investing in programs that enable them to do this improves their quality of life, social well-being and may enable them to continue to participate in the economy. From a fiscal perspective, repairing and adapting homes, retrofitting existing seniors rental housing and building new seniors housing is more cost effective than institutional care.

Housing Nova Scotia has been an active participant in the Department of Senior's initiative to develop a policy framework respecting Nova Scotia's aging population. Investing in home repair/adaptation programs; upgrading existing government-owned seniors housing and partnering with the private sector to build new affordable and accessible senior housing, supports the policy objective in the framework – create the conditions for older adults to age in place in their homes and communities.

Housing is more than just shelter. It is one of the basic building blocks for creating healthy, sustainable and inclusive communities. Our investments in affordable housing helps to sustain communities across the province by:

- improving the range and supply of safe affordable housing options;
- creating local employment; and,
- providing apprentice training opportunities.

These three activities also work together to retain our young people.

## Priority Action Items for 2017-18

In the coming years, Housing Nova Scotia will focus on four priority areas:

1. Reduce our public housing wait lists;
2. Preserve / sustain our public housing stock;
3. Help vulnerable Nova Scotians who have a housing need; and
4. Partner with the private and not-for-profit sector to provide affordable housing solutions.

To address these priorities, Housing Nova Scotia will pursue the following five action items in 2017-18.

### **1 - Invest federal social infrastructure funds for housing.**

■ This action item addresses all four priority areas.

In 2016, the federal government announced the Social Infrastructure Fund. For Nova Scotia, this involves approximately \$75M in new money for housing, which was comprised of both Federal and Provincial funding.

A significant portion of the funds (\$32M) must be targeted toward: affordable housing for seniors, shelters for victims of domestic violence; and retrofitting and renovating social housing with an emphasis of energy efficiency. These targeted federal funds do not have to be cost-matched by the provincial government.

We will commit approximately \$26M of the \$32M in 2016-17 and the remainder, \$6M, in 2017-18. Over half the funds, \$18.2M, are targeted at capital improvements to public housing buildings and life safety items.

The remaining social infrastructure funds, \$40.8M will be delivered through the CMHC/Nova Scotia Agreement for Investment in Affordable Housing 2014-2019 Extension Agreement (IAH Agreement) in 2016-17 and 2017-18. These funds are cost-shared equally by the federal and provincial governments. The objective of the Agreement is to improve access to affordable housing. Funds delivered under the IAH funds are being used to support provincial initiatives aimed at:

- Increasing the supply of affordable housing (i.e., creating new units in partnership with private sector or not for profit partners)
- Improving access to affordable housing options for vulnerable households (i.e., funding new rent supplement units and funding to upgrade/ repair shelters for victims of family violence);
- Improving and preserving the quality of existing affordable housing (i.e., funding home repairs and renovations); and,
- Fostering safe independent living (i.e., home adaptations for seniors or persons with disabilities).

In addition to the above IAH Agreement initiatives, in Year 2, Housing Nova Scotia will introduce a pilot homeownership down payment assistance program. This pilot program is targeted at helping approximately 75 to 100 modest income households buy their first home and at keeping young families in Nova Scotia.

### **2 - Continue to invest available funds, approximately \$20.4 million per year, under the Investment in Affordable Housing 2014-2019 (IAH Agreement).**

■ This action item addresses priority areas 1, 3 and 4.

The 2014-2019, bi-lateral IAH agreement, involves \$102M in cost-shared funds over the 5-year period. In the first 2-years of the IAH agreement, we committed approximately \$41M<sup>2</sup> and improved access to affordable housing for over 5,000 low-income households. In the current fiscal year, year 3 of the 5-year IAH Agreement, we are forecasting \$18.9M in expenditures.

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<sup>2</sup> See Year 1 and Year 2 reports on how the monies were invested. <http://housing.novascotia.ca/Publications>

### **3 - Continue to invest the Deferred Federal Contribution funds under the Social Housing Agreement as announced in 2014-15.**

- This action item addresses all four priority areas.

This 2014 initiative involved strategically investing \$42M of the Deferred Federal Contributions (DFC)<sup>3</sup>. Funds were targeted at three activities – approximately \$24 million to upgrade the existing public housing portfolio, \$8M to upgrade existing co-operative housing, and \$9.4M to fund approximately 300 new rent supplement units over a ten-year period. All the funds have been committed; however, some projects will not be completed until 2017-18.

### **4 - Continue to work with CMHC and other provincial/territorial agencies responsible for housing in developing a multi-lateral housing framework for the new National Housing Strategy.**

- It is anticipated that this action item will address all four priority areas.

Nova Scotia, other provinces and territories and CMHC have agreed to work together in a way that recognizes provinces and territories as primary partners in the development and delivery of a National Housing Strategy and recognizes the importance of collaboration in achieving the best possible outcomes. Nova Scotia has met with CMHC and provided details on the housing priorities, key issues and challenges and opportunities for housing in the province.

In 2017, Nova Scotia will be working with CMHC and our provincial/territorial counterparts to develop a multi-lateral framework agreement that will establish the details of the federal, provincial and territorial partnership and the outcomes of a National Housing Strategy. This will be followed by discussion with CMHC to develop a bi-lateral funding agreement for Nova Scotia which will impact future programming in the Province.

### **5 - Continue to develop strong partnerships with communities including the not for profit sector and municipalities.**

- This action item addresses priority areas 3.

- (1) Housing Nova Scotia is supporting the Housing First Project by committing to provide funds to subsidize 50-60 rent supplement units. As of February 2017, we have invested in creating 34 rent supplement units. The project is targeted at transitioning chronic and frequent users of Halifax emergency shelters into permanent housing with access to on-going support services. These services are provided through MOSH (the Mobile Outreach Street Health Unit). Resources include, for example, an intensive case management team (ICM), mental health nurse and an occupational therapist. Multi-year project funding was obtained through the federal Homelessness Partnering Strategy.
- (2) Housing Nova Scotia is committed to breaking the cycle of homelessness and helping vulnerable individuals find more stable housing options. We, also, fund a Housing Support Worker Program that provides emergency shelter providers in the Halifax area with funds to hire a housing support worker. This is augmented by investing IAH Agreement funds in rent supplement units to support the activities of these workers. Since 2011, the support worker program has successfully supported the transition of 2,150 individuals into long term housing.

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<sup>3</sup> Under the Canada/Nova Scotia Social Housing Agreement, the Province can keep any unspent federal funds and put it in a deferred federal contribution (DFC) fund. These funds can only be spent on rent geared to income housing initiatives for targeted households and on social housing programs included in the Agreement.

## Operational, Effectiveness and Improvement Action Items for 2017-18

To ensure that Housing Nova Scotia is well positioned to meet the current and future emerging issues, challenges and opportunities to best serve the most vulnerable populations in Nova Scotia we are focused on:

- Modernizing our delivery of services – we want to streamline our processes and maximize use of technology;
- Enhance capital planning to ensure future sustainability of assets;
- Maximizing resources and structure to best address client needs; and,
- Leveraging opportunities with other partners to deliver on housing outcomes for Nova Scotians.

Employing this lens, our operational action items for 2017-18 are:

- (1) Review Housing Nova Scotia's Housing Services existing home repair/adaptation grant and loan programs to identify opportunities to streamline programs; improve the effectiveness and efficiency in processing; and enhance service delivery.
- (2) Review of Housing Nova Scotia's corporate governance and organizational structure including the Housing Authorities.
- (3) Begin the development of a Client Service Strategy.
- (4) Begin 5-year review of social housing portfolio as required by the CMHC/Nova Scotia Housing Development Corporation Social Housing Agreement.

## Performance Measures

It is anticipated that the National Housing Strategy will set out a series of outcomes that will involve the annual tracking and monitoring of new performance indicators. Once established, we need to align the new outcomes and indicators with those set out in Housing Nova Scotia's annual business plan. Current performance measures are set out below.

**Objective - Contribute to improving access to affordable housing, that is safe, suitable, and affordable, for low to modest income households**

■ **Measure 1:** Number of new affordable rental housing units created.

**Planned Action for 2017-18:**

- Invest Social Infrastructure funds - Create over 100 new affordable rental units.
- Invest Social Infrastructure funds in a pilot homeownership down payment programs targeted at assisting 75-100 modest income households.
- Continue to deliver regular IAH 2014-2019 Agreement funds – Create approximately 80 new rental housing.

■ **Measure 2:** Number of rent supplement units created that are targeted at reducing the public housing wait lists.

**Planned Action for 2017-18:**

- Invest Social Infrastructure funds – Create approximately 200 new rent supplement units.

■ **Measure 3:** Number of existing affordable homes preserved through major health and safety related repairs

**Planned Action for 2017-18:**

- Continue to invest Social Infrastructure funds targeted at preserving existing affordable housing.

- Continue to invest regular IAH 2014-2019 Agreement funds in home repair programs. In the past two years, 2014-15 and 2015-16, we have helped on average, approximately, 1,100 households with needed health and safety related home repairs.

■ **Measure 4:** Seniors and persons with disabilities helped by health and safety related repairs tor home adaptations

**Planned Action for 2017-18:**

- Continue to invest IAH 2014-19 Agreement funds in home repair/adaptation programs targeted at seniors at least 65 years of age and persons with disabilities. In 2015-16, we assisted approximately 1,000 households.

■ **Measure 5:** Number of the Department of Community Services’ Disabilities Support Program’s clients assisted in finding safe, and stable housing adapted to their needs. (Type and range of housing assistance is under discussion.)

**Planned Action for 2017-18:**

- In discussion with Department staff delivering the Disabilities Support Program determine range and type of needs and develop an action plan to best address the need from a housing perspective.

**Contribute to providing affordable housing tenure options for low to modest income households.**

**Measure 1:** Percentage of existing co-operative housing organization that are “healthy” in terms of their financial, democratic and physical conditions.

**Planning Action for 2017-18:**

- Monitor the “health” of the existing co-operative portfolio.
- Work with the co-operative housing organizations and the Co-operative Housing Federation of Canada to improve their long-term economic and physical viability.

See table below for performance measures for the 2017-18 operational action items.

| <b>Performance Measures for Operational Effectiveness and Improvement Action Items for 2017-18</b>       |  |
|--|--|
| <b>Action Item</b>   | <b>Measure</b>   |
| (1)Review Housing Nova Scotia’s Housing Services existing home repair/adaptation grant and loan programs | Housing Nova Scotia completes repair/adaptation grant and loan program review and if appropriate develops an action plan to deliver on the review’s recommendations. |
| (2)Review of Housing Nova Scotia’s governance and organizational structure.                              | Housing Nova Scotia completes governance and organizational structure review and develops an action plan to implement any recommended changes.                       |
| (3)Develop a Client Service Strategy   | Housing Nova Scotia adopts client service strategy. Rolls it out to staff and takes steps to integrate the strategy into everyday business.                          |
| (4)Begin 5-year review of the social housing portfolio   | Housing Nova Scotia develops project terms of reference, action plan and timeline or Request for Proposals to consultants to undertake the review.                   |

## Budget Context

### HOUSING Nova Scotia - Comparative Statements (in '000)

|   | 2015-16        | 2016-17        | 2016-17        | 2017-18        | 2017-18                      |
|---|----------------|----------------|----------------|----------------|------------------------------|
|   | Actuals        | Estimate       | Forecast       | Estimate       | -Inc/(Dec)<br>Over 16/17 Est |
| Revenue from Government Sources                     | 111,050        | 116,842        | 133,308        | 133,551        | 16,709                       |
| Revenue from Rents                                  | 56,779         | 57,301         | 56,664         | 58,100         | 799                          |
| Interest, Revenue from Land Sales and Other Revenue | 34,550         | 34,774         | 33,826         | 33,510         | (1,264)                      |
| <b>TOTAL FUNDING</b>                                | <b>202,379</b> | <b>208,917</b> | <b>223,798</b> | <b>225,161</b> | <b>16,244</b>                |
| Interest on Long Term Debt                          | 39,584         | 41,512         | 37,935         | 35,911         | (5,601)                      |
| Property Management and Operation                   | 64,173         | 61,035         | 63,846         | 62,440         | 1,405                        |
| Maintenance and Capital Improvements                | 36,577         | 38,720         | 42,468         | 34,860         | (3,860)                      |
| Housing Renovation and Affordable Housing           | 20,067         | 22,810         | 18,840         | 22,810         | -                            |
| Social Housing Subsidies                            | 16,456         | 21,980         | 18,931         | 20,275         | (1,705)                      |
| Depreciation of Investment in Social Housing        | 23,253         | 20,700         | 23,118         | 23,100         | 2,400                        |
| Social Infrastructure Fund                          |                |                | 13,699         | 18,280         | 18,280                       |
| Provision for DA                                    | 1,180          | 660            | 1,173          | 850            | 190                          |
| Housing Strategy                                    | 1,089          | 1,500          | 1,500          | 750            | (750)                        |
| <b>TOTAL EXPENDITURES</b>                           | <b>202,379</b> | <b>208,917</b> | <b>221,510</b> | <b>219,276</b> | <b>10,359</b>                |

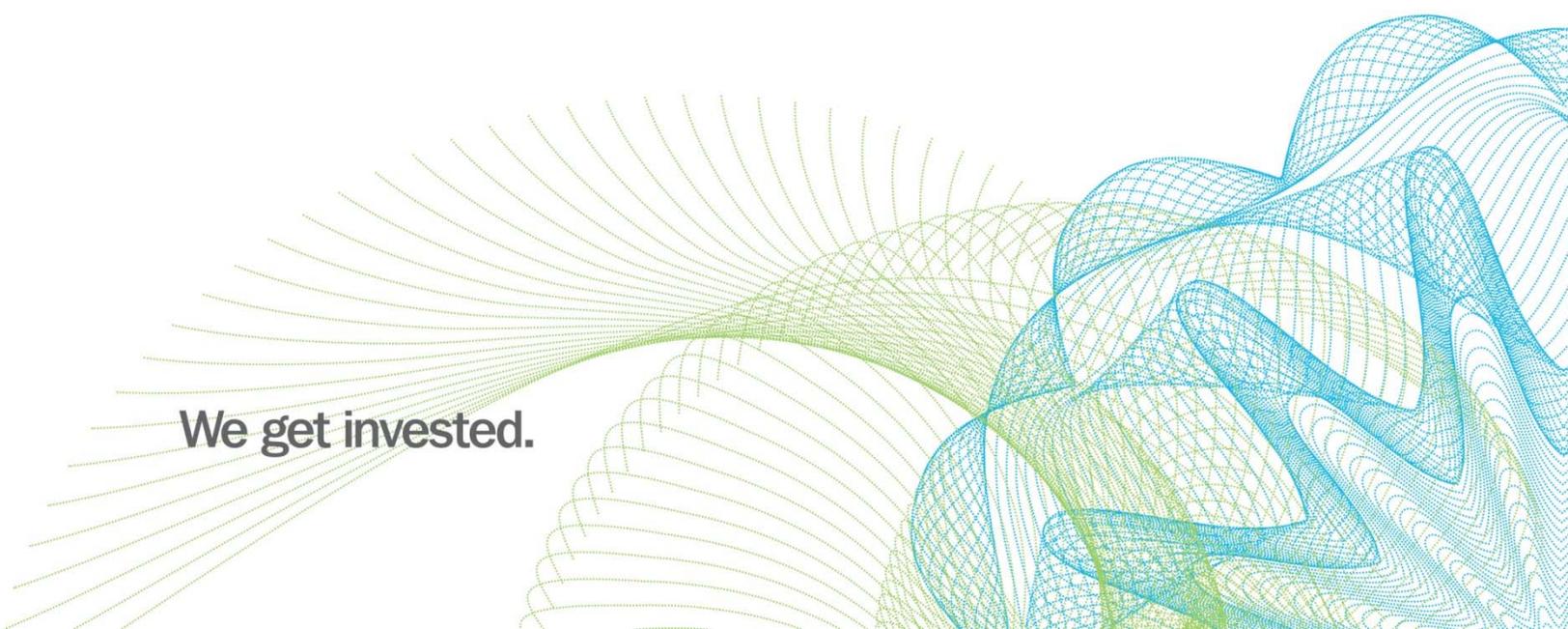
# BUSINESS PLAN

## 2017-2018

**innovacorp**

EARLY STAGE VENTURE CAPITAL

**We get invested.**



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## Message from the Chair

The February 2014 “Ivany Report” identified the need for the Province of Nova Scotia to take immediate steps to transform its economy to reverse years of economic decline. One of the 10-year goals the report identified was to significantly increase investment in innovation.

Simply stated, innovation is about new and better ways of doing things that deliver value. An innovation-driven economy can generate the wealth needed to provide the health, education and social supports we have come to appreciate and expect.

Innovacorp plays an essential role as a seed and early stage investor in Nova Scotia venture-grade start-ups. Our investment goal is to finance start-ups in sectors where the private sector is reluctant to invest due to the early stage of the companies or the difficulty in growing ventures in sectors like health, biotechnology, clean technology, ocean technology, and advanced manufacturing.

As of March 31, 2017, Innovacorp’s Nova Scotia First Fund (NSFF) held a portfolio of 40 companies. Revenue and employment generated by these companies in 2016-2017 are forecast at \$40.4 million and 500 jobs, respectively. In 2016-2017, Innovacorp made new and follow-on investments in 11 companies totaling \$5.4 million while attracting \$18.3 million in leveraged private sector investment. In addition, two portfolio companies raised a further \$9.5 million from new investors, \$8 million of which was from outside Atlantic Canada.

We can see the momentum building in Nova Scotia’s start-up community. By providing early stage venture capital, incubation infrastructure and entrepreneurial support programs, Innovacorp has established a proven track record in helping high-potential technology companies start and scale.

The Province recently recapitalized NSFF to ensure there is sufficient ‘fuel’ to launch and grow start-ups over the next five years. Additional risk capital will be available starting in the second half of 2017 through a new \$25-million private sector-managed venture capital fund.

We are very excited about the opportunities in ocean technology, a sector which promises to be a game-changer for Nova Scotia. To support growth in the sector, the Centre for Ocean Ventures and Entrepreneurship (COVE) is under construction. Opening in 2018, it will transform the Dartmouth waterfront into a bustling centre of ocean commerce. COVE includes an incubator operated by Innovacorp that will accelerate ocean technology start-ups through programs, incubation, capital and access to shared equipment and expertise.

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 to 2016, Innovacorp made 63 investments totaling \$30 million in 43 companies while attracting \$51.3 million in leveraged capital from other venture capital funds and strategic and angel investors. Based on past activity and the diminishing capital available to invest, Innovacorp's **Nova Scotia First Fund** was recapitalized in October 2016.

In 2017-2018, 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 acting as a limited partner in Build Ventures, Atlantic Canada's \$65-million regional venture capital fund, Innovacorp will establish a new \$25-million private sector-managed technology seed fund. Following the recent public request for submissions, a fund manager is expected to be selected in early 2017-2018 and actively investing by fall 2017. 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 approximately two dozen companies employing over 200 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. Upgrades to TIC and IEC facilities and services will enhance the client experience.

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.

Two new incubation initiatives are planned for development in 2017-2018. The **Centre for Ocean Ventures and Entrepreneurship (COVE)** will target early stage ocean technology companies and the **Momentum Hub** in Sydney will serve the broader technology community there.

## 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 community 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.

For example, ocean technology companies are supported through three programs. The **Demo at Sea Program** lets Nova Scotia companies demonstrate pre-commercial ocean technologies in a real-life ocean setting. The **OceanTech Development Program** provides companies with up to \$20,000 each to address short-term milestones in their technology development plan. Finally, the **Early Adopter**

**Program** provides companies up to \$20,000 each toward the first deployment and testing of a product with an early adopter customer. Similar programs such as the **CleanTech Accelerate Program** and **Smart Energy Demonstration Program** support clean technology and smart energy ventures.

Innovacorp's Spark competitions began in 2013-2014 when **Spark Cape Breton** was piloted to offer funding and mentoring to help new technology companies in Cape Breton develop their products. To enter, start-ups need to have a new knowledge-based product or service and zero sales revenue since inception. Funds awarded are used to support the completion of prototypes or preparation for taking the product or service to market.

In 2016-2017, Innovacorp added **Spark West** to find and support entrepreneurial activity in western Nova Scotia, and plans are underway to launch a third Spark competition in 2017-2018. **Spark North** will assist start-ups in Cumberland, Colchester, Pictou, Antigonish and Guysborough counties. Spark competitions are delivered by Innovacorp with funding assistance from the Atlantic Canada Opportunities Agency.

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

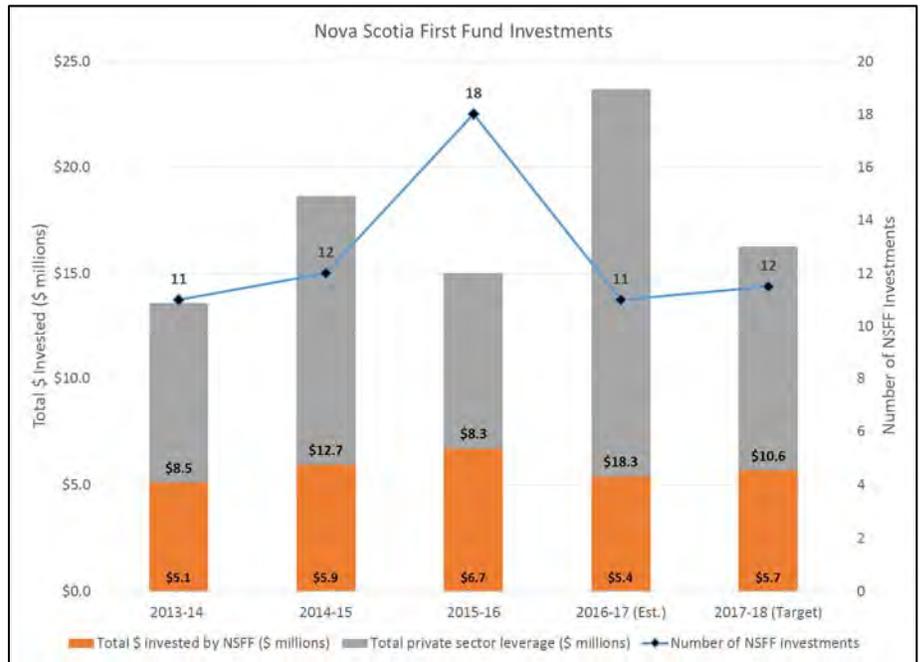
Through a partnership with **Bioenterprise Corporation**, a Guelph-based agri-technology accelerator, Innovacorp offers valuable advisory services to high-potential agricultural start-ups. The **Market Intelligence Atlantic Partnership** with Toronto-based MaRS lets Innovacorp connect clients with 14 premium technology and market research databases, delivering hundreds of thousands of dollars' worth of market value. In 2017-2018, Innovacorp will work with federal funding partners and Volta Labs to create a new seed funding 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 2017-2018, 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 mix of 1:1 leverage in seed investment rounds and 1:2 leverage in post-seed and Series A investment rounds.



Export sales by NSFF portfolio companies are expected to grow by \$10 million in 2017-2018 to an aggregate annual revenue of \$50 million.

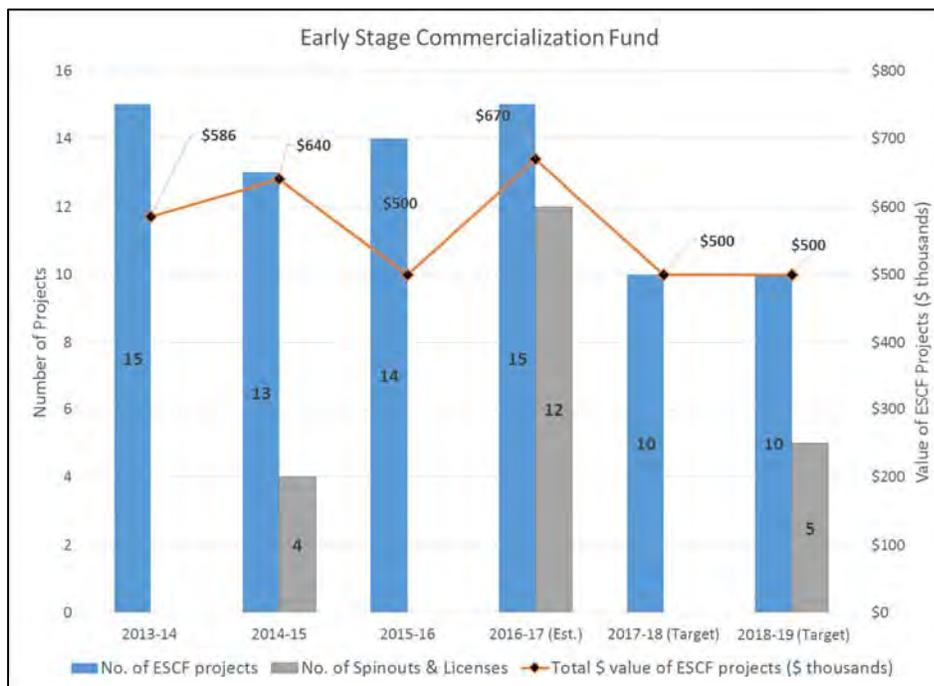
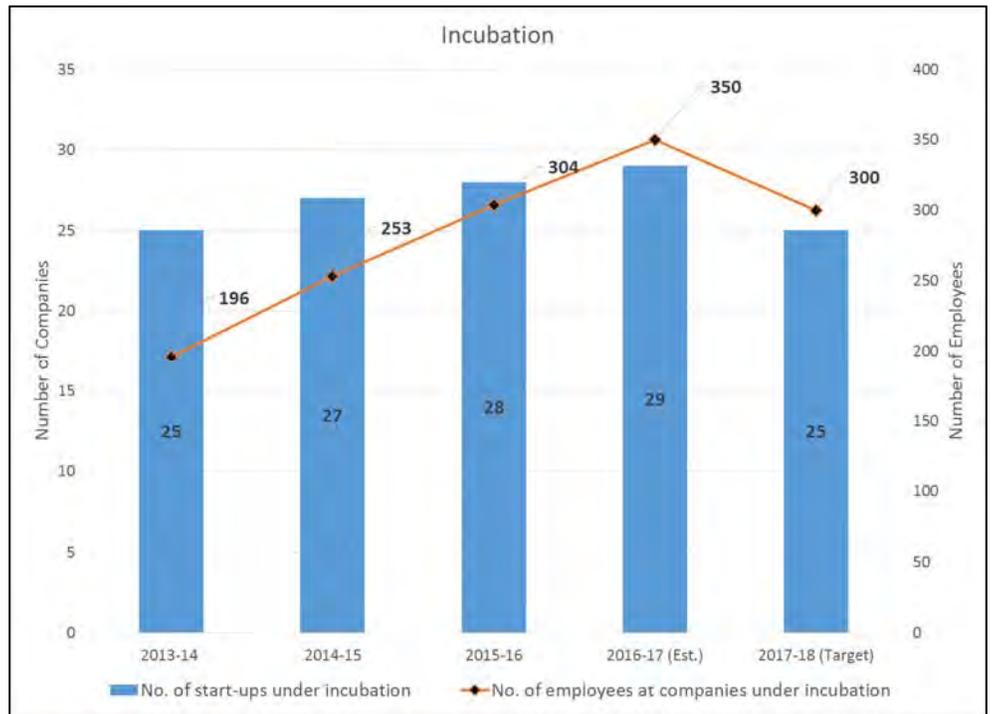
## Incubation

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

2017-2018, Innovacorp targets providing incubation infrastructure and resources to 25 high-potential Nova Scotia start-ups, which together will employ about 300 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 2017-2018, 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 2018-2019<sup>1</sup>.

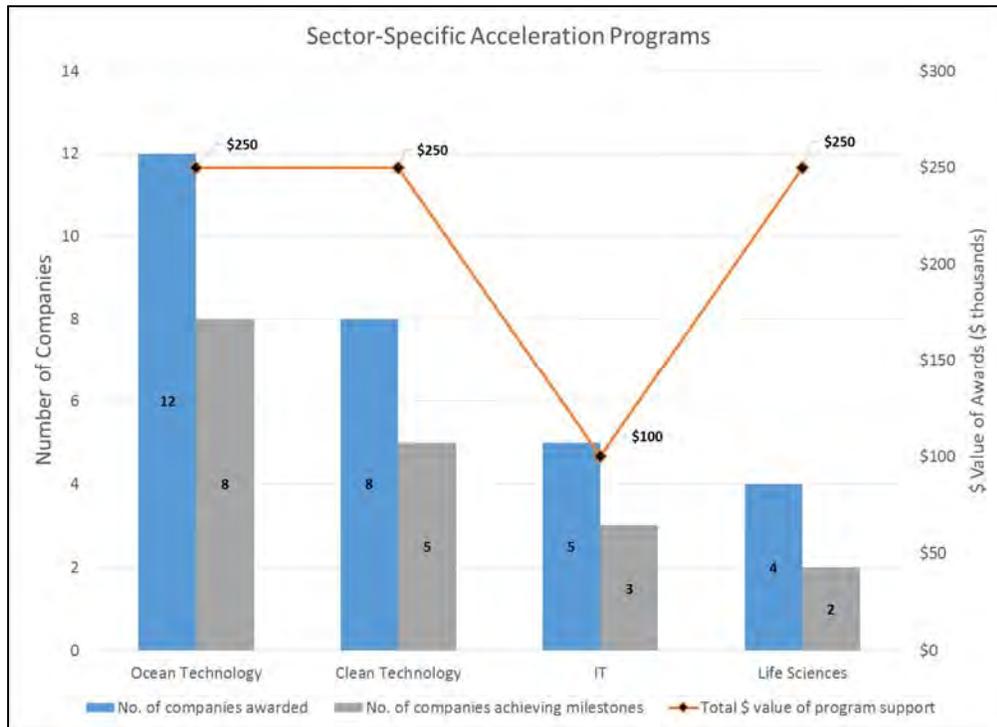
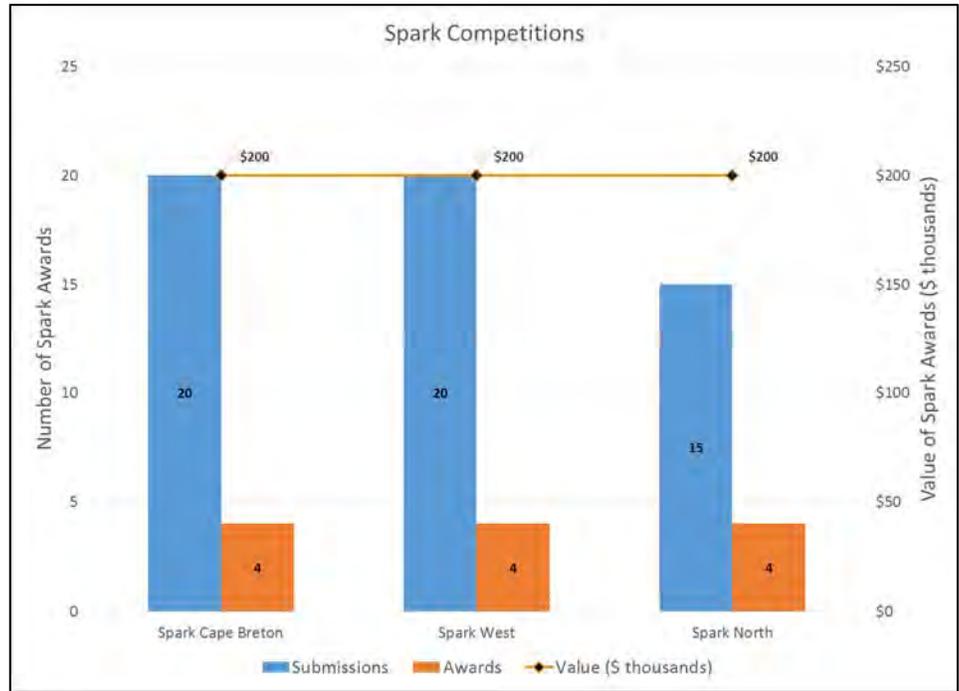


Through our annual Spark competitions we look for the best early stage technology companies in Cape Breton, western Nova Scotia and northern Nova Scotia. Winners receive funding and mentoring for the completion of prototypes or preparation to take their product or service to market. In 2017-2018, Innovacorp targets receiving 55 Spark submissions and making 12 awards totaling \$600,000.

<sup>1</sup> ESCF spin-out and licensing data is collected bi-annually

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 four sector-specific, milestone-based acceleration programs in 2017-2018. We target making 29 awards totaling \$850,000 and expect 18 of the participating companies to achieve their desired development milestones.

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 2017-2018, Innovacorp will continue its partnership with Bioenterprise Corporation, a Guelph-based business accelerator, to help commercialize Nova Scotia agricultural technologies. We expect to advance 10 start-ups through our partnership with Bioenterprise.



## Budget Context

Innovacorp is strongly 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<br>2016-2017<br>(\$) | Forecast<br>2016-2017<br>(\$) | Estimate<br>2017-2018<br>(\$) |
|--|-------------------------------|-------------------------------|-------------------------------|
| <b>Revenue</b>   |                               |                               |                               |
| Provincial funding   | 9,552,000                     | 10,485,000                    | 8,600,000                     |
| Funding recognized re capital assets acquired                    | 115,000                       | 115,000                       | 147,000                       |
| Incubation   | 1,467,000                     | 2,014,000                     | 1,249,000                     |
| Investment   | 42,000                        | 22,000                        | 12,000                        |
|  | 11,176,000                    | 12,636,000                    | 10,008,000                    |
| <b>Expenses</b>  |                               |                               |                               |
| Incubation   | 5,572,000                     | 7,399,000                     | 4,780,000                     |
| Investment   | 2,709,000                     | 2,584,000                     | 2,709,000                     |
| Corporate services   | 1,978,000                     | 1,675,000                     | 1,642,000                     |
|  | 10,259,000                    | 11,658,000                    | 9,131,000                     |
| <b>Surplus before non-operating items</b>                        | 917,000                       | 978,000                       | 877,000                       |
| <b>Non-operating items</b>                                       |                               |                               |                               |
| NSFF total return  | (343,000)                     | (466,000)                     | (328,000)                     |
| Post-retirement benefits and long service award                  | (116,000)                     | (66,000)                      | (75,000)                      |
| Amortization   | (377,000)                     | (377,000)                     | (403,000)                     |
| Interest income (expense), dividends, and capital gains (losses) | (222,000)                     | (222,000)                     | (212,000)                     |
|  | (1,058,000)                   | (1,131,000)                   | (1,018,000)                   |
| <b>Surplus (deficit)</b>   | (141,000)                     | (153,000)                     | (141,000)                     |

### Revenue

**Provincial funding** 2017-2018 estimate is \$952,000 lower than the 2016-2017 estimate. Highlights of the changes are summarized in the following table:

Thousands of dollars

|   |                |
|---|----------------|
| <b>Estimate 2016-2017</b>   | <b>\$9,552</b> |
| Funding for incubation facility at COVE                                 | 302            |
| Increase in core funding  | 26             |
| Transfer of Productivity & Innovation Voucher Program to another agency | (1,000)        |
| Reduction in funding for Innovacorp Demonstration Centre                | (280)          |
| <b>Estimate 2017-2018</b>   | <b>\$8,600</b> |

**Funding recognized re capital assets acquired** 2017-2018 estimate of \$147,000 is \$32,000 higher than the 2016-2017 estimate of \$115,000 due to increased amortization of grants received to fit-up space at the Innovacorp Enterprise Centre.

**Incubation** 2017-2018 estimate is \$218,000 lower than the 2016-2017 estimate. Highlights of the changes are summarized in the following table:

| Thousands of dollars            |                |
|---------------------------------|----------------|
| <b>Estimate 2016-2017</b>       | <b>\$1,467</b> |
| Reduction in sponsored projects | (166)          |
| Reduction in client revenue     | (52)           |
| <b>Estimate 2017-2018</b>       | <b>\$1,249</b> |

**Investment** 2017-2018 estimate of \$12,000 is \$30,000 lower than the 2016-2017 estimate of \$42,000 due to decreased directors' fees.

### Expenses

**Incubation** 2017-2018 estimate is \$792,000 lower than the 2016-2017 estimate. Highlights of the changes are summarized in the following table:

| Thousands of dollars  |                |
|---|----------------|
| <b>Estimate 2016-2017</b>   | <b>\$5,572</b> |
| Funding for incubation facility at COVE                                 | 302            |
| Movement of programming budget  | 250            |
| Maintenance   | 100            |
| Transfer of Productivity & Innovation Voucher Program to another agency | (1,000)        |
| Reduction in funding for Innovacorp Demonstration Centre                | (280)          |
| Reduction in sponsored projects   | (166)          |
| Other   | 2              |
| <b>Estimate 2017-2018</b>   | <b>\$4,780</b> |

**Corporate services** 2017-2018 estimate is \$336,000 lower than the 2016-2017 estimate. Highlights of the changes are summarized in the following table:

| Thousands of dollars                         |                |
|--|----------------|
| <b>Estimate 2016-2017</b>                    | <b>\$1,978</b> |
| Movement of programming budget to Incubation | (250)          |
| Reduction in head office expenses            | (111)          |
| Other  | 25             |
| <b>Estimate 2017-2018</b>                    | <b>\$1,642</b> |

### Non-Operating Items

**NSFF total return** 2017-2018 estimate of \$(328,000) is \$15,000 lower than the 2016-2017 estimate of \$(343,000) due to increased dividends and interest from the portfolio.

**Post-retirement benefits and long service award** 2017-2018 estimate of \$(75,000) is \$41,000 lower than the 2016-2017 estimate of \$(116,000) due to the amortization of an actuarial gain.

**Amortization** 2017-2018 estimate of \$(403,000) is \$26,000 higher than the 2016-2017 estimate of \$(377,000) due to the amortization of the fit-up of space at the Innovacorp Enterprise Centre.

**Interest income (expense), dividends, and capital gains (losses)** 2017-2018 estimate of \$(212,000) is \$10,000 lower than the 2016-2017 estimate of \$(222,000) due to a reduction in interest expense on an outstanding loan.

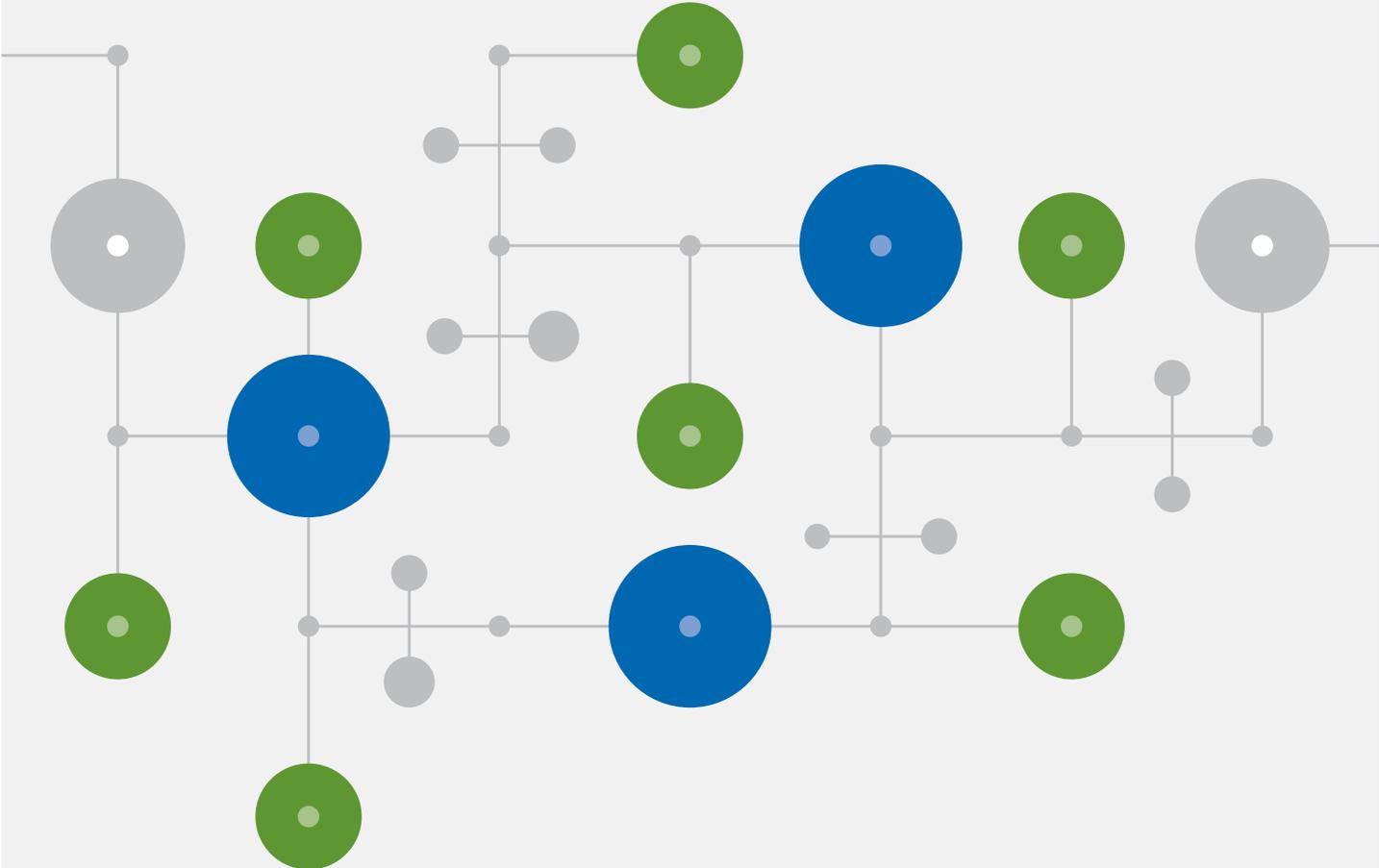
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NOVA SCOTIA BUSINESS INC.

# Business Plan 2017-2018



NOVA SCOTIA BUSINESS INC.  
**Business Plan 2017-2018**

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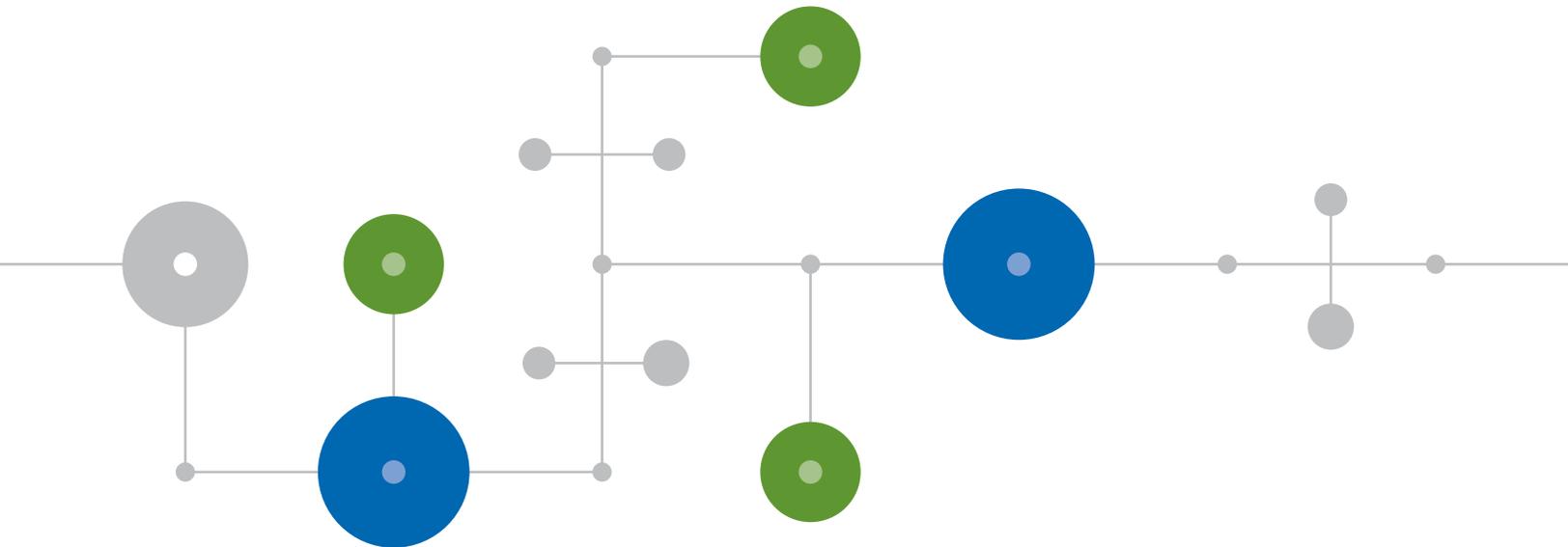
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## Message from the Board Chair/CEO

Nova Scotia Business Inc. (NSBI), a Crown Corporation, is the private sector led business development agency for the Province of Nova Scotia. To strengthen and grow the Nova Scotia economy, NSBI supports Nova Scotia businesses by providing access to business advisory services, skills development and training, market intelligence, access to financing, and support accessing global markets, and attracts innovative, globally competitive companies to establish a business location in Nova Scotia.

As an organization working for positive economic outcomes for Nova Scotians, NSBI charted a course two years ago to change and to innovate so companies would have the services and tools to grow in our increasingly global economy. As a key component of this effort, NSBI and our partners put considerable emphasis on building export capacity within businesses across the province during 2016-2017.

During the year, we equipped new exporters to pursue certifications in export markets, we went into markets with our exporting companies to support their achievement of sales and market growth, and we identified innovative, new exporting companies outside Nova Scotia's borders to locate in our province, adding to our competitive mix of exporting companies.

In keeping with the constant change needed throughout Nova Scotia's economy, forward momentum in exporting and new company investments must not slow down. For 2017-2018, new NSBI tools and collaborative projects will help Nova Scotia exporting companies as they push innovation and competitiveness further.

NSBI's investment attraction efforts for the coming year will identify national and international exporting companies that will add innovative capacity to Nova Scotia's key sectors, and create sustainable positive returns for the province. NSBI will build on the province's capabilities, promote successes and demonstrate the competitive advantages to be realized from a Nova Scotia location, and will leverage opportunities like Canada's 150th birthday celebrations to share Nova Scotia's and Canada's value proposition with the world.

The Government of Canada and the four Atlantic Provinces are working together to build a vibrant economic future for Atlantic Canada by focusing efforts and resources to stimulate the region's economy. Through a new pan-Atlantic approach - the Atlantic Trade and Investment Growth Strategy - NSBI is joining forces with federal and provincial partners to design and implement collaborative trade and investment initiatives. Together, our work aims to build business connections at home and in key markets including China, the United States and Europe to help open doors for companies as they navigate new and long-standing trade agreements.

To achieve the export and investment outcomes necessary to grow our economy, the 2017-2018 NSBI business plan is rooted in evidence, continues to stay aggressive, and supports businesses to leverage existing and new opportunities that grow export and create sustainable economic growth for Nova Scotia.



**Bert Frizzell**  
Board Chair



**Laurel Broten**  
President and CEO

## MANDATE

Nova Scotia Business Inc. (NSBI), led by a private sector Board of Directors, is a 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.

## Core Functions

### EXPORT DEVELOPMENT

The Nova Scotia Commission on Building Our New Economy’s historic report (oneNS Report) recognized the critical role that trade plays in Nova Scotia’s economic prosperity and identified bold export growth targets of increasing the value of Nova Scotia exports and the number of Nova Scotia companies participating in export by 50% by 2024. The new \$20 million Atlantic Trade and Investment Growth Strategy, a pan-Atlantic collaboration between the Government of Canada and the four Atlantic provinces to drive trade and investment growth in Atlantic Canada, bolstered these goals by aiming to double the number of exporting enterprises from Atlantic Canada from 1,700 to 3,400 by 2025.

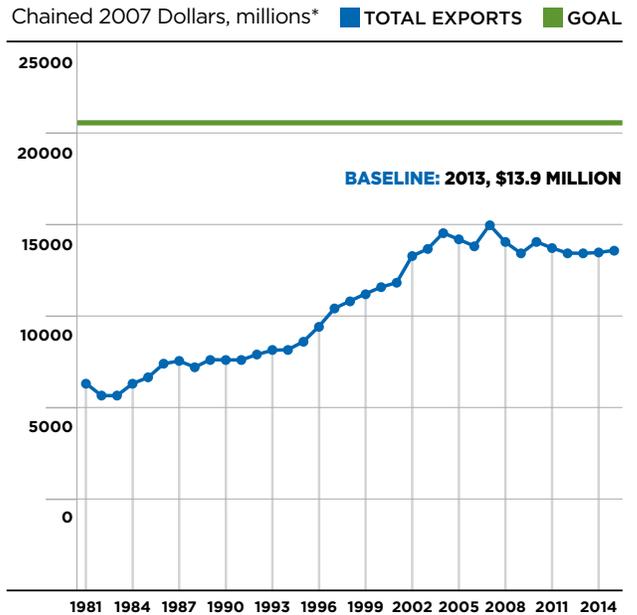
As the oneNS report succinctly highlights:

“Being a small province, and one with slow population growth, means that Nova Scotia has a small domestic market. For most businesses to grow significantly, whether good producers or service providers, they have to access larger external markets through trade activities.”\*

If Nova Scotia is to sustain momentum toward the attainment of the goals within the oneNS Report and the Atlantic Trade and Investment Growth Strategy, businesses must, and accordingly NSBI will, drive export as a first priority. NSBI will continue supporting export curious, new exporters, and experienced exporters to improve productivity, drive innovation, and enter and expand into targeted export markets to gain greater competitive advantage and market share.

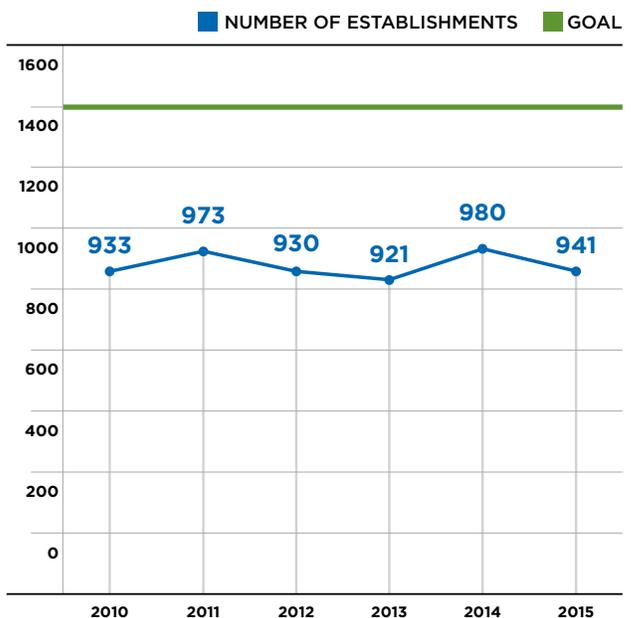
\*Ray Ivany, Irene d’Entremont, Dan Christmas, Susanna Fuller, John Bragg, JoAnn Fewer, Mark Austin, and Carolyn Terry. **Now or Never: An Urgent Call to Action for Nova Scotia.** Nova Scotia Commission on Building Our New Economy (2014), p.29.

### NOVA SCOTIA INTERPROVINCIAL AND INTERNATIONAL EXPORTS



\*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

### NUMBER OF NOVA SCOTIAN ESTABLISHMENTS PARTICIPATING IN INTERNATIONAL MERCHANDISE EXPORTS



Source: Statistics Canada, CANSIM table 228-0077

## INVESTMENT ATTRACTION

Attracting foreign direct investment (FDI), which encompasses new investments into Nova Scotia from companies elsewhere in Canada and abroad, plays an important role in economic growth:

- **It is estimated that every \$1 of new FDI leads to \$1 in additional domestic investment.\***
- **FDI stimulates innovation and can be a catalyst for research and development.**
- **International companies hire more new graduates and immigrants, invest more in training and development of their staff compared to domestic employers, and pay higher than average wages.**
- **FDI companies provide expanded supply-chain opportunities.**
- **FDI injects new skills and knowledge into our economy, which seeds the next wave of entrepreneurs and develops Nova Scotia's workforce.**

NSBI will attract foreign direct investment and innovative, exporting companies with a competitive advantage to be gained from a Nova Scotia location. Nova Scotia has unique assets across the province that are valuable to global companies – 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. NSBI will capitalize on these advantages and work with partners across the province to identify and attract companies that will benefit from a Nova Scotia location and will contribute to the development and growth of our economy.

## REGIONAL BUSINESS DEVELOPMENT AND ADVISORY SERVICES

NSBI will continue to deliver business advisory and navigation services across the province, enabling businesses to easily connect with expertise, programs, and resources that support their export growth and competitiveness. We will introduce new online tools and services to enable Nova Scotia businesses from across the province to connect to resources in a timely manner to support their growth, and we will deliver and implement initiatives to drive productivity and innovation.

## MARKETING & PARTNERSHIP DEVELOPMENT

The oneNS Coalition's *We Choose Now* playbook emphasized the cultural change needed across the province to support a robust export agenda. 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. We will be a positive business voice, sharing export success stories and demystifying the selling of products and services beyond our borders. NSBI is committed to working with businesses and partners across the province to build our export culture, and to grow and promote Nova Scotia's profile in key global markets. NSBI will collaborate with our federal and provincial counterparts across the country to put Canada on the global stage while we celebrate our country's sesquicentennial birthday.

\*OCO Global, 2012.

**PORTFOLIO MANAGEMENT**

NSBI is responsible for the oversight, management and administration of the province's legacy Jobs Fund investment portfolio and the NS Business Fund, and will continue proactive, focused efforts to working with these clients on a day-to-day basis. As part of NSBI's portfolio management responsibilities, the agency also owns and oversees more than 3,500 acres of real estate in Nova Scotia. NSBI's real estate assets include multi-purpose marine facilities, green field industrial development sites on the deep waters of the Strait of Canso, and readily available industrial zoned building lots. NSBI works closely with relevant regulatory approval bodies, local government partners and private companies to stimulate private investment in sustainable development opportunities, resulting in economic growth for the province.

**FILM AND TELEVISION  
PRODUCTION SUPPORT**

NSBI will build on our relationship with the film and television industry and with partners as we administer the Nova Scotia Film & Television Production Incentive Fund and the Eastlink TV Independent Production Fund Program. We will collaborate with ScreenNS to promote Nova Scotia's film and television success stories and strive for a deepened, client-centred focus in our sector development efforts.

## Initiatives in Support of Core Functions

### EXPORT DEVELOPMENT

NSBI will capitalize on valuable insight received from our clients to lift our export development efforts to a new level in 2017-2018. We will ensure a suite of offerings that respond to the needs of our clients across the province, providing timely, impactful export development resources when and where our clients need them. Our Trade Market Intelligence service will arm businesses with market intelligence, and the Small Business Development Program will enable our clients to engage the expertise they need to build export capacity and grow. The Export Capacity Building team will deliver one-on-one export development services and training tailored to the unique needs of our clients, and an Export Accelerator model will be utilized to help small and medium exporters in the province enhance their export culture, planning, preparedness, and competitiveness, with an aim to growing exports.

We will organize targeted inbound and outbound trade missions to connect Nova Scotia businesses in high potential clusters (ICT, Oceans, and Seafood & Agrifood) with global opportunities and partners in key international markets. NSBI will deliver the Export Growth Program to support businesses to travel to market in pursuit of innovation partnerships and the expansion of global relationships. To help ready our clients for in-market travel, we will utilize our extensive network to connect them to key partners around the globe through our Global Advisors Program.

The new \$20 million Atlantic Trade and Investment Growth Strategy provides Nova Scotia with a unique advantage to join forces on a pan-Atlantic approach to drive economic growth in the region. NSBI will maximize benefit from this strategy by working side by side with our federal and provincial partners to develop collaborative initiatives to ensure Nova Scotia's companies are prepared and have the training and skills to be globally successful and expand their exports into international markets. We will open doors for our companies through working with the Nova Scotia Department of Intergovernmental Affairs, provincial departments, agencies, and partners to develop and implement action-based, outcomes-focused engagement and business development plans for China, the European Union, and the United States. NSBI has heard from our companies that they need a foothold in the Boston market to support their efforts, and we will respond with an in-market presence to represent and grow Nova Scotia's exports into this market.

## INVESTMENT ATTRACTION

2016-2017 saw NSBI continue to refine its investment attraction strategy with a targeted, regional focus – one which will continue to drive our efforts in the coming year. We will re-evaluate and strengthen our prospecting approach, utilizing intelligence tools and mining identified connections to Nova Scotia to narrow our targets. Our investment attraction efforts will identify innovative, national and international exporting companies with an interest and benefits to be gained from a Nova Scotia location, and they will be ROI positive, driving innovation and realizing real growth and return for the province.

NSBI will collaborate with our partners from across the province in our investment attraction efforts, implementing our “Team Nova Scotia” approach to build on our capabilities, promote our successes and demonstrate the competitive advantages to be realized from a Nova Scotia location. We will utilize our tools and incentives, including the Payroll Rebate Program, to attract and grow the high potential clusters of ICT, Oceans, and Seafood & Agrifood across the province.

NSBI will support the province’s innovation agenda and play a key role with the Nova Scotia Community College, the Waterfront Development Corporation, the Department of Business, the Institute for Ocean Research Enterprise (IORE), Innovacorp, and other partners in building the world-class Centre for Ocean Ventures & Entrepreneurship (COVE). Supported by the Federal Government of Canada, COVE will be a state-of-the-art collaborative facility for applied innovation in the ocean sector, located in the former Coast Guard facility on Halifax Harbour. COVE is a place where innovations will be developed and brought to market, and NSBI will play a lead role in attracting global ocean companies to COVE, and developing marine enterprises to grow, prosper and export from the Centre.

NSBI will work with the federal and provincial governments in Atlantic Canada to facilitate investment readiness, undertake research, and raise awareness of the competitive positioning of Nova Scotia and the Atlantic Region under the new \$20 million Atlantic Trade and Investment Growth Strategy. NSBI will showcase our province to potential international investors by building, maintaining, and promoting an online inventory of business investment opportunities available across the province (self-identified businesses seeking investors, businesses for sale, as well as commercial land and property), continuing our efforts to sell Nova Scotia to the world, and to sell the world on doing business in Nova Scotia.

## **MARKETING & PARTNERSHIP DEVELOPMENT**

Canada's 150th birthday sets the stage for celebrating and promoting our country and our province's unique value proposition. NSBI will join our federal and provincial governments and partners in showcasing our country and region on the global stage, leveraging Canada's strong brand and crystallizing our unique offerings to target key global markets. We will ensure that more people know and recognize the unique advantages of doing business from Nova Scotia, and continue to expand our reach by broadening and deepening relationships with key players in China, the European Union, and the United States.

NSBI's marketing and communication efforts will recognize the role we play in building the province's export culture. We will reach across the province to promote Nova Scotia's business success stories and develop and support initiatives to increase awareness among companies of the importance and potential of exporting as a means to grow. We will develop and implement messaging and content that demystifies the risks and challenges of selling to global markets, building the foundation for an export-first business culture.

## **REGIONAL BUSINESS DEVELOPMENT AND ADVISORY SERVICES**

2016-2017 saw NSBI further entrench the Regional Business Development team as the lead contact for the organization's business development efforts across the province. The Regional Business Development team worked with over 1000 unique businesses across the province last year, making referrals and connecting companies with the expertise, programs, and resources that support their growth. NSBI will continue proactively reaching across the province to identify and connect with businesses that can benefit from our suite of services and the offerings of our partners, and will foster connections to drive export growth. We will also design and implement an online funding navigation tool to provide businesses with a one-stop, timely resource so that they can identify relevant federal and provincial government programs and services from anywhere at any time.

Innovation is a key driver of business productivity and increasing provincial GDP. NSBI's Productivity and Innovation Voucher Program will help small and medium-sized businesses become more productive and innovative while building stronger linkages between businesses and Nova Scotia universities and colleges.

NSBI supported a successful pilot project to improve productivity in Nova Scotia's seafood industry in 2016-2017. NSBI will build on the success of this pilot and continue to refine and implement productivity initiatives with Nova Scotia companies to foster innovation and build global competitiveness within the high potential clusters of ICT, Oceans, Seafood & Agrifood. We will connect businesses in these sectors with the expertise and resources they need to be more productive and sell more products and services in ever-evolving global marketplaces.

**PORTFOLIO MANAGEMENT**

NSBI is the agency responsible for the oversight, management and administration of the province’s legacy Jobs Fund investment portfolio, and the NS Business Fund. We will continue to ensure service excellence throughout daily interaction with Jobs Fund and NS Business Fund clients, while effectively navigating complex financial circumstances on behalf of the Province of Nova Scotia. NSBI will take the same diligent approach to managing our real estate assets to maximum efficiency and effectiveness. NSBI is also pleased to be involved with the Nova Scotia Credit Union Small Business Loan Guarantee Program to assist businesses from across the province access funding.

**FILM AND TELEVISION  
PRODUCTION SUPPORT**

NSBI embraces our role in promoting and celebrating the province’s film and television industry. We will build on our relationship with this industry and partners to highlight film and television success stories, collaborating with ScreenNS to share materials in support of further developing the sector. We will continue to strive for a client-centred approach in our administration efforts for the Nova Scotia Film & TV Production Incentive Fund and the Eastlink TV Independent Production Fund Program, providing timely feedback and ensuring that applicants have the information they need to apply for and benefit from these programs.

## Performance Measures

| MEASURES   | 2015 – 2016 RESULTS  | 2017 – 2018 TARGETS  |
|--|--|--|
| 1. Annual increase in NSBI client reported actual export sales           | 13.3% increase in actual export sales of NSBI's clients                          | 10% increase in the actual export sales of NSBI's clients overall, and by clients within the high potential clusters of ICT, Oceans, and Seafood & Agrifood                          |
| 2. Number of NSBI clients becoming new exporters                         | 7 NSBI clients became 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 & Agrifood becoming new exporters     |
| 3. Actual payroll generated by NSBI clients                              | 17.8% increase in the 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 & Agrifood                       |
| 4. Return on investment (ROI) of Payroll Rebate transactions*            | Not included in results for 2015 – 2016  | Achieve an average ROI to the province of 30% on Payroll Rebate transactions   |
| 5. Business Climate Confidence   | 3.1% decrease in the Business Climate Confidence Index among NSBI's clients      | Upward trend in the Business Climate Confidence Index among NSBI's clients   |
| 6. Linkages between business and Nova Scotia's universities and colleges | Productivity and Innovation Voucher Program not delivered by NSBI in 2015 – 2016 | NSBI will issue 50 Productivity and Innovation Vouchers with a total value of \$1 million, resulting in 30 new linkages between business and Nova Scotia's universities and colleges |

\*Effort is in progress to design a new goal pertaining to NSBI's economic impact and contribution to Nova Scotia's GDP.

## Financial Summary

|  | <b>BUDGET<br/>2016 – 2017<br/>(\$ 000)</b> | <b>FORECAST<br/>2016 – 2017<br/>(\$ 000)</b> | <b>ESTIMATE<br/>2017 – 2018<br/>(\$ 000)</b> |
|--|--|--|--|
| <b>REVENUE</b>   |  |  |  |
| Provincial Grants  | 37,733                                     | 40,631                                       | 55,259                                       |
| Gain on Sale of Properties                                     | 0  | 1,147  | 0  |
| NS Business Fund Revenue: Loans & Equity, and Real Properties  | 2,056                                      | 2,125  | 2,026  |
| Miscellaneous Revenue  | 2,009                                      | 1,015  | 529  |
| <b>Total</b>   | <b>41,798</b>                              | <b>44,919</b>                                | <b>57,813</b>                                |
| <b>EXPENSES</b>  |  |  |  |
| Operating  | 15,890                                     | 14,987                                       | 16,832                                       |
| Strategic investments  | 12,282                                     | 14,390                                       | 15,107                                       |
| NS Film & TV Production Incentive Fund                         | 10,000                                     | 10,700                                       | 22,849                                       |
| Provision for credit losses                                    | 1,643                                      | 0  | 1,000  |
| NS Business Fund Expenses: Loans & Equity, and Real Properties | 1,754                                      | 2,312  | 1,358  |
| <b>Total</b>   | <b>41,569</b>                              | <b>42,389</b>                                | <b>57,146</b>                                |
| Surplus (Deficit)  | 229  | 2,530 *                                      | 667  |

\*This surplus is primarily attributable to a \$1.6 million savings in Provision for Credit Losses (due to a \$2.0 million credit to the loan valuation account), and savings of \$0.6 million in Real Properties from deferred repairs and reduced decommissioning costs.

## Appendix 1

### STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS POLICIES AND GUIDELINES/PROCEDURES, NSBI 2017-2018 BUSINESS PLAN

#### PAYROLL REBATE

##### Overview

The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted payroll generation through the creation of incremental employment.

This financial incentive may be used when it can be shown that an applicant'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.

##### Amount

Rebates will be equivalent to between 5% and 10% of the applicant's gross payroll, depending on the applicant's strategic location in Nova Scotia or business sector and the economic benefit generated to the province. Additional rebate may be considered where the applicant 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.

All other Nova Scotia provincial government assistance with respect to the project must be disclosed to NSBI and may influence the rebate amount.

##### Eligibility

The applicant's business must be considered eligible according to NSBI's operating regulations.

Applications for assistance must be project-based. Projects are expected to create sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance.

Eligibility requires that all projects should result in creation of at least 20 jobs (FTEs) in Nova Scotia. Projects creating fewer than 20 FTEs will be considered when there is high strategic value or strong economic benefit.

Companies that have previously received assistance under the program will not be eligible for additional assistance unless the project is incremental to the peak FTE level attained by the company under the previously provided assistance.

Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.

The Applicant will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).

**STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS  
POLICIES AND GUIDELINES/PROCEDURES, NSBI 2017-2018 BUSINESS PLAN****PAYROLL REBATE****Application Requirements**

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.

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.

Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.

**Criteria**

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 mainly export oriented and/or be in a strategic economic sector.

**The company must also demonstrate:**

- 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 jobs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution)
- an acceptable credit history

**STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS  
POLICIES AND GUIDELINES/PROCEDURES, NSBI 2017-2018 BUSINESS PLAN****PAYROLL REBATE****Performance Conditions**

Assistance is contingent on specific targets the company must achieve, which will typically be the creation of (x) jobs by (date) with an average annual salary/wage of \$ (amount). These targets are expected to still be in place at the end of the rebate period.

Companies may be required to achieve additional targets with respect to capital project completion including investment or export targets, if applicable.

**The applicant must provide an annual report, which will typically be an auditor's report, certifying that the employment, wage and other targets have been achieved. The report must contain the following information:**

- 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 employees 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**

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.

In most cases, rebates will be paid annually on each anniversary from the project commencement.

Payment terms generally average five years.

## Appendix 2

### **NOVA SCOTIA BUSINESS FUND**

The Nova Scotia Business Fund is the source of capital for Nova Scotia Business Inc.'s business financing clients.

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 portfolio currently has approximately \$69 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 Nova Scotia businesses is estimated to be \$200,000, with repayments of current outstanding investments estimated to be about \$5 million.

- **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**

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**2017 - 2018**

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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 2017-18. 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 AgriInsurance 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 can meet the needs of its clients and funding partners.

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

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Mr. Avarad Bentley  
Chair

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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.*

## ALIGNMENT WITH GOVERNMENT PRIORITIES

The Province of Nova Scotia has identified the support of its people, innovation/ economic development and education in a fiscally responsible manner as its key priorities. The Strategic themes of the Department of Agriculture supporting these 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 Province's 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 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. It administers 15 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 uncontrollable 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. This agreement outlines cost sharing arrangements and administrative requirements that govern the design and delivery of AgriInsurance programs. By design, AgriInsurance 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 the 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 renewed emphasis on the redesign of the Commission's information technology (IT) infrastructure has recently resulted in significant improvements.

## 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 chapter (Part III Annex B) of *Growing Forward 2*.

## PRIORITIES FOR 2017-18

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 AgrilInsurance, or by increasing the number of products offered and the range of options available to clients. 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, including**

- a. The Commission will continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance 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).
- 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 *General Field Crop Insurance Plans 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 two years, using a phased approach 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 AgrilInsurance as a key business management option for agricultural producers in Nova Scotia.

## FINANCE

The Commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the *Growing Forward 2* provides for reimbursement of 60% of the administrative costs relative to AgrilInsurance 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<br>2016-17<br>(\$ 000) | Forecast<br>2016-17<br>(\$ 000) | Budget<br>2017-18<br>(\$ 000) |
|---|----------------------------------|---------------------------------|-------------------------------|
| <b>Revenues</b>   |                                  |                                 |                               |
| Insurance Premiums paid by Clients                      | 823                              | 857                             | 823                           |
| Insurance Premiums Contributed by Govt.<br>(Federal)    | 736                              | 730                             | 736                           |
| Wildlife Compensation Payments (Federal)                | 150                              | 59                              | 150                           |
| Insurance Premiums Contributed by Govt.<br>(Provincial) | 491                              | 487                             | 491                           |
| Wildlife Compensation Payments (Provincial)             | 100                              | 39                              | 100                           |
| Interest Income   | 70                               | 50                              | 70                            |
| <b>Total Revenues</b>                                   | <b>2,370</b>                     | <b>2,222</b>                    | <b>2,370</b>                  |
| <b>Expenses</b>   |                                  |                                 |                               |
| Indemnity Claims  | 1,900                            | 1,426                           | 1,900                         |
| Wildlife Compensation Payments                          | 250                              | 98                              | 250                           |
| Reinsurance premiums                                    | 0                                | 0                               | 0                             |
| Bad Debt Expense  | 5                                | 5                               | 5                             |
| <b>Total Expenses</b>                                   | <b>2,155</b>                     | <b>1,529</b>                    | <b>2,155</b>                  |
| <b>Net Income From Insurance Activities</b>             | <b>215</b>                       | <b>693</b>                      | <b>215</b>                    |
| <b>Crop and Livestock Insurance Fund Balance</b>        |                                  |                                 |                               |
| Beginning of Year                                       | 4,003                            | 4,003                           | 4,696                         |
| End of Year   | 4,218                            | 4,696                           | 4,911                         |
| <b>Administrative Expenses</b>                          |                                  |                                 |                               |
| Government Contributions (Canada)                       | 637                              | 566                             | 637                           |
| Government Contributions (Nova Scotia)                  | 467                              | 415                             | 467                           |
| <b>Total Administrative Expenses</b>                    | <b>1,104</b>                     | <b>981</b>                      | <b>1,104</b>                  |
| <b>Net Govt. Expenditure</b>                            |                                  |                                 |                               |
| Canada (Premium + Administration)                       | 1,526                            | 1,355                           | 1,526                         |
| Nova Scotia (Premium + Administration)                  | 1,058                            | 941                             | 1,058                         |
| <b>Total Program Expenditure</b>                        | <b>2,584</b>                     | <b>2,296</b>                    | <b>2,584</b>                  |

## OUTCOME AND PERFORMANCE MEASURES

Business Risk Management (BRM) programs such as AgrilInsurance are designed to provide income stability to farm businesses. The following measures focus on the level of participation of the industry in this program. The last National BRM Survey (2010) found that 97% of respondents felt AgrilInsurance was effective in mitigating financial impacts of production losses. A 2014 survey of Crop Insurance clients in Nova Scotia found that 87% of respondents felt Crop Insurance was an effective tool to stabilize farm income resulting from production losses.

Note: In the following table the base year 2008-09 represents the start of the Growing Forward Agreement which ended in 2012-13 and was replaced by Growing Forward 2. The Ultimate Target (2017-18) marks the end of the Growing Forward 2 Agreement.

Core Business Area: Delivery of Insurance Products for Production Agriculture

Outcome: Increased Income Stability of Farm Businesses

| MEASURE  | DATA Base Year (2008-09) | TARGET- 2016-17 | ULTIMATE TARGET (2017-18) | TRENDS   | STRATEGIES TO ACHIEVE TARGET   |
|--|--------------------------|-----------------|---------------------------|--|--|
| Number of Agri- Insurance Contracts  | 700                      | 850             | 900                       | 2010-11 = 745<br>2011-12 = 659<br>2012-13 = 674<br>2013-14 = 737<br>2014-15 = 832<br>2015-16 = 653                                     | Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients.                   |
| \$ Value of Coverage   | \$127.8 M                | \$170 M         | \$180 M                   | 2010-11 = \$140.8 M<br>2011-12 = \$141.2 M<br>2012-13 = \$177.6 M<br>2013-14 = \$161.4 M<br>2014-15 = \$168.2 M<br>2015-16 = \$164.1 M | Introduction of new insurance programs, expansion of existing plans.   |
| Number of Agri- Insurance Products Available   | 36                       | 50              | 55                        | 2010-11 = 38<br>2011-12 = 41<br>2012-13 = 47<br>2013-14 = 47<br>2014-15 = 47<br>2015-16 = 50   | Results of the introduction of new plans.  |
| Value of Compensation Paid for Wildlife Damage   | \$110,000                | \$200,000       | \$250,000                 | 2010-11 = \$201,000<br>2011-12 = \$183,000<br>2012-13 = \$ 82,000<br>2013-14 = \$ 77,381<br>2014-15 = \$169,484<br>2015-16 = \$172,382 | Includes federal and provincial compensation paid to producers for damage from wildlife. Continued promotion of this program.  |
| Ratio of Insured Production to Total Value of All Products Eligible for Insurance in NS (Excludes Livestock)           | 25.25%                   | 30%             | 50%                       | 2010-11 = 30.41%<br>2011-12 = 23.44%<br>2012-13 = 23.11%<br>2013-14 = 14.94%<br>2014-15 = 16.85%<br>2015-16 =                          | Measures the uptake by producers of the programs offered by Agrilnsurance. Continued promotion of the program improvements to existing plans                         |
| Ratio of Agricultural Products Eligible for Insurance to Value of All Agricultural Products in NS (Excludes Livestock) | 57.78%                   | 60%             | 75%                       | 2010-11 = 44.31%<br>2011-12 = 60.64%<br>2012-13 = 57.17%<br>2013-14 = 12.44%<br>2014-15 = 14.94%<br>2015-16 =                          | Measures the portion of Nova Scotia's Agricultural Industry which is being offered Agrilnsurance coverage. Development of new plans, improvements to existing plans. |

NOVA SCOTIA FARM LOAN BOARD

# Business Plan

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2017 - 2018

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## Message from the Minister and the Board Chair

We are pleased to present the Nova Scotia Farm Loan Board business plan for 2017-2018. The plan outlines the Board's goals and priorities for the coming year in line with its mission and mandate.

The primary focus of the Board continues to be the provision of agricultural financing and of credit counselling to advance, encourage, and support the development of agricultural and timber businesses in Nova Scotia.

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Arnold Park  
Chair  
Nova Scotia Farm Loan Board

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

## Mission

The Nova Scotia Farm Loan Board supports the development of agriculture and agri-rural business in Nova Scotia through responsible lending.

## Vision

The Nova Scotia Farm Loan Board is a leader in agricultural lending, creating opportunities in rural Nova Scotia.

## Mandate

The mandate of the Nova Scotia Farm Loan Board (NSFLB) is to support the agricultural industry through the provision of capital financing. The NSFLB operates as a Crown Corporation under the authority of 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. The Timber Loan Board's authority is provided 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, formerly the Land Settlement Board, has been active since 1932. The Board is 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 rates of interest. The Board has developed several products designed to serve specific lending needs. These include: farm mortgages; quota loans; debt consolidator loans; capital injections loans (for working capital); the Fast Tractor (preapproved equipment finance); deferred product options (primarily for orchard / grape establishment); and a Jump Start Program (for new entrant farmers).

The Board staff are primarily trained in agriculture and know the product commodities sectors of Nova Scotia agriculture well. Many have agribusiness training and are well equipped to understand the inner workings of farm finance. The staff of the NSFLB are committed to the industry and are interested in serving their client base effectively, with the right product at the right time. The Board staff are part of the larger Department of Agriculture and can access many additional resources.

The Board's management staff report directly to the Director of Crown Agencies. The Director of Crown Agencies reports to the Deputy Minister of Agriculture and is also responsible to the Minister of Agriculture. The Director of Crown Agencies is responsible for the operations of the Nova Scotia Farm Loan Board and the Nova Scotia Fisheries and Aquaculture Loan Board.

The position of Director of Crown Agencies was established in 2012 to work cooperatively with the two departmental lending agencies and their respective Boards of Directors. This has resulted in a great deal of harmonization between the staff supporting the two Board at all levels. To date, several senior management positions now cover both Boards. These include; the Director of Crown Agencies; Credit Manager; Senior Risk Manager; and Manager of Finance. A new organizational structure was approved in October 2016 to better reflect the needs of industry and the boards.

Capital can be acquired for both short and long term developments, utilizing fixed rate loans. Term loans of three, five and ten years with fixed rates of interest for the term period are available for short to medium length developments. Long term financing with a maximum of a 30-year amortization and an accompanying 30-year fixed rate of interest are available for qualifying farm mortgages. Timber loans are limited to a 20-year amortization.

## Portfolio Management

The developmental nature of the NSFLB means that in practical terms that the board is willing to take on more credit risk than a traditional bank. The result of this is that the Board carries larger arrears than would be acceptable to a main stream institutional lending organization. To better manage this risk and provide greater certainty around collection, more emphasis has been placed on credit assessment, risk assessment, and special credit roles.

The role of the Finance Manager is to maintain the integrity of the accounting as it relates to the entire loan portfolio. This broad definition includes: loan bookings and disbursements; posting of payments; receipting of payments and maintaining accurate balance records; tracking of term maturities & renewals; tracking of repayment policy as it relates to five year intervals; accounting of the annual pay back policy; changes in interest rates as the provincial borrowing rates change; development of an accurate provision for arrears accounts/ loans in default and working with the external auditors to develop annual financial statements. To cover all the above responsibilities and those not specifically referenced, the Finance Manager has a staff with strong skill sets in accounting procedures.

The role of Credit Manager is the supervision of solid lending practices carried out by the Loans Officers. The Credit Manager helps the Loans Officer structure an effective application. The Credit Manager must ensure that the deal is both good for the client and the Board. The Credit Manager will typically be looking for potential policy breaches especially as it relates to applicable interest rates and to security required to provide a back door exit for the Board in the event of default. The position requires the ability to coach and mentor less experienced Loans Officers in good lending practices.

The role of Senior Risk Manager is to provide adjudication to assess the risk presented with a given credit application. The Risk Manager may assign conditions under which a loan will be made to better protect the investment. Authorization limits at the Loan Officer and Senior Loan Officer level have been removed and authorization limits are restricted to the Board; the Board's Director; Credit Manager; and the Risk Manager. At least two senior staff managers must sign off on a loan prior to disbursement.

The role of the Special Credit position will provide focused special credit activities with the objective of re-establishing the farm business to a regular repayment regime; or coming to an agreeable solution to the arrears problems that works for all parties concerned. The role of Special Credit is to actively manage the arrears portion of the loan portfolio so that the Board is protected from unwarranted losses to as great an extent as possible.

## Alignment with the Provincial Economy

The NSFLB forms a critical link in the capitalization of rural Nova Scotia businesses with an investment of \$200 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:

**Enabling Responsible Economic Growth:** As discussed above, the NSFLB has a positive and significant 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. When it makes good business sense the NSFLB will partner with other lenders to allocate risk and complete a deal. Portfolio Management is critical and is top of mind.

**Supporting Research and Innovation:** The NSFLB supports innovative farmers in their quest to develop new crops and processes and in the adoption of new technology.

**Building Public Trust and Market Acceptance:** The NSFLB disburses approximately \$30 million annually. These funds are used to improve food production, to improve processes and in general improve the quality of food that consumers in Nova Scotia buy each day of the year regardless of the season. Much of this money is used to construct and improve storage facilities to maintain or enhance the quality of the food produced. Investments in improved genetic quality for breeding stock also provides greater market acceptance for a diverse line of products including cattle, mink and horticultural products. In this manner, farmers are aided to gain both Public Trust and Market Acceptance for their products.

**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. Many of the honeycrisp variety orchards now in production were planted with support of the NSFLB using our deferred payment option. The entire mink pelt crop is sold out of Province with a large proportion in China and Russia.

**Encouraging Value Added Opportunities:** One exciting opportunity in Nova Scotia is the development of the wine industry. While grape production can result in profit, wine production can be more profitable. The NSFLB has supported several growers in this transition. The NSFLB has recently invested in an organic malt operation that will support the craft beer industry. 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.

A review is underway to update the Board's regulatory and policy framework to enhance Board effectiveness in addressing industry changes; improve service quality; develop innovative and creative programs and financing solutions; and alleviate undue risk to Board investments.

## Budget Context

### Nova Scotia Farm Loan Board Operational Income Statement

| Description                           | 2016–2017            | 2016–2017            | 2017–2018            |
|---------------------------------------|----------------------|----------------------|----------------------|
|                                       | Estimate<br>(\$ 000) | Forecast<br>(\$ 000) | Estimate<br>(\$ 000) |
| Interest                              | 6,800                | 5,730                | 5,800                |
| Life Insurance revenue <sup>(1)</sup> | 22                   | 22                   | 22                   |
| Fee revenue / recoveries              | 209                  | 264                  | 209                  |
| <b>Total revenue</b>                  | <b>7,031</b>         | <b>6,016</b>         | <b>6,031</b>         |
| Interest                              | 5,100                | 4,645                | 4,700                |
| Operating expenses                    | 1,697                | 1,503                | 1,648                |
| Bad debt expense                      | 253                  | 2,920                | 253                  |
| <b>Total expenses</b>                 | <b>7,050</b>         | <b>9,068</b>         | <b>6,601</b>         |
| <b>Net income (loss)</b>              | <b>(19)</b>          | <b>(3,052)</b>       | <b>(570)</b>         |
| Transferred to the province           | 19                   | 3,052                | 570                  |
| Remaining                             | 0                    | 0                    | 0                    |

#### Notes:

See year-end annual reports for complete financial information and notes ([www.gov.ns.ca/agri/farmlb/busplan/](http://www.gov.ns.ca/agri/farmlb/busplan/)).

Interest expense is established under terms of a Memorandum of Understanding arranged with the Department of Finance.

See notes the following the Capital Funds table.

## Nova Scotia Farm Loan Board Business Plan 2017 -2018

### Capital Funds

| Description   | 2016-2017 | 2016-2017 | 2017-2018 |
|---|-----------|-----------|-----------|
|   | Estimate  | Forecast  | Estimate  |
|   | (\$ 000)  | (\$ 000)  | (\$ 000)  |
| Opening principal   | 185,600   | 180,849   | 180,415   |
| Add loan advances   | 35,000    | 32,000    | 40,000    |
| Less repayments   | (23,000)  | (32,000)  | (30,000)  |
| Less principal written off  | (3,000)   | (434)     | (2,000)   |
| Closing principal   | 194,600   | 180,415   | 188,415   |
| Provision for impaired accounts                                   |           |           |           |
| Opening provision   | 12,144    | 10,982    | 14,906    |
| Less accounts written off   | (1,000)   | (434)     | (2,000)   |
| Additions (principal portion of bad debt expense +/- adjustments) | 500       | 4,358     | 253       |
| Closing allowance   | 11,644    | 14,906    | 13,159    |
| Net portfolio at year end   | 182,956   | 165,509   | 175,256   |

The Board funds loans by arranging financing through the Department of Finance for terms similar to loans issued on a quarterly basis.

Accounting adjustments are subject to the approval of the Department of Agriculture. The Board is assigned budgetary authority through the department and is required to conform the forecast and estimate authority to the amount assigned. Authority assigned for fees, operations, and bad-debt expense is based on funding availability.

Significant portions of the Board's expenses, especially bad-debt expense, are variable, somewhat unpredictable, and beyond short-term control.

|                    |      |      |      |
|--------------------|------|------|------|
| Total Staff (FTEs) | 18.3 | 18.3 | 18.3 |
|--------------------|------|------|------|

## Outcomes and Performance Measures

### Core Business Area 1 Lending

| Outcome                                | Measure & Rationale  | Base Year Data | Targets                                | Trends  | Strategic Actions  |
|--|--|----------------|--|---|--|
| Growth in the rural economy            | Total new funds advanced during the year (in millions). [As a measure of new economic activity]. | 2012: \$21.1 m | 2016-17: \$30 m<br>2017-18: \$35 m     | 2012-13: 26.4<br>2013-14: 31.1<br>2014-15: 25.5<br>2015-16: 25.7<br>2016-17: 32.0<br>forecast | Continue to provide loan financing to clients who have a reasonable likelihood of success.<br>Continue to develop additional loan products to meet client needs, including clients with lower inherent risk and less likelihood of loss.<br>Ensure that lending information is readily available to those seeking credit, through the website, publicity, and participation in producer meetings as well as directly through the loan officers.  |
| Increase in stable successful clients. | Total arrearages as percentage of value of all accounts. [As an indication of client strength].  | 2006-07: 3.7%  | 2016-17: 3.0% or less<br>2017-18: 5.5% | 2012-13: 4.4%<br>2013-14: 4.3%<br>2014-15: 5.2%<br>2015-16: 4.6%<br>2016-17: 6.0% forecast    | The special credit section will continue working with clients in arrears or having trouble to achieve the best chance of success in the long term (see arrears strategies above).<br>Monitor account status, contacting clients in arrears and referring them to industry resources where appropriate. Maintain contact and work with client and work out arrangements for payment. Include larger arrears accounts in annual review process.<br>Strengthened new-loan approval review, using the Risk Manager position. |

NOVA SCOTIA FISHERIES AND  
AQUACULTURE LOAN BOARD

BUSINESS PLAN

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2017 - 2018

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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 business plan for 2017-2018. The plan outlines the Board's goals and priorities for the coming year in line with its mission and mandate.

The primary focus of the Board continues to be the provision of fisheries and aquaculture financing to encourage, sustain, improve and develop the fishing and aquaculture industry in Nova Scotia.

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

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Peter Corey  
Acting Chair  
Nova Scotia Fisheries and Aquaculture Loan Board

## Mission

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

## Vision

The Nova Scotia Fisheries and Aquaculture Loan Board (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 under the authority of 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 and 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 specific lending needs. These include: loans for licenses; new vessel construction loans; used vessel purchase loans; aquaculture loans; and; loans for shore-based infrastructure and operations.

The position of Director of Crown Agencies was established in 2012 to work cooperatively with the two departmental lending agencies and their respective Boards of Directors. The Director acts as the Chief Executive Officer for both Boards. This new organizational structure has resulted in a great deal of harmonization between the two Board's. Crown Agency Managers report directly to the Director of Crown Agencies. The Director of Crown Agencies is responsible for the operations of both the Nova Scotia Fisheries and Aquaculture Loan Board and the Nova Scotia Farm Loan Board. The Director of Crown Agencies reports to the Deputy Minister of Agriculture and is also responsible to the Minister of Agriculture, and Fisheries and Aquaculture.

Staff that support the NSFALB are primarily trained in fisheries and aquaculture lending and know these sectors very well. Many maintain in-depth knowledge of fisheries and aquaculture businesses and are well-equipped to understand the inner-workings of fisheries and aquaculture finance. The NSFALB staff are committed to the industry and are interested in serving their client base effectively, with the right product at the right time. Staff are part of the larger Department of Agriculture and maintain very close connection with the Department of Fisheries and Aquaculture and thus can access many additional resources.

Capital can be acquired for both short and long-term developments, utilizing fixed-rate loans. Term loans of five and ten years with fixed rates are available for short to medium length developments. Long term financing with a maximum of 20-year amortization and an accompanying fixed rate of interest are available for several loan types, including new vessel construction and license purchases. The maximum amortization of some other types of loans is dependent on the working life of the asset as determined by the NSFALB.

## Portfolio Management

The developmental nature of the NSFALB means that, in practical terms, the Board is willing to take on more credit risk than a traditional bank. The result of this is that the board carries larger arrears than would be acceptable to a mainstream, institutional lending organization. To better manage this risk and provide greater certainty around collection, more emphasis has been placed on credit assessment, risk assessment, and special credit roles.

The role of Finance Manager is to maintain the integrity of the accounting as it relates to the entire portfolio. This broad definition includes: loan bookings and disbursements; posting of payments; receipting of payments and maintaining accurate, balanced records; tracking of term maturities; changes in interest rates as the provincial borrowing rates change; development of an accurate provision for arrears accounts and working with external auditors to develop annual financial statements. To cover all the above responsibilities and those not specifically referenced, the Finance Manager has a staff with strong skill sets in accounting procedures.

The role of Credit Manager is critical to supervision of solid lending practices carried out by the Loans Officer. The Credit Manager helps the Loan Officers structure an effective application. The Credit Manager must ensure that the deal is both good for the client and the Board. The Credit Manager will typically be looking for potential policy breaches especially as it relates to applicable interest rates and to security required to provide a back door exit for the Board in the event of default. The position requires the ability to coach and mentor less experienced Loans Officers in good lending practices.

The role of the Risk Manager is to provide adjudication to assess the risk presented with a given credit application. The Risk Manager may assign conditions under which a loan will be made to better protect the investment. Authorization limits at the Loan Officer and Senior Loan Officer level have been removed and authorization limits are restricted to the Board; the Director; Credit Manager and Senior Risk Manager.

The role of the special credit staff is to provide focused special credit activities with the objective of re-establishing the fishery or aquaculture business to a regular payment regime; or coming to an agreeable resolution to the arrears problem that works for all parties concerned. The role of special credit staff is to actively manage the arrears/default portion of the loan portfolio so that the Board is protected from unwarranted losses to as great an extent as possible.

## Alignment with the Provincial Economy

The NSFALB forms a critical link in the capitalization of rural Nova Scotia businesses with an investment of \$100 million in Nova Scotia fisheries and aquaculture businesses. The capital is 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.

These investments make Nova Scotia a better and more productive place to harvest, grow or process fish as well as provide opportunities for Nova Scotians to purchase local seafood. 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 Nova Scotia Department of Fisheries and Aquaculture has identified five strategic themes:

**Enabling Responsible Economic Growth:** As discussed above, the NSFALB has a positive and significant 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. When it makes good business sense the NSFALB will partner with other lenders to allocate risk and complete a deal. Portfolio management is critical and is top of mind.

**Supporting Research and Innovation:** The NSFALB supports innovative fisheries and aquaculture businesses in their quest to extract value from new fisheries and species and in the adoption of new technologies.

**Building Public Trust and Market Acceptance:** The NSFALB disburses more than \$20 million annually. These funds are used to improve seafood production, to improve processes and in general improve the quality of seafood available to local consumers. Much of this money is used to construct and improve fishing vessels or aquaculture operations to maintain or enhance the quality of the seafood produced. Significant investment in primary production ensures that the highest quality possible seafood is grown and harvested, ensuring premium quality products are generated from Nova Scotia resources.

**Increasing Trade and Market Access:** Fish and seafood is currently Nova Scotia's largest export. In 2016, Nova Scotia exported \$1.81 billion of fish and seafood. Lobster, crab, scallop and shrimp were the largest fish exports in 2016 valued at \$953 million, \$225 million, \$141 million and \$113 million, respectively. The NSFALB has made significant investments in many of these sectors and, in particular the lobster sector, whose exports increased by over \$564 million from 2007 to

2016. The board also supports the province's fisheries and aquaculture sector as they diversify their markets and leverage the negotiation of trade agreements in key regions. The board also supports the province's fisheries and aquaculture sector as they diversify their markets and leverage the negotiation of trade agreements in key regions.

**Encouraging Value Added Opportunities:** The NSFALB 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.

Review is underway to update the Board's regulatory and policy framework to enhance Board effectiveness in addressing industry changes; improve service quality; develop innovative and creative programs and financing solutions; and alleviate undue risk to Board investments.

## Budget Context

### NOVA SCOTIA FISHERIES AND AQUACULTURE LOAN BOARD OPERATIONAL INCOME STATEMENT

| Description                 | 2016-2017<br>Estimate<br>(\$000) | 2016-2017<br>Forecast<br>(\$000) | 2017-2018<br>Estimate<br>(\$000) |
|-----------------------------|----------------------------------|----------------------------------|----------------------------------|
| Interest revenue            | 7,500                            | 6,400                            | 6,500                            |
| Loan fees                   | 164                              | 226                              | 204                              |
| <b>Total revenue</b>        | <b>7,664</b>                     | <b>6,626</b>                     | <b>6,704</b>                     |
| Interest expense            | 4,900                            | 4,300                            | 4,300                            |
| Operating expenses          | 838                              | 706                              | 692                              |
| Bad debt expense            | 78                               | 1,382                            | 78                               |
| <b>Total Expenses</b>       | <b>5,816</b>                     | <b>6,388</b>                     | <b>5,070</b>                     |
| <b>Net income (loss)</b>    | <b>1,848</b>                     | <b>238</b>                       | <b>1,634</b>                     |
| Transferred to the province | (1,848)                          | (238)                            | (1,634)                          |
| Remaining                   | 0                                | 0                                | 0                                |

**Notes:**

See year-end annual reports for complete financial information and notes

(<http://www.novascotia.ca/fish/about-us/business-plans-and-accountability-reports/>).

Interest expense is established under terms of a Memorandum of Understanding arranged with the Department of Finance.

## Capital Funds

| Description   | 2016-2017<br>Estimate<br>(\$000) | 2016-2017<br>Forecast<br>(\$000) | 2017-2018<br>Estimate<br>(\$000) |
|---|----------------------------------|----------------------------------|----------------------------------|
| <b>Opening principal</b>  | 102,482                          | 103,915                          | 103,915                          |
| Add loan advances   | 30,000                           | 26,000                           | 35,000                           |
| Less repayments   | (25,000)                         | (27,000)                         | (25,000)                         |
| Less principal written off  | (1,000)                          | (631)                            | (2,000)                          |
| <b>Closing principal</b>  | <b>106,482</b>                   | <b>102,284</b>                   | <b>111,915</b>                   |
| <b>Provision for impaired accounts</b>                                  |                                  |                                  |                                  |
| <b>Opening provision</b>  | 1,685                            | 1,438                            | 2,393                            |
| <b>Less accounts written off</b>  | (1)                              | (631)                            | (2,000)                          |
| Additions (principal portion of<br>bad debt expense +/-<br>adjustments) | 78                               | 1,586                            | 78                               |
| <b>Closing allowance</b>  | <b>1,762</b>                     | <b>2,393</b>                     | <b>471</b>                       |
| <b>Net portfolio at year end</b>  | <b>104,720</b>                   | <b>99,891</b>                    | <b>109,777</b>                   |

## Outcomes and Past Performance Measurements

| Outcome                            | Measure Rationale   | Data   | Targets 2017-18          | Ultimate Target                             | Strategic Priorities to Address  |
|------------------------------------|---|--|--------------------------|---|--|
| <b>Growth in the rural economy</b> | Total new funds advanced during the year (in millions)<br>[As a measure of new economic activity] | 2005-2006: 14<br>2012-2013:16<br>2013-2014:18<br>2014-2015: 25<br>2015-2016: 21<br>2016-2017: 26 | Increase annual advances | Increase annual advances over previous year | <p>Be more flexible and responsive to industry needs</p> <p>Enhance service orientation and market focus</p> <p>Provide more relevant and meaningful products</p> <p>Be more competitive</p> <p>Support industry succession and development</p> <p>Manage and take calculated risks</p> <p>Increase Awareness and Profile</p> <p>Create a balanced and diversified portfolio</p> |

Nova Scotia Fisheries and Aquaculture Loan Board Business Plan 2017-2018

|   |   |  |   |  |  |
|---|---|--|---|--|--|
| <p>Increase the number and success of participants in the fisheries and aquaculture sectors</p> | <p>Average age of loan applicants</p> <p>% (by #) of loan applicants aged 19-35</p> <p>% (by #) of applicants applying as new entrants or new species</p> | <p>2014-2015: 44<br/>2015-2016: 42<br/>2016-2017: 38 (forecast)</p> <p>2015-2016: 5%<br/>2016-2017: 4%</p> <p>2014-2015: 44<br/>2015-2016: 14<br/>2016-2017: 20 (forecast)</p> | <p>Maintain below 45</p> <p>Increase % of applications annually from this cohort</p> <p>Increase the number of new entrants who successfully qualify for loan board financing</p> | <p>Facilitate business and industry succession</p> | <p>Enhance service orientation and market focus</p> <p>Support industry succession and development</p> <p>Manage and take calculated risks</p> <p>Increase awareness and profile</p> |
| <p><b>Increase in stable, successful clients</b></p>  | <p>Percentage of accounts in arrears</p> <p>[As an indication of client strength]</p>   | <p>2005-06: 1.3<br/>2012-13: 3.7<br/>2013-2014: 4.1<br/>2014-2015: 2.7<br/>2015-2016: 3.0<br/>2016-2017: 2.5</p>   | <p>Maintain at less than 3.0%</p>   | <p>Less than 3.0%</p>                              | <p>Create a balanced and diversified portfolio</p> <p>Manage and take calculated risk</p>  |

# Nova Scotia Lands Incorporated



## Business Plan 2017-2018

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## Message from the Minister and the President

Since its establishment in 2006, Nova Scotia Lands Inc. (NSLI) has achieved very steady progress in several major environmental and site redevelopment areas. The decommissioning of the Sydney Steel Corporation (Sysco) plant has been completed, as well as the environmental cleanup of the 185 hectare (ha) site. The first three phases, totaling 68 ha (170 acres) have been completely serviced and turned over to Harbourside Commercial Park Inc. (HCPI) for commercial development. The remaining lands of 65 acres will be turned over to Harbourside Commercial Park. On the remaining portion of the former Sysco steel plant site, slag reclamation and sales will continue.

In 2017-2018, one of the roles of NSLI will be to continue activities at the former Sysco site, recycle any remaining products of value, and put in place the necessary infrastructure for continued management of the commercial park facility on behalf of HCPI. We will continue to assist in marketing this park to regional, national, and international interests. NSLI will also put to use its substantial environmental cleanup experience to deal with other contaminated sites, such as the Boat Harbour industrial waste facility. NSLI will continue as custodian of Open Hearth Park (former Tar Ponds) and Harbourside East (former Coke Ovens) sites, ensuring appropriate long-term maintenance and monitoring, while encouraging use and development of the sites.

In 2017-2018, NSLI will continue management of the Port Mersey Commercial Park (former Bowater site). We are also continuing to manage the Pictou Wharf facility, which includes major upgrades to the dock utilities and fender systems.

Co-operative efforts will continue with a number of regional municipalities in planning for viable reuse of provincially owned properties in order to assist municipal governments in rebounding from the loss of a major industry.

The Honourable Geoff MacLellan  
Minister of Transportation and Infrastructure Renewal

Gary Campbell  
President, Nova Scotia Lands Inc.

## Mandate

To prioritize for action, assess and where necessary, remediate provincially owned properties with the objective of returning these lands to reusable condition, with no substantive environmental or safety concerns.

To seamlessly manage former brown field industrial sites that operate under Environmental Approvals and Environmental Management Plans. These sites include Harbourside Commercial Park and Open Hearth Park in Sydney, Nova Scotia and Port Mersey Commercial Park in Liverpool, Nova Scotia. Nova Scotia Lands also manages the revitalized Pictou Wharf in Pictou, Nova Scotia. The commercial park facilities are managed with an eye to community economic/employment benefit while striving to operate in a fiscally responsible manner aiming to achieve viable operations with minimal or no government financial support.

Treating waste frack water in a few locations and the decommissioning of frack water sites located at Kennetcook (2 sites) and Debert. Attempt to complete this project by the end of second quarter.

In addition to the above listed sites, Nova Scotia Lands is commencing a remediation program of Boat Harbour – a harbour impacted through the years by pulp and paper mill effluent.

## Governments Priorities

### 1) People

Although in our mandate we talk of operations that are financially viable, more importantly people form one of our main focuses:

- a) Nova Scotia Lands maintain a core group of people who both oversee development and manage the day to day activities at their sites. In addition to a committed labour contingent, the corporation maintains engineers, accountants, vehicle operators and trades people whose collective interests include ongoing development for the benefit of the communities in which Nova Scotia Lands Inc. personnel operate and live. Worker participation in decisions, training and positive interpersonal relations are promoted and encouraged.
- b) In addition to employment and employee/employer relations, the community needs green space and a place for active living. The Open Hearth Park – formerly Tarponds – provides an outdoor venue second to none in the Province where active living is encouraged. The park has walking trails with outdoor exercise stations, playground, artificial turf football field, soccer field and an off leash dog park. In addition, the Harbourside Commercial Park sports tennis and basketball courts, soccer field and

quarter mile track. The green space is also used as a venue to host community events and activities such as concerts and charitable fundraising events.

## 2) Innovation

a) Slag Operations at first glance might seem fairly simple and innocuous type of gravel quarrying operation, but look again.



- Slag is a recycled aggregate that supplants quarried aggregates mined from virgin ground. The product as an aggregate is superior to most mined products,
- Nova Scotia Lands in conjunction with Dalhousie University has completed studies at the Nova Scotia Agricultural College Campus in Truro demonstrating that slag is suitable material for replacement of septic bed sand in sloping filters, and
- Currently Nova Scotia Lands has assessed the viability of different slag blends and has determined that the blends have superior potting soil. This material will also be tested in conjunction with a waste compost product at the Port Mersey site (a waste stream from the former Bowater water treatment facility).
- Slag is also recognized to help in acid mine drainage in the Cape Breton area.
- Plan to study slag as a filter media in waste water treatment facilities.

## 3) Education

For several years Nova Scotia Lands and associated corporations have employed university students for spring, summer and fall work in fields close to their chosen line of study. In the upcoming year, Nova Scotia Lands will assess means and methods where by their contractors will be encouraged to employ students seeking trade certifications through apprenticeship programs. Strive to employ university and trade personnel.

## Core Responsibilities and Services

### Harbourside Commercial Park Development

Continue management, promotion and development of this first class commercial park in the core of downtown Sydney.



Key Actions:

- Explore marketing advertising opportunities to further park usage,
- establish industrial/commercial tenant for north brown field property,
- continue management and maintenance of park facilities,
- continue with quarrying, marketing and sales of slag product,

- e) further research on use of slag as growing medium, and as a filter medium for waste water treatment,
- f) investigate commercial development opportunities for Harbourside East and Frederick Street properties, and
- g) maintain financial viability whereby government financial assistance is negligible or not required.

### Port Mersey Commercial Park Development

Continue management, promotion and development of this first class commercial park in the Brooklyn/Liverpool sector of Queens County.



Key Actions:

- a) Explore marketing and advertising opportunities to further park usage,
- b) establish and work with tentative new tenants/partners on ship breaking program,
- c) continue wharf repairs,
- d) further research on ASB compost product as potential growing medium blend,
- e) establish at minimum two new commercial tenants,
- f) rationalize or sell remaining redundant industrial equipment,
- g) explore harbour development plans,
- h) manage works to minimize government funding requirements, and
- i) expansion of Terminal Two Wharf.

### Open Hearth Park Management

Promote and encourage active living and community cohesiveness through Open Hearth Park operations.



Key Actions:

- a) Work with Cape Breton Regional Municipality in the extension of Open Hearth trails to the downtown boardwalk and cruise-ship pavilion,
- b) encourage use of the park through promotional events which may include summer concerts, parades and holiday activity events,
- c) stay within the funding guidelines provided through the 25 year federal/provincial cost share agreement, and
- d) complete connection from Harbourside Commercial Park to North Bridge in Open Hearth Park.

## Boat Harbour Operations

- a) Install service road,
- b) commence pilot scale remediation trials, and
- c) one cove will be segregated from Boat Harbour for remediation trail by March 31<sup>st</sup>.

## Long Term Maintenance and Monitoring

Continue with established and approved maintenance and environmental monitoring of the remediated, brownfield sites to ensure stability.

Key Actions:

- a) At Open Hearth Park - LTMM,
- b) Harbourside Commercial Park/Sysco – LTMM,
- c) Port Mersey Park – promote growth and use of park, approvals requirements, and
- d) Boat Harbour requirements.

## Outcomes and Performance Measures

### Core Business Area 2: Commercial Park Development

Promote the growth and expansion of the two commercial parks falling under NSLI's mandate by promoting the attributes of the parks, assisting businesses in leasing space (and buildings) in the parks and enabling tenants to succeed by facilitating contracts with government and other resources wherever possible.

NSLI has been active in the past year attracting new tenants to the parks and will work with community and government contacts to target additional tenants in the parks in 2017/18.

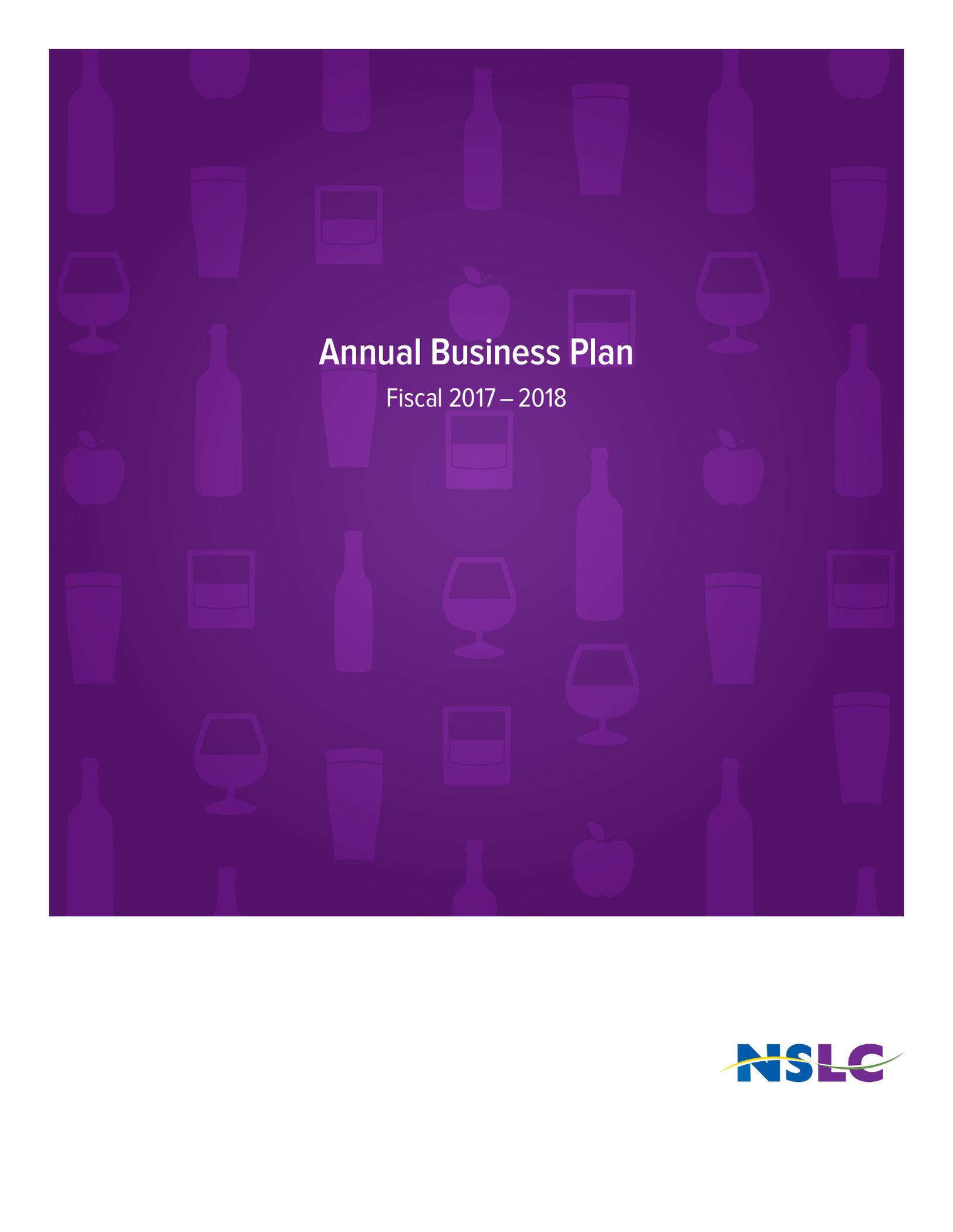
NSLI will endeavor to attain this goal by continuing to focus on helping clients establish and promote businesses in the parks through the facilitation of contacts with local government departments and agencies to ensure widespread knowledge of the resources, services and opportunities available to business from park tenants.

Expand use of auxiliary wharf.

Key action is the additional employment of 30 employees for both parks.

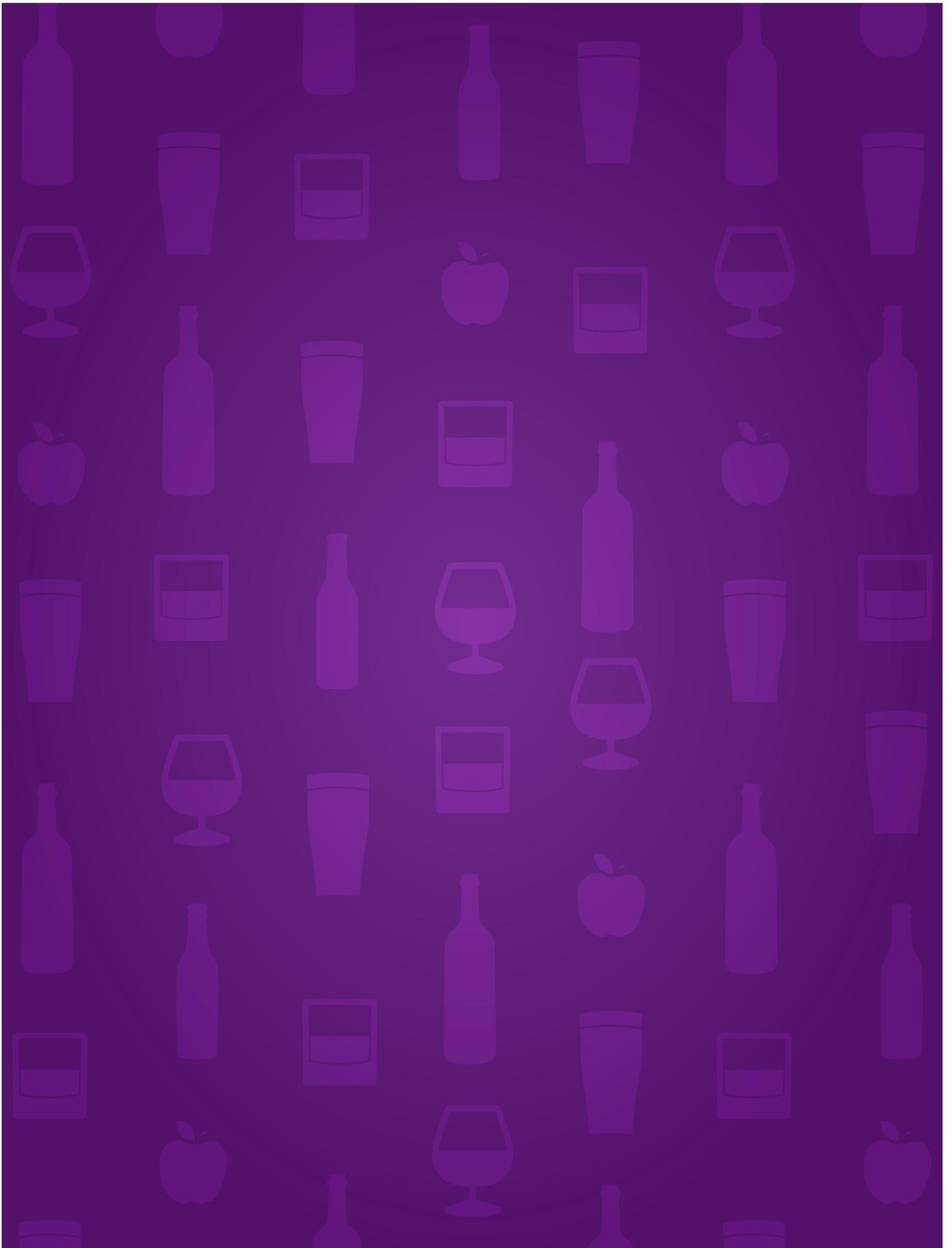
## NOVA SCOTIA LANDS INC. BUDGET CONTEXT

|  | Estimate<br>2016-2017<br>('000) | Forecast<br>2016-2017<br>('000) | Estimate<br>2017-2018<br>('000) |
|--|---------------------------------|---------------------------------|---------------------------------|
| <b>REVENUES</b>                        |                                 |                                 |                                 |
| Management Fee from HCPI               | 206                             | 206                             | 146                             |
| Miscellaneous Recoveries               | 124                             | 15                              | 0                               |
| Grant – Pictou Wharf                   | 178                             | 0                               | 79                              |
| OHP LTMM Fund & Admin<br>Fee           | 1,213                           | 886                             | 1,113                           |
| Boat Harbour & Admin Fee               | 4,993                           | 2,714                           | 4,838                           |
| Grant - MV Miner                       | 0                               | 0                               | 159                             |
| MV Miner – Other Expenses              | 118                             | 0                               | 0                               |
| Envirosystems & Admin Fee              | 0                               | 523                             | 3,259                           |
| Admin Fee Port Mersey                  | 256                             | 0                               | 183                             |
| Sysco LTMM & Admin Fee                 | 825                             | 700                             | 1,345                           |
| Miscellaneous Income                   | 80                              | 62                              | 317                             |
| <b>TOTAL REVENUE:</b>                  | <b>7,993</b>                    | <b>5,106</b>                    | <b>11,439</b>                   |
| <b>EXPENSES</b>                        |                                 |                                 |                                 |
| Payroll                                | 1,252                           | 863                             | 1,098                           |
| General and Administration<br>Expenses | 620                             | 473                             | 820                             |
| Consulting Expenses                    | 100                             | 63                              | 0                               |
| Sysco LTMM                             | 319                             | 379                             | 1,002                           |
| Sysco Capital                          | 250                             | 65                              | 0                               |
| OH Park and CO LTMM                    | 952                             | 625                             | 898                             |
| Pictou Wharf                           | 0                               | 8                               | 0                               |
| Boat Harbour                           | 4,500                           | 2,221                           | 4,521                           |
| Envirosystems                          | 0                               | 411                             | 3,100                           |
| <b>TOTAL EXPENSES:</b>                 | <b>7,993</b>                    | <b>5,108</b>                    | <b>11,439</b>                   |
| <b>NET INCOME (LOSS):</b>              | <b>0</b>                        | <b>-2</b>                       | <b>0</b>                        |



# Annual Business Plan

Fiscal 2017 – 2018



# Mandate & Legislated Responsibility

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The Nova Scotia Liquor Corporation (NSLC) is a Nova Scotian company and has been since 1930. We're owned by the people of Nova Scotia through their government and 100% of 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 Liquor Control Act. 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 our employees and customers.

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 developed 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 our business to be in balance with all of our mandates, including corporate social responsibility and support for local industry. But the NSLC is also a retailer. We have 103 retail stores, along with 60 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.

## 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 three priorities of the Government of Nova Scotia: people, innovation and education, within an overall context of fiscal sustainability and a firm commitment to delivering 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.

# NSLC Core Focus Areas

The Five-Year Strategic Plan is guiding the organization toward 2020 and outlines how we will continue on our journey to offer superior customer service and superb experiences at every touchpoint. We are focusing our efforts 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 are 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 manage our business by making decisions that consider and support our key focus areas while always keeping our mandate, our people and responsibility 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. A new leadership structure was introduced in the fall of 2016, creating a framework for greater accountability, collaboration and teamwork. This structure offers strong integration across all customer touchpoints - where alignment is key - and will ensure we can continue to improve our level of customer service and satisfaction.





## 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 in ensuring that we continue to engage with them as the retail landscape changes.

Reviewing trends and insights allow us to provide relevant and innovative product offers and services. The design of our retail network is based on customer demands and keeps customer satisfaction at the forefront of our activities. We continue to add diversity in our retail network with our banner strategy. During the last fiscal year, we opened our specialty store, The Port by The NSLC, and introduced our NSLC Express format.

We recently conducted a review of our main store space with a view to changing the flow, merchandising and signage to better align with customer preferences and needs. Changes are starting to be implemented within the network, with new store builds or renovations, as part of our banner strategy implementation.

**We are relentlessly focused on our customers.**

### Actions for 2017/18:

*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.
- Further evolve and support the Retail Product Specialist (RPS) role to strengthen customer experience.
- Recognize that employee training and development is key to providing a great work experience as well as to deliver exceptional customer service. Training in the coming year will focus on core competencies to help our employees be even more successful in their work.
- Continue to improve performance management efforts.
- Continue to implement network diversification to clarify customer offering and satisfy demand. During F18 this will include a new Beer Experience retail store as well as efforts to invigorate small stores in our retail network.

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# Local Industry

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

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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 preferential markups, giving direct monetary support for industry associations, listing 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 2017/18:

*We will:*

- Continue to provide counsel and recommend regulation and policy changes that will help the local industry achieve its objectives. We will do this in large part by working with the Industry Associations that have been put in place to bring together government and the local industry to provide direction on future strategies and objectives.
- Continue to collaborate with local industry to support their growth, including the provision of financial incentives which allow them to invest more in their businesses; and by directly utilizing our retail network and retail expertise to promote their available products.
- Ensure local product offering is clearly reflected in our retail stores and communications.
- Continue to assess, recommend, and implement policy changes which reduce red tape and make it easier for business owners to navigate their way through regulations and programs.
- 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.

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**We work hard to do our part to contribute to the success of local industry.**

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# 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.

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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. 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

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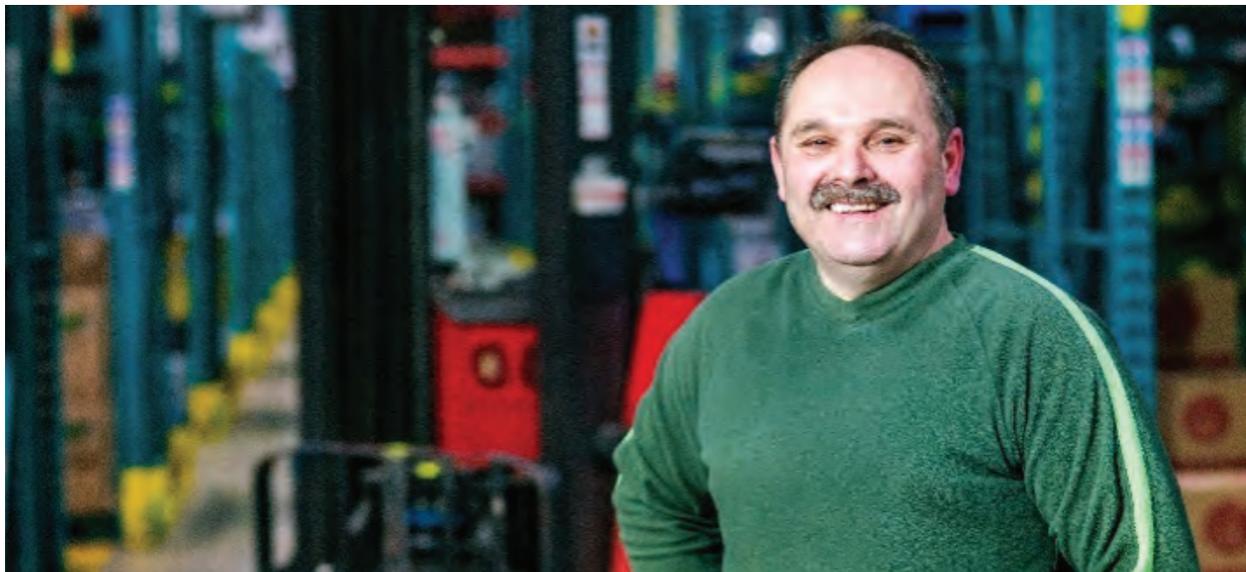
**We manage margin and expenses carefully, through disciplined and sustainable management practices.**

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 2017/18:**

*We will:*

- Continue to review and refine processes, bringing efficiencies into the workplace.
- Put data strategy 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.
- Further integrate Enterprise Risk Management within our business.
- Implement Year 3 of our Network Plan.
- Continue to invest in training and development for our employees.
- Deliver \$236.2M 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 the goals set out in our Five-Year Strategic Plan. Our corporate KPI's are:

## Customer:

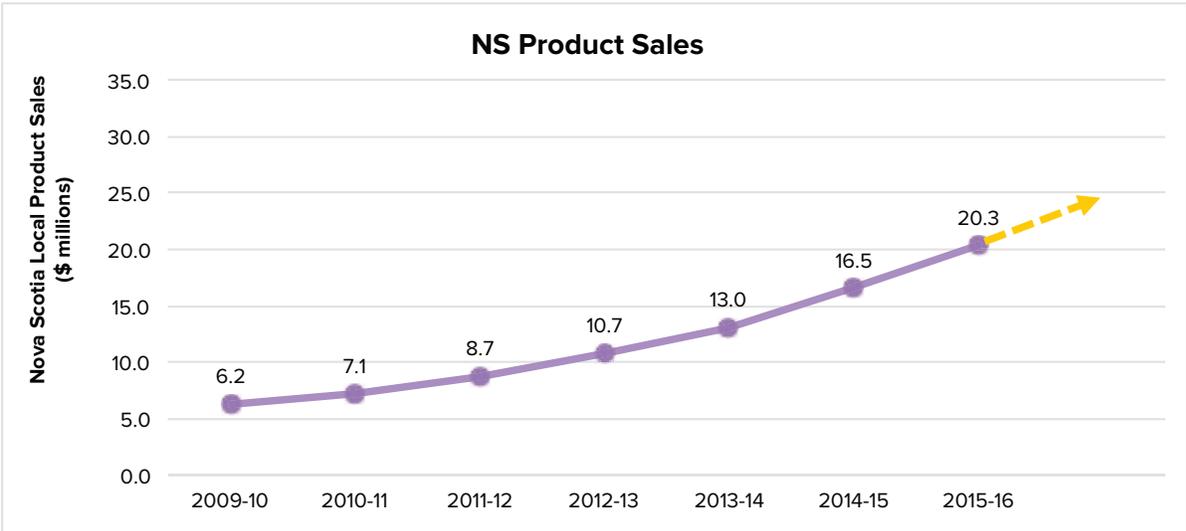
Customer Satisfaction:

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Ongoing Target |
|------|------|------|------|------|------|------|------|------|------|----------------|
| 83%  | 85%  | 89%  | 87%  | 86%  | 88%  | 88%  | 88%  | 90%  | 90%  | <b>90%</b>     |

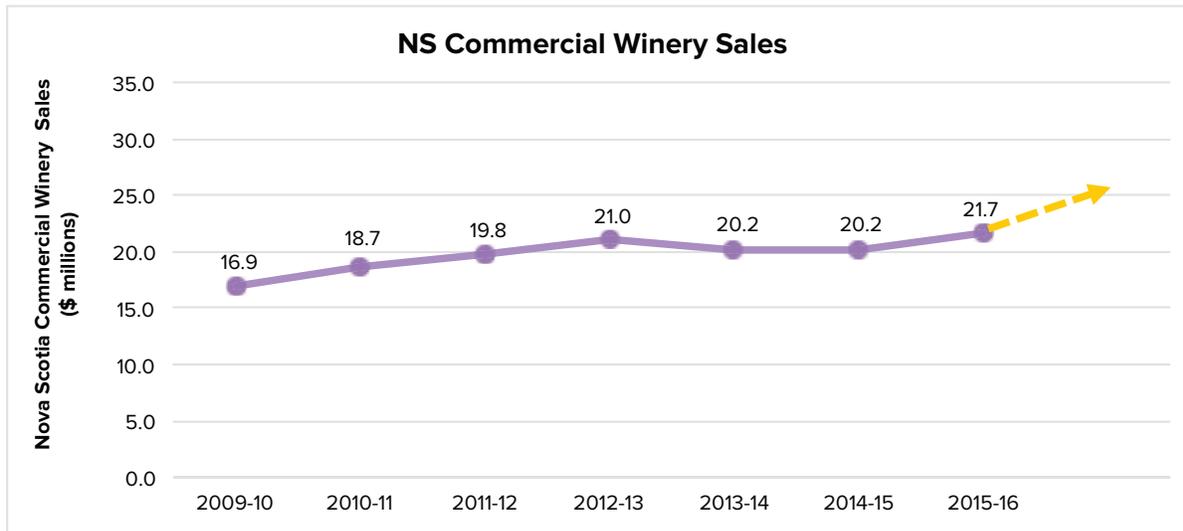
Employee Engagement:

| 2003 | 2005 | 2008 | 2011 | 2013 | 2015 | 2020 Target |
|------|------|------|------|------|------|-------------|
| 75.8 | 76.6 | 73.7 | 72.8 | 76.0 | 76.3 | <b>80.0</b> |

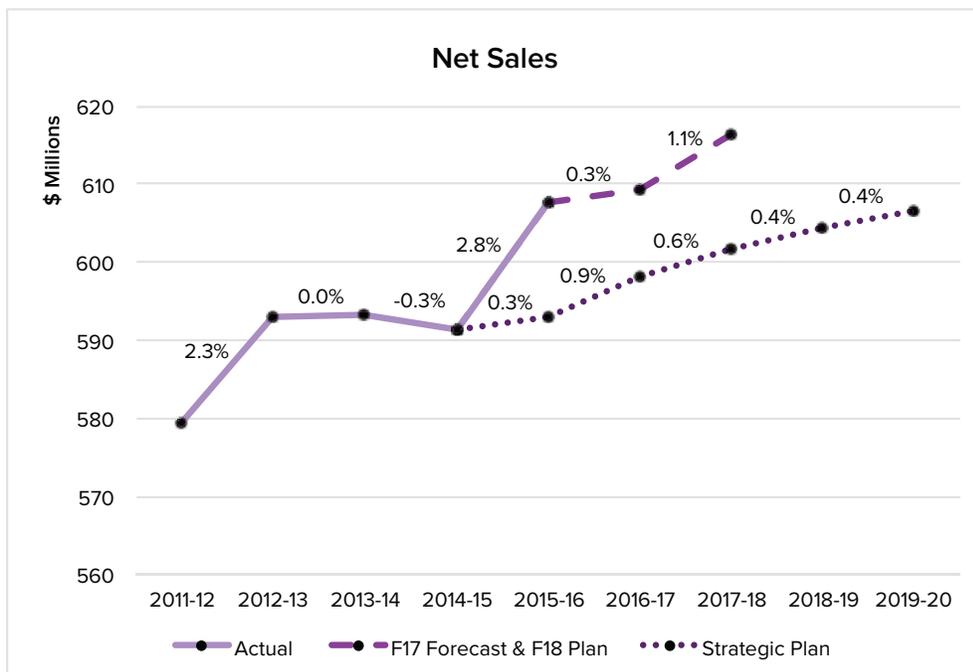
## Local Industry



## Local Industry (continued)

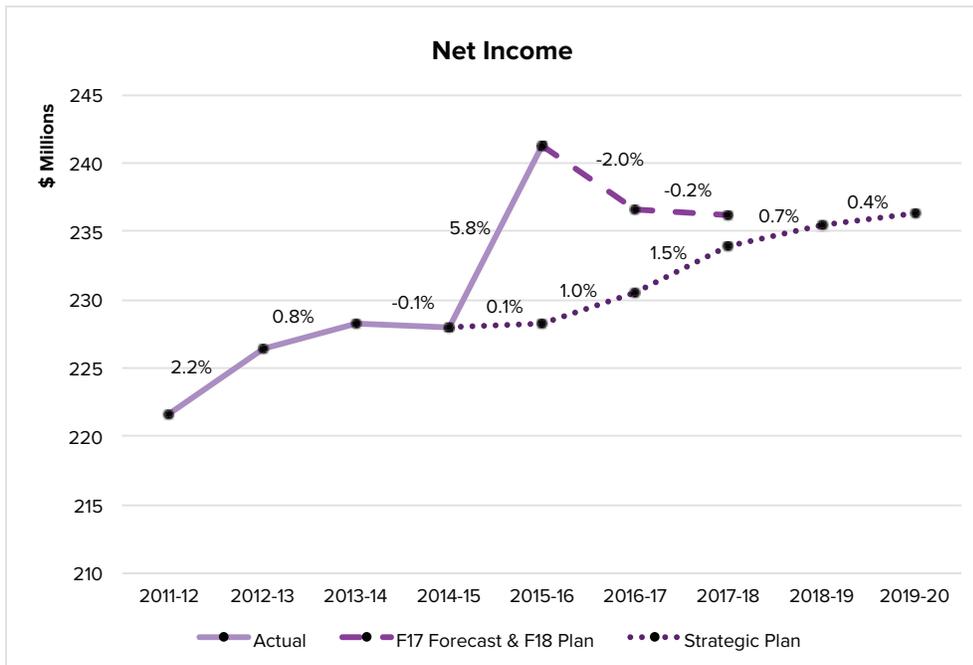


## Financial

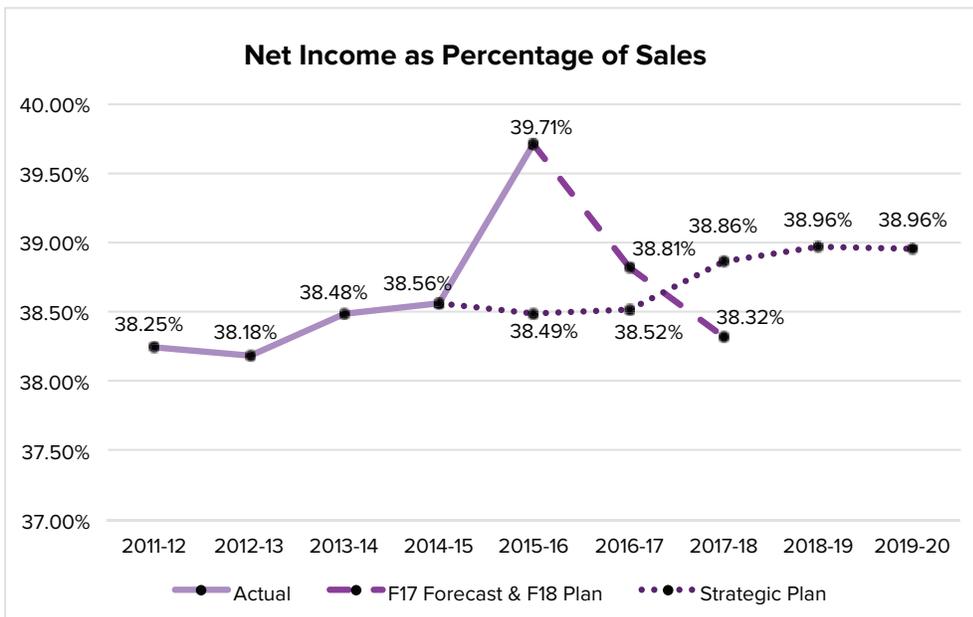


Percentage indicates the percentage change in Net Sales from previous year.

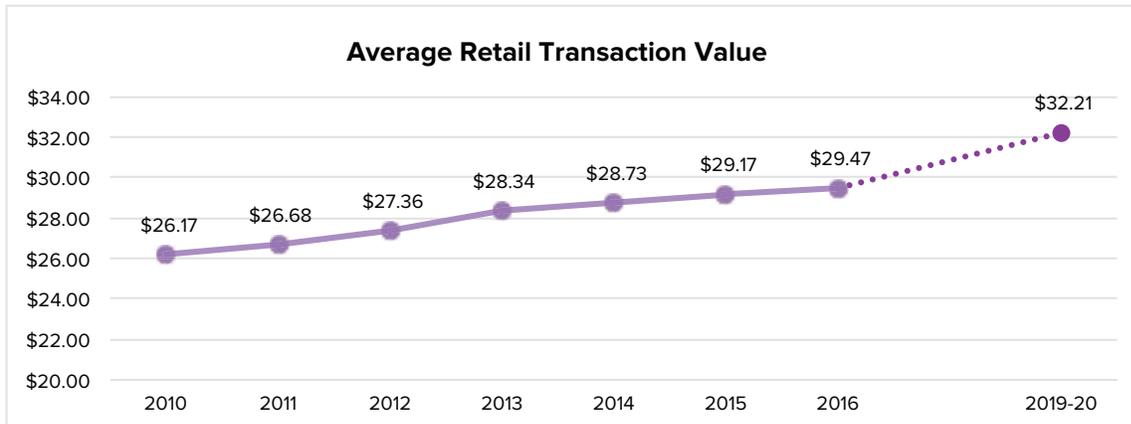
## Financial (continued)



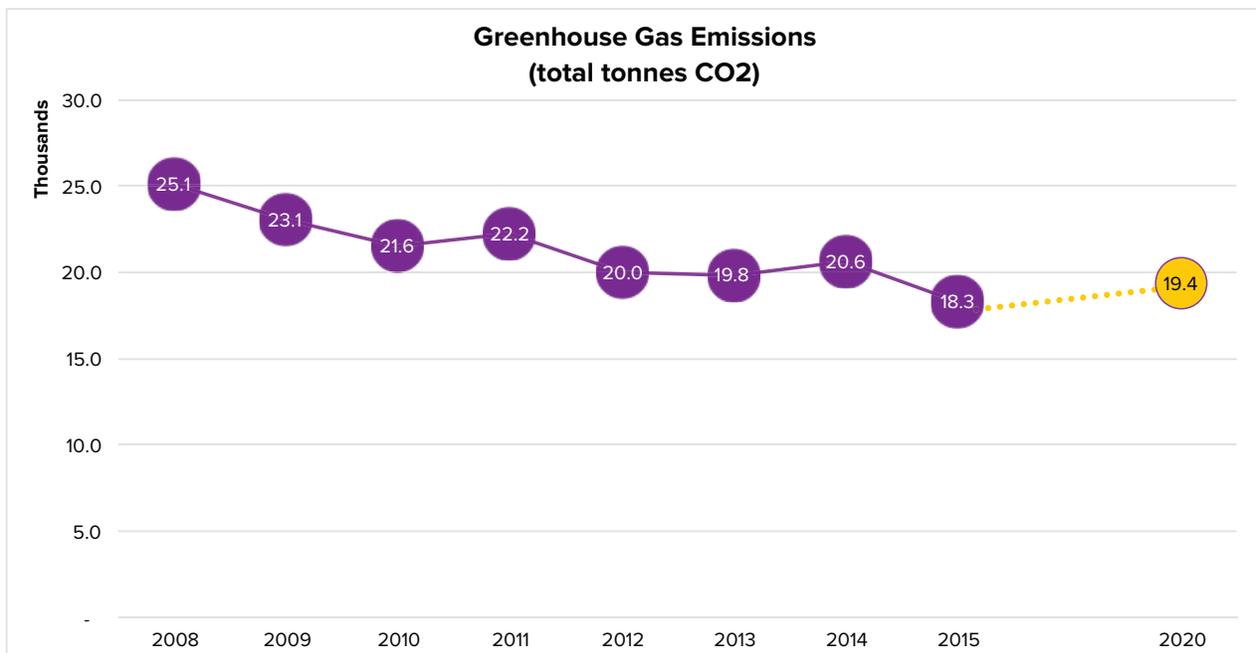
Percentage indicates the percentage change in Net Sales from previous year.



## Financial (continued)



## Corporate Social Responsibility



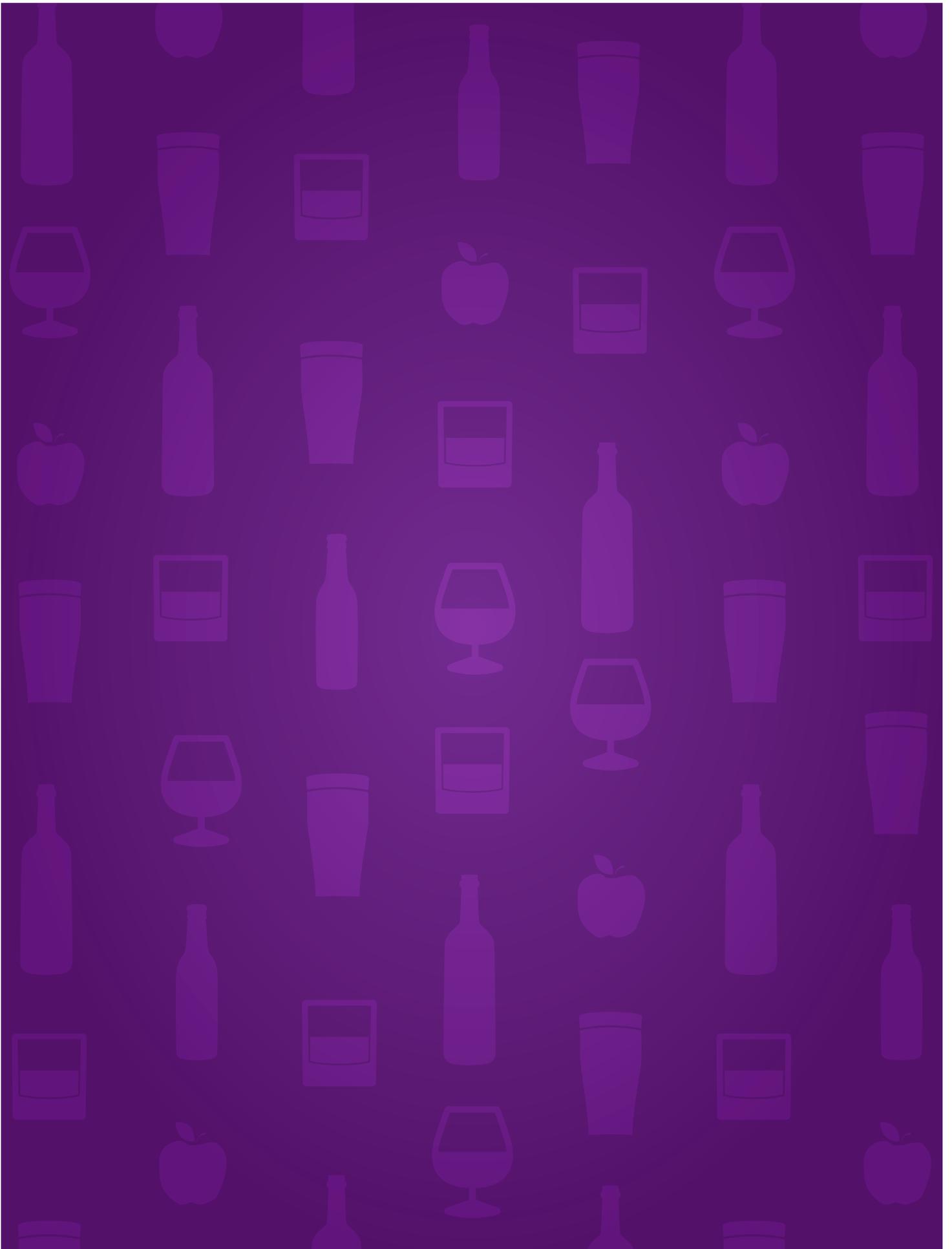
## Budget Context

|   | Actual<br>2012–13<br>(\$) | Actual<br>2013–14<br>\$ | Actual<br>2014–15<br>\$ | Actual<br>2015–16<br>\$ | Forecast<br>2016–17<br>\$ | Sales<br>(%)  | Budget<br>2017–18<br>\$ | Change<br>(%) |
|---|---------------------------|-------------------------|-------------------------|-------------------------|---------------------------|---------------|-------------------------|---------------|
| Spirits   | 167,676,041               | 167,166,069             | 163,265,323             | 165,636,957             | 164,171,631               |               | 164,513,492             |               |
| Wine  | 127,699,861               | 133,211,335             | 135,160,664             | 141,348,224             | 144,322,055               |               | 150,008,869             |               |
| Beer  | 282,967,960               | 278,635,186             | 275,454,680             | 281,484,342             | 277,317,438               |               | 275,130,190             |               |
| Ready-to-drink                                  | 23,123,957                | 23,895,350              | 28,040,206              | 30,557,393              | 34,805,086                |               | 38,467,063              |               |
| Non-liquor                                      | 123,369                   | 119,965                 | 125,883                 | 121,396                 | 132,566                   |               | 120,000                 |               |
| <b>Total Gross Sales</b>                        | <b>601,591,188</b>        | <b>603,027,904</b>      | <b>602,046,757</b>      | <b>619,148,313</b>      | <b>620,748,775</b>        | <b>101.9%</b> | <b>628,239,614</b>      | <b>1.2%</b>   |
| Less: Discounts                                 | 8,648,296                 | 9,861,940               | 10,746,737              | 11,563,725              | 11,324,754                | 1.9%          | 11,831,740              |               |
| <b>Net Sales</b>                                | <b>592,942,892</b>        | <b>593,165,964</b>      | <b>591,300,020</b>      | <b>607,584,588</b>      | <b>609,424,021</b>        | <b>100.0%</b> | <b>616,407,874</b>      |               |
| Cost of Sales                                   | 268,361,767               | 268,001,097             | 263,507,143             | 269,611,009             | 273,914,698               | 44.9%         | 279,335,184             |               |
| <b>Gross Profit</b>                             | <b>324,581,125</b>        | <b>325,164,867</b>      | <b>327,792,876</b>      | <b>337,973,579</b>      | <b>335,509,323</b>        | <b>55.1%</b>  | <b>337,072,690</b>      |               |
| Less: Store<br>Operating Expenses               | 59,787,659                | 60,900,062              | 61,281,852              | 61,231,677              | 61,655,527                | 10.1%         | 62,477,483              |               |
| <b>Gross Operating Profit</b>                   | <b>264,793,466</b>        | <b>264,264,805</b>      | <b>266,511,024</b>      | <b>276,741,902</b>      | <b>273,853,796</b>        | <b>44.9%</b>  | <b>274,595,207</b>      |               |
| Less: Supply Chain                              | 6,654,040                 | 6,762,224               | 6,922,635               | 7,048,509               | 7,035,697                 | 1.2%          | 7,072,786               |               |
| Corporate Services                              | 24,552,262                | 23,618,485              | 24,860,627              | 24,697,017              | 24,945,461                | 4.1%          | 25,425,882              |               |
| Other Expenses                                  | 2,595,455                 | 1,139,452               | 2,694,644               | -40,017                 | 2,153,335                 | 0.4%          | 2,181,462               |               |
| Add: Other Revenue                              | 5,446,049                 | 5,148,656               | 5,321,491               | 5,387,396               | 5,739,183                 | 0.9%          | 5,110,505               |               |
| <b>Total Expenses<br/>(excl. stores)</b>        | <b>28,355,708</b>         | <b>26,371,505</b>       | <b>29,156,416</b>       | <b>26,318,113</b>       | <b>28,395,310</b>         | <b>4.7%</b>   | <b>29,569,625</b>       |               |
| <b>Operating Income<br/>before Depreciation</b> | <b>236,437,758</b>        | <b>237,893,300</b>      | <b>237,354,609</b>      | <b>250,423,789</b>      | <b>245,458,486</b>        | <b>40.3%</b>  | <b>245,025,582</b>      |               |
| Less: Depreciation                              | 10,051,599                | 9,647,840               | 9,368,127               | 9,166,691               | 8,913,982                 | 1.5%          | 8,840,827               |               |
| <b>Income from<br/>Operations</b>               | <b>226,386,159</b>        | <b>228,245,460</b>      | <b>227,986,481</b>      | <b>241,257,098</b>      | <b>236,544,504</b>        | <b>38.8%</b>  | <b>236,184,755</b>      | <b>-0.2%</b>  |
| Actuarial Loss (Gain)                           | 2,125,182                 | (2,295,500)             | 2,123,100               | (3,297,500)             |                           |               |                         |               |
| <b>Comprehensive Income</b>                     | <b>224,260,977</b>        | <b>230,540,960</b>      | <b>225,863,381</b>      | <b>244,554,598</b>      | <b>236,544,504</b>        | <b>38.8%</b>  | <b>236,184,755</b>      | <b>-0.2%</b>  |
| Total Expenses (not<br>depreciation)            | 88,143,367                | 87,271,567              | 90,438,268              | 87,549,790              | 90,050,837                | 14.8%         | 92,047,108              |               |
| Total Expenses                                  | 98,194,966                | 96,919,407              | 99,806,395              | 96,716,481              | 98,964,819                | 16.2%         | 100,887,935             |               |

| Volume (hectolitres) |         |         |         |         |         | Change<br>(%) |         | Change<br>(%) |
|----------------------|---------|---------|---------|---------|---------|---------------|---------|---------------|
| Spirits              | 50,629  | 49,085  | 48,872  | 49,240  | 48,409  | -1.7%         | 48,171  | -0.5%         |
| Wine                 | 91,104  | 92,901  | 93,250  | 97,056  | 97,192  | 0.1%          | 100,147 | 3.0%          |
| Beer                 | 630,688 | 607,852 | 594,402 | 599,552 | 582,118 | -2.9%         | 569,377 | -2.2%         |
| Ready-to-drink       | 32,286  | 32,547  | 39,362  | 42,909  | 48,791  | 13.7%         | 53,925  | 10.5%         |
| Total                | 804,707 | 782,385 | 775,886 | 788,756 | 776,510 | -1.6%         | 771,619 | -0.6%         |

\*Historic sales numbers have been adjusted to reflect a reallocation of a portion of Sales dollars to a reduction in Cost of Sales. This has resulted in no change in the Income from operations for these years.

\*\*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.



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— NOVA SCOTIA —  
**MUNICIPAL FINANCE  
CORPORATION**

# Business Plan 2017-2018

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## Message from the Minister and the Chair

The Nova Scotia Municipal Finance Corporation (NSMFC) is a Crown Corporation of the Province of Nova Scotia. The MFC 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.

NSMFC's purpose 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, NSMFC works directly with clients to support the sound financial management of Nova Scotia municipalities. Staff provides advice on the debenture process and securing temporary borrowing resolutions. The Corporation has also developed tools, such as the Debt Affordability Model and Financial Management Best Practices, to help municipalities improve their financial planning and capacity. Finally, by using its biennial client surveys to measure the success of its programs and services, the Corporation can identify and respond to ongoing client needs. As throughout its 37-year history, NSMFC remains committed to fostering a client-focused approach.

The NSMFC is forecasting to have over \$797.4 million in debentures outstanding at March 31, 2017. New debenture issues in 2017–2018 are estimated to be approximately \$129.6 million, which will be balanced against debenture retirements of \$106.0 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 (UNSM). An additional member of the board is appointed on the recommendation of the Association of Municipal Administrators of Nova Scotia (AMA). These appointments provide municipalities with an important voice on the NSMFC 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.

The Honourable Zach Churchill  
Minister

Kelliann Dean  
Chair

## Mission

The purpose of the NSMFC 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, NSMFC works directly with clients to support the sound financial management of Nova Scotia municipalities. Staff provides advice on the debenture process and securing temporary borrowing resolutions. The Corporation has also developed tools, such as the Debt Affordability Model (DAM) and Financial Management Best Practices, to help 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 which are reported in this business plan – the Corporation can identify and respond to ongoing client needs. As throughout its 37-year history, NSMFC remains committed to fostering a client-focused approach.

## Planning Context

The NSMFC 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:

- Global capital markets continue to face challenges surrounding the prospects for global economic growth in an uncertain political environment. Interest rates in Canada remain at near historic lows and may remain low in Canada for some time to come. While these events have been very beneficial to borrowers, this trend continues to pose challenges for municipalities to issue debt and have investors willing to purchase this debt at very low yields. Over the past year, liquidity has taken on an increased importance in the investment decision process. Hence, municipalities may find wider credit spreads to their host province.
- In the fall sitting of the House of Commons, the federal government announced its intention to establish an infrastructure bank to help fund major construction projects across the country. Currently, there is little detail on how this program will work, or what affect it will have on NSMFC clients. Details will be in the federal spring 2017 budget.

#### Opportunity:

- The NSMFC 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 NSMFC 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 NSMFC. 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 NSMFC 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 NSMFC remains stable, as it has for more than 37 years. In addition, no client of the NSMFC has ever defaulted on a loan.

- The NSMFC 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 both the municipal client through low interest loans and for the Corporation to invest and earn more interest on its reserve fund.

## 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 NSMFC worked with the District of Barrington and the Town of Lockeport over the past year to implement some of the core financial management best practices.
- 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 NSMFC has switched to utilizing e-documents to streamline the debenture process beginning with the Spring 2017 debenture issue. This change will help 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 NSMFC will continue to work with provincial departments to align both sets of priorities.

## Strategic Goals

The NSMFC'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 NSMFC 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 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 2017–2018

The following details the actions, products, and services that the NSMFC 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 NSMFC 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 2017–18 the new debenture issuances are expected to be approximately \$129.6 million, which is balanced against retirements of existing debentures of approximately \$106 million.
- Pooling of capital requirements allows the NSMFC 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 NSMFC 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 NSMFC debentures with loans to municipalities.
- Manage the NSMFC'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 NSMFC's core best practices and research support to municipalities to promote effective and efficient financial management.
- Continue to promote the municipal 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.

- Conduct research and analysis of what our municipal clients require to increase their infrastructure borrowing capacity, and for NSMFC 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 NSMFC contributes to the Department of Municipal Affairs' departmental priorities by helping to finance infrastructure projects that create economic opportunities and safe and sustainable communities. NSMFC 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 NSMFC 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 NS Commission's *Now or Never* Report.

## Budget Context

### Nova Scotia Municipal Finance Corporation Administration Budget

|  | Estimate<br>2016-2017<br>(\$000) | Forecast<br>2016-2017<br>(\$000) | Estimate<br>2017-18<br>(\$000) |
|--|----------------------------------|----------------------------------|--------------------------------|
| Total program expenses— (gross current)        | 475.0                            | 453.8                            | 463.0                          |
| Net program expenses—<br>(net of recoveries) * | 0.0                              | 0.0                              | 0.0                            |
| Salaries and benefits                          | 297.8                            | 298.5                            | 307.3                          |
| Funded staff (gross FTEs)                      | 3                                | 3                                | 3                              |

\* The NSMFC 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.

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**NSMFC Statement of Financial Position, March 31, 2016**

|                                     |                    |
|-------------------------------------|--------------------|
| <b>Financial assets</b>             | <b>(\$)</b>        |
| Cash and cash equivalents           | 7,431,903          |
| Accrued interest receivable         | 9,505,829          |
| HST receivable                      | 119                |
| Accounts receivable                 | 113                |
| Loans to municipal units            | 818,925,540        |
| <b>Total Assets</b>                 | <b>835,863,504</b> |
| <b>Financial liabilities</b>        |                    |
| Accounts payable                    | 59,176             |
| Accrued interest payable            | 9,500,866          |
| Employee obligations                | 86,195             |
| Short-term loan due to PNS          | 690,887            |
| Debentures                          | 818,900,585        |
| <b>Total liabilities and equity</b> | <b>829,237,709</b> |
| <b>Net financial assets</b>         | <b>6,625,795</b>   |
| <b>Accumulated surplus</b>          | <b>6,625,795</b>   |

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### NSMFC Statement of Operations, year ended March 31, 2016

| <b>Revenue</b>                                  | Estimate 2016<br>(\$) | Actual 2016<br>(\$) |
|---|-----------------------|---------------------|
| Interest on loans to units                      | 30,707,117            | 29,875,213          |
| Interest on short-term investments              | 88,855                | 55,609              |
| Recovery of issue cost                          | 404,000               | 352,122             |
| Administration fee                              | 480,000               | 450,562             |
| <b>Total revenue</b>                            | <b>31,679,972</b>     | <b>30,733,506</b>   |
| <b>Expenses</b>                                 |                       |                     |
| Interest on debenture debt and short-term loans | 30,705,504            | 29,877,359          |
| Debenture issue expense                         | 404,104               | 351,918             |
| Administrative expense                          | 572,150               | 454,952             |
| <b>Total expenses</b>                           | <b>31,681,758</b>     | <b>30,684,229</b>   |
| <b>Annual operating surplus (deficiency)</b>    | <b>(1,786)</b>        | <b>49,277</b>       |
| <b>Accumulated surplus, beginning of year</b>   | <b>6,576,518</b>      | <b>6,576,518</b>    |
| <b>Accumulated surplus, end of year</b>         | <b>6,574,732</b>      | <b>6,625,795</b>    |

# Outcomes and Performance Measures

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

| Outcome   | Measure  | Data  | Target 2017-2018                            | Target 2018-2019                            | 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%<br>(2017 client survey results)   | 96%   | 97%   | <ul style="list-style-type: none"> <li>Align debenture issues with the construction completion schedule and capital budgeting process</li> <li>Improve application process by working with clients to ensure quick processing of debenture documents</li> </ul>  |
|   | Percentage of clients that agree the debenture terms and structure are flexible enough to meet their needs | 97%<br>(2017 client survey results)   | 95%   | 97%   | <ul style="list-style-type: none"> <li>Promote short-term financing program</li> <li>Work with clients on financing options (payments and terms)</li> <li>Communicate financing options more effectively (e.g. through the website and consultations)</li> <li>Communicate NSMFC rates and products more effectively with clients (e.g., through the AMA list server and consultations)</li> </ul> |
|   | 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"> <li>Maintain quality of portfolio</li> </ul>  |
|   | Pricing received from lead managers in relationship to the Province of Nova Scotia's cost of funds         | Provincial guarantee allows the NSMFC 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"> <li>Promote profile of NSMFC credit quality to maintain a strong relationship with government to ensure its support of the Provincial guarantee</li> </ul>  |

Core Business Area 2 – Ensuring Access to Capital Markets

| Outcome  | Measure   | Data  | Target 2017-2018           | Target 2018-2019           | 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"> <li>• Ensure that all loans are creditworthy</li> <li>• Promote the Debt Affordability Model</li> <li>• Monitor loan payment process</li> </ul> |
|  | Matching assets and liabilities<br>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"> <li>• Match the term and timing of NSMFC debentures and loans to clients</li> </ul>   |

Core Business Area 3 – Helping Build Financial Management Knowledge

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

Nova Scotia  
Power Finance Corporation  
Business Plan 2017–2018



## 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 2017-2018 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"> <li>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</li> </ul>  |
| 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"> <li>Outstanding par value of debt as at March 31, 2016, was \$350,000,000 denominated in Canadian dollars and US issued par value of debt was \$389,130,000 in Canadian dollars. Defeased assets as at March 31, 2016, had par values in excess of the outstanding par value of debt.</li> <li>As at March 31, 2016 Canadian long-term debt had market values of \$593,353,000 and U.S. debt had market values of \$523,877,000 in Canadian dollars totalling \$1,117,230,000. Canadian assets had market values of \$593,050,000 and U.S. assets had market values of \$524,438,000 in Canadian dollars totalling \$1,117,488,000. 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.</li> <li>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.</li> </ul> |

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**

**2017-18 BUSINESS PLAN**

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*March 2017*

Nova Scotia Provincial Lotteries  
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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 2017-18. 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 major contributor to the Province, its people and good causes that are important to Nova Scotians.

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 2017-18 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 \$34.8 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 \$8.5 million to support the arts, culture and heritage sectors.

NSPLCC's Plan for 2017-18 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,

*Original Signed by*

The Honourable Michel Samson  
Minister responsible for Part I of the *Gaming Control Act*

*Original Signed by*

Tracey Taweel  
Chair, Board of Directors

*Original Signed by*

Robert MacKinnon  
President & CEO

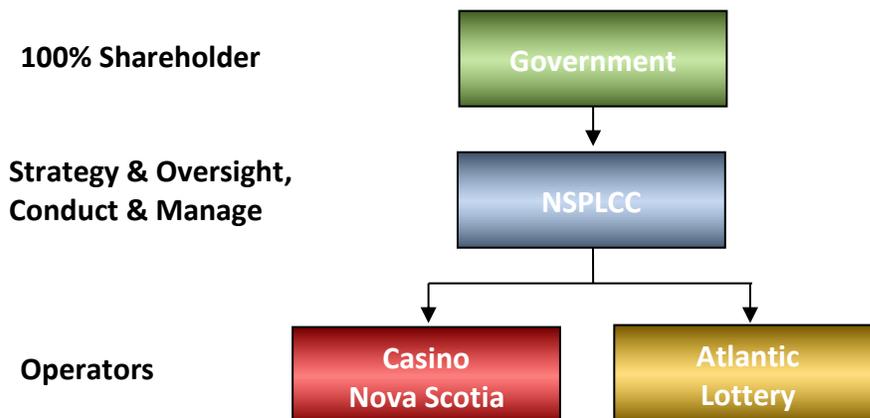
## *Mission*

*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 carrying out 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 being 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 2017-18, NSPLCC will provide \$139.3 million to the Province to fund vital programs and services. The industry also creates and supports employment for more than 524 people and adds more than \$38.6 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 2016-17 Activities***

Over the past year, NSPLCC has seen success in meeting its targets and is on track to achieve all of its objectives for 2016-17, including:

***Casinos:*** Casinos in Nova Scotia were promoted as a one-stop destination that provides gambling, entertainment and high-quality restaurants. CNS relaunched its Player's Club Program to offer tiers to players that allow them to realize benefits specific to their interests.

A project to update the Sydney casino was completed in June 2016. 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 restaurant at the property.

***Ticket Lottery:*** 2016-17 marked the 40<sup>th</sup> anniversary of Atlantic Lottery, which was celebrated throughout the year, as well as the continuation of the 2<sup>nd</sup> Chance Program.

***Video Lottery:*** Video lottery remained a sustainable source of revenue for government. The replacement of obsolete terminals was completed in 2016-17 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 2016-17 include:

- Responsible Gambling Awareness Week;
- Responsible Gambling Resource Centres; and,
- Responsible Gambling Training Programs for ticket lottery and video lottery retailers as well as casino staff and NSPLCC employees.

## ***2017-18 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 2017-18***

### ***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 2017-18:

**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. Therefore, investments are required to sustain the existing business. Atlantic Lottery will focus on evaluating and developing strategies 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** – New game content will be launched to improve product relevance to today’s video lottery player. Video lottery is a mature product and unlikely to be a sustainable source of revenue for government in the long-run. Focus for 2017-18 will be on stabilizing the video lottery business and looking at opportunities to improve product offerings. Efforts will also be taken 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 2017-18 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 NSPLCC, 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 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 \$3.8 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 2017-18 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 through 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*

| <b>Outcome</b>   | <b>Indicator(s)</b>  | <b>Measure(s)</b>  | <b>Baseline</b>                                  | <b>Target 2017-18</b> | <b>2017-18 Strategies and Initiatives</b>  | <b>Long-term Target 2020-21</b> |
|--|--|--|--|-----------------------|--|---------------------------------|
| 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)<br>\$427.4 million                     | \$433.5 million       | Continue to provide relevant and engaging products to players in a safe and regulated environment                | \$437.6 million                 |
|  |  | Payment to Province  | 6-year Average (2010 to 2016)<br>\$135.6 million | \$139.3 million       | Ensure Operators are meeting business plan objectives  | \$140.9 million                 |
|  | Government reduced reliance on revenue from VLTs   | Video Lottery as % of total provincial revenue                       | 2010-11<br>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<br>\$39.8 million                        | \$38.6 million        | Leverage new ticket and video lottery products and make further enhancements to the video lottery business model | \$39.8 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<br>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<br>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)<br>54%             | 55%                   | Execute initiatives in the Social Responsibility Business Plan   | 70%                             |

## 2017-18 Budget

|                                   | <b>Estimate<br/>2016-17<br/>(\$ 000)</b> | <b>Forecast<br/>2016-17<br/>(\$ 000)</b> | <b>Estimate<br/>2017-18<br/>(\$ 000)</b> |
|-----------------------------------|--|--|--|
| <b>Sales</b>                      |  |  |  |
| Casinos                           | \$76,800                                 | \$75,100                                 | \$69,800                                 |
| Ticket Lottery                    | 221,200                                  | 218,100                                  | 225,800                                  |
| Video Lottery                     | <u>144,600</u>                           | <u>135,000</u>                           | <u>137,900</u>                           |
| <b>Total Sales</b>                | <u>442,600</u>                           | <u>428,200</u>                           | <u>433,500</u>                           |
| <br>                              |  |  |  |
| Cost of Sales                     | <u>299,900</u>                           | <u>287,400</u>                           | <u>289,700</u>                           |
| <b>Gross Profit</b>               | <u>142,700</u>                           | <u>140,800</u>                           | <u>143,800</u>                           |
| <br>                              |  |  |  |
| <b>Expenses</b>                   |  |  |  |
| Responsible Gambling Programs     | 7,400                                    | 6,900                                    | 7,600                                    |
| Commitments to Community Programs | <u>7,600</u>                             | <u>7,300</u>                             | <u>9,500</u>                             |
| <b>Total Expenses</b>             | <u>15,000</u>                            | <u>14,200</u>                            | <u>17,100</u>                            |
| <br>                              |  |  |  |
| <b>Net Income</b>                 | 127,700                                  | 126,600                                  | 126,700                                  |
| <br>                              |  |  |  |
| <b>Casino Win Tax</b>             | <u>13,900</u>                            | <u>13,600</u>                            | <u>12,600</u>                            |
| <br>                              |  |  |  |
| <b>Payment to Province</b>        | <u>\$141,600</u>                         | <u>\$140,200</u>                         | <u>\$139,300</u>                         |



**Perennia Food and Agriculture Inc.  
Business Plan**

**2017/18**

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## Message from CEO and Chair

Perennia Food and Agriculture Inc. (Perennia) is the Province's development and service agency focused on the food sector. The programs and services we offer support the growth of 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.

During 2014/15 fiscal, we were presented with a new mandate to offer services to the seafood sector. In 2015/16, the Minister announced an industry-led board comprised of representatives from both agriculture and seafood. While our product development and food safety teams have been working in fisheries for several years, 2017/18 will be the first year where we will be focused on providing specific resources to assist that sector in further maximizing its value.

Historically, Perennia has been servicing the agriculture sector since 2001. Since then, we have maintained our on-farm specialist team while adding additional services to benefit the sector, most notably our Perennia Innovation Centre to assist with diversifying farm income through the development of value-added products. In 2017/18, we will continue to provide innovative and responsive advisory services and applied research to address on-farm challenges and opportunities, but will also begin focusing on a whole team approach where clients' needs are approached by production, food safety and product development specialists as a team.

Looking toward 2017/18, we are strategically focused on reassessing our organizational structure and service offerings, as well as our internal processes and how we can further enhance client service. We will be focused on utilizing our team to have the highest possible impact on our client's profitability and the provincial economy.

Partnerships will continue to be key for us in 2017/18 including continued strong relationships with the Nova Scotia Department of Agriculture, the Nova Scotia Department of Fisheries and Aquaculture, and industry associations, as well as the province's other development agencies, Innovacorp and Nova Scotia Business Inc.

We are proud of our flexible approach to our work and to addressing the needs of industry. In 2017/18, a key strategic initiative for us will be to undertake a needs assessment and evaluation process to ensure we are continuously improving and being 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.

The agency has on average 35 full-time team members operating out of three offices – one in Kentville and two in Bible Hill, one of which is an Innovation Centre for accelerating food-related product development.

## Operating Environment

Perennia is operating in a provincial and federal environment that is focused on the agriculture and seafood sectors as economic drivers now and into the future. Fortunately, Perennia is perfectly positioned to assist Nova Scotia's producers, harvesters and processors to accelerate and have a major impact on the economy.

The Nova Scotia Commission on the New Economy's Now or Never Report released in 2014 outlined 16 goals for Nova Scotia to achieve by 2024, including the following that Perennia can directly impact:

- Increase total value of exports by 50%
- Increase the number of firms participating in export trade by 50%
- Double fishery and agricultural sector on a sustainable basis
- Double the domestic market for domestically produced agricultural goods
- Increase business startups by 50%

The ministerial mandate letters for both the Nova Scotia Departments of Agriculture, and Fisheries and Aquaculture, include advances in innovation, including:

- An expanded mandate and funding for Perennia Innovation Centre for value-added research and development and to advance our fisheries
- Increase product innovation and development and turn under-utilized land and sea resources into high value products

The provincial Framework for Private Sector Growth identifies the seafood and agri-food sectors as one of three "high potential clusters requiring support".

Federal, provincial and territorial Ministers of Agriculture met in Calgary in 2016 in preparation for the next policy framework to replace Growing Forward 2. In their released a statement, they highlighted that governments and industry share a collective vision of creating the most modern, sustainable and prosperous agriculture sector in the world. Among the key areas highlighted were those that Perennia is mandated to support:

- enhancing competitiveness and strengthening competitive advantages by advancing science and innovation capacity and encouraging the adoption of products, practices and processes
- improving the growth of the value-added agriculture and agri-food processing sector

In July 2016, the federal and provincial governments in Atlantic Canada launched the Atlantic Growth Strategy. The strategy commits the two levels of government to collaborate on a pan-Atlantic basis on targeted actions to stimulate the region's economy, support both innovative and traditional industries, increase job opportunities for Atlantic Canadians and focus on persistent and emerging regional challenges. Under the Innovation pillar, the strategy aims "to foster greater business innovation in such areas as bioscience, aquaculture, ocean technology and renewable energy while spurring value-added opportunities in established industries."

## Major Service Lines

### Field Services

Our production specialist team provides on-farm advice, production innovations, skills development, new crop and market opportunities, and applied research to assist commercial primary producers increase profits or lower their cost of production. The goal is to help producers develop the skills they need to meet their farm's growth plans, encourage the adoption of new technologies and connect them with other service providers they may need.

### Quality and Food Safety Services

Our quality and food safety team offer food safety plan development and implementation, as well as training and auditing to large and small food producers and processors. The goal is to help companies meet the food safety demands of the retailers and government in order to maintain markets or open access to new ones.

### Product Development and Commercialization Services

Our food development team at the Perennia Innovation Centre provides product development support to new and current food producers and processors wanting to create new products or improve current ones. Product services include addressing packaging issues that impact product quality and shelf life stability, research projects that lead to commercialization and pilot plant processing facilities. In addition, the Centre offers business and processing incubation suites to start-up food and bioresource companies.

## 2017/18 Priority Initiatives

The following are some of the initiatives Perennia will undertake to support government priorities in maximizing the value of Nova Scotia's agriculture and seafood sectors in 2017/18.

## 1. Develop capacity in seafood

In 2014-15, the Nova Scotia Minister of Agriculture, as Board chair at the time, had Perennia expand its mandate to include development services for the seafood sector. Perennia had already been supporting this sector through its quality and food safety, and product development and commercialization services with individual clients. In 2015-16, a process was undertaken to initiate more contact with the seafood industry with focus groups, interviews and a summit to develop a seafood strategy, *Road Map to Maximize Value for Nova Scotia Seafood and Fish Resources*.

- In 2017/18, work will begin to execute recommendations outlined in the *Road Map to Maximize Value for Nova Scotia Seafood and Fish Resources* including, at a minimum, one development project and allocating resources to continue to engage the sector, foster and facilitate collaboration and research, and lay the groundwork for our service offering.
- Work with Atlantic Canada Opportunities Agency, Nova Scotia Business Inc., Innovacorp and the Nova Scotia Department of Fisheries and Aquaculture to assess how waste from the shellfish sector (crab, lobster and shrimp) can be transformed into value-added marketable products.
- Work with three lobster shippers, the Nova Scotia Department of Fisheries and Aquaculture, and Tmall-Alibaba, an online retail company in China, to complete a premium quality standard pilot project for exported Nova Scotia lobster in 2017/18. Perennia will manage the project and put in place a strict quality certification program to reduce mortality issues associated with long-haul export, variable quality, and handling issues, and which includes regular audits at participating export plants in Nova Scotia and receiver sites in China.
- Host a centre for aquaculture development as part of a four-year project with the Province to focus on strategic project development to support the growth of the aquaculture industry in Nova Scotia. Goals and objectives will be guided by industry and the Nova Scotia Department of Fisheries and Aquaculture and include new site evaluation, incorporating technologies and infrastructure in support of increased production, and establishing partnerships and collaboration that will have meaningful impact on the sector's ability to grow and enhance the province's economy. The Centre will have strong linkages to the Centre for Ocean Venture and Entrepreneurship (the COVE) and the Institute for Ocean Research Enterprise and will be based at the COVE site in Dartmouth by the end of 2017/18.

## 2. Transfer knowledge on best production methods for economic results

Advancing agriculture has been, and continues to be, a key pillar of Perennia's work. 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.

- Execute a focused and measurable development plan to address production issues on commercially-focused conventional and organic farms in horticulture, livestock, field crops and soils.

Some examples of projects to be undertaken in 2017/18 include: trialing corn hybrids and forage varieties; pruning and weed management trials for haskap berries; assessing new techniques to address overwintering issues of certain grape hybrid wines; assessing grass varieties for biofuels; researching intercropping cover crops into late-season vegetables; and investigating no-till squash production.

- In the past few years, there has been substantial interest in starting to farm by entrants new to the industry and without a farm background. This is exciting for the sector and has led to the need for a unique approach. Perennia will be working in partnership with the Nova Scotia Department of Agriculture's thinkFarm in 2017/18 to develop resources specific to new entrants to ensure they have access to information they need to learn production basics and to make the best possible decisions as they enter the sector.
- Work with the Province's Wine Development Board, the Nova Scotia Department of Agriculture, Grape Growers of Nova Scotia and Winery Association of Nova Scotia to support the province's wine industry advancement initiative. Perennia added a new viticulture position to its team in 2016/17 to work closely with Perennia specialists, these partners and vineyard and winery operators to determine research needs, select optimal sites for expansion, 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.
- In 2016/17, Perennia initiated a joint initiative supported by government, provincial beekeeper and wild blueberry associations, and wild blueberry processors that lead to the creation of the Atlantic Tech Transfer Team for Apiculture. The majority of the project is funded under the federal/provincial Growing Forward 2 program with additional contributions from provincial commodity associations. The project is executed by two apiculturists housed at Perennia with their work directed by an industry-led committee. In 2017/18, their work will continue with a focus 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.
- 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 2017/18, 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.

### **3. Support for market readiness and the opening of new markets for producers and processors**

Perennia has been providing quality and food safety services to producers and processors in the agriculture and seafood sectors since 2003. Work to support these businesses in addressing or avoiding recalls, and developing programs to address the needs of retailers, has a direct impact on their economic viability, growth and job creation. In addition, the team will work for commodity sectors impacted by low commodity prices to open new markets with new products and/or new packaging options.

- In 2017/18, 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 2017/18, 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. We will also continue to offer auditing services through our partnership with NSF/Guelph Food Technology Centre to ensure local companies have access to local auditors, decreasing travel costs.
- Recognizing that many food companies start or sell directly to consumers at farmers markets, Perennia will enter into a formal partnership with the Farmers' Markets Nova Scotia to develop and market product development and food safety services and programs to their members. In particular, food safety specialists will implement a program that consists of fact sheets, workshops and general skills development in key areas of quality assurance, keeping food safe for consumers and avoiding recalls.
- Through a partnership with NSF/Guelph Food Technology Centre, Perennia will offer a comprehensive schedule of public training sessions aimed at current agriculture and seafood processors. In addition, Perennia will launch a series of seven self-directed online introductory food safety courses in 2017/18 that were developed in 2016/17 with initial funding under the federal/provincial Growing Forward 2 program. Many small food processors are integral to the daily operation of their business, as are most of their employees. Offering a flexible online option for training is important to ensure they have access to specialist-developed content when it is convenient for them.

- The federal government's new *Safe Food for Canadians Act* was passed in 2012 consolidating existing food-related legislation under one Act. Regulations to implement the legislation have taken some time to develop. Consultations are ongoing and will continue through 2017/18 with the expectation that they will be ready for implementation in 2018/19. The new regulations could mean a great deal of change for food businesses. Perennia will begin an educational program in 2017/18 to create awareness in various sectors of forthcoming changes in an effort to ensure compliance and continuous business operations once the new regulations are enacted.
- Many Nova Scotia food businesses seek to increase profits through exporting products nationally and internationally. Products currently developed and/or processed for scale-up in Perennia's pilot plant are only able to be sold in Nova Scotia. In 2017/18, Perennia will build on infrastructure upgrades done to the pilot plant in 2016/17 and work with the Canadian Food Inspection Agency to have the plant federally certified to enable products to be exported. Priority emphasis will be placed on prepared foods and seafood products.

#### **4. Incubate and accelerative new products, processes and businesses that demonstrate economic value**

Perennia's Innovation Centre and product development team have been working with new, small and established agriculture and seafood companies since 2013 when the Centre opened. The team has consistently been successful in addressing the product development issues, ideas and needs of the agri-food and seafood sectors.

In 2016/17, the Perennia Innovation Centre saw some of its start-up incubation tenants graduate into other transition spaces as their business needs changed and their businesses grew. In 2017/18, we anticipate having all our start-up spaces leased.

In 2016/17, Perennia partnered with the Atlantic Canada Opportunities Agency to deliver *Take Your Product Successfully to Market* workshops across the Province. The workshops were very successful with an over 80 per cent value rating and provided a boot-camp style overview of the components necessary to bring a product to market. It was a pilot for Perennia to assess the acceleration needs of Nova Scotia food businesses. It underscored the need for entrepreneurial skills development, additional understanding of the product development and commercialization cycle, preparation for working with wholesalers and retailers, and the need for business connections and collaboration for success.

- In 2017/18 Perennia will develop an educational program to address the learnings from the *Take Your Product Successfully to Market* workshops, including new sessions, online resources and specific, targeted programs for small food businesses wanting to sell

products through retailers.

- Identifying market trends and new opportunities is always a challenge yet imperative for business success. Perennia will endeavor to offer this information in a practical, cost-effective way to industry and individual clients. This may be done through partnerships with government, other agencies or non-government entities and/or through reports and sessions. Emphasis will be placed on utilizing crop or processing byproducts that would be considered waste but that can be transitioned to higher value products.
- Perennia has the pilot plant for scale-up processing in Bible Hill but recognizes there are pilot-level processing needs in the food sector in a number of regions. In 2017/18, Perennia will undertake a processing capacity needs assessment in both the agriculture and seafood sectors as the foundation for determining Perennia's role in addressing the stated needs.
- In 2017/18 Perennia will launch an online business-to-business marketplace for the agriculture and seafood sectors. This will be a complementary service to connect businesses with services, equipment and byproducts for sale or to purchase. For example, a processor requiring a crop for their product will be able to view ads from producers selling that crop; conversely, producers can post that they have excess crop to sell. Processors can also list extra processing capacity they may have for rent, and producers can post equipment they may like to rent to lower their carrying costs. The marketplace will also be the home to Perennia's popular bee and hay listings.

## **5. Assess our current organizational structure and resource alignment to support maximizing the value of the province's agri-food and seafood sectors**

In 2017/18, Perennia will be defining the services we can offer and the projects we can facilitate to have the most impact on these sector. As such, we will be evaluating our current internal structure to operationalize this new mandate, as well as evaluating other improvements that can be made to better address the current and emerging needs of our clients.

- In 2017/18, Perennia will be undertaking an assessment of our internal organizational structure to better meet new mandate and industry needs, as well as assess current processes and make necessary changes to ensure internal efficiencies and the highest of customer service.
- Perennia will develop a needs assessment and holistic evaluation process utilizing various vehicles to connect with industry as a means of continuous improvement, to

adjust current services and programs and to facilitate future service offerings.

- In 2017/18 Perennia will evaluate all services and how they are delivered, review and adjust marketing and communications to reflect work in both agriculture and seafood, and emphasize virtual and online tools to ensure we provide services efficiently and effectively province-wide.

Perennia is excited about undertaking meaningful projects in 2017/18, creating effective partnerships and providing exceptional client service to advance the economic impact of the Province's agriculture and seafood sectors.

## Financials

| <b>Operating Income Budget Summary</b>     |                         |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
| <b>(\$ thousands)</b>                      |                         |                         |                         |
| <b><u>Programs and Services</u></b>        | <b><u>2016-2017</u></b> | <b><u>2016-2017</u></b> | <b><u>2017-2018</u></b> |
|  | <b>Estimate</b>         | <b>Forecast</b>         | <b>Estimate</b>         |
| Revenues & Operating Grants                | 4,638                   | 4,526                   | 6,006                   |
| Capital Grant                              |                         | 492                     | 350                     |
| Direct Project Inputs (excluding salaries) | (372)                   | (524)                   | (1,356)                 |
| Salary & Related Expenses                  | (2,932)                 | (2,851)                 | (3,089)                 |
| Operating Expenses                         | (1,334)                 | (1,643)                 | (1,907)                 |
| <b>Total Operating Income</b>              | <b>---</b>              | <b>32</b>               | <b>4</b>                |

# Sydney Steel Corporation

## Business Plan 2017–2018



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## Message from the President

The Honourable Geoff MacLellan  
Minister Responsible for Sydney Steel Corporation Act  
Government of Nova Scotia  
Halifax, Nova Scotia

Dear Minister:

In accordance with government policy, please find enclosed the business plan of Sydney Steel Corporation (Sysco) for the fiscal year ending March 31, 2018.

With the decommissioning of the steel plant complete and site remediation activities in the final stages, Sysco has only limited activities relating to a few outstanding obligations resulting from its former operations.

Redevelopment of the former Sysco site by the Crown corporation, Nova Scotia Lands Inc. is now well advanced toward a premium commercial park and port facility in the centre of the City of Sydney.

We trust that this limited business plan is satisfactory for the fiscal year ahead.

Yours truly,

Gary Campbell  
President, Sydney Steel Corporation

## Mandate

Sysco's primary activities, subsequent to the closure of the steel mill in 2001, included demolition of structures, processing and sale of scrap steel, remediation of the site, and sale of surplus assets.

During fiscal 2007-2008, it was recognized that the mandate of Sysco was undergoing a significant change. In recognition of this change, it was determined that the future activity of remediation of the Sysco property and its redevelopment as a commercial park facility would be conducted by a new agency, Nova Scotia Lands Inc., purposely designed to meet the property remediation and management role.

Therefore, Sysco will continue to be dormant, with ongoing operations contracted to Nova Scotia Lands Inc. Sysco will remain active only to deal with residual issues arising from historic operations.

## Core Responsibilities and Services

The plan for Sysco during the 2017-2018 fiscal year is to continue to wind up activities and have the corporation remain dormant. Liabilities still exist for long term maintenance, monitoring and redevelopment as slag is quarried and product sold.

Key Actions:

- a) Remaining Phase IV and V property turned over to Harbourside Commercial Park.
- b) Continue quarrying slag.

## Budget Context

|                                     | Estimate<br>2016-2017<br>('000) | Forecast<br>2016-2017<br>('000) | Estimate<br>2017-2018<br>('000) |
|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>REVENUES</b>                     |                                 |                                 |                                 |
| Contribution from the Province      | 1,325                           | 1,175                           | 1,095                           |
| Gain on Sale of Assets              | 1,000                           | 0                               | 250 <sup>1</sup>                |
| Interest Income                     | 5                               | 0                               | 0 <sup>2</sup>                  |
| <b>TOTAL REVENUE:</b>               | <b>2,330</b>                    | <b>1,175</b>                    | <b>1,345</b>                    |
| <b>EXPENSES</b>                     |                                 |                                 |                                 |
| Other Remediation Activities        | 100                             | 0                               | 0 <sup>3</sup>                  |
| Consulting/Legal                    | 400                             | 475                             | 500 <sup>4</sup>                |
| Funding to NSLI for LTMM Activities | 825                             | 700                             | 845                             |
| <b>TOTAL EXPENSES:</b>              | <b>1,325</b>                    | <b>1,175</b>                    | <b>1,345</b>                    |
| <b>NET INCOME (LOSS):</b>           | <b>1,005</b>                    | <b>0</b>                        | <b>0</b>                        |

<sup>1</sup> Sale of assets has not taken place

<sup>2</sup> No investments and little operating cash

<sup>3</sup> No other remediation activities

<sup>4</sup> The legal cost is \$350K as of end of third quarter; no demolition cost for North Sub-station; and no support required for slag operation or clients

TOURISM NOVA SCOTIA

# BUSINESS PLAN

## 2017-2018



TOURISM  
NOVA SCOTIA 

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## MESSAGE FROM THE CHAIR & CEO

Nova Scotia's tourism industry is working to double annual tourism revenues from \$2 billion in 2010 to \$4 billion (\$4b goal) by 2024. To achieve this goal, tourism businesses and stakeholders from Yarmouth to Cape Breton are taking action – they're thinking creatively, innovating and making investments to capitalize on business opportunities now and for the future.

As the provincial Crown corporation responsible for destination marketing, sector development and overall tourism growth, Tourism Nova Scotia launched a strategy in November 2015 to lead the industry toward the \$4b goal. The strategy has four pillars: 1) attract first-time visitors; 2) invest in markets of highest return; 3) focus on world class experiences; and 4) build Nova Scotia's tourism confidence

2016 was a record tourism year for Nova Scotia. More than 2.2 million visitors came to the province and tourism revenues hit an estimated \$2.6 billion - \$125 million more than in 2015. Fifty-nine per cent of tourism revenues, or \$1.5 billion, can be attributed to out of province visitors. Despite strong performance in 2016, and three consecutive years of growth, the fact remains that steeper spending by out of province visitors is needed to reach the \$4b goal.

In 2017-18, Tourism Nova Scotia will build on past successes, lessons learned and global best practices, and continue to exploit digital innovations to generate marketing results and attract more, higher-spending visitors to the province. Tourism Nova Scotia will leverage opportunities with our industry, our neighbouring Atlantic Provinces, and Destination Canada to extend marketing reach and have greater impact. We will continue to work with private sector operators to create "world class" experiences that will motivate visitors to come to

Nova Scotia. In addition to our work in our core markets of Canada and the US, we will strive to increase business development activities in the UK and Germany as well as in China to build visitation and revenues. Visitors from these overseas markets stay longer and spend considerably more than domestic travellers.

In 2017-18, Tourism Nova Scotia will continue to collaborate with the Halifax International Airport Authority to support air routes from markets that are a priority for our industry. We know that visitors who travel by air spend more when they visit. We also know that direct and easy access to a destination can be a deciding factor when people are choosing a destination. We need to make it easy for people to get here if we're going to compete.



In 2017-18, Tourism Nova Scotia, with our partners at the Tourism Industry Association of Nova Scotia, will continue to look at the issues surrounding the growth of our industry, in particular, accommodations capacity and quality. We will also be looking at ways to extend the tourism season

to create a more sustainable business environment for operators.

2017-18 will be a year of bold thinking in pursuit of game-changers. We will collaborate with stakeholders to fuel the growth of our industry and generate the best economic return for Nova Scotians.

Sincerely,

Irene d'Entremont, Interim Board 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.

# PLANNING CONTEXT

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

Following its emergence as a Crown corporation in 2015, Tourism Nova Scotia embarked on a strategic planning exercise and unveiled its strategic plan in November 2015. The strategic plan identifies both the roles for the organization and key stakeholders, and Tourism Nova Scotia's strategies to support the broader tourism industry goal to reach \$4 billion in tourism revenues by 2024. The strategic plan aligns with key government priorities and the Government's Framework for Private Sector Growth, and it underpins the corporation's 2017-18 business plan.

The 2014 *Now or Never: An Urgent Call to Action for Nova Scotians* report is the foundation for the Nova Scotia Government's Framework for Private Sector Growth. One of the economic goals included in the report is a challenge to the Nova Scotia tourism industry to double tourism revenues from the 2010 level of \$2 billion to \$4 billion by 2024.

Tourism Nova Scotia has identified four key strategies to guide its activities:

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

Success in growing the provincial tourism industry will provide significant benefits to Nova Scotia, including, but not limited to:

- Contributing to activity in the sectors that support the tourism industry (restaurants, accommodations, construction, retail, transportation, beverage and alcohol);
- Supporting air access growth;
- New business investment;
- Increased pride of place; and
- A wealth of tourism attractions, activities and accommodations options for Nova Scotians to enjoy.

**Innovation** is key to sustainable growth in Nova Scotia's tourism industry. Achieving the kind of growth required to reach \$4 billion in tourism revenues requires movement away from the status quo, towards consideration and implementation of innovative approaches to attract visitation, develop exciting experiences that will motivate travel to the province, align stakeholders, including industry, communities and government in the pursuit of tourism growth, and rally the entire province behind this important industry.

**Alignment of effort** is also key to success. Tackling an aggressive tourism revenues goal means that everyone has to be focused on aligning with that goal, and everyone has to “own their role”. In concert with Tourism Nova Scotia, key stakeholders play a critical role in growing tourism revenues to meet the ambitious \$4 billion goal. These roles are:

**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, 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)**

Align policy agenda in support of the ONE NS goal to reach \$4 billion in tourism revenues by 2024, including:

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



**2017-18 KEY ACTIVITIES**

Building on an exceptional year of visitation growth in 2016-17, Tourism Nova Scotia will continue to focus on activities that support its mandate and strategy, and work to drive sustainable tourism growth in the province. This section identifies the key activities being led by Tourism Nova Scotia in 2017-18.

Tourism Nova Scotia will continue to build awareness of and interest in Nova Scotia in current markets of Ontario, Quebec, and the Northeast US through a **consumer-focused marketing campaign**, targeting key traveller types that are predisposed to find Nova Scotia’s tourism product highly appealing (Authentic Experiencers and Cultural Explorers - visit tourismns.ca for more details on these travellers). The 2017-18 “If You Only Knew” campaign will build off the success of the prior year’s campaign, identified in a Google study as performing in the top 25% for brand consideration across all sectors in North

America. The 2017-18 campaign will leverage this success and showcase the range of exceptional experiences visitors may choose from when visiting Nova Scotia. The campaign will include a “Discovery Tool” that will inspire and convince potential visitors to come to Nova Scotia. In addition, the campaign will leverage innovations in digital marketing to maximize ad placement. The 2017-18 campaign will also support visitation related to Canada’s 150<sup>th</sup> birthday.

Tourism Nova Scotia will deliver a **media relations program** to extend the consumer marketing campaign and motivate travel through third party media influencers. A key 2017-18 activity is GoMedia, hosted in Halifax in October 2017. This signature business-to-business event will bring together more than 125 national and international travel media to meet with marketing and communications professionals from various Canadian tourism organizations.

Partnerships and leveraging resources are critical to achieving tourism growth. In 2017-18, Tourism Nova Scotia will continue to leverage its marketing expertise to help tourism operators become more successful. The organization will extend its marketing reach through strategic initiatives with key stakeholders, and align tourism marketing and air access and cruise plans. Key activities include:

- Digital Marketing Partner 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; and
- Strategic co-investment partnerships with Destination Canada in key international markets to extend Nova Scotia's market reach under the Canada brand. These co-investment partnerships will 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 and federal government partners. In 2017-18, under the Trade and Investment pillar of the Atlantic Growth Strategy (AGS), Tourism Nova Scotia will participate in the "Atlantic Canada Growth Strategy for Tourism" to support the growth of a more vibrant and sustainable tourism economy for Nova Scotia. This strategy, an initiative led by the federal government that includes all four Atlantic Canada Provinces, is focused on three key areas:

- International marketing and market development;
- Tourism product innovation; and
- Investigative market research and improved metrics.

Tourism Nova Scotia will enter into a new three-year "Atlantic Canada Agreement on Tourism" (ACAT) under the auspices of the **Atlantic**

**Canada Tourism Partnership** (ACTP), a partnership between the federal government, the four Atlantic Provinces and their industry associations that focuses on marketing, trade and travel media initiatives in targeted international markets.

In 2016-17, Tourism Nova Scotia entered the **China** market. In 2017-18, we will increase our China market investment to build visitation and revenues through:

- Greater business development activity delivered by in-market professional service support; and
- Increased partnership marketing activity with Destination Canada.

**Air access** is critical to enticing international visitors to the province. In 2017-18, Tourism Nova Scotia will develop strategic trade marketing partnerships to support increased air access. In addition, we will partner with Destination Canada to extend Nova Scotia's reach under the Canada brand in markets that open or expand through increased air access.

Tourism Nova Scotia will conduct **research** to identify and deepen understanding of Nova Scotia's target markets. Key 2017-18 activities include:

- 2017 Peak Season Visitor Exit Survey;
- Enhancing our ability to assess return on investment on our marketing initiatives; and
- Research to support experience development initiatives, with particular focus on identifying experiences that will motivate travel.

A critical aspect of Nova Scotia's tourism strategy is the **development of world class experiences**. There is a need to offer the types of experiences that will attract high value visitors to Nova Scotia. Key initiatives that support the development of world class experiences include:

- Building on the success of the 2016-17 EXCELLerator program that saw the development of ten innovative experiences that will motivate travel to Nova Scotia. These exclusive experiences range from gourmet dining adventures on islands in Halifax, Baddeck and the Bay of Fundy, to a progressive dinner at beautiful wineries featuring Nova Scotia's premiere Tidal Bay wine, to a coastal dig for Canada's oldest dinosaur fossils.



In 2017-18, Tourism Nova Scotia will continue to mentor industry partners from year one of the program, as well as lead the development of seven to ten purchasable experiences by a new set of industry partners;

- The launch of our “Big Idea” initiative. Tourism Nova Scotia will lead the identification of the next significant world class experiences/icons that motivate travel to Nova Scotia; and
- The Competitive Edge program, a co-investment program aimed at improving attractions’ market-readiness to facilitate increased visitation.



High value visitors expect a [high quality Nova Scotia experience](#). In 2017-18, we will continue to partner with sector associations and industry to enhance market readiness and quality to support the delivery of world class experiences. Key 2017-18 activities include:

- Export Readiness Program;
- Support of the Nova Scotia Approved Quality First Program; and
- Development of an Enhanced Quality Program.

The quantity and quality of world class experiences and attractions in the province can be enhanced through the attraction of [inward investment](#). In 2017-18, Tourism Nova Scotia will:

- Collaborate with provincial government partners, RENs and industry to identify existing and potential tourism investment opportunities; and
- Strategically co-invest in industry-led partnerships that will help build capacity, leverage resources and grow tourism revenues.

Our key stakeholder communications vehicle, [tourismns.ca](#), was relaunched in 2016-17. [Communications activities](#) in 2017-18 will focus on enhanced stakeholder engagement and Tourism Nova Scotia’s strategic imperative to build Nova Scotia’s tourism confidence. Key activities include:

- A Tourism Nova Scotia “roadshow” for industry to share information and to launch the 2017 marketing campaign; and
- A focus on innovation and competitiveness told through the stories of industry operators.

## OTHER RESPONSIBILITIES

In addition to the key 2017-18 activities that align with Tourism Nova Scotia’s mandate and strategy, identified above, the organization 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.

The [Tourism Contact Centre](#) supports the marketing programs by answering inquiries around Nova Scotia travel planning.

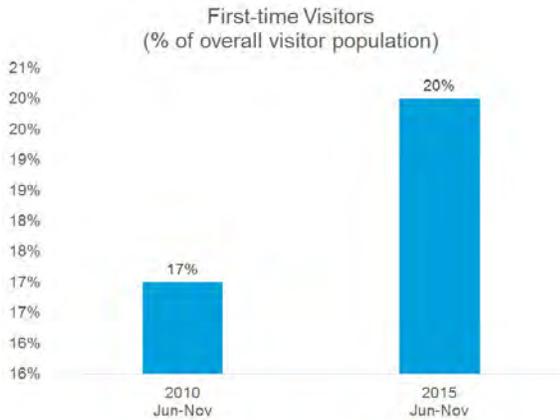
The [Literature Distribution Program](#) includes direct-to-consumer and public sector tourism literature services to key target markets.

## OUTCOMES AND PERFORMANCE MEASURES

While Tourism Nova Scotia is working in concert with key stakeholders to maximize the value of tourism to the province, Tourism Nova Scotia cannot directly increase all visitor expenditures. One component of the organization’s work is to influence awareness and consideration of Nova Scotia as a vacation destination and the other is to engage and influence Nova Scotian stakeholders to implement the tourism strategy that was developed in consultation with industry.

### [Outcome: Increase tourism expenditures by attracting more first-time visitors to Nova Scotia](#)

While Tourism Nova Scotia cares about all visitors, an important part of increasing the level of visitor expenditures is increasing the number of first-time visitors to Nova Scotia. The most recent “Visitor Exit Survey”, conducted in 2015, reported an increase in the percentage of visitor parties to Nova Scotia that are first-time visitors. There was also growth in overall visitation to Nova Scotia between 2010 and 2015 (+6%), resulting in not only an increase in the percentage of first-time visitors, but also a significant increase in the overall number of first-time visitors in 2015. The next “Visitor Exit Survey” will be conducted in 2017.

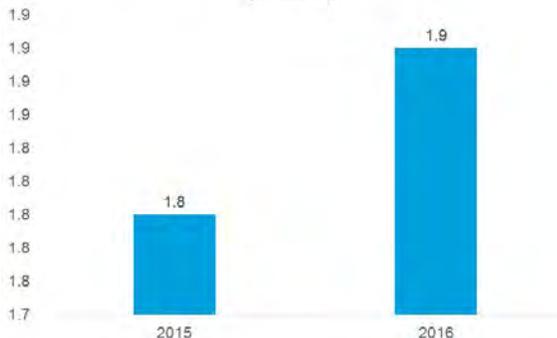


Not all factors that affect the decision to visit Nova Scotia are under our control, however, Tourism Nova Scotia influences consumer decisions by marketing Nova Scotia to specific markets. The organization's advertising campaigns create awareness and drive consideration and choice of the province as a vacation destination.

Encouraging non-visitors to learn more about the area is an important step on the path to purchase. One way to achieve insight into the success of these activities is the monitoring of visitors to Tourism Nova Scotia's website, NovaScotia.com. In 2016, the number of unique visitors to NovaScotia.com that had not yet visited Nova Scotia increased by approximately 145,000.

In addition, in 2016, the overall number of unique visitors to NovaScotia.com increased by 15% compared with 2015. These measures provide insight on the effectiveness of the marketing campaigns. Tourism Nova Scotia will continue to track the number of visitors to the website who have not yet visited the province. As advertising campaigns become more effective, the pool of people who have not visited the province may actually decline.

**Visitors to NovaScotia.com That Have Not Yet Visited Nova Scotia**  
(millions)

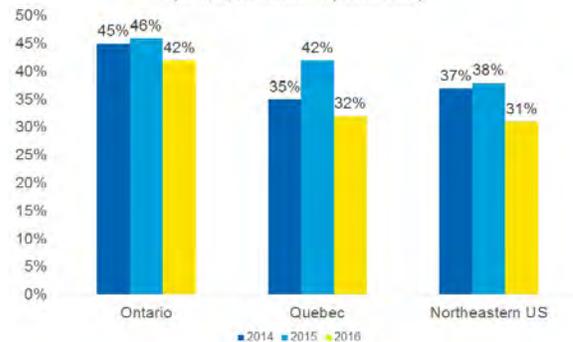


**Outcome: Increase visitor expenditures by strategic investment in high-yield markets.** By investing in markets of higher yield to influence people to consider Nova Scotia as a vacation destination, Tourism Nova Scotia seeks to increase visitor expenditures. Marketing investments seek to influence people's decisions to come to Nova Scotia by creating awareness and interest in the area as a vacation destination.

A lead indicator for assessing the effectiveness of our marketing dollars 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) and the Northeastern US.

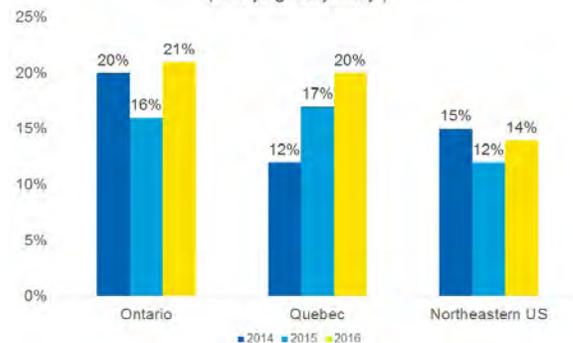
Having a highly favourable opinion of Nova Scotia is an important step on the path to purchase. In 2016, the indicator for consideration of the province as a vacation destination in key markets among non-visitors softened slightly across all three markets. Tourism Nova Scotia will continue to track this indicator in 2017. The goal is to maintain or increase ratings of the province in this regard.

**Rating of Nova Scotia as a Vacation Destination Among Non-Visitors**  
(% 8, 9, or 10 on 10-point scale)



Another important measure on the path to purchase is having plans to visit Nova Scotia. In 2016, this measure is stable or improved compared with 2015.

**Likelihood of Visiting Nova Scotia In Next 2-3 Years Among Non-Visitors**  
(% saying "Very likely")



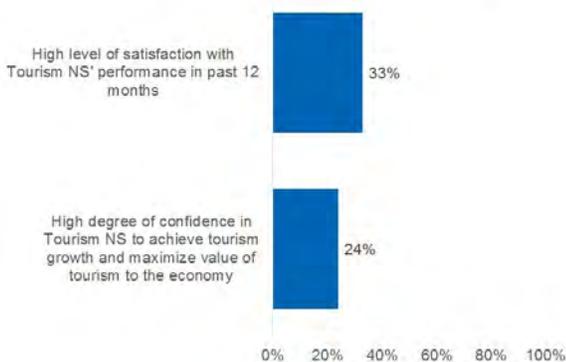
**Outcome: Develop world class visitor experiences to appeal to first-time visitors.** Tourism Nova Scotia will lead tourism experience and sector development through a “world class” lens to support attracting first-time visitors

Tourism Nova Scotia’s EXCELLerator program is focused on the annual development of up to ten tourism experiences that are aligned with Nova Scotia’s target visitor travel value segments. In 2016-17, 11 partners developed ten experiences through the EXCELLerator program, and one additional experience is under development. In 2017-18, we will continue to mentor industry partners from year one of the program. In addition, Tourism Nova Scotia will target ten new experiences for development in 2017-18. By the end of 2017-18, Tourism Nova Scotia will have led the development of at least 20 experiences that motivate travel to the province.

In 2017-18, Tourism Nova Scotia will develop a measure to assess the impact of the EXCELLerator program.

**Outcome: Improved engagement in tourism industry by Nova Scotia stakeholders and residents.** The tourism industry’s ability to achieve \$4b in annual tourism revenues by 2024 is contingent upon engagement of all stakeholders to achieve support for Tourism Nova Scotia’s strategic direction. In 2016-17, Tourism Nova Scotia benchmarked, via a stakeholder survey, perceptions of the provincial tourism industry and stakeholders’ assessment of Tourism Nova Scotia’s performance against its mandate and strategy. The goal is to increase Tourism Nova Scotia’s performance on these Benchmark Measures.

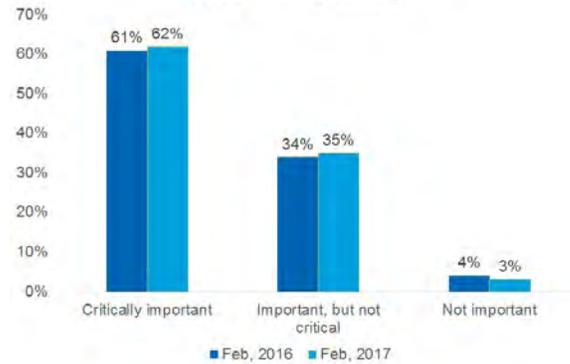
Tourism Stakeholder Benchmark Measures



It is not only physical infrastructure that is important to the tourism industry in Nova Scotia. Personal interaction with locals is critical to the visitor experience and influences the desire of visitors to recommend the province as a vacation destination and to become repeat visitors. It is impractical to measure visitor-Nova Scotian interactions, however, the attitudes held by Nova Scotians about pride of place and the importance that locals place on the tourism industry are proxy indicators for positive interactions.

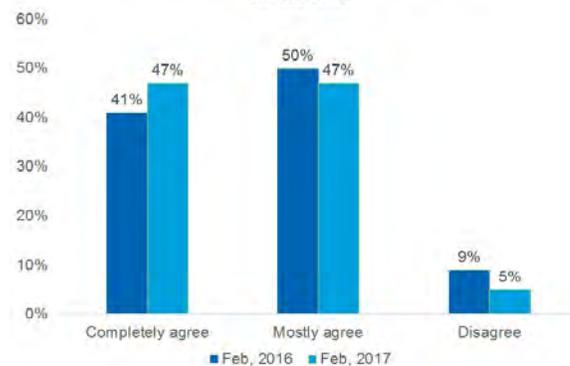
In 2015-16, Tourism Nova Scotia benchmarked Nova Scotia residents’ confidence in the provincial tourism industry. The majority of Nova Scotians viewed the provincial tourism industry as critically important to Nova Scotia’s economy, and in 2016-17, residents continue to recognize the importance of this industry.

Importance of Tourism Industry to Nova Scotia Economy



In 2015-16, most residents completely or mostly agreed they are proud of what Nova Scotia offers to visitors, and pride in what Nova Scotia offers to visitors has increased in 2016-17. Pride in provincial tourism offerings is important; a population that takes pride in its tourism product will share this pride with visitors, and will be more likely to feel a sense of personal ownership and involvement in the tourism industry.

I am Proud of What Nova Scotia Offers to Visitors



## FINANCIAL SUMMARY

|                            | Budget<br>2016-17 (\$) | Forecast<br>2016-17 (\$) | Budget<br>2017-18 (\$) |
|----------------------------|------------------------|--------------------------|------------------------|
| <b>Revenue</b>             |                        |                          |                        |
| Provincial Operating Grant | 20,994,100             | 20,864,100               | 21,514,000             |
| Tourism Recoveries         | 577,000                | 825,700                  | 577,000                |
| Tourism Fees & Charges     | 729,000                | 867,300                  | 709,000                |
| <b>Total Revenue</b>       | <b>\$22,300,100</b>    | <b>\$ 22,557,100</b>     | <b>\$ 22,800,000</b>   |
| <b>Expenses</b>            |                        |                          |                        |
| CEO & Board Administration | 352,400                | 234,400                  | 360,500                |
| Corporate Services         | 7,033,700              | 6,615,600                | 7,014,000              |
| Marketing                  | 11,637,300             | 13,034,200               | 12,247,500             |
| Sector Development         | 3,276,700              | 2,672,900                | 3,178,000              |
| <b>Total Expenses</b>      | <b>22,300,100</b>      | <b>22,557,100</b>        | <b>22,800,000</b>      |
| <b>Surplus (Deficit)</b>   | <b>-</b>               | <b>-</b>                 | <b>-</b>               |

TOURISM  
NOVA SCOTIA 

# Trade Centre Limited

## Business Plan 2017–2018



# Message from the CEO

For 35 years, Trade Centre Limited (TCL) has acted as a key economic and community driver for Nova Scotia. Our focus on event and convention attraction has helped to connect Nova Scotia with the world and created platforms to showcase our expertise.

This year, we will transition this role to Events East Group, which will continue to build on our reputation for event hosting excellence. Working in partnership with our government partners, the Province of Nova Scotia and Halifax Regional Municipality (HRM), TCL's focus will be to ensure the responsible dissolution of the organization. This will include the transfer of business operations and oversight of the World Trade and Convention Centre, Scotiabank Centre and Ticket Atlantic to Events East.

Through the support of our Board of Directors, our team has built a strong foundation with a commitment to being a leader in our industry and community. I know this tradition will carry on under the new entity, which will build on our success and continue with our contribution to a strong and vibrant province.

Yours truly,

A handwritten signature in black ink that reads "Carrie Cussons". The signature is written in a cursive, flowing style.

**Carrie Cussons**  
President & CEO

# Mandate

TCL is a provincial Crown corporation focused on attracting and hosting events that create economic and community benefits by bringing people together in Halifax and Nova Scotia. The core focus of the organization in 2017-18 will be its dissolution and successful transfer of operations to Events East.

# Core Functions & Measures

By April 1, 2017, the business and employees of TCL will formally transfer to Events East. This transition will be the primary focus of TCL. The operations of the Office Tower will continue under TCL after the transition. All core activities associated with the business operations of the World Trade and Convention Centre (WTCC), Scotiabank Centre and Ticket Atlantic normally included within a TCL business plan will be reflected in the business plan of Events East.

Our core activities will include:

**Transition to New Structure** - Ensure the responsible and effective dissolution of the TCL structure, including key activities associated with legal wind-up, transfer of employees and operations to Events East, and records management. Through this transition we will ensure compliance with all legal, regulatory and shareholder requirements.

**Office Tower Operations** – Continued operations of Office Tower pending finalized sale of the facility.

## Operations Budget Summaries

for the year ended March 31, 2018

|  | Estimate 2016-17 | Forecast 2016-17   | Estimate 2017-18  |
|--|------------------|--------------------|-------------------|
|  | (\$)             | (\$)               | (\$)              |
| <b>Revenues</b>  | 9,996,700        | 8,754,800          | 4,189,400         |
| <b>Expenses</b>  |                  |                    |                   |
| Event operations   | 4,349,100        | 4,136,800          | 1,444,200         |
| Operating Costs  | 2,707,700        | 2,473,900          | 1,071,700         |
| General operations   | 2,049,900        | 1,994,900          | 1,089,600         |
| TCL Wind down  |                  |                    | 92,000            |
| Taxes and insurance  | 890,000          | 839,800            | 491,900           |
| Total expenses   | 9,996,700        | 9,445,400          | 4,189,400         |
| <b>Income (loss) before Halifax Convention Centre and depreciation</b> | <b>0</b>         | <b>(690,600)</b>   | <b>0</b>          |
| <b>Halifax Convention Centre</b>                                       |                  |                    |                   |
| Revenue from Grants  | 6,962,000        | 4,154,500          |                   |
| Expenses   | <u>5,556,600</u> | <u>3,672,000</u>   |                   |
| Net Halifax Convention Centre  | 1,405,400        | 482,500            |                   |
| <b>Operating Income (loss) before depreciation</b>                     | <b>1,405,400</b> | <b>(208,100)</b>   |                   |
| Net Proceeds – Sale WTCC Building                                      |                  |                    | 12,400,000        |
| Proceeds to PNS  |                  |                    | <u>12,400,000</u> |
|  |                  |                    | 0                 |
| Depreciation   | 1,100,000        | 1,100,000          | 483,300           |
| <b>Income (loss) for the year</b>                                      | <b>305,400</b>   | <b>(1,308,100)</b> | <b>(483,300)</b>  |

**Note 1:** TCL is expected to commence wind-up of its business activities in 2017-18. This operating budget reflects funding for the operations of WTCC from April to August 2017. The Office Tower operations will cease once the sale of the building is complete.

**Note 2:** Halifax Convention Centre estimated revenue from grants for 2016-17 included a capital grant of \$3,000,000 for smallwares. The forecast has been revised to \$1,100,000. The revenue is recognized in 2016-17 but the capital portion of it is depreciated in future years.

**Note 3:** Forecasted at January 31, 2017 per TCL's internal financial statements.

**Note 4:** The WTCC building is owned by TCL under its capacity of a provincial Crown corporation. Proceeds, net of selling costs and net book value of the associated assets, will be remitted to the general revenue fund of the Province.

As submitted to Department of Business April 11, 2017

**Note 5:** Revenues and expenses of Halifax Convention Centre are not reflected in this budget and will be reported through Events East as part of the transition.

**Note 6:** Revenues and expenses for Scotiabank Centre are not reflected in this budget. The Scotiabank Centre is a facility owned by HRM and operated under an operating agreement. All operating income or losses generated accrue to HRM, and all capital improvements are funded by the municipality.

# Crown Corporation

## Business Plan

for the fiscal year 2017-2018

## Waterfront Development Corporation



**Waterfront** Development

**Waterfront Development Corporation Limited - Business Plan**

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## MESSAGE FROM THE BOARD CHAIR & ACTING CEO

Our greatest natural advantage as a province is our place by the sea. It gives the world a reason to know us, to do business with us and to visit us. The extent to which we can harness this natural advantage will determine our future prosperity.

There is momentum in Nova Scotia with significant activity in several key sectors. Tourism in Nova Scotia had its best year on record and its third consecutive year of growth in 2016, and we know our visitors are drawn to our seacoast and all that it provides. Substantial investments announced this year in ocean research are reinforcing what is already a remarkable strength among our world-class post-secondary institutions and ocean technology start up community.

Waterfront Development is contributing to the province's innovation agenda through our work on projects like COVE (the Centre for Ocean Ventures and Entrepreneurship). The rise of innovation districts around the world provides inspiration for projects like COVE. Thoughtful planning, development and management of the infrastructure is important to create the conditions for collaboration and ideas sharing. This deliberate placemaking activity is central to the work that we do on all our waterfronts.

Tourism is a critical economic sector for Nova Scotia. Our properties are consistently among the most visited tourism destinations. In Halifax, the boardwalk has become a platform for small business, an ecosystem of entrepreneurialism and a tourism sector incubator. We welcomed more than 2.5 million people to the boardwalk last year. In Lunenburg, a UNESCO World Heritage site, the working waterfront has momentum, led by private sector businesses who honour traditional skills with innovative, forward looking applications.

And our waterfronts offer immense social value. Our work stewards these important properties in the public interest, ensuring public access to the water's edge in harmony with thoughtful development. Our culture is rooted in our place by the sea, and our ability to attract and retain residents is often linked to the vibrancy of our public places.

Our waterfronts are Nova Scotia's most visited destinations, they are centres of innovation, drivers of key economic sectors, and they are the heart of our communities. They attract people from around the world to Nova Scotia. How we develop these important assets to provide maximum social and economic benefit is what we think about every day at Waterfront Development.

Dale Godsoe  
Chair of the Board

Jennifer Angel  
Acting President & CEO

## OVERVIEW OF CROWN

### **Mandate**

Waterfront Development's purpose is to redevelop and revitalize the lands surrounding Halifax Harbour, Lunenburg Harbour, and any other lands designated by its shareholder, the Province of Nova Scotia.

### **Mission**

Waterfront Development harnesses the waterfront's potential by developing ideas, infrastructure, and experiences that stimulate business investment and community pride.

### **Guiding Values**

Waterfront Development is a provincial Crown corporation, carrying out a public mandate in a private-sector environment. In fulfilling our public obligations, we will exhibit the following values in addition to the compassion, courage, and initiative that characterizes past successes.

**Commitment:** We forge and sustain partnerships that generate positive economic and societal returns.

**Accountability:** We uphold the public's trust by ensuring access to the water's edge, fiscal accountability and involvement in the dialogue about waterfront development, and transparency with our plans.

**Flexibility:** We take the extra step to understand and champion business partners who share our values and vision for the waterfront.

**Excellence:** We are a strong and knowledgeable voice on economic development, planning and design, partnership models, and waterfront development.

**Foresight:** We generate for Nova Scotians a positive financial return to reinvest in a continuous upward spiral of waterfront opportunities.

**Sustainability:** We create the capacity for future waterfront uses and enjoyment by harmonizing our economic goals with environmental sustainability.

## CORE FUNCTION

Waterfront Development is responsible for approximately 120 acres of waterfront real estate in Dartmouth, Bedford, Lunenburg and Halifax as part of its mandate to redevelop and revitalize waterfront lands. Through our thoughtful planning, development and management of these strategic properties, we are proud to support the Government of Nova Scotia's focus on leveraging Nova Scotia's ocean proximity advantage to bring new, innovative private sector investment to grow the economy.

Waterfront Development develops waterfront properties with high potential to contribute to economic growth in key sectors. This work is central to the development of our most visited tourism destinations, it is contributing to the emergence of a vibrant ocean innovation district, it is a magnet for private sector investment and entrepreneurial activity, and it is a source of pride and identity in our community. By building on our ocean advantage, we are helping to create a distinctive global brand for our province that is attracting talent to our shores.

A foundational part of the redevelopment of waterfront lands is the planning work that we undertake. Our planning work is guided by core principles and involves substantial public engagement and community consultation. Through this approach, we aim to create places that reflect the unique character and vision of the local communities, as well as serve the broader economic development goals of the province.

Revitalization and redevelopment involves many projects which build and maintain waterfront infrastructure that provides visitors and citizens with public gathering spaces, amenities and platforms for small business to flourish.

Waterfront Development is responsible for the maintenance and repairs of this significant portfolio of waterfront real estate, including buildings and wharves and boardwalks. One of our greatest challenges remains the maintenance of our extensive infrastructure that sees heavy usage. Our public areas such as the harbourwalks, wharves, gathering places, and floating docks all require investment for their maintenance and enhancement. Waterfront Development strives to find the optimal balance on an annual basis between cost savings and preventive maintenance. Revenue generated from operations is reinvested in the waterfront - to finance numerous capital projects each year as well as maintenance and operations. These investments in the property are necessary to avoid a deteriorating asset base over time and ensure our waterfronts remain in good repair, reflecting their importance for Nova Scotia.

## ACTIVITIES IN SUPPORT OF CORE FUNCTION

The focus of our planning activities this year will be updating our master plans on the Dartmouth Cove, Halifax waterfront and Lunenburg.

Waterfront Development has several new and continuing projects as part of our mandate to redevelop waterfront lands. Of particular importance to Government's strategic focus on our ocean advantage is the development of COVE (The Centre for Ocean Ventures and Entrepreneurship). Waterfront Development, as a landlord of the former Coast Guard property, is a key player in this project. Together with the Departments of Business, Transportation and Infrastructure Renewal, and Labour and Advanced Education, Innovacorp, NSBI, Nova Scotia Community College and the Institute of Ocean Research Enterprise and with the support of the federal government, Waterfront Development has been working to develop this strategic project.

As owner of the property our involvement will continue well beyond the current design and construction phase. We look forward to COVE becoming a centre of innovation and commercialization in ocean technology and an important part of the revitalization of waterfront lands.

Continuing this year is the development of Queen's Marque on the Halifax Waterfront, a partnership between Waterfront Development and The Armour Group Limited ("AGL"). The project represents a \$200M private sector investment in the waterfront. Waterfront Development will continue to own the land and will enter into a long-term land lease with AGL who will pay rent. This model allows the Province to keep control of the land, ensuring there is a balance between private sector returns and the public interest. The development includes more than 75,000 sf of new public space, and continued public access along the boardwalk and to the water's edge.

The Cunard development on the Halifax Waterfront is expected to commence over the upcoming year. This residential / commercial development in partnership with Southwest Properties will contribute to revitalizing the south waterfront, which has recently seen the opening of Discovery Centre and the ongoing development of the Seaport. The project includes residential, ground floor retail and substantial high quality public space which Waterfront Development will construct and manage.

Revitalization occurs not only through large projects but through developments such as New Place, a small business cluster being constructed on the Halifax Waterfront. New Place includes vibrant culinary experiences, public amenities, washrooms, performance space and places to gather. This development will be ready by spring 2017 and will contribute to the animation and attractiveness of the waterfront for visitors and residents, as well as provide an important platform for entrepreneurs.

The Halifax waterfront is our most visited tourism destination. Providing public access to the water's edge, people, residents and visitors alike. More than 40 events were hosted on the waterfronts in 2016-17. And each year visitation increases, with more than 2.5 million visitors to the Halifax boardwalk last year. This year, to celebrate Canada 150, in partnership with Sail Training International and Rendez-vous Naval de Quebec, Waterfront Development is leading Rendez-Vous 2017 Tall Ships Regatta for Nova Scotia. This not only occurs in Halifax but in 10 other outports around the Province.

Lunenburg, a UNESCO World Heritage site, is among Nova Scotia's most visited destinations and Waterfront Development owns some of its waterfront. We work with the community on a steering committee and look forward to updating our Master plan for Lunenburg. The vision for a working waterfront has been clearly and steadfastly articulated by the community.

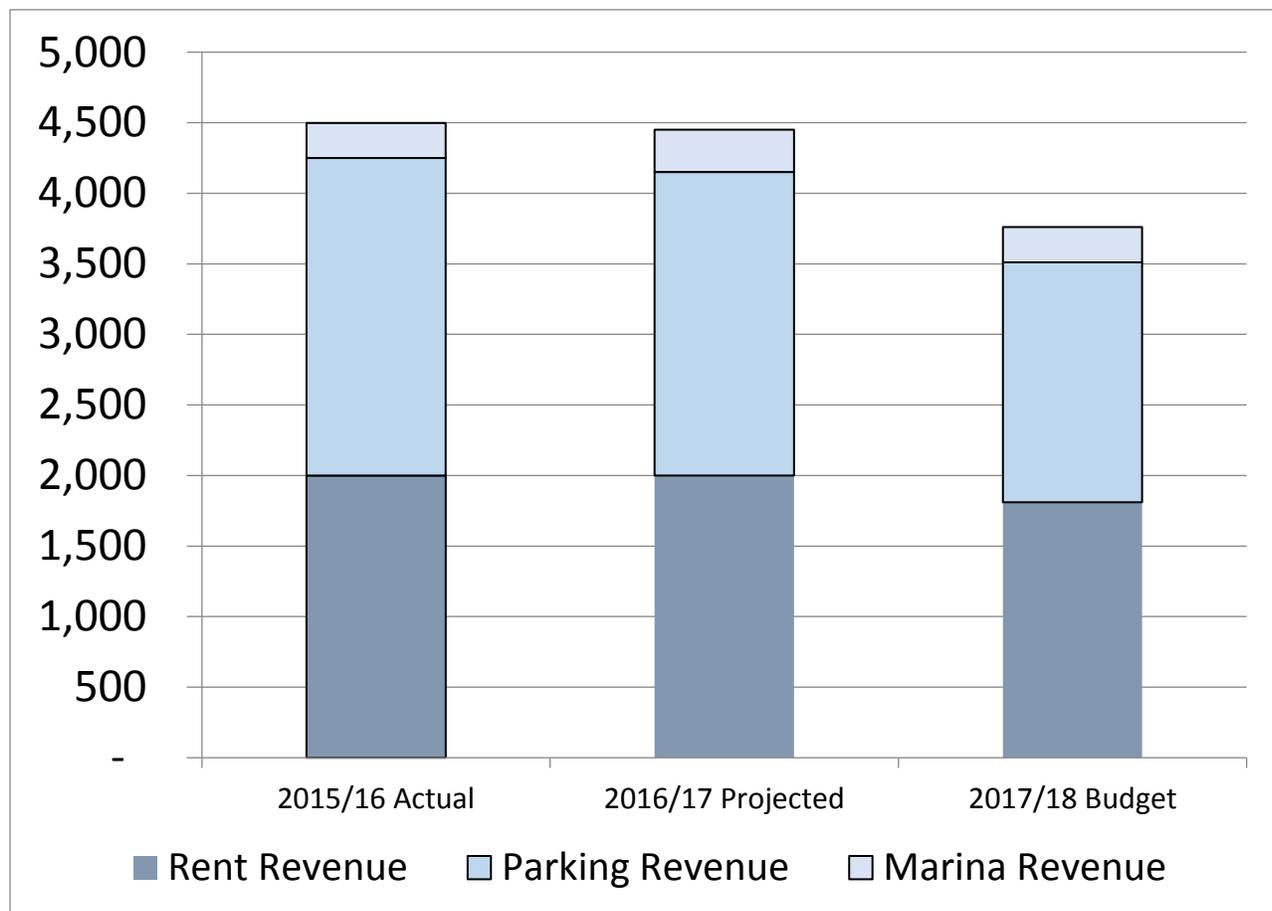
Our development model is through private sector partnerships. We consider financial self-sustainability in our actions to drive economic growth and prosperity through increasing business start-ups, increasing the value of exports, and increasing the number of research and development partnerships. Waterfront Development will continue to create waterfronts that foster innovation and entrepreneurship and we will continue to plan and develop opportunities for businesses to grow and thrive. We work hard to manage our properties to a high standard and to ensure they are consistently clean, green and safe. And through this work we create waterfronts that attract people – to share ideas and experiences that contribute to our community pride.

PERFORMANCE MEASURES

COMMERCIAL REVENUE

An important part of revitalization of waterfront lands is their use by the private sector, generating economic activity and supporting entrepreneurialism, as well as adding activity and vibrancy to the public space. Revenue is an indicator of this use. It also reflects the level of activity by the public generally, through parking uptake and through commercial rents from tenants which in part reflect percentage of gross sales. Revenue is provided by both year round and seasonal tenants. Revenues are projected to decrease in 2017-18 due to lost parking revenue resulting from new development projects on the Halifax waterfront.

Waterfront Development Revenue from Waterfront Activity (\$'000s)



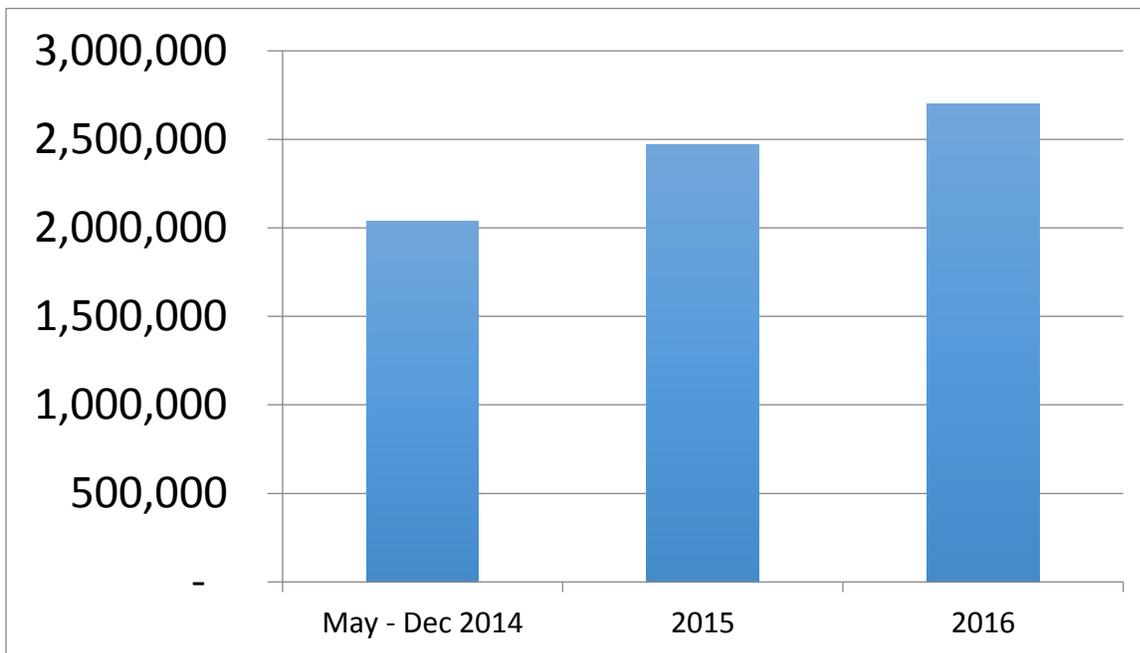
*VISITOR SATISFACTION*

A significant number of visitors come to the Halifax, Bedford, Dartmouth and Lunenburg waterfronts annually and the economic activities of these visits help to support both the local and provincial economies. Measurement of activity and quality of experience are critical feedback components of Waterfront Development’s effort to continuously improve the waterfronts under our management. Moving forward, we will implement the following regular measures on each of the waterfronts:

- Pedestrian counts
- A satisfaction survey

Data will form a baseline for the business plan in future years.

Pedestrian Count – Halifax Waterfront



## FINANCIAL SUMMARY/BUDGET CONTEXT

**Waterfront Development Corporation Limited Budget**

|  | <b>Budget<br/>2016-17<br/>(\$)</b> | <b>Forecast<br/>2016-17<br/>(\$)</b> | <b>Budget<br/>2017-18<br/>(\$)</b> |
|--|------------------------------------|--------------------------------------|------------------------------------|
| <b>Revenue<sup>1</sup></b>                               |                                    |                                      |                                    |
| Rents  | 1,774,000                          | 1,585,000                            | 1,355,000                          |
| Parking  | 1,980,000                          | 2,150,000                            | 1,700,000                          |
| Other income   | 542,000                            | 1,240,800                            | 1,465,000                          |
| Tall Ships   | -                                  | -                                    | 1,500,000                          |
| Grant Income   | 633,000                            | 1,490,800                            | 2,447,000                          |
| <b>Total revenue</b>                                     | <b>4,929,000</b>                   | <b>6,466,600</b>                     | <b>8,467,000</b>                   |
| <b>Operating and Administrative expenses<sup>2</sup></b> |                                    |                                      |                                    |
| Program expenses   | 695,000                            | 2,016,800                            | 3,290,000                          |
| Maintenance/repairs and other                            | 1,107,000                          | 1,131,600                            | 1,142,000                          |
| Administrative expenses                                  | 3,127,000                          | 2,683,400                            | 3,060,000                          |
| <b>Total expenses</b>                                    | <b>4,929,000</b>                   | <b>5,831,800</b>                     | <b>7,492,000</b>                   |
| <b>Surplus (deficit) before other items</b>              | <b>-</b>                           | <b>634,800</b>                       | <b>975,000</b>                     |
| <b>Other items</b>                                       |                                    |                                      |                                    |
| Capital amortization                                     | (84,500)                           | (89,400)                             | (70,500)                           |
| Capital grants <sup>3</sup>                              | 1,500,000                          | 3,650,000                            | 18,126,000                         |
| <b>Total Other Items</b>                                 | <b>1,415,500</b>                   | <b>3,560,600</b>                     | <b>18,055,500</b>                  |
| <b>Surplus (deficit) after other</b>                     | <b>1,415,500</b>                   | <b>4,195,400</b>                     | <b>19,030,500</b>                  |

Notes:

- 1) Revenues – the increases in revenues is due to the Tall Ships Event scheduled for 2017, which includes revenues and a grant of \$2.25 million including a federal component. Overall rent and parking revenues are down because of major construction projects on the Halifax Waterfront, which has eliminated parking lots. These reductions are offset by grants in the short term.
- 2) Program Expenses – there is an increase in these expenses of \$2.25 million attributed to the Tall Ships event matching the revenues and grant income.
- 3) Capital grants – these grants relate to the significant capital projects COVE, Cunard and Queen's Marque, which continue in 2017/18.