

# Crown Corporation Business Plans

for the fiscal year 2012–2013



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## ***Crown Corporation Business Plans***

Crown corporation business plans are printed under authority of Section 73 of the Provincial Finance Act:

- 73      *Commencing April 1, 1997, a crown corporation shall annually*
- (a)      *submit to the House of Assembly for approval during consideration of the Estimates its business plan and any proposed public financing; and*
  - (b)      *table in the House of Assembly audited financial statements for the preceding fiscal year*

The public presentation, annually, of Crown corporation business plans will increase the accountability to the House of Assembly of organizations generally accepted to be in the public sector but outside the direct control of government. Business plans define key elements of Crown corporations such as their mission, strategic goals, and core functions as well as give indication of performance, priorities, outcome measures, and budgets.

Organizations included in this volume are designated as Crown corporations by their enabling legislation, by Order in Council, or by application of the criteria established under Section 70 (Crown Corporations) of the Provincial Finance Act.

The approval of business plans as required by clause (a) will be sought through the Estimates Resolutions. Compliance with clause (b) will be achieved throughout the fiscal year as audited financial statements become available.





# **Crown Corporation**

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### FOR THE FISCAL YEAR 2012–2013

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# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

## Art Gallery of Nova Scotia

### ***Business Plan 2012–2013***

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# Message from the Minister

On behalf of the Department of Communities, Culture and Heritage, I am pleased to present the business plan for the Art Gallery of Nova Scotia for the 2012–2013 fiscal year.

The Province of Nova Scotia continues to take great pride in the Art Gallery of Nova Scotia and supports its commitment to serving the public through collecting, preserving, and making accessible the visual arts. The province's collection is one of the most important assets we have, and the gallery's mission to tell the story of Canadian art with a Nova Scotian accent reinforces the provincial government's commitment to developing and strengthening our arts and culture sector.

Nova Scotia is rich in arts and culture, and the work of our artists enhances the quality of life of our citizens and ensures that Nova Scotia plays a role in the broader Canadian cultural experience.

The Art Gallery of Nova Scotia's mission and mandate reflect the government's commitment to enriching the arts in our province, and our department looks forward to supporting the gallery as it continues to pursue its mission in the year ahead.

Sincerely,

The Honourable David A. Wilson  
Minister of Communities, Culture and Heritage





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## Mission

***To bring art and people together.  
This will be achieved by providing  
leadership in the development and  
preservation of quality collections,  
in the collection and display of  
quality exhibitions, and in the  
provision of engaging education  
and public programs.***

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## Vision

The vision for the Art Gallery of Nova Scotia is to be the major art museum in Atlantic Canada, with a permanent collection and slate of programs of national significance that tell the story of Canadian art from a Nova Scotian perspective, while maintaining a signature facility that protects and preserves that collection at the highest standards.

## Corporate Mandate

The Art Gallery of Nova Scotia is an agency of the Province of Nova Scotia constituted under The Art Gallery of Nova Scotia Act for the acquisition, preservation, and exhibition of works of art.

## Planning Context

The Art Gallery of Nova Scotia is the principal art museum of the Province of Nova Scotia and is responsible for maintaining the Crown's art collection and for ensuring public access to this resource. The AGNS is the largest art museum in Atlantic Canada and serves as an anchor cultural organization for the entire region. As one of the few provincial art galleries in Canada that operates as a Crown agency, the AGNS exists in a rare environment. A creature of government, operating with civil service staff in a Crown-owned facility to preserve and maintain a Crown resource, the AGNS holds and executes a public trust. As one would expect, the funding for the AGNS comes largely from the provincial government. An ongoing priority is to find the right balance between fiscal responsibility, core operational costs, and the provision of relevant, quality programs given the ongoing economic challenges and increasing competition for public and private resources.

The gallery is overseen by a Board of Governors appointed by Executive Council and made up of volunteers who accept and hold a public trust to ensure that cultural activity remains in the public domain to the benefit of current and future generations. The AGNS board assumes responsibility, loyalty, and a duty to uphold the integrity of the organization. The involvement of the AGNS Board of Governors is paramount



in developing community awareness of the gallery's mission, in representing and interpreting the value of AGNS to community, government, corporate, and other funding agencies. The board acknowledges its role as advocate and fundraiser for the activities of the Art Gallery of Nova Scotia.

The AGNS has the responsibility to acquire, maintain, conserve, research, publish information about, and make accessible the Crown's art collection. The principal activities of the AGNS are the acquisition, preservation, and research of arts collections, the creation of knowledge through research, and the dissemination of these resources through exhibitions, publications, public lectures, presentations, and education and outreach programs.

Since 2006, the AGNS has provided these services through two venues: the AGNS in Halifax and the AGNS Western Branch in Yarmouth.

The AGNS has seen, in recent years, a significant increase in government operational funding at the provincial level. We have also increased revenues generated from the public, and have increased funds generated from other government sources for our exhibitions and education programs. Since 2009–2010 the AGNS has made significant strides in improving financial reporting, cost control, and corporate governance. A new management team was hired, and a program review and

organizational streamlining process was begun in that year. That process is ongoing, with the constant goal of financial and organizational stability for the AGNS.

While the collection held by the AGNS has grown rapidly in recent years, the gallery has begun to shift our focus towards fewer new acquisitions, ones targeted to fill specific gaps in our permanent collection. In 2012–2013 the gallery will continue to target specific acquisitions that immediately boost the permanent collection and enrich the experience of visitors to the AGNS. The bulk of our collections activity will be focused on continuing the process of rationalizing our storage facilities, creating better access to our collections for research and safer conditions for our employees and the collections.

Through its programs and leadership, the AGNS contributes to the positive environment that promotes the growth of the visual arts in Nova Scotia. It aspires to identify, acknowledge, encourage, and support the very finest achievements in the arts, to bring these to the public, encourage their growth, and promote awareness, from the local level to the international stage.

With funding from the Provincial Government, the Atlantic Canada Opportunities Agency, and the AGNS, a feasibility study was commissioned to explore the options and opportunities to build a new gallery that features more space for the collection and for temporary

exhibitions, and that consistently meets the environmental standards needed to preserve the collection for the long-term. The study looks as well at the funding possibilities, operational savings, and jobs and growth potential for HRM and the province to be gained through such an investment. This study will be completed at the end of the 2011–2012 fiscal year and delivered to the Executive Council. Based on the recommendations for going forward according to the study's findings, planning for the next steps will be a major priority for the AGNS in the 2012–2013 fiscal year.

## Strategic Goals

The AGNS has several areas of longer-term direction:

**1. Financial Sustainability:** Continue to ensure that financial sustainability is a priority at all times.

With financial sustainability, the AGNS will secure its role as a key driver in increasing the economic potential of Nova Scotia's cultural sector, acting as an economic engine for tourism, for the creative economy, and for HRM, the Province, and the region.

**2. Stewardship:** Preserve, promote, interpret, and develop Nova Scotia's diverse visual arts culture and heritage.

Preservation, interpretation and conservation of the Crown's art collection are ongoing priorities. As such, continuing to use the

Permanent Collection as the foundation of our temporary exhibition program and the continued strategic acquisition of key objects that enhance our ability to tell Canada's stories with a Nova Scotia accent will be priorities in the coming fiscal year. So too will be the maintenance of a physical plant that can serve the needs of the Crown's art collection for the present and plan for the needs that will develop in the future.

**3. Education:** Facilitate life-long learning by providing greater access to Nova Scotia's visual arts culture and heritage and by providing programs that enhance the learning experience.

While this is an ongoing process and many effective and popular programs are currently being offered, the long-term goal is to ensure that program enhancements and growth continue in a manner responsible to the needs of the province's communities and visitors, while remaining financially self-sustainable.

**4. Governance and Accountability:** Continue to function responsibly, with transparency and adherence to proper policies and procedures.

We will ensure that governance and accountability initiatives are being properly carried out, and that changes are made to reflect emerging realities where warranted.



## Core Business Areas

The core business of the Art Gallery of Nova Scotia is the creation, accumulation, and dissemination of knowledge through the visual arts. This knowledge is delivered through five distinct but interrelated functions, three of which fall under the purview of our Curatorial department, while our ancillary functions are the responsibility of the Finance and Operations and Development and Auxiliary Services departments:

### **1. Curatorial**

#### **1 (a) Collections and Conservation**

The AGNS acquires artworks for the permanent collection consistent with the mandate of the acquisition policy and of the AGNS mission statement. The gallery maintains related library, film, website, video and resource support materials, along with institutional archival records pertaining to collections, exhibitions, and institutional history. The AGNS ensures proper management of the collection through documentation, maintenance of records, and research. The AGNS strives to ensure that the Province of Nova Scotia's collection is preserved and maintained in an environment that meets museum standards, while conducting conservation and restoration methods using accepted museum practices.

#### **1 (b) Exhibitions**

In the area of exhibitions, the AGNS is committed to our mission of bringing art and people together. In addition to our annual Sobeys Art Award exhibitions, the AGNS presents a wide range of art in our exhibition programs in Halifax, Yarmouth, and across Nova Scotia through our travelling exhibition and outreach programs.

We are committed to building audiences for art and have a three-part strategy for doing so. The first is the continued growth of the Sobeys Art Award, Canada's premiere prize for contemporary art, administered by the Art Gallery of Nova Scotia since its inception in 2002. The annual award of \$50,000 and accompanying exhibition is funded by the Sobeys Art Foundation. The second strategy is to focus on the richness of our permanent collection, creating exhibitions that highlight the breadth and depth of the Crown's art collection and making it available on loan to institutions across the region, the country, and beyond our borders. The third part of our strategy is to build partnerships to broaden the reach of our art exhibitions—to tour exhibitions within the province, across the region, and in various places throughout the country. To that end we actively seek partnerships to ensure that our projects (most of which focus on the art of Nova Scotia and of Atlantic Canada) are seen by as many audiences as possible.

We are committed to raising the profile of this region's art across the country, to developing exhibitions that examine the

work of individual artists, and to creating a publication program that does justice to their work. Thematic exhibitions that we develop are drawn almost exclusively from our permanent collection and serve to complement the solo exhibition projects on view and in development. Our objective is to be a leader in the advancement of knowledge and understanding of visual art and in the fostering of the careers of Canadian artists, with a focus on artists based in this region.

### **1 (c) Education and Public Programming**

AGNS has an ambitious education and public programming strategy that focuses on both on-site and outreach activities. On-site activities encompass the support and the interpretation of our temporary exhibitions programming and of our permanent collection exhibitions. Offerings include special exhibitions, the development of in-house didactic material in exhibitions, daily guided public tours, early-childhood education programs, infant and toddler/parent programs, studio/gallery workshops for students and teachers, family programs, a large docent program in support of school visits, and the fostering of life-long learning with a series of lectures, films, artist talks, and other educational activities including access to archives, publications, and study materials. We are committed to increasing our provision of education materials and services in French, including bilingual labels and publications, as well as programs offering guided tours, films, and lectures given in French.

Outreach activities involve many partnerships across the province that serve to further our mission of bringing art and people together. We work with educational institutions, libraries, social service agencies, hospitals, and other community organizations in a wide array of programs.

## **2. Finance and Operations**

The AGNS maintains strict financial controls and accounting, ensuring transparency in our operations and fiscal responsibility across all our operations. The maintenance of these strict controls is a core function by which Finance and Operations oversees and manages all issues relating to human resources, physical plant operations, security of the gallery and the collection, visitor services, and point of sale.

## **3. Development and Auxiliary Services**

The business function of Development and Auxiliary Services serves to financially support the operations of the AGNS and to encourage the public to visit the Art Gallery of Nova Scotia and engage with the visual arts.

The AGNS creates market awareness by various public relations tools. The AGNS promotes the sale of memberships to the public. Memberships generate revenues and create a sense of ownership, helping to recruit volunteers who assist the gallery in all aspects of its operations, including



fundraising, governance, and program delivery. The gallery publishes a member's magazine, the *AGNS Journal*, produces a monthly e-newsletter, and maintains an active web presence on our website, on Facebook, and through other social media.

The gallery provides auxiliary services that benefit visitors and members, while increasing gallery funding. Services include membership, volunteer programs, the Gallery Shop, facilities rentals, Art Sales and Rental (a related society housed in our premises), and a café.

## Priorities for 2012–2013

The Art Gallery of Nova Scotia has identified three major priorities for the 2012–2013 business plan.

### ***Priority 1: Feasibility Study***

With funding from the Provincial Government, ACOA, and AGNS, a feasibility study was commissioned in 2011–2012 to explore the options and opportunities of a new AGNS building. Based on the recommendations of that study and on instructions from government, a priority for 2012–2013 will be to plan the next steps towards the implementation of the accepted recommendations of the feasibility study.

### ***Priority 2: Strategic Plan***

As part of the gallery's ongoing commitment to governance and accountability, the gallery is making ongoing strategic planning a priority for 2012–2013. The goal is to complete a five-year, rolling, strategic plan to assist the gallery in moving forward with clarity and transparency.

### ***Priority 3: Enhancing the Visitor Experience***

Our intention is to realign all AGNS priorities to meet and exceed the needs of regional and tourist audiences. By so doing, the gallery will strengthen its position in a competitive marketplace and build for the future. Concentrating on affordability and access, this new initiative should increase the relevance and visibility of the AGNS to Nova Scotians and our visitors. Each core business area will have specific strategic goals relating to the successful implementation of this priority.

### ***Core Business Area 1: Curatorial***

*Collections and conservation; exhibitions; education and public programming*

#### **Strategic Action 1: Collections and conservation**

The current physical plant continues to have severe limitations as a secure art storage and display environment. Our priorities for 2012–2013 will be to improve institutional access to the collection and to



facilitate use of the collection for exhibitions and research.

**Strategic Action 2: Acquisitions**

The gallery currently has to raise 100% of its acquisition funds for purchase, shipping, appraisal of donations, etc. Our acquisitions priority for 2012–2013 will be to integrate the AGNS acquisitions plan more fully into our collections and development plans so as to streamline the budgeting process and to create predictable and sustainable acquisitions budgets for the future.

**Strategic Action 3: Exhibitions**

Building on our rich permanent holdings, our exhibition slate celebrates Canadian art—contemporary, historic, and folk. We have developed solo exhibitions for key senior artists in the region and established partners in touring them nationally. In the gallery’s Western Branch we have established a distinct “folk” brand that opens the door to a sustainable model for our success. For 2012–2013, we will take this ongoing plan one step further. Our exhibitions priority for 2012–2013 will be to develop a “blockbuster” model with available resources around an exhibition that will appeal to a broad public and increase visitation to the gallery.

**Strategic Action 4: Education**

In 2012–2013 we will have two priorities for our education, focusing on language and school tours. These priorities will be to improve access to the Crown’s collection

by continuing to increase French language services; and to build future audiences by making guided tours of the AGNS free-of-charge to every student in the province.

**Core Business Area 2:  
Finance and Operations****Strategic Action 1: Operations**

The AGNS is currently open 10 am to 5 pm seven days a week, with the hours extended on Thursday to 9 pm during the peak visitor season and closed Monday during the off season. In 2012–2013 we will be making it a priority to address the changing demographics of art museum visitors and to make the AGNS more consumer-friendly and more competitive for visitors’ leisure hours by changing its hours of operation. The gallery will be open during peak visitor season with extended hours six days a week and be closed during the off season on Monday and Tuesday. However, the gallery will open on Monday and Tuesday as necessary to accommodate school visits.

In addition, the gallery will be implementing of a fully integrated point-of-sale system that includes the Gallery Shop, memberships, admissions, events, and online services to all consumers. The current point-of-sale system is outdated and does not allow for online services, integration between the Information Desk and the Gallery Shop, or the accumulation of key visitor demographic information, which is vital for ongoing business planning.



### ***Core Business Area 3: Development and Marketing***

#### **Strategic Action 1: Marketing**

While AGNS has limited marketing funds, every effort will be made in the upcoming fiscal year to maximize the effect of what funds we are able to commit to marketing and promotion. Thus, a priority for 2012–2013 is to build audiences through streamlined branding tied to all core and ancillary services at AGNS, in order to improve revenues and increase visitation.

#### **Strategic Action 2: Event-Based Fundraising**

The priority for 2012–2013 will be to continue to grow the number of event-based fundraising initiatives, as well the net revenues of each, over the next fiscal year. The gallery will also work to establish the peak capacity for event-based fundraising so that it can determine the market saturation point for AGNS fundraising events. Continuing to develop unique experiences at a variety of entry price points will enable the AGNS to appeal to a wide array of market segments in its event-based fundraising strategy.

## **Human Resource Strategy**

The AGNS will continue to focus on performance and professional growth for staff and our many volunteers, ensuring that personal goals are in line with

corporate objectives. Our human resource strategy encompasses the following:

- Continue the organizational review process that was begun in fiscal year 2011–2012. This review will be tied to the strategic plan and will address issues such as role clarity, succession, suitability of roles to current and future business needs, and enhancing the visitor experience.
- Continue to implement the performance management process for all staff, including setting annual objectives and performance appraisals.
- Implement the volunteer policy that addresses recruitment, retention, training, scheduling, and, most importantly, recognition.
- Provide professional growth for employees, with training and development.

## **Budget Context**

The AGNS for the past two fiscal years has operated with authorization from Executive Council to run a \$450,000 deficit, reflecting the gap between fixed costs—such as salaries, building operations, collections maintenance, and insurance—and the provincial allotment. This is part of the long-term planning with government to arrive at a sustainable operating funding allotment for the AGNS that recognizes that, as a Crown agency, a large proportion of our costs are both fixed and directed towards the conservation and maintenance of Crown resources.



# Budget Context

	Estimate 2011-12 (\$)	Forecast 2011-12 (\$)	Estimate 2012-13 (\$)
<b>Revenues</b>			
Gallery operations			
Province of Nova Scotia grant	2,046,000	2,046,000	2,046,000
Admissions and memberships	199,206	151,848	186,041
Donations and other	376,500	327,978	392,350
Programming recoveries	606,170	575,545	542,600
Gallery recoveries	36,000	22,500	36,000
<b>Total gallery operations</b>	<b>3,263,876</b>	<b>3,123,871</b>	<b>3,202,991</b>
Gallery Shop	315,000	221,878	236,134
Endowment fund	55,000	75,000	81,100
Acquisition fund	63,000	150,000	149,000
<b>Total revenue</b>	<b>3,696,876</b>	<b>3,570,749</b>	<b>3,669,225</b>
<b>Expenses</b>			
Gallery operations			
Salaries and benefits	1,936,707	1,820,425	1,972,923
Building operations	756,770	752,254	736,070
Programming	631,350	646,192	621,240
Development and public relations	257,378	239,421	261,000
Western Branch	140,128	136,141	142,016
<b>Total gallery operations</b>	<b>3,722,333</b>	<b>3,594,433</b>	<b>3,733,249</b>
Gallery Shop	307,727	221,541	208,160
Product development			
Endowment fund	22,000	22,000	22,000
Acquisition fund	95,000	160,000	156,000
<b>Total expenses</b>	<b>4,147,060</b>	<b>3,997,974</b>	<b>4,119,409</b>
<b>Surplus (deficit)</b>	<b>(450,184)</b>	<b>(427,225)</b>	<b>(450,184)</b>



# Outcomes and Performance Measures

## Overall Business Areas

### Priority 1: Prepare implementation plan from feasibility study recommendations.

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
The results of feasibility study will determine the direction gallery will take in future, which may include a new Art Gallery of Nova Scotia	Adoption of the recommendations of the feasibility study and incorporation of these recommendations into the AGNS strategic plan	Information collected to be used to make decisions regarding potential capital investments, fundraising strategies, as well as ongoing operational requirements	Completion of implementation plan by December, 2012	No current plan exists for gallery	Review recommendations of Lord Cultural Resources as outlined in the Feasibility Study to prepare an implementation plan that addresses the next steps for the Gallery

### Priority 2: Complete a five-year strategic plan.

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
Fully integrate strategic plan into future business planning processes	Completion of a strategic plan approved by the AGNS Board of Governors	Using stakeholder information, strategies to be identified as key priorities for next five years. Development of operational plans to support these strategies	Five-year strategic plan to form foundation for future business planning for gallery's success	No current strategic plan exists for gallery	By engaging various stakeholders from community, board, government, and management of the AGNS, prepare five-year rolling strategic plan to assist gallery in moving forward with clarity and transparency

## Core Business Area 1

### Curatorial

#### Priority 3: Enhancing the visitor experience

##### Strategic Action 1: Collections and conservation; exhibitions; education and public programming

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
Full implementation of storage plan established in 2010–11	Storage plan includes further utilization of offsite storage facilities to free up gallery space currently used as storage	Storage plan established in 2010–11	Fourth floor gallery space returned to full exhibition space by end of fiscal year	Project ongoing; significant space reallocated as exhibition space	Improve institutional access to collection and facilitate use of collection for exhibitions and research

##### Strategic Action 2: Acquisitions

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
A predictable acquisitions budget year-to-year	Defer most acquisitions for current year to establish and implement a plan for forward-looking acquisitions funding	Prior fiscal year's donation receipts and restricted surplus balances that have been designated for acquisitions	New acquisitions to be based on prior year's receipts, providing knowledge of funds available in advance of each fiscal budget, allowing for better acquisition planning	For fiscal 2012–13 acquisitions may be deferred	Integrate AGNS acquisition plan more fully into collections and development plans to streamline budget process and create a predictable acquisitions budget for the future



## Core Business Area 1 *Curatorial*

### *Priority 3: Enhancing the visitor experience*

#### *Strategic Action 3: Exhibitions*

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
Mounting of a "blockbuster" exhibition in 2012-13 that increases gallery visitation	Blockbuster will be on view between September and January. The measure of success will be the increased number of visitors during this same time frame year after year	Number of visitors during same time frame in 2011-12 of 4,166 serves as baseline measure	Number of visitors targeted in 2012-13 is 6,699, increase of 2,533, or 60%	Historically: significant increase in gallery attendance during previous "blockbuster" exhibitions	Develop a "blockbuster" model with available resources around an exhibition that will appeal to a broad public and increase visitations

#### *Strategic Action 4: Education and public programming*

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
Continue bilingual didactics for temporary exhibitions and expand into permanent collection displays	Expansion of bilingual didactics into all permanent collection exhibitions over next two years	The percentage of permanent collection exhibitions that have bilingual didactics	50% of permanent collection to have bilingual didactics by end of fiscal year	Currently, only temporary exhibitions have bilingual didactics	Improve access to the Crown's collection by continuing to increase French language services
Secure corporate sponsorship for gallery's school tour programs	Successful negotiations of contract with a corporate organization to sponsor school tour program	Sponsorship revenue generated through development of relationship with a corporate sponsor	\$30,000 of sponsorship revenue, allowing schools in the province to attend gallery free of charge	Schools have visited gallery only if funds available or generated by schools	Build future audiences by making guided tours of AGNS free to students in the province

## Strategic Action 1: Operations

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
Extending hours during peak season to have direct impact on number of visitors to gallery	Increase in paid-admission visitors to gallery during peak season	Number of paid visitors from June to October 2011 of 8,507 serves as baseline measure	Number of visitors targeted in 2012-13 for the same peak season is 11,175, increase of 2,668, or 31%	Historically 56% of paid admissions are generated during peak season Tourist activity during peak in HRM provides the gallery with best opportunity for growth	Make AGNS more consumer-friendly and more competitive by changing its hours of operation
Improve point-of-sale information gathering and online sales ability integrated with membership data to better forecast revenue and visitation trends	Selection and implementation of fully integrated point-of-sale system by end of December 2012	Increase in online sales of memberships, admissions, event ticketing, along with shop sales Increase in information gathering related to visitors in order to build better forecasting tools in future	No increase in revenue in year one because of learning curve required for implementation Future years will see growth in all revenue areas Better forecasting in subsequent years will be based on reliable consumer information gathered during year one of implementation	Gallery has not had ability to offer online services to consumers in the past because of outdated technology Gathering of customer information has been manual and inconsistent in past	Implementation of a fully integrated point-of-sale system that includes Gallery Shop, membership, admissions, events and online services to all consumers Same system to provide data collection of visitor information



### Core Business Area 3 *Development and Marketing*

#### *Strategic Action 1: Marketing*

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
Improved AGNS branding to build audiences	Implementation of streamlined marketing campaign to cover all service offerings	Data tracking on points of impression through exit surveys, maximizing information gathered for future operational decisions	Have exit survey available to all visitors of gallery by May 21, 2012	Exit surveys: key indicators in monitoring success of service offerings Historically: no information to build upon	Build audiences through streamlined branding tied to all core and ancillary services at the AGNS to improve revenues and increase visitation

#### *Strategic Action 2: Event-Based Fundraising*

Outcome	Measure	Baseline Data	Targets	Trends	Strategies to Achieve Targets
Increased revenues from events as well as increased exposure for gallery to community at large	Increase in special-event revenues	Baseline measure: special-event revenue from 2011–12	Increase of revenue by \$40,000, or 45%	Rebranding primary event-based fundraising initiative and growing the number of events per annum has resulted in increased exposure and interest in gallery	Grow the number of and net revenues from event-based fundraising initiatives at AGNS



# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Halifax-Dartmouth Bridge Commission *Business Plan 2012–2013*

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## Message from the Chair and CEO

It is with pleasure that we submit the business plan for the Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges, or HHB) for 2012–2013. This fiscal year was a very productive one with many accomplishments, and 2012–2013 is expected to be the same.

On April 1, 2011, the first toll increase in almost 20 years came into effect. It was the first phase of a two-part increase, the second coming into effect April 1, 2012 for MACPASS customers only. Regular passenger vehicles will go from \$.70 to \$.80 per trip. Customers will pay on average 14% more beginning April 1. Revenue from the toll increase is required to undertake a significant capital and restoration project for the Macdonald Bridge over the next several years. The toll increase will reduce the amount of long-term debt and interest costs incurred from the project.

At the end of 2011, 72.6% of all crossings were made with the MACPASS, compared to 70% in 2010. We will continue to focus on electronic toll collection (MACPASS) to decrease traffic congestion and investigate how we can implement tolling efficiencies and reduce costs by using technology.

Last year \$14 million in capital projects were invested in the bridges, with \$16 million budgeted in 2012–2013 (\$6.9 million of which is designated for work on the Macdonald Bridge suspended span redecking project). These investments are critical for ensuring the long-term safety of the bridges and the travelling public.

There will be a continued focus on minimizing incidents on the bridge and clearing them as quickly as possible when they do occur. We have seen a significant decrease in the number of incidents taking place on the bridges. In 2011 there were 167 reported incidents, compared with 444 in 2010. We attribute this success to our focus on providing relevant information about road conditions and making drivers aware of their driving habits, a strategy that will continue in 2012.

Safety of employees and everyone who works on and around the bridges is a priority for HHB, and in 2011 we were rewarded for our focus on safety. We received a certificate of recognition (COR) from the Workers Compensation Board of Nova Scotia (WCB) following an audit of our health and safety systems. We also were awarded a Mainstay Safety Award from WCB. HHB won the award for the category, Safety Award of Excellence—Individual. HHB's Safety Manager was the recipient.

In 2011, the board of commissioners, working in partnership with HHB management, developed its second strategic plan. This team approach helps us achieve tremendous results and is natural in the evolution of HHB's planning process. The result is a plan that will serve as a roadmap to focus employees and members of the board of commissioners on the steps required to help HHB achieve its goals.

This strategic focus will be of particular importance as we approach the largest capital project to take place since the MacKay Bridge was built in 1970. The entire suspended span of the Macdonald Bridge will be replaced beginning in early 2015 and will take approximately 18 months to complete. HHB will begin to communicate the details of the project broadly in 2012. The project will cost approximately \$200 million and will help generate economic activity in the province. It will be only the second time that a project of this nature has been undertaken in North America, and it is expected to generate worldwide interest.

As you will read in this business plan, HHB is well poised for the future. The bridges are vital transportation links and determining factors in the economic development of HRM and the region. We continue to work towards providing world-class innovative transportation solutions.

Wayne Mason,  
Chairman of the Board  
of Commissioners

Steve Snider  
General Manager and CEO

## Mission

***To provide safe, efficient, and reliable cross-harbour transportation infrastructure at an appropriate cost.***

## Vision

To be recognized as world-class in the implementation of innovative transportation solutions.

## Mandate

The Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges, or HHB) is the self-supporting entity that operates two toll bridges, the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. It was created in 1950 by a statute of the Province of Nova Scotia and now operates under a statute passed in 2005. In accordance with Section 27 of the Halifax-Dartmouth Bridge Commission Act:

27 (1) With the approval of the Governor in Council, the Commission may construct, maintain and operate a transportation project across Halifax Harbour and the North West Arm, or either of them.

## Core Values

The following values are the essential principles that guide Halifax Harbour Bridges as an organization:

**Safety:** A fundamental focus and shared responsibility

**Stewardship:** The protection and maintenance of our bridges

**Customer service:** Focused on excellence

**Respect:** Relationships are based on open, truthful, and professional communications

**Community:** Engagement with and support of our communities

**Integrity:** Acting honestly, credibly, and accountably

**Engagement:** Focused on employee development and participation

**Leadership:** Competent, energetic, and focused

## Planning Context

### ***Organizational Structure***

The Board of Commissioners for Halifax Harbour Bridges (HHB) has nine members: five are appointed by the Province of Nova Scotia, including the chair and vice chair; and four members are Regional Councillors, appointed by Halifax Regional Municipality. Within the board structure, standing committees provide governance



and direction for audits, maintenance and safety, finance/administration/planning (FAP), and operations, communications, and MACPASS (OCM).

There are 35 permanent staff, and HHB employs approximately 40 painters and 12 gardening staff seasonally. There are also 50 members of Commissionaires Nova Scotia (CNS) who are under contract and have provided operational services to the bridges for 57 years.

### ***Strengths***

- Fifty-seven years experience in maintaining and operating suspension bridges
- Strong expertise in electronic toll collection
- Priority given to the safety of employees and everyone who works on and around the bridges
- Financial self-reliance, reporting to the Minister of Finance for the Province of Nova Scotia as a user-pay operation that receives no funding from the provincial government
- Strong ratings with two national rating agencies: a Toll Revenue Debt rating of AA (low) with DBRS; and a long-term issuer credit rating of AA- (stable) with S&P
- Operation of two of the best maintained pieces of infrastructure in the province, thanks to strategic capital investments and a comprehensive maintenance plan

- Reduction of toll plaza congestion through MACPASS, HHB's electronic toll collection system, reducing idling times and benefiting the environment

### ***Weaknesses***

- The bridges are reaching their mid-life. As they age they become more expensive to maintain.
- Based on current traffic growth projections the bridges are approaching full capacity, with traffic continuing to grow year after year. There is very little that can be done to HHB infrastructure to ease congestion.
- The potential for additional capacity on the two bridges is limited because of limited access and egress capacity. This is particularly the case on the Macdonald Bridge and the existing adjacent HRM road network.

### ***Opportunities***

- HHB continually looks for ways to make crossing the bridges more efficient for the travelling public.
- HHB continues to take a leadership role in finding solutions to manage the demand for transportation.
- HHB continues to participate in the discussion of sustainable transportation in this region and the potential for a greater role in transportation planning.

- HHB looks for ways to improve communications in order to help the public better understand the long-term plans of HHB and the role they play in minimizing incidents on the bridges.
- HHB seeks to broaden the application of MACPASS and MACPASS plus, in ways similar to the model used for parking at the Stanfield International Airport.

### ***Threats***

- HHB is vulnerable to adverse economic developments that arise as a result of rising fuel costs or a downturn in the economy. Both can have a negative impact on traffic volumes on the bridges and affect revenue.
- Ensuring the safety of the public and the bridges is of the utmost importance for HHB. In 2009 HHB initiated a three-year state-of-the-art security project.

## **Strategic Goals**

To achieve our vision, four key strategic goals will guide HHB.

### ***Quality and Standards***

Our customers, communities, and colleagues will recognize the high quality with which we safely and efficiently operate and maintain the bridges.

### **Objectives**

- Improve safety for employees, contractors, and users
- Exceed standards for maintenance and operations
- Reduce environmental impact

### ***Recognition of Values***

Customers will appreciate their experience crossing the bridges.

### **Objectives**

- Decrease the frequency and impact of incidents and the affect on traffic
- Increase quality of customer service
- Improve active transportation

### ***Innovation***

The public and government will recognize HHB as a leader in providing innovative transportation solutions.

### **Objectives**

- Increase real-time messaging to the public
- Increase efficiency of toll collection

### ***Leadership***

We will be leaders in the workplace and within our communities.

### **Objectives**

- Build our leadership skills
- Increase the level of employee engagement



## Core Business Areas

### *Operational Safety and Emergency Preparedness*

**Objective: To ensure the safety and security of the traveling public and employees through ongoing reviews and implementation of HHB's policies, procedures, and initiatives.**

HHB ensures that the bridges are well maintained and in good condition for the safety of the public. Safety measures include a wind detection system, mobile speed radar, ice-detection sensors, around-the-clock bridge security and traffic enforcement, security cameras, emergency telephones on the Macdonald Bridge, dynamic message signs, and a designated sidewalk and bicycle lane on the Macdonald Bridge.

#### **Focus for 2012–2013**

- Implement a traffic awareness campaign focused on the reduction of incidents on HHB facilities.
- Enhance critical infrastructure security levels for all HHB facilities.
- Review and update the strategic direction for emergency management within HHB.

### *Maintenance*

**Objective: To ensure the bridges are well maintained and structurally sound.**

Each year the two harbour bridges undergo a rigorous inspection to identify maintenance requirements and to ensure that items from previous inspections are being addressed properly. The annual inspection report forms the basis of the three-year maintenance plan.

The major projects completed in 2011 included replacement of traction rods and suspender ropes at the MacKay Bridge, inspection of the MacKay Bridge main cable, and installation of vibration dampers at the MacKay cable bents. The MacKay Bridge suspended span steel-deck life-assessment laboratory work is well underway.

The concrete foundations for the Macdonald Bridge went through an initial due diligence inspection and review related to the upcoming suspended span redecking project. The scope included all of the concrete foundations on the suspended span and approach span. The testing included taking of samples, compressive testing, and laboratory evaluation. The results of the inspection and review will be addressed in concrete restoration work over the next few years.

#### **Focus for 2012–2013**

- Conduct concrete restoration of the MacKay anchorages and waterproof the Macdonald and MacKay anchorages
- Replace and improve fencing to complement the security project at both bridges

- Improve and make continuous the roadside barrier systems, to improve roadside safety at both bridges
- Conduct a field monitoring program to provide a better assessment of the MacKay Bridge suspended span deck life

The extensive maintenance at the MacKay Bridge is part of the longer term plan to ensure major maintenance projects are complete in preparation for replacement of the suspended span on the Macdonald Bridge between 2014 and 2016. This is part of HHB's commitment to avoid traffic congestion by ensuring that both bridges are not undergoing significant projects at the same time.

### ***Efficient Transportation***

**Objective:** Maintain convenient and reliable passage by working with stakeholders to identify improvements, which will assist future capacity requirements.

**Objective:** Continue to actively market electronic toll collection (MACPASS) to decrease traffic congestion and accommodate future traffic growth.

**Objective:** Increase efficiency of toll collection.

#### **Focus for 2012–2013**

- Gain further understanding of how best to implement future tolling efficiencies
- Focus on reducing costs by utilizing technology
- Conduct research to help HHB determine the consequences of moving to an All Electronic Tolling (AET) system, thus eliminating cash as a method of payment. This type of tolling has benefits that may include improvements to safety, the environment, customer experience, service levels, and operational and cost efficiencies
- Throughout 2012 HHB will look at implementing lower cost, higher performance alternatives for maintaining its current toll collection system. Such initiatives may include the replacement of current vehicle classification technology, implementation of new MACPASS toll collection readers, and LED patron fare indicators.

## **Priorities for 2012–2013**

HHB's priorities in support of the core business areas for 2012–2013 are as follows.

### ***Safety and Emergency Preparedness***

- Implement a traffic awareness campaign focused on the reduction of incidents on HHB facilities
- Enhance critical infrastructure security levels for all HHB facilities
- Review and update the strategic direction for emergency management within HHB





### ***Maintenance***

- Conduct concrete restoration of the MacKay anchorages and waterproof the Macdonald and MacKay anchorages
- Replace and improve fencing to complement the security project at both bridges
- Improve and make continuous the roadside barrier systems, to improve roadside safety at both bridges
- Conduct a field monitoring program to provide a better assessment of the MacKay Bridge suspended span deck life

### ***Efficient Transportation***

- Understand how best to implement future tolling efficiencies and focus on reducing costs by utilizing technology
- Conduct research to determine consequences of moving to an All Electronic Tolling (AET) system
- Investigate implementing lower cost, higher performance alternatives for maintaining current toll collection system. Such initiatives may include the replacement of current vehicle classification technology, implementation of new MACPASS toll collection readers, and LED patron fare indicators.

### ***Workplace Safety***

- Develop a world-class safety program
- Strive for a workplace with no workplace injuries

### ***Communications***

- Continue to build on improving relationships with stakeholders
- Expand tools for communicating with customers
- Share information about the reasons behind the need for the Macdonald Bridge suspended span redecking project

### ***Environmental***

HHB will continue to reduce its carbon footprint and engage staff and the public in environmental decision making to gain their support.



## Budget Context

	Estimate 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Estimate 2012-13 (\$ 000)
<b>Revenue</b>			
Toll revenue	29,394	28,918	32,087*
Other rate charges	157	163	162
Investment and sundry income:			
Trust fund investments	169	256	269
Other	330	357	350
Investment income	20	70	50
Contributed capital contribution	65	65	65
<b>Total revenue</b>	<b>30,135</b>	<b>29,829</b>	<b>32,983</b>
<b>Expenses</b>			
Operating	6,121	5,865	6,470
Maintenance	3,923	3,086	5,157
Amortization	7,499	6,940	7,209
Debt servicing	2,729	2,637	2,511
Loss (profit) on disposal of property, plant, and equipment	100	1	100
<b>Total expenses</b>	<b>20,372</b>	<b>18,529</b>	<b>21,447</b>
<b>Net operating income</b>	<b>9,763</b>	<b>11,300</b>	<b>11,536</b>
<b>Other comprehensive income</b>	<b>—</b>	<b>149</b>	<b>—</b>
<b>Comprehensive income</b>	<b>9,763</b>	<b>11,449</b>	<b>11,536</b>

\* Increase in toll revenue is due to a \$0.10 increase in MACPASS tolls to \$0.80 per crossing. Revenue from the toll increase is required to undertake a significant capital and restoration project for the Macdonald Bridge over the next several years. The toll increase will reduce the amount of long-term debt and interest costs incurred from the project.



## Future Capital Requirements

Year	Amount (\$ adjusted for inflation)
2012-13	16,107,000
2013-14	14,608,000
2014-15	43,219,000*
2015-16	70,680,000*
2016-17	72,447,000*
2017-18	26,366,000*
2018-19	3,611,000
2019-20	7,650,000
2020-21	2,593,000
2021-22	5,315,000
2022-23	9,534,000
2023-24	170,313,000**
2024-25	181,725,000**
2025-26	2,933,000
<hr/>	
Total capital requirement 2012 to 2026	656,340,000

\* Macdonald Bridge suspended span re-decking.

\*\* MacKay Bridge suspended span re-decking.

# Outcomes and Performance Measures

## Core Business Area 1 Operational safety and emergency preparedness

Outcome	Measure	Baseline Data	Target	Trends	Strategies to Achieve Target
Implementation of a public safety awareness campaign	Annual MVA statistics and reduction in traffic related incidents	Baseline of 1.2 incidents per 100,000 vehicle kilometers traveled (VKT) 2011 average speeds	Maintain or reduce 2011 VKT statistics Average speeds to decrease: Macdonald: 50 kph Mackay: 70 kph	Incidents 2010: 444 2011 : 167	Targeted advertisement and radio campaign Survey of awareness amongst motorists
				Speeds (kph) Mackay 2009: 71.7 2010: 71.4 2011 : 65.0	
Development of new security strategy for all HHB facilities	Enhanced coordination of situational awareness for all HHB facilities	Improved operational response to security related threats Enhance interoperability between private and public emergency management professionals	Increased security vigilance on HHB facilities Integrate security responsibilities into all phases of mitigation, response, and recovery	Speeds (kph) Macdonald 2009: 53.9 2010: 58.0 2011 : 52.6	Implementation of new high-level security systems Improved communications and planning, between private/ public sector emergency managers of critical infrastructure
				Not applicable—new strategy	



### Core Business Area 1 *Operational safety and emergency preparedness*

Outcome	Measure	Baseline Data	Target	Trends	Strategies to Achieve Target
Revise emergency management plan for HHB	Establish organizational-wide Emergency Response plan	Emergency management approach in line with current public/private sector initiatives	Development of new comprehensive emergency management plan for HHB	Not applicable—new strategy	Review existing current best practices Revised HHB emergency management plan Train all personnel on new plan

### Core Business Area 2 *Maintenance*

Outcome	Measure	Baseline Data	Target	Trends	Strategies to Achieve Target
MackKay Bridge suspended span deck monitoring and test program	Final report	Long-range plan anticipates deck replacement in 2022–2023 Cracks found and repaired in 2009 Deteriorated deck with cracks repaired adjacent main towers in 2010 Fatigue samples taken from deck panels removed from main towers in 2010 Lab test program underway Field monitoring to start spring 2012	2012: 80% 2013: 100%	2011: 25% 2012: 80%	Ensure strain gauge monitoring and fatigue laboratory testing complementary Determine realistic load or deflection criteria
MackKay Bridge anchorage concrete repairs	Final inspection report	Phase over two years—one anchorage each year First phase deferred because tender exceeded budget	2012: 100%	2011: 0%	Comply with noise by-laws Carry out when cold weather concrete protection not required Tender March 2012 to allow full season for extensive concrete work and allow waterproofing in conducive temperatures

## Core Business Area 2 Maintenance

Outcome	Measure	Baseline Data	Target	Trends	Strategies to Achieve Target
Macdonald Bridge anchorage waterproofing	Final inspection report	Previous materials removed in 2010 to allow concrete inspection Tender documents complete—deferred because tender price exceeded budget	2011: 100% Revised 2012: 100%	N/A	Carry out during summer months in optimum weather conditions Tender with MacKay anchorage work
Fencing replacement and upgrade	Final inspection report	Design substantially completed Trial in 2011 results to be built in	2012: 100%	N/A	Carry out when cold weather concrete protection not required Communicate work to neighbours Tender March 2012 for fence material delivery
Roadside barrier improvements	Final inspection report	Stems from 2009 speed and road safety study Design substantially complete in 2011 First component of road safety improvements Future components will address lighting, speed reduction measures, and signage	2012: 100%	N/A	Define work for off peak periods to minimize disruption to traffic Liaise with HRM and NS where abutting their roads Conduct during conducive temperatures for concrete work



### Core Business Area 3 *Efficient transportation*

Outcome	Measure	Base Year	Target	Trends	Strategies to Achieve Target
Increase the efficiency of traffic flow by increasing throughput and reducing congestion	Percentage of MACPASS usage	2001: 32.4%	2012: 74.0%	2001: 32.4% 2002: 39.1% 2003: 43.3% 2004: 47.1% 2005: 49.3% 2006: 52.1% 2007: 55.0% 2008: 65.8% 2009: 68.7% 2010: 70.0% 2011: 72.6%	Increased distribution Provide excellence in customer service



# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Innovacorp ***Business Plan 2012–2013***

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## Message from the Minister

As Nova Scotia's early-stage venture capital organization, Innovacorp plays an important part in the province's *jobsHere* economic plan. The young, knowledge-based companies Innovacorp invests in and assists are innovative and globally competitive, and they create good jobs. These start-up companies are vital to growing our economy.

In 2011–2012, through Innovacorp, the province made seed investments in eight promising technology companies: Marcato Digital Solutions Inc., TitanFile Inc., GoInstant, Health Outcomes Worldwide, aioTV Inc. Livelenz Inc., CarbonCure Technologies Inc., and Seaforth Energy Inc.

Several of the recent investments were made through a new \$24-million fund created by the province as part of the *jobsHere* plan, targetting Nova Scotia's clean technology sectors. These sectors have potential to improve our economy, our communities, and our environment. Administered by Innovacorp, the new fund has come at a time of ever-increasing international demand for clean technologies and solutions, and we look forward to helping bring Nova Scotia's green innovations to the marketplace.

Also in 2011–2012, Innovacorp launched the Nova Scotia CleanTech Open, an international competition designed to find and fund high-potential, early-stage clean technology companies. The competition puts a spotlight on Nova Scotia as an ideal location for such companies to grow. The winner will be announced in spring 2012.

Innovacorp also ran its third province-wide I-3 Technology Start-Up Competition in 2011–2012. The competition's goal is to find and support early-stage Nova Scotia knowledge-based companies, and to encourage entrepreneurial activity across the province. Innovacorp received a record-breaking 142 submissions from across Nova Scotia this year, from Chester and Lawrencetown to New Glasgow and Cheticamp. The businesses chosen as first- and second-place award winners in each competition zone are excellent examples of the types of companies that will fuel future economic growth. Congratulations to all I-3 participants—I look forward to hearing about your continued success in Nova Scotia.

On behalf of the Province of Nova Scotia, I am proud of Innovacorp's work to date and confident the organization will have a continued positive impact on Nova Scotia's economic development in 2012–2013, as it works to further increase innovation, entrepreneurship, and business success stories in Nova Scotia.

The Honourable Percy Paris  
Minister, Economic and Rural Development and Tourism



## Message from the Interim CEO

In 2011–2012, Innovacorp strengthened its role in accelerating the growth of knowledge-based companies in Nova Scotia. We refined our business model to ensure all activities are investment-led, thereby improving the support available to start-up companies.

We all know that capital is the lifeblood of any early-stage company. The young, knowledge-based companies in Innovacorp's portfolio require risk capital to help fund their start-up and early development phases. Nova Scotia is considered an underserved market when it comes to access to risk capital, and so the Province of Nova Scotia, through Innovacorp, plays an important part in supporting these promising companies.

In 2011–2012, Innovacorp helped Nova Scotia deliver on the *jobsHere* plan to grow the economy by enhancing the venture capital ecosystem. We significantly increased our investment activity, making investments totaling \$5.85 million in eight promising technology companies. With these new additions, the province's Nova Scotia First Fund now has 19 investments under active management.

Last year, these portfolio companies generated about \$26.2 million in export revenues and directly employed about 220 people, resulting in a payroll of about \$9.7 million, most of which was in the form of high-value jobs. Furthermore, the investments we made in 2011–2012 leveraged an additional \$9 million in investment from other sources.

Along with capital investment, Innovacorp provided tailored, hands-on business guidance to the companies it invested in. It also delivered world-class incubation services and facilities—places Nova Scotia's technology entrepreneurs can call home.

While all Innovacorp's work—helping early-stage companies commercialize their technologies—supports *jobsHere*, we are especially enthusiastic about our increased investment activity; our management of a new \$24-million clean-technology venture capital fund for Nova Scotia; and our role in leading, on behalf of the province, the creation of a much-needed regional venture capital fund, focused on later-stage investments in Atlantic Canada.

As Nova Scotia's early-stage venture capital organization, in 2012–2013 we will continue to focus on enhancing our pipeline of investment opportunities, improving our due diligence capabilities through our new Science and Technology Advisory Council, making investments in high-potential companies, and working closely with these companies to help them achieve success. We will also work with our private- and public-sector regional venture fund partners to successfully launch this important new source of capital.

While our progress to date has been good, we need to work harder to help Nova Scotia entrepreneurs achieve their full potential. Innovacorp is up for the challenge.

Jacquelyn Thayer Scott, PhD, OC  
Interim CEO, Innovacorp



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## Mission

***We take carefully calculated risks to make profitable early-stage investments in Nova Scotia entrepreneurs.***

Nova Scotia's ability to compete—regionally and globally—is increasingly reliant on the success of its knowledge-based companies. These high-growth companies positively affect the province's prosperity more than any other sector of the economy by providing high-quality jobs and innovation.

## Vision

***We will make Nova Scotia the most entrepreneurial province in Canada.***

A vibrant and robust economy requires entrepreneurs, and Innovacorp wants to encourage and support entrepreneurship across Nova Scotia. As our motto says, "we get invested." In 2011–2012, Innovacorp modified its High Performance Incubation (HPi) business model to one focused on venture capital investment. Innovacorp's investment and mentoring divisions were merged into one service offering, and management changes were made to provide a streamlined, customer-centric offering focused on seed and Series A investments. The improved business model helps create a more supportive environment for entrepreneurs in Nova Scotia, particularly those in the knowledge-based industries.

As a result of Innovacorp's business model modifications, investment activity has been significantly increased while maintaining high-quality due diligence. Deal flow is at a record level and the number of investments made this year exceeded the total number of investments made during the previous three and a half years.

Along with capital investment, Innovacorp provides tailored, hands-on business guidance to the companies it invests in. It also offers world-class incubation services, programs, and facilities. Together, these resources help create winning conditions for Nova Scotia entrepreneurs.

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## Planning Context

The world economy has moved to a higher level of uncertainty. Last year saw natural disasters, political instability, and sovereign debt issues affect national and world economies. This level of uncertainty has not diminished. Political instability and sovereign debt issues continue. Central banks are walking the fine line of historically low interest rates to stimulate domestic demand and trying to keep the rates from being too stimulating for inflation and personal debt levels. World-wide, governments have moved away from stimulus spending and towards fiscal restraint.



With increased integration of the world economy and the pace of technological advancements, the Nova Scotia economy has been and will continue to be impacted. Nova Scotia is responding to this uncertainty by concentrating on core areas as outlined in *jobsHere, the plan to grow our economy*, released in November 2010. *jobsHere* has three interrelated priorities: learning the right skills for good jobs, growing the economy through innovation, and helping businesses be more competitive globally. These priorities are being further articulated in strategies such as Nova Scotia's Workforce Strategy, released in fall 2011.

Through the *jobsHere* plan, strategies have been and are being implemented that will improve innovation across all sectors and focus on strategic investments in innovation and productivity, increasing our competitiveness and creating higher-value jobs. By aligning investment, trade, and innovation priorities and focusing resources on key sectors, there are more opportunities for economic growth. *jobsHere* outlines specific activities that assist in developing a highly trained workforce and creating jobs and a secure future for Nova Scotians. *jobsHere* is a clear commitment from the Nova Scotia government to doing things differently in order to make life better for Nova Scotians. The plan supports all areas of the province and all sectors of the economy, meaning we all have a part to play.

Innovacorp helped develop Nova Scotia's *jobsHere* plan. Now we must help deliver on the plan, and we are well positioned to do so. While all our work—helping early-stage companies commercialize their technologies—supports *jobsHere*, we are especially enthusiastic about our increased investment activity, our management of a new \$24-million clean-technology venture capital fund for Nova Scotia, and our participation in helping to establish a regional venture capital fund.

## Innovacorp SWOT Analysis

In keeping with its culture of continual improvement, Innovacorp performs an objective SWOT (strengths, weaknesses, opportunities, threats) analysis as part of its fiscal-year business planning. The 2012–2013 SWOT analysis follows.

### **Strengths**

#### **Resources and/or capabilities that can be used as a basis to create value and/or competitive advantage**

- Brand: Strong brand awareness and “go to” organization credibility with Nova Scotia early-stage technology entrepreneurs
- Brand: Increased visibility and credibility with the private sector
- Brand: Strong client referral network

- Brand: Strong relationships and reputation with federal government
- Brand: Supportive network of professional service providers
- Capital: Venture and seed capital investment expertise; credibility with national and international institutional investment communities
- Expertise: In-house expertise and opinion leaders in the areas of innovation, commercialization, entrepreneurship, technology, early-stage investment, and incubation
- Governance: Knowledgeable, engaged, and diversified board of directors with robust corporate governance
- Infrastructure: World-class incubation infrastructure and services
- Organization: Relevancy through organization adaptability and continuous improvement culture
- Organization: Collaborative culture, leveraged to maximize synergies between private and public sectors
- Organization: Significantly increased productivity of the organization over eight years, with fewer full-time employees
- Advanced Education: Strong multi-level relationships with universities and community colleges
- Advanced Education: Early Stage Commercialization Fund with a five-year track record, 93 projects funded

## ***Weaknesses***

### **Absence of specific required strengths**

- Capital: Lack of regional institutional investors affects ability to secure follow-on investment capacity
- Infrastructure: Ability to attract clients to our information technology services platform
- Infrastructure: Lack of funding to fit-up space in the new Innovacorp Enterprise Centre
- Organization: Succession planning and retention of the senior management team
- Pipeline Management: Capacity to deliver high-quality services to the highest-potential clients, while balancing a steady flow of prospective clients
- Pipeline Management: Resources required to build pipeline for both investment and incubation

## ***Opportunities***

### **New opportunities to add value, grow, become more efficient, etc.**

- Capital: Clean technology opportunities and funds
- Capital: New private-sector-managed regional venture capital fund
- Infrastructure: Drive adoption of advanced information technology infrastructure and services among clients



- Investment Attraction: Partner with the private sector and regional and federal agencies to target investment attraction in key sectors
- Metrics: Refine Innovacorp metrics to align with the province's new metrics initiative and to measure client progress in building business capability, achieving scale and exit potential, and generating return on investment
- Pipeline Management: Continue to leverage online marketing techniques to attract new high-potential clients and strengthen relationships with existing clients
- Talent: Optimize talent recruitment opportunities, including those from outside the region, that arise from the changing landscape of today's economic climate
- Talent: Map existing and medium-term skill gaps and assist in securing talent
- Advanced Education: Increase collaboration with universities to strengthen entrepreneurial curriculum
- Advanced Education: Leverage incubation facilities located within post-secondary institutions (NSCC Middleton, Dalhousie University, Acadia University) to increase our pipeline and partnerships
- Advanced Education: Use the new Innovacorp Enterprise Centre to strengthen innovation commercialization relationships with Dalhousie University and the life sciences community

## ***Threats***

**Potential threats to the organization's ability to deliver on its charter that weaken core strengths or pre-empt the successful pursuit of opportunities**

- Access to Capital: Canada's weak venture capital track record and its impact on future investments
- Access to Capital: High number of undercapitalized venture-grade opportunities and their related inability to attract high-quality people and meet operational objectives result in a poor investment track record for the region
- Capital: Few active local or regional private venture capital investors
- Financial: Level of reserves and write-downs relating to high-risk investments and inability to recognize unrealized gains
- Financial: Risk that the Innovacorp Enterprise Centre fails to secure funding for building fit-up
- Financial: Unplanned requirement for significant capital investment (e.g. to repair incubation infrastructure) would cause Innovacorp to use operational funding
- Market: Slow speed of the global economic recovery affects both access to capital and access to market
- Pipeline R&D: Low level of regional industry-led R&D continues to impede the momentum of commercialization progress



- Talent: Ability of the organization to recruit and retain the required key staff and management expertise

## Strategic Goals

Two broad strategic goals drive Innovacorp's activities:

- To fuel sustainable economic growth by enabling Nova Scotia knowledge-based companies to accelerate the commercialization of their technologies and increase competitiveness in export markets.
- To collaborate with private and public partners to build a dynamic high-growth entrepreneurial culture in Nova Scotia.

More specifically, Innovacorp's focus is to create, develop, and grow globally competitive knowledge-based companies to maximize the following benefits:

Nova Scotia Knowledge-Based Companies	
<b>Positive Nova Scotia GDP Impact</b> <ul style="list-style-type: none"> <li>• 98% export oriented</li> <li>• Capital investment attraction</li> <li>• Local corporate purchasing</li> <li>• Local wealth creation</li> <li>• Sustainability of operations</li> </ul>	<b>Ability to Attract &amp; Retain Talent</b> <ul style="list-style-type: none"> <li>• High average per person payroll</li> <li>• Diversity of jobs and career growth opportunities</li> <li>• Employability of employees</li> <li>• Urban and rural relevancy and impact</li> </ul>
<b>Provincial Tax Contributors</b> Clean & Green	<b>Potential to Spin-out New Nova Scotia Companies</b>

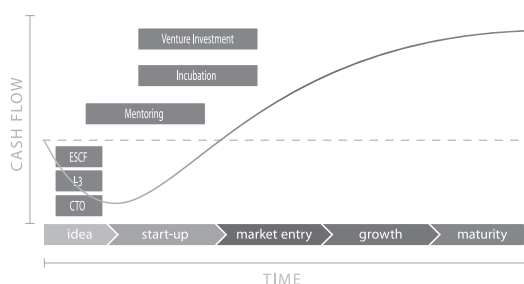
### Innovacorp Delivery Model

The early-stage, knowledge-based companies Innovacorp invests in and assists are innovative and globally competitive, and they create good jobs. These start-ups are

vital to growing Nova Scotia's economy. Innovacorp's goal is to fuel sustainable economic growth by enabling Nova Scotia knowledge-based companies to accelerate the commercialization of their technologies and increase competitiveness in export markets.

It is important to note that two-thirds of all new jobs are created by small- and medium-size enterprises (SMEs); in fact, in 2009, SMEs were responsible for 67 per cent of jobs created in Canada. Further, a 2010 study by the Kauffman Foundation found that job growth is driven largely by start-ups.

Given the crucial role young companies play in Nova Scotia's economy, Innovacorp focuses on the delivery of risk capital and supporting expertise and services to accelerate companies in the idea, start-up, and market-entry stages. The organization is especially interested in the clean technology, information technology, and life sciences sectors.



### Investment

Atlantic Canada-based venture-grade companies continue to be undercapitalized compared to US-based and other Canadian



companies. According to the Canada's Venture Capital and Private Equity Association (CVCA), the amount of capital invested in Canadian knowledge-based companies is less than half of that invested in companies based in the US, and Atlantic Canadian investment rounds are half the size of the Canadian average. Yet companies in our region must compete globally against more appropriately funded companies.

A better capitalized company is more able to meet its development objectives, manage its cash flow, and attract people with expertise and market experience to implement its business plan and increase speed to market. Being undercapitalized has particularly significant repercussions for start-ups— they must perpetually try to raise funds; they are unable to focus on building the business; and they fail to attract and retain top talent.

Innovacorp addresses the capital gap by providing early-stage high-potential companies in Nova Scotia with timely venture investments that range from \$100,000 to \$3 million over the life cycle of the investment. Its objective is to maximize return on investment for Nova Scotia while contributing to the growth of the province's economy.

Through its management of the Nova Scotia First Fund (NSFF), Innovacorp has a substantial positive impact on the province's innovation capital markets. As an active seed and venture capital investor,

the organization has played an important part in significantly increasing the amount of capital invested in Nova Scotia high-growth companies. In 2011–2012, Innovacorp invested \$5.85 million in eight promising technology companies. These investments leveraged an additional \$9 million in investment from other sources.

Innovacorp will continue to actively seek investment opportunities that offer the best potential for commercial success and financial sustainability. To this end, the organization will encourage investment in stellar seed and growth-stage venture-grade opportunities, help those companies secure private sector capital, and help entrepreneurs achieve milestones that will attract follow-on financing for future stages of company growth.

Innovacorp will foster an environment that will enable Nova Scotia to gain and maintain private sector credibility in global early-stage and venture capital markets, and will help create the necessary conditions for efficient private-sector risk capital markets in Nova Scotia and Atlantic Canada.

Along with capital investment, Innovacorp provides tailored, hands-on business guidance to the companies it invests in. By leveraging the organization's in-house expertise and our expanding network of external advisors, our advisory activities help clients find more direct and cost-effective paths to success.

Innovacorp uses a customized approach in assisting entrepreneurs, addressing the unique challenges of each client during each stage of the business-growth cycle. The assistance tackles areas such as fundamental business planning, intellectual property identification and protection strategies, access to specialized infrastructure, implementing product development best practices, financial and accounting management, cash-flow management, value proposition development, pricing strategies, competitive analysis, state-of-the-art marketing techniques, website optimization, sales and distribution channel strategies, obtaining seed and venture capital, and human resource management strategies.

### **Incubation**

Innovacorp's incubation infrastructure and programs have been internationally recognized. The sites are premier destinations for early-stage technology companies. The facilities offer much more than just space and infrastructure. They offer an environment, a community. They also offer on-site support, flexible leasing, and credibility—things that emerging companies need to increase success, grow stronger faster, and reduce costs.

Innovacorp manages three incubation facilities and provides investment guidance to clients at 104 Marine Drive in Sydney in partnership with Venture Solutions Inc.

### **Managed Facilities**

- The Technology Innovation Centre (1 Research Drive, Dartmouth) targets companies in the information technology and engineering industries.
- Innovacorp Enterprise Centre (1344 Summer Street, Halifax) focuses on companies in the life sciences and clean technology industries
- The grow-out facility (101 Research Drive, Dartmouth) is occupied by Ocean Nutrition Canada and Composites Atlantic.

The Innovacorp Enterprise Centre opened on April 1, 2011. This world-class facility is a partnership with the Province of Nova Scotia and Dalhousie University. The infrastructure replaces and builds on the strong track record of Innovacorp's former BioScience Enterprise Centre.

At the end of 2011–2012, Innovacorp's incubation facilities stood at 94 per cent occupancy (excludes greenfield space). Innovacorp will strive to maintain occupancy at its incubation facilities at approximately 90 per cent, enabling the organization to offer incubation services to new clients and allowing for expansion by existing clients.

Innovacorp will also partner in the creation of a new digital media incubation facility in downtown Halifax and assist in the development of an incubation site on the Acadia University campus. Innovacorp will share its incubation best practices with



these partners and provide access to its investment team and venture guidance.

Entrepreneurial programs such as the Business Over Breakfast series, sessions on the lean start-up methodology, and sales training were delivered by Innovacorp in 2011–2012. These programs will continue in 2012–2013.

#### **Research and Development Commercialization**

In conjunction with Nova Scotia Economic and Rural Development and Tourism, Innovacorp will continue to manage the Early Stage Commercialization Fund (ESCF), which assists and supports the academic community in the pursuit of entrepreneurial opportunities. Though ESCF, Innovacorp reviews, advises and supports the early-stage technology commercialization of post-secondary institution research that has market potential.

Working closely with university industry liaison offices, the ESCF provides funding and go-to-market support for projects demonstrating readiness to advance a technology that has achieved, or is close to achieving, a prototype/proof-of-concept stage, and is approaching market readiness with a possibility of attracting industrial partners and/or investment. The prospect of generating a new revenue stream must also be demonstrated.

#### **ESCF Objectives:**

- Promote and accelerate technology transfer activities in Nova Scotia's post-secondary institutions
- Provide the opportunity to assess the commercial potential of intellectual property
- Narrow the gap that exists at the very beginning of the commercialization process, and enable projects to move closer to industry collaboration and/or technology spinoff

Innovacorp will use its experience and expertise to positively influence post-secondary program development in the areas of innovation and technology commercialization. The organization will also work closely with entrepreneurship programs to facilitate learning and real world application. Further, Innovacorp will continue to participate in business plan competitions, start-up weekends, demo/podcasts, and classroom discussions.

#### **I-3: Idea, Innovation, Implementation**

Innovacorp ran its third province-wide I-3 Technology Start-Up Competition in 2011–2012. The competition's goal is to find and support early-stage Nova Scotia knowledge-based companies, and encourage entrepreneurial activity across the province.

The province is broken down into five I-3 competition geographic zones to maximize community involvement, partner participation, and entrepreneur submissions. The numbers show this approach works. Since launching I-3 as a pilot in 2006, Innovacorp has received 414 start-up company submissions, including 142 submissions in 2011–2012.

Once again, Innovacorp partnered with more than 20 professional service firms across Nova Scotia to deliver in-kind business-building services to the first- and second-place zone winners. These firms are located in the communities in which the entrepreneurs reside and operate, and will provide hands-on business-building assistance to the winners in their region in the form of legal, accounting, marketing, human resource, and other relevant services.

As always, in the year ahead, Innovacorp will provide follow-up assistance and training to a selection of I-3 entrants from the most recent competition.

It is Innovacorp's intention to conduct another I-3 competition in 2013–2014.

### **Nova Scotia CleanTech Open**

Created and managed by Innovacorp, the inaugural Nova Scotia CleanTech Open was launched in September 2011. The international competition is designed to find and fund high-potential, early-stage clean technology companies. The competition puts a spotlight on Nova Scotia as an ideal

location for these companies to grow. The goal is to attract the best clean technology companies in the world to Nova Scotia.

Entrants must be a start-up business venture with a focus on a new knowledge-based product and/or service in the clean technology industry. Companies from Nova Scotia and around the world are eligible to compete. The competition winner receives \$100,000 in cash, a \$200,000 negotiable seed investment, mentoring, and in-kind support.

The 2011–2012 Nova Scotia CleanTech Open competition attracted 65 submissions from the United States, Europe, the Caribbean, China, and across Canada. The winner will be announced in spring 2012.

### **Science and Technology Advisory Council**

Innovacorp's Science and Technology Advisory Council consists of researchers and industry experts in fields related to Innovacorp's focus industries, including clean technology, life sciences, and information technology. Members provide independent, strategic advice about relevance, quality of science, and commercialization potential of technologies evaluated by Innovacorp and its clients. The council is a platform for assessing emerging science and technology issues important to Nova Scotia's economic future.



## Priorities for 2012–2013

In 2011–2012, Innovacorp strengthened its role as Nova Scotia's early-stage venture capital organization. In the upcoming year, Innovacorp will enhance its ability to create, develop, and grow globally competitive knowledge-based companies across the province by focusing on four priorities:

1. Access to Capital: Maximizing the impact of the Nova Scotia First Fund
2. Access to Infrastructure: Maximizing the impact of the incubation facilities
3. Access to Talent: Maximizing globally competitive skills, knowledge, and expertise
4. Access to Research and Development: Maximizing the commercialization potential of applied research in Nova Scotia's post-secondary institutions

### ***1. Maximizing the Impact of the Nova Scotia First Fund***

**Current State:** As noted above, according to the CVCA (Canada's Venture Capital and Private Equity Association), the amount of capital invested in Canadian knowledge-based companies is less than half of that invested in companies based in the US, and Atlantic Canadian investment rounds are half the size of the Canadian average. Yet Atlantic Canadian companies must compete globally against more robustly funded ones.

The current state of the market with respect to venture capital in Nova Scotia and the rest of Atlantic Canada creates a situation where the risk profile of even the highest-potential knowledge-based companies is such that they will find it extremely difficult to secure capital. In addition, there are very few active venture funds in Nova Scotia or the Atlantic region putting a greater emphasis on the need to further scale Innovacorp's new investment-focused business model.

Innovacorp's role as a seed and early-stage investor is now more critical than ever. Syndication of investment transactions has been difficult and is expected to continue to be so, as will achieving the 1:3 leverage ratio we seek (i.e., for every dollar invested by Innovacorp, an additional three dollars would be invested by syndicate partners).

In 2011–2012, Innovacorp invested \$5.85 million in eight promising technology companies in Nova Scotia, and these investments leveraged an additional \$9 million in investment from other sources. Two of the eight investments were made through a new \$24-million fund that targets Nova Scotia's clean technology sectors.

Through its increased investment activity over the last year, Innovacorp is having a substantial positive impact on the province's innovation capital markets, but the availability of venture capital needs to expand further to provide a level playing field for Nova Scotia companies.



As set out in its *jobsHere* plan, in November 2010 the province announced it would seed a regional venture capital fund using \$15 million from the commitment it made to the Nova Scotia First Fund. New Brunswick subsequently committed \$15 million toward the fund's creation. Over the last year, Innovacorp has been working on behalf of the two provinces to set up the fund and secure additional investors. The private-sector-managed fund will target opportunities throughout Atlantic Canada and is scheduled to launch in summer 2012.

In 2012–2013, Innovacorp will

- continue to invest in early-stage Nova Scotia companies in the information technology, life sciences, and clean technology sectors
- work with incubation stakeholders to identify pipeline for incubation and investment
- work with the management teams of the portfolio companies to accelerate their preparations for market and position them for growth
- seek investment syndicate partners for its financing rounds, to increase the risk capital pool in Nova Scotia and leverage the province's capital investments

**Desired State:** The Nova Scotia First Fund is managed in a manner that provides maximum benefit to the Nova Scotia economy. Innovacorp plays a key role in improving access to capital for entrepreneurs

in Nova Scotia's knowledge-based industries, increasing the venture capital pool necessary to build and monetize competitively-capitalized venture-grade opportunities.

## ***2. Maximizing the Impact of the Incubation Facilities***

**Current State:** In April 2011, Innovacorp opened the Innovacorp Enterprise Centre on the Dalhousie University campus. The organization also developed partnerships with two other incubation facilities in the province, one on the NSCC Annapolis Valley campus in Middleton and one in Sydney. Further, Innovacorp secured funding for creation of a new digital media incubation facility in downtown Halifax and assisted other organizations with their proposed incubation facilities and programs.

In 2012–2013, Innovacorp will

- seek to secure funding from partners to cover the additional fit-up costs for the remainder of the Innovacorp Enterprise Centre
- implement a tenant recruitment marketing plan that ensures an optimal client mix and occupancy level at the incubation facilities
- collaborate with partners to identify and recruit select R&D-oriented companies from key sectors
- optimize synergies between the Innovacorp Enterprise Centre, Dalhousie



University, and the Capital District Health Authority, because of their proximity to one another

- share incubation best practices with other organizations to increase their success and maintain a strong brand for incubation
- work with the government on potential new sector-specific incubation facilities (e.g. oceans)

**Desired State:** Innovacorp ensures the incubation facilities it manages reach their full potential in the shortest amount of time, while maintaining both operational and financial sustainability. Innovacorp works with its partner facilities to enable them and their clients to reach their full potential.

### ***3. Maximizing globally competitive skills, knowledge, and expertise***

**Current State:** Knowledge-based companies seeking to compete globally require globally competitive business-building expertise. The required expertise ranges from executive leadership to finance to sales and marketing. There is a shortage of relevant, proven business-building skills available for early-stage knowledge-based companies in Nova Scotia. The majority of these companies possess relevant technical expertise, and most have a high level of industry expertise, but few have the required skills to take their technologies to the global marketplace successfully.

Innovacorp needs to ensure that it too hires the right people, with the right skills and experience, at the right time. The required expertise ranges from seasoned executive management to investment deal flow and management, to business advisory support.

The *jobsHere* plan to grow the economy includes objectives to create more opportunities for people to learn valued skills and improve productivity. Nova Scotia's new Productivity Investment Program will support those objectives by providing incentives for businesses to become more productive, innovative, and globally competitive through supporting investments in employee skills, as well as capital investments. Innovacorp's clients can benefit from such initiatives.

In 2012–2013, Innovacorp will

- develop and implement initiatives to increase exposure, experience, and knowledge in the start-up community
- leverage educational strategic partnerships that can address gaps in required entrepreneurial skills and knowledge
- support business competitions, start-up weekends, demo/podcasts, etc.
- assist clients with talent acquisition
- refresh the succession plan for Innovacorp's senior management team and key personnel

**Desired State:** Nova Scotia companies have access to world-class entrepreneurial talent



and are able to leverage this talent to build and capitalize their ventures. People with such talent see Nova Scotia as a place where they can fulfill their careers. Innovacorp ensures a stable internal environment, with an dynamic team that can keep pace with the evolving needs of Nova Scotia early-stage knowledge-based companies.

#### ***4. Maximizing the commercialization potential of applied research in Nova Scotia's post-secondary institutions***

**Current State:** Nova Scotia is home to 11 universities and a strong community college system with 13 campuses across the province. More than \$160 million in research is conducted at these institutions each year. While the local economy benefits from the education of students, the attraction of world-class researchers, and the direct and indirect employment generated by post-secondary institutions, the economic benefits derived specifically from applied research continue to be relatively low. Innovacorp will continue to engage with post-secondary institutions and also manage the Early Stage Commercialization Fund.

In 2012–2013, Innovacorp will

- continue to manage and refine the Early Stage Commercialization Fund
- leverage the database of research projects in post-secondary institutions and reach out to those involved in projects with high commercialization potential

- leverage the database of research projects in post-secondary institutions to assist them in building links with the private sector
- leverage relationships with post-secondary institutions to help implement elements of the *jobsHere* strategy

**Desired State:** Nova Scotia universities and colleges are known nationally for their innovative engagement of the business community, business-building curriculum, and the flow of applied research towards commercial products.



# Budget Context

## *Financial Management*

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 economic development initiatives.

	Estimate 2011-12 (\$)	Forecast 2011-12 (\$)	Estimate 2012-13 (\$)
<b>Revenues</b>			
Provincial funding	6,557,000	7,180,000	7,472,000
NS funding recognized re capital assets acquired	152,000	186,000	77,000
Incubation	1,622,000	1,770,000	1,720,000
Mentoring	125,000	—	—
Investment	42,000	332,000	122,000
	<b>8,498,000</b>	<b>9,468,000</b>	<b>9,391,000</b>
<b>Expenses</b>			
Incubation	3,273,000	3,409,000	3,339,000
Mentoring	1,379,000	—	—
Investment	1,010,000	2,524,000	2,560,000
Corporate services	1,868,000	2,106,000	2,032,000
	<b>7,530,000</b>	<b>8,039,000</b>	<b>7,931,000</b>
<b>EBITDA</b>			
Provincial funding	6,557,000	7,180,000	7,472,000
NS funding recognized (deferred) re: capital assets acquired	152,000	186,000	77,000
Incubation	(1,651,000)	(1,639,000)	(1,619,000)
Mentoring	(1,254,000)	—	—
Investment	(968,000)	(2,192,000)	(2,438,000)
Corporate services	(1,868,000)	(2,106,000)	(2,032,000)
	<b>968,000</b>	<b>1,429,000</b>	<b>1,460,000</b>

	<b>Estimate 2011–12 (\$)</b>	<b>Forecast 2011–12 (\$)</b>	<b>Estimate 2012–13 (\$)</b>
<b>Non-operating items</b>			
NSFF total return	(194,000)	(428,000)	(643,000)
Post-retirement benefits and long service award	(212,000)	(212,000)	(212,000)
Amortization	(442,000)	(459,000)	(467,000)
NS funding deferred re capital assets acquired	(300,000)	(392,000)	—
Interest income (expense), dividends and capital gains (losses)	39,000	(79,000)	(279,000)
	<b>(1,109,000)</b>	<b>(1,570,000)</b>	<b>(1,601,000)</b>
<b>Surplus (Deficit)</b>	<b>(141,000)</b>	<b>(141,000)</b>	<b>(141,000)</b>



## Outcomes and Performance Measures

This section outlines the new performance measures Innovacorp will track in 2012–2013. Using 2011–2012 as a baseline, these economic impact and leading indicator metrics will provide an indication of how well Innovacorp's strategic goals are being met. The priorities and the operational plan to achieve them are presented in this document under the section titled Priorities for 2012–2013.

In 2012–2013, Innovacorp will review and further strengthen its performance metrics to improve measurement of client progress in building business capability, achieving scale and exit potential, and generating return on investment.

Measure	Base Year 2011–12	Target 2012–13
<b>Economic Impact Metrics (M = million)</b>		
<b>Revenue generated by portfolio companies:</b>		
While most of Innovacorp's clients are early-stage companies, this measure tracks the annual revenue, measured in millions of Canadian dollars, generated by current portfolio companies.	\$26.2M	\$30M
<b>Employment generated by portfolio companies:</b>		
This measure tracks the annual employment generated by current portfolio companies.	220	245
Total employment payroll of portfolio companies.	\$9.7M	\$10.9M
<b>Amount of Nova Scotia First Fund (NSFF) leveraged investments:</b>		
This is the cumulative amount (from February 1996) of investment made in client companies by the NSFF, measured in millions of Canadian dollars.	\$115M	\$130M

Measure	Base Year 2011-12	Target 2012-13
Leading Indicator Metrics		
<i>Number of early-stage Nova Scotia companies Innovacorp engaged during the year</i>	108	120
In addition to the companies referenced above, Innovacorp provided value added guidance to a number of companies that made submissions to the provincial I-3 competition.	142	
Number of NSFF investments	8	8
Incubation occupancy levels	94%	90%
Number of portfolio clients exporting products/services internationally	12	15

Note: The metrics provided are based on information and estimates gathered from Innovacorp client companies.





# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

## Nova Scotia Business Incorporated

### ***Business Plan 2012–2013***

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# Message from the Minister, Chair, and President and CEO

Having followed through with the *jobsHere* plan for our economy, Nova Scotia took additional strides forward in 2011. The past year has seen the creation of the Nova Scotia Jobs Fund, and ERDT has worked collaboratively with NSBI and other departments and agencies to develop the Workforce Strategy, the Productivity and Innovation Strategy, and the International Commerce Strategy.

Given the current economy, increased competition, and depleting budgets, the province must ensure Nova Scotia companies succeed and grow, while continuing to attract new, inward investment.

To achieve results under *jobsHere* and ancillary strategies, NSBI has a key leadership role to play. The 2012–2013 business plan focuses on the following priorities:

- driving results through strategically identifying and targeting opportunities
- sector development
- quality-focused pipeline development and management
- maximizing client growth and sustainability
- improved responsiveness to business
- establishing an integrated service team

The NSBI team strives for performance excellence while remaining focused on achieving our business priorities. Transparency and attention to detail are at the core of our business approach—offering value and exceptional service to clients.

In 2012–2013, the NSBI team will work proactively to bring Nova Scotia businesses to the world and attract global investment to Nova Scotia. We must work directly with businesses and partners to achieve results for the province and grow Nova Scotia's economy.

Sincerely,

Percy Paris  
Minister of Economic and Rural Development and Tourism

Jim Eisenhauer  
Chair of the Board, Nova Scotia Business Inc.

Stephen Lund  
President and CEO, Nova Scotia Business Inc.



## Mission

***Through business development, NSBI drives a strong, prosperous, and globally competitive Nova Scotia.***

## Vision

As Nova Scotia's private-sector-led business development agency, Nova Scotia Business Inc. (NSBI) works with businesses to help them grow and prosper. NSBI attracts new companies to Nova Scotia and helps local companies meet their growth potential through global business development, financing, and venture capital.

NSBI's vision:

***To proactively deliver business development solutions that drive value to our clients and contribute to the economic growth of Nova Scotia.***

NSBI's mission and vision are aligned with *jobsHere*, the province's economic plan released in 2010. NSBI's business development operations are key to delivering results and supporting the success of this plan.

NSBI will focus its resources on delivering mandate-specific initiatives related to the three priorities of *jobsHere*.

## Mandate

NSBI is the business development agency for the Province of Nova Scotia. In conjunction with its partners, NSBI works directly with Nova Scotia businesses to bring them to the world and attract global investment to our province. Through a proactive approach, NSBI delivers results that directly contribute to Nova Scotia's economic growth. This is accomplished through

- working to leverage new, inward investment to the province to further business growth, product development, market expansion, and export potential
- NSBI will be the first point of contact for all commercial entities requiring business financing, with the exception of major industrials and operations of regional significance or strategic importance to the province
- supporting existing business development, retention, and expansion
- proactively attracting new investment into the province through foreign direct investment (FDI), strategic venture capital partnerships, and foreign owned expansion/growth
- assisting companies engaged in international commerce
- marketing Nova Scotia's business environment internationally



NSBI was created in 2001 to be Nova Scotia's business development agency, guided by a private-sector board of directors, to take a fresh approach to improving the economic opportunities available to all Nova Scotians. NSBI works to strengthen businesses, attract investment, and help them grow in Nova Scotia. Recognizing the state of the global economy and the province's fiscal challenges, NSBI believes its board of directors provides an effective decision-making and adjudication model.

In 2007, NSBI introduced its second five-year plan, outlining how the organization would continue to work with businesses and partners to provide business advice, business financing, and venture capital and to identify new opportunities through trade development and investment attraction.

NSBI's key accountability metric has evolved. The original focus was on the creation and maintenance of jobs; as was outlined in its second five-year plan, NSBI was focused on the total payroll created and retained by clients. In its third five-year plan, NSBI will focus on maximizing investment impact.

NSBI works with the Department of Economic and Rural Development and Tourism (ERDT) and other economic development organizations to provide programs and services that support businesses across the province. In doing this, NSBI is committed to

- attracting the right type of investments
- supporting business in creating employment for Nova Scotia's highly skilled workforce
- assisting Nova Scotian businesses in becoming more productive, competitive, and profitable

As NSBI continues to deliver results against its strategic plan, the agency continues to work with local and international companies to ensure they are innovative, productive, and competitive, resulting in higher-value jobs. All of these efforts combine to generate direct economic benefit lending to long-term, sustainable economic prosperity.

## Planning Context

The world economy has moved to a higher level of uncertainty. Last year saw natural disasters, political instability, and sovereign debt issues affect national and world economies. This level of uncertainty has not diminished. Political instability and sovereign debt issues continue. Central banks are walking the fine line of historically low interest rates to stimulate domestic demand and trying to keep the rates from being too stimulating for inflation and personal debt levels. Worldwide, governments have moved away from stimulus spending and towards fiscal restraint.

With increased integration of the world economy and the pace of technological advancements, the Nova Scotia economy has been and will continue to be impacted. Nova Scotia is responding to this uncertainty by concentrating on core areas as outlined in *jobsHere, the plan to grow our economy*, released in November 2010. *jobsHere* has three interrelated priorities: learning the right skills for good jobs, growing the economy through innovation, and helping businesses be more competitive globally. These priorities are being further articulated in strategies such as Nova Scotia's Workforce Strategy, released in fall 2011.

Through the *jobsHere* plan, strategies have been and are being implemented that will improve innovation across all sectors and focus on strategic investments in innovation and productivity, increasing our competitiveness and creating higher-value jobs. By aligning investment, trade, and innovation priorities and focusing resources on key sectors, there are more opportunities for economic growth. *jobsHere* outlines specific activities that assist in developing a highly trained workforce and creating jobs and a secure future for Nova Scotians. *jobsHere* is a clear commitment from the Nova Scotia government to doing things differently in order to make life better for Nova Scotians. The plan supports all areas of the province and all sectors of the economy, meaning we all have a part to play.

As we move forward to a new fiscal period, the following are the top challenges affecting NSBI:

- We face a reduced operating budget to effectively realize business growth opportunities and support economic strategy.
- With only 1 in 34 Nova Scotia companies exporting, compared to the Canadian average of 1 in 23, Nova Scotia companies need to become more internationally focused in order to be competitive and successful in the future.
- Nationally and internationally, jurisdictions have placed greater emphasis on attracting inward investment. These jurisdictions are using aggressive incentives, tax concessions, or other tools to attract targeted companies.
- Once companies are attracted to Nova Scotia the incentive offered cannot be the only anchor to the province.

However, the following opportunities exist to be more strategic in how we address our challenges:

- Better coordination and delineation of service delivery across government will increase alignment and efficiencies in order to maximize opportunities with clients.



- Under the province's new approach to international commerce, NSBI will have access to a broader set of resources to assist companies grow, diversify their current markets, trade internationally for the first time, and become more competitive through global trading.
- NSBI can leverage the full suite of provincial economic development offerings.
- NSBI needs to strategically focus and commit resources to companies that will yield the greatest economic benefit to the province and solidify their operations through helping companies invest and grow their operations in the province long-term. The competitiveness of Nova Scotia must be demonstrated through its business costs, workforce, universities and colleges, and supply chain.
- High-value companies, such as the ones Nova Scotia is targeting, look for four key criteria when deciding to invest or expand: availability of skilled labour, scalability (ability to grow), business costs (including labour), and available incentives. Depending on the sector, Nova Scotia may be at a disadvantage in being competitive in any one of these areas.
- Emerging markets such as those of Brazil, Russia, India, China, and Southeast Asia now attract a higher percentage of global investment dollars.
- The majority of Nova Scotia's international trade customers live in the northeastern United States. This region has been the mainstay of Nova Scotia's trading economy for generations. Approximately 75 per cent of Nova Scotia's exports head to the US, with Europe being a distant second.
- Although the higher value of the Canadian dollar creates opportunities for Canadian-based operations to make foreign acquisitions or reduce costs on internationally sourced inputs, an increase in the value of the Canadian

trend, competition to attract targeted companies to invest or expand has become greater since 2008 as provinces, states, and other jurisdictions respond to the recession by using Foreign Direct Investment (FDI) to stabilize and reverse negative growth in their communities.

### ***Nova Scotia Business Challenges***

NSBI has also considered these additional key business challenges or trends during the development of its 2012–2013 business plan:

- New investments or expansion projects began trending upward in 2010 by 2 per cent, after a sharp decline experienced globally in 2009. While positive, the trend that started in 2010 is still significantly short of the 2008 peak for new global investments or expansion projects. Amid this weak

dollar can increase the cost of doing business in Nova Scotia, which can lead to a decline in competitiveness for foreign direct investment and exports from the province.

- Nova Scotia had five companies acquire Venture Capital financing in 2010, worth a total of \$10.4 million (Canada had 357 companies acquire Venture Capital financing in 2010, worth \$1.13 billion). Nova Scotia contributed 2.2 per cent to Canada's GDP in 2010 yet accounts for only 0.9 per cent of Venture Capital activity in Canada.
- Nova Scotia's productivity is 75% of the national average; as well, growth in machinery, equipment, and ICT expenditures are not keeping up with the national average.
- Some companies are experiencing shortages in key skills across a variety of sectors. These shortages range from traditional trades to information technology (IT). Companies competing globally, or planning to, require highly-skilled individuals to lead them through the challenges of international commerce.
- With federal and provincial governments committed to eliminating their deficits by the fiscal year 2014–2015, government spending growth is expected to run below 1 per cent over the forecast.

## ***Demographics***

The Nova Scotia population has remained relatively stable, growing 0.8 per cent from 2006 to 2011, at the same time the Canadian population grew 5.9 per cent. This was the second lowest increase in the country, as Newfoundland and Labrador grew only 0.1 per cent. Like Canada, Nova Scotia has found that net international migration has been the strongest source of population growth. Nova Scotia's July 1, 2011 population was estimated to be 945,437. The Nova Scotia Department of Finance population forecast has Nova Scotia's population remaining relatively stable over the next five years.

There are two trends that have implications for the economy. The first is the ongoing urbanization of population. This is a worldwide trend and Nova Scotia is not immune to it. Interprovincial migration has resulted in people moving to the Halifax Region from other economic regions in the province.

The second trend is the aging of the population. The baby boom that helped swell the labour force in the past decade is now aging. The leading age of the baby boom reached 65 in 2011. In Nova Scotia over 90 per cent of the labour force is drawn from the population 18–64. By 2017, this population is projected to decline by 27,200. In 2011, the Nova Scotia labour force declined 2,200 to 496,600. To maintain provincial tax revenue to support





government services, our workers of the future must be working at higher-paying jobs in sectors that are competitive in the global market.

### ***Nova Scotia Business Opportunities***

NSBI has also considered these additional key business opportunities or trends during the development of its 2012–2013 business plan:

- Regional projects provide great opportunity for Nova Scotia companies to engage in local and global supply chains and also provide a springboard or platform for enhancing FDI, innovation, and productivity investment. Major projects expected in the region include the following:
- Capital spending related to the \$25 billion 30-year shipbuilding contract awarded by the federal government in October to Irving Shipyard is expected to begin in 2012.
- The Deep Panuke offshore natural gas project is scheduled to come online in the second quarter of 2012, providing a significant boost to natural gas production.
- In 2013 construction on the \$1.2 billion Maritime Transmission Link (as part of the Lower Churchill Project in Labrador) will ramp up. This project is expected to create 2,700 person-years of employment (indirect and direct) in Nova Scotia and in Newfoundland and Labrador over a 30-year period.
- Almost 4 in 10 jobs in this province are dependent on international commerce. The value of our trade with other provinces and the rest of the world surpasses the total income earned by Nova Scotians. International exports and imports alone equal, on average, about 54 per cent of Nova Scotia's gross domestic product. Focus on increased international commerce will continue to present opportunities to increase provincial economic growth.
- FDI also has considerable impact on productivity and innovation. Foreign firms are generally more productive and spend more on R&D, than their domestic counterparts. We must explore how to further increase the impact of FDI.
- Currently, Nova Scotia's international commerce activities take place mainly within North America (75% of Nova Scotia exports go to the United States).
- Although Europe's inward trade role (imports and investment) is growing rapidly, Nova Scotia's outward trade activities with Europe have been declining. Current EU trade negotiations will provide increased opportunity for Nova Scotia companies to grow their share of this market.



- Nova Scotia's international commerce activity with Asia is minor, despite rapid growth in Asian countries—again, presenting an opportunity for the province.
- Free trade and globalization have created significant changes in the way global markets operate, forcing Nova Scotian companies to adapt to the ever-increasing pace, scale, and complexity of globalization in order to realize the opportunity it presents. Cost reductions in communications and transportation and the emergence of new technologies have enabled firms of all sizes to market their products and services internationally. This has increased the scope and scale of competition but also of opportunity. Adjusting to this new international marketplace requires that firms change the way they approach business and operate.
- An increased provincial focus on global value chains (GVC) driven by global trends will provide exciting opportunities for companies to grow internationally. Whether selling components or services into a GVC, establishing international operations, sourcing manufacturing inputs, or meeting international supply chain standards, the value chain model is one with which all companies must become familiar in order to thrive internationally. NSBI will support companies in meeting international standards and certifications in order to participate in GVCs.
- By collectively focusing on high-value, high-growth sectors, NSBI can identify FDI and sectorial synergies that create new investment and trade opportunities for domestic companies.
- Venture capital investment offered through government agencies is critical to Nova Scotia's overall focus on innovation. Public-sector venture capital attracts additional national or international private-sector investment to our targeted companies. Venture capital is also another mechanism to attract new investment and innovation into the province.
- With external factors continuing to pose threats to Canada's economic growth, the Bank of Canada is likely to remain cautious about raising interest, providing favourable conditions for companies to invest in technology and in research and development.

### ***State of the Economy***

NSBI considered the following key economic risk factors during the development of its 2012–2013 business plan:

- Global economic activity is expected to decline moderately, with consensus among Canada's five major banks forecasting worldwide 2012 GDP growth at 3.3 per cent, compared to 3.8



per cent in 2011. This performance is expected because of a number of factors: increasing fiscal tightening in many advanced nations, prior credit restraint in some key developing countries, and the effect of the eurozone's debt crises on international trade and credit. In January 2012 S&P downgraded several eurozone countries. While Germany managed to hold onto its AAA rating, France and Austria lost their AAA status and joined the United States with a rating of AA+. Spain and Italy were both downgraded, while the downgrade to Portugal stripped it of its investment grade standing.

- The consensus of Canada's five major banks forecast Nova Scotia's 2011 GDP growth at 1.5 per cent, while the forecast national GDP growth was 2.3 per cent. The economic view for Nova Scotia is slightly more optimistic in 2012, with forecast GDP growth at 1.7 per cent, while Canada is expected to grow by 2.0 per cent. This modest increase is expected to occur because of major projects in the province, such as the Shipbuilding contract.
- For at least the last 24 months in Nova Scotia, monthly employment has shown no discernable trend. However, on an annual basis, the Nova Scotia economy has recovered from the employment loss of the recession that began in 2008, with employment

in 2011 being 800 above the 2008 level. Overall, employment numbers mask an ongoing restructuring in the Nova Scotia economy, as the share of natural resources and manufacturing employment has declined as these sectors have been influenced by global trends.

## Strategic Goals

In collaboration with its partners and consistent with NSBI's next five-year plan and *jobsHere*, NSBI will continue to support its core focus of working directly with businesses to deliver results for the province. NSBI's four key strategic pillars and goals will play important roles in shaping the province's economic growth over the coming years. NSBI's four key strategic pillars and goals are

**Results and impact**—To maximize the contribution NSBI and its clients have to the overall economic prosperity of the province of Nova Scotia

**Client success**—To have our clients consistently rate the relationship with NSBI as integral to their success

**Operational effectiveness**—To develop a culture of continuous improvement

**People**—To have an engaged high performance team with the right expertise and capabilities, empowered to achieve the organization's goals

## Core Business Areas

NSBI's core focus is to work directly with businesses and partners to deliver results for the province. To achieve this, the agency offers client-focused solutions through its core business expertise: trade development, business financing, venture capital, and investment attraction. These units are supported through NSBI's remaining business units corporate strategy and intelligence (CSI), marketing and communications, human resources, corporate services and corporate office.

NSBI's core business functions are proactively focused on business development. These divisions work in concert to achieve NSBI's goal of bringing business to the world and attracting global investment to Nova Scotia. As a key delivery agent for the province's International Commerce Strategy, NSBI's focus in the international arena—making companies more competitive globally and attracting FDI to the province. NSBI also works with export focused companies in Nova Scotia, providing access to capital and leveraging new inward investment to the province to further business growth, product development, market expansion and export potential.

Business units such as corporate strategy and intelligence (CSI), marketing and communications provide support functions to both domestic business development and

international commerce. These functions also provide direct client support, offering critical intelligence as well as advice on positioning and messaging.

### ***Business Financing***

The NSBI business financing team uses its knowledge of local industries, priority sectors and financial assistance structuring to provide solutions to Nova Scotia companies focused on competitiveness, productivity, growth and expansion. Solutions may include loans, guarantees, trade-related financing, and payroll rebates (see appendix 1) to companies in Nova Scotia.

NSBI financing, is designed to supplement other products in the marketplace that might not fully meet the needs of companies. Trade financing assists Nova Scotia companies to deliver on export related opportunities. Payroll rebates offered by business financing are used to incent incremental growth of Nova Scotia owned companies to encourage local growth, and supporting companies in priority sectors. NSBI's business financing experts are also active in the promotion and application assessment of ERDT's Productivity Investment Program (PIP), announced in December 2010. This program is designed to encourage businesses to become more productive, innovative, and globally competitive.



### ***Venture Capital***

Since starting in 2002, NSBI Venture Capital has invested in 16 companies and currently manages over \$48 million in capital. NSBI provides investments from between \$1 million to \$15 million with co-investors to assist companies throughout the province to further business growth, product development, and market expansion. NSBI Venture Capital's strategic investment focus is in mid- to late-stage market opportunities ranging from the life sciences to diverse opportunities in the multi-media, IT, and aerospace sectors.

NSBI Venture Capital actively invests in companies with a sustainable competitive advantage, truly disruptive technology, strong management team, and measurable sales based on high-growth revenue models. The Venture Capital team provides capital, strategic direction and advice to help promising companies achieve their full potential and provide a return on the invested capital. NSBI's Venture Capital practice is a complement to Innovacorp investments and offers a continuum of investment for innovative companies who have demonstrated potential for further growth.

### ***Trade Development***

NSBI's trade development team is focused on helping Nova Scotia companies be more competitive globally. Organized by sector, with geographic sub-specialties, the trade

development team works with businesses, universities and institutions throughout the province that have an exportable product, service or technology, or a need for sourcing external capital or inputs.

Partnered with provincial and federal government departments, agencies and industry associations, NSBI's Trade Development team is focused on taking companies to global markets to meet with potential buyers, partners, or suppliers. This year will see an increased focus on the development and implementation of market diversification plans, and market entry strategies for selected markets through the use of the Trade Market Intelligence (TMI) service.

Over the past few years, NSBI trade development executives have worked closely with new exporters, encouraging them to diversify trade outside of provincial borders. Specifically, outreach through initiatives such as the ACOA Nova Scotia/ NSBI In-Market Education Missions, Trade Team Nova Scotia's Export Rallies, Doing Business in...sessions, and NSBI's leadership of the provincial Export Achievement Awards have exposed many new companies to the opportunities presented by international trade.

Another key area of focus for NSBI trade development is working with Nova Scotia businesses to track and pursue opportunities with International Financial Institutions (IFIs) such as the World Bank, the Inter-

American Development Bank, the African Development Bank, and the Caribbean Development Bank. NSBI subscribes to procurement databases and facilitates access to them through its IFI Resource Centre. NSBI is also home to the province's Private Sector Liaison Officer (PSLO) to the World Bank. This position serves as liaison between the private sector in the province and the IFIs, particularly the World Bank.

The NSBI trade development team also supports government departments and agencies that have products and services of interest to foreign markets, to help them prepare their products for sale and connect with potential buyers in these markets.

### ***Investment Attraction***

The NSBI investment attraction team comprises sector-focused specialists who attract sustainable, export-oriented, and value added business investment to the province.

In pursuing this goal, NSBI takes an aggressive, targeted, opportunity-driven approach to attract FDI and expanding businesses that have a strong fit with Nova Scotia's key assets and strategic sectors. NSBI investment attraction specialists proactively promote the competitive advantages of doing business in Nova Scotia and validating the client business case to invest. To compete for this investment Nova Scotia must offer incentives. One such incentive is the payroll rebate, a performance-based

incentive offered to eligible companies expanding in, or locating to Nova Scotia (see Appendix 1). The advantage of this incentive is that it only pays out to the company after they have fulfilled their job growth, salary and investment commitments. NSBI's investment attraction team leverages the full suite of provincial economic development offerings to deliver the ideal client solution that best supports the client's business case and the provincial economic benefit.

The investment attraction team works closely with the trade development team to identify and leverage joint opportunities internationally such as conferences and investment forums. The two teams also work together to ensure that export-oriented domestic companies are positioned to partner or supply goods and services to international companies attracted to the province.

The NSBI investment attraction team also works directly with ACOA, DFAIT, ERDT and other government partners to attract inward investment to Nova Scotia. NSBI uses the entire provincial business development toolkit to remain competitive with other competing jurisdictions.



## Priorities for 2012–2013

NSBI will release its next 5-year plan in September of 2012. Structurally, the plan outlines four strategic pillars and goals that will guide its operation between 2012 and 2017. Underpinning each pillar are 5-year strategies that focus the organization on achieving its goals, resulting in significant economic impact to the Province of Nova Scotia. Each of these strategies has alignment with the priorities of the current fiscal year and will direct NSBI's activity accordingly.

The first year of our 5-year plan will focus on developing the foundation elements required to achieve NSBI's strategic goals and support the success of the provincial economic strategy, *jobsHere*. This transition year in planning will allow a comprehensive evaluation of the last five years, and further refining of the five-year plan will be reflected in next year's business plan. NSBI will continue to build on the work and success of the past ten years, with increased emphasis on its core values: creativity, accountability, professionalism, and excellence.

In order for NSBI to more effectively achieve its strategic goals and support the implementation of *jobsHere*, the following key priorities have been identified:

### A. Driving results through strategically identifying and targeting opportunities

NSBI's differentiator is its client-centric model. This approach to business development over the past 10 years has led to increased provincial investment, jobs, and payroll growth, as well as to more productive and competitive domestic businesses. Increased competition for investment, talent, and market share requires NSBI to focus its limited resources on opportunities that will have the greatest positive economic impact. It will be accomplished through:

**1. Sector development** in Nova Scotia will continue to be a key priority for NSBI and its partners. NSBI must be targeted, focusing on sectors and assets that can be leveraged to achieve maximum results. In order for Nova Scotia to be successful in growing and developing these sectors it must continue to address the following key business needs: availability of skilled labour, scalability (ability to grow), business costs (including labour), and available incentives.

NSBI Key Business Sector Focus:

- Financial Services—Insurance/Fund Administration
- Defence, Security, and Aerospace
- Information Technology
- Gaming/Interactive Media
- Life Sciences



- Ocean Technology
- Clean Technology
- BPO/KPO/Shared Services
- Manufacturing

In 2012–2013 NSBI will

- continue to collaborate with ERDT on the development and implementation of provincial-sector strategies and action plans
- collaborate with government partners to support the development of better labour market information, which will influence Nova Scotia's value proposition and the competitiveness of specific sectors
- connect its clients to university research initiatives and innovation partnerships to support further research and development investment
- work with its partners to map and analyze Nova Scotia's unique assets, identify specific investment targets, and enhance the provincial value proposition

**2. Quality-focused pipeline development and management** will be a key priority for NSBI and its partners. Through a strategic sales process NSBI will identify and develop opportunities and ensure their alignment with the provincial government's goals and objectives.

In 2012–2013 NSBI will

- enhance the criteria to identify high-potential clients for business finance, trade, and investment attraction to target
- conduct analysis and modeling of existing client success factors and decision criteria to enhance client business cases and Nova Scotia positioning
- focus on high-priority markets for FDI inflow and export prospecting
- identify supply-chain gaps within major economic projects (e.g. shipbuilding)
- enhance a Nova Scotia Ambassadors program to refer opportunities and create greater awareness of Nova Scotia's value proposition
- actively engage in-market consultants
- lever anchor companies and the domestic supplier base to attract investment

**3. Maximizing client growth and sustainability** in Nova Scotia will be an important focus for NSBI in 2012–2013 and over the next five years. NSBI and its partners want to attract, grow, and retain companies that will yield the greatest economic benefit and solidify their operations through helping companies to invest and grow in the province long-term. In order for this to happen, companies must choose Nova Scotia based on competitive business costs, workforce, universities and colleges, and supply chains.



In 2012–2013 NSBI will

- harvest existing foreign direct investment for incremental growth and investment (head office visitation program)
- support international commerce by providing customized market intelligence for Nova Scotia businesses on products or services in markets of interest
- analyse top FDI clients by region and develop a long-term strategy with key partners to ensure their growth and sustainability in the province; leverage key economic growth projects/contracts and clients to further develop supplier base and identify opportunities to expand into global supply chains
- facilitate provincial adoption/engagement of new FDI clients to encourage community engagement leading to great corporate citizens
- support companies to partner with and leverage the innovation capacity of Nova Scotia-based FDI companies and universities
- explore ways to help FDI clients to grow by investigating business development opportunities in foreign markets through export activity (Assisting FDI companies to attract contracts to their Nova Scotia operations will solidify their investment in this province and help them fulfill their growth mandate. This level of support on the ground helps further distinguish the province's offerings from competing jurisdictions.)

**B. Improved responsiveness to business** is crucial for NSBI to meet its clients' needs and expectations. Whether it's a working capital loan, market intelligence, or business development incentives in order to add business value and respond to client and market needs, improved response times are required.

In 2012–2013 NSBI will

- undertake a process improvement review to more accurately respond to business needs in all of NSBI's business units
- set realistic and measurable timelines concerning the transaction process in order to appropriately manage client expectations
- conduct a post-transaction review to ensure process was conducive to business needs and to determine if further process improvements are required
- share information learned and observations with partners across the system

**C. Establishing an integrated service team** will enable NSBI to effectively leverage provincial resources. Better coordination and delineation of service delivery across government will increase alignment and efficiencies in order to maximize opportunities with clients.

In 2012–2013 NSBI will

- identify programs and support-gaps
- establish an Innovacorp/NSBI graduate program to ensure effective support to new innovative companies



- support partners in tailoring programs and aligning resources by sharing client requirements and intelligence

#### **D. Through Organizational Development**

NSBI will be ready with a flexible Human Resource Strategy to tackle the complexities of these priorities, ensuring our people are working towards performance excellence by being creative, professional, and accountable.

In 2012–2013 NSBI will

- adapt our organizational structure to better facilitate a client services culture by regrouping tasks to create well-designed jobs
- using an integrated performance management process, review and adjust key performance indicators to ensure that we are encouraging and rewarding the right behaviours to drive superior results while being efficient
- continue to develop and train staff to take on new roles and to prepare them for future opportunities within the organization



## Budget Context

By absorbing inflationary pressures and functioning with a reduced operating budget, NSBI must continue to find efficiencies so that results are not negatively affected.

	Estimate 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Estimate 2012-13 (\$ 000)
<b>Revenue</b>			
Provincial grants:			
Operating grant (note 1)	10,695	10,308	9,994
Strategic Investment Funds	14,947	12,027	15,563
Loan valuation allowance	2,037	2,037	2,017
Gain on sale of parks	335	443	467
NS Business Fund expenses: loans	7,263	6,714	6,845
NS Business Fund expenses: parks	127	175	337
Miscellaneous revenue	1,541	2,161	1,520
	<b>36,945</b>	<b>33,865</b>	<b>36,743</b>
<b>Expenses</b>			
Operating expenses	12,236	12,469	11,513
Strategic investments	14,947	12,027	15,563
Provision for credit losses	2,037	3,673	2,017
NS Business Fund expenses: loans	5,976	5,495	5,574
NS Business Fund expenses: parks (note 2)	1,004	1,734	1,338
	<b>36,200</b>	<b>35,399</b>	<b>36,005</b>
<b>Excess of revenue over expenses</b>	<b>745</b>	<b>(1,533)</b>	<b>738</b>

**Notes:**

(1) The 2011-12 status quo budget to be transferred to Department of Economic and Rural Development and Tourism effective April 1, 2012 to fund the Business Advisory Services division. Division now falls under the department.

(2) The 2011-12 budget has been restated to capture the impact of the adoption of PSAB rules by NSBI effective April 1, 2011. An offsetting expense representing transfer payments is now required to be booked to recognize the net proceeds of sale of assets remitted to the province. Previously such remittances were booked as balance sheet items because they flowed to the Province in the form of a dividend.

## Outcomes and Performance Measures

NSBI holds itself to the highest standards of corporate governance and accountability. As a results-driven organization, NSBI remains committed to measuring results that directly affect the goals of the organization. Under its five-year plan, NSBI's key accountability metric will be built around its four key pillars: Driving Results and Impact, Operational Impact, Client Success, and People and Pride.

In 2012–2013, NSBI will continue to focus on helping its clients generate high-value opportunities. In doing so, NSBI will assist in creating corporate and personal taxes for the Province of Nova Scotia.



# Outcomes and Performance Measures

## Core Business Area 1 Investment Attraction

*Attract and grow leading-edge, sustainable business investment*

Outcome	Measure	Base-year Data 2010–11	Targets 2012–13	Trends	Strategies to Achieve Target
Client investment in Nova Scotia	Number of projects committed by Investment Attraction clients	n/a	12	2008–09: 10 2009–10: 13 2010–11: 7 2011–12F: 9	Seek new sustainable businesses to relocate or expand in Nova Scotia
Economic benefit to Nova Scotia	Average gross salary of new jobs forecasted to be created by Investment Attraction clients <sup>1</sup>	n/a	\$45,000	2008–09: \$48,117 2009–10: \$44,071 2010–11: \$51,316 2011–12F: \$42,000	Attract and grow sustainable, export-oriented, and value-added business investment
Fiscally prudent financing	Forecasted average portfolio return on investments (ROI) utilizing strategic investment funds (SIFs) <sup>2</sup>	n/a	40% or greater	2008–09: 70.1% 2009–10: 56.9% 2010–11: 47.9% 2011–12F: 40% or greater	Strategic utilization of payroll rebates to establish growth industries

<sup>1</sup> Average gross salary includes salary and benefits

<sup>2</sup> ROI is calculated by ("Maximum forecasted direct tax recoveries" less "Maximum forecasted payroll rebate payout") divided by "Maximum forecasted payroll rebate payout"

## Core Business Area 2 Trade Development

*Promote the growth of new and existing businesses in Nova Scotia by enabling them to succeed with business opportunities in both domestic and international markets*

Outcome	Measure	Base-year Data 2010–11	Targets 2012–13	Trends	Strategies to Achieve Target
New exporters in Nova Scotia	Number of new clients reporting their first export sale	n/a	10	n/a	Work with ERDT and other partners to engage companies not taking full advantage of international commerce
Market penetration and diversification	Number of clients introduced to new markets or further advanced in existing markets	n/a	325 clients	2008–09: 269 2009–10: 287 2010–11: 326 2011–12F: 304	Deliver tailored trade development services, including trade market intelligence
Increased export sales	Client-reported actual and forecasted export sales	n/a	\$200 million	2008–09: \$155.7 million 2009–10: \$132.9 million 2010–11: \$140.3 million 2011–12F: \$194 million	Work with clients to focus on highest potential markets and opportunities



### Core Business Area 3 *Venture Capital*

*Provide access to capital for promising Nova Scotia companies to help them achieve their full potential*

Outcome	Measure	Base-year Data 2010–11	Targets 2012–13	Trends	Strategies to Achieve Target
Incremental Equity Investment	Number of venture capital projects authorized	n/a	3	2008–09: 5 2009–10: 4 2010–11: 4 2011–12F: 4	Deliver tailored equity financing solutions
Positive portfolio growth	Year over year portfolio valuation growth	n/a	Base plus 10%	n/a	Provide capital, strategic direction, and advice to help companies achieve their full potential
Positive return on investment to the province	Number of new external strategic partnerships into NSBI's portfolio <sup>1</sup>	n/a	2	No exits to date	Provide capital, strategic direction, and advice to help companies achieve their full potential and provide a return on the invested capital

<sup>1</sup> Significant external investor to one of NSBI's portfolio companies

## Core Business Area 4 Business Financing

*Provide access to capital for new and existing businesses in Nova Scotia, with the intent of enhancing value-added growth for the province's economy*

Outcome	Measure	Base-year Data 2010-11	Targets 2012-13	Trends	Strategies to Achieve Target
Incremental value investment projects	Number of business financing projects authorized	n/a	10 financings	n/a	Deliver tailored trade development services, including business financing solutions
Increased Export sales	Portfolio clients year over year export sales growth	n/a	5%	2008-09: 269 2009-10: 287 2010-11: 326 2011-12F: 304	Deliver tailored trade development services, including trade market intelligence
Partner for financing solutions	Leverage NSBI partner/client ratio	n/a	Ratio of 0.5 to 1.0	2008-09: 1.33 2009-10: 1.02 2010-11: 0.35 2010-11F: 0.5	Maintain co-investment philosophy

### Notes:

1 Base-year data is not available as 2012-13 will be the base year for NSBI's next 5-year plan

2 2011-12F: Trends are forecasts and are subject to change

3 The six projects included 5 loans and 1 material amendment



# Appendix 1

## ***Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2012–2013 Business Plan***

	<b>Payroll Rebate</b>
<b>Overview</b>	<p>The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted creation of employment and payroll generation.</p> <p>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, external investment in the province, or improved competitiveness of existing businesses, in one or more of the province's key economic sectors.</p>
<b>Amount</b>	<p>Rebates will be equivalent to between 5% and 10% of the applicant's gross payroll, depending on the applicant's strategic location 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, or who are new members of the Nova Scotia workforce.</p> <p>All other Nova Scotia provincial government assistance with respect to the project must be disclosed and may influence the rebate amount.</p>
<b>Eligibility</b>	<p>The applicant's business must be considered eligible according to NSBI's operating regulations.</p> <p>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.</p> <p>The project should result in the 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.</p> <p>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.</p> <p>Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.</p> <p>The Applicant will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada)</p>
<b>Application Requirements</b>	<p>Historical and/or projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company.</p> <p>Acceptable reports providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk.</p> <p>Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.</p>



# Appendix 1 (continued)

## *Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2012–2013 Business Plan*

	<b>Payroll Rebate</b>
<b>Criteria</b>	<p>The company and the project must have reasonable prospects (business plan) for continued growth and success. The company should be profitable, with a proven track record. In addition, the project should be mainly export oriented and/or be in a strategic economic sector.</p> <p>The company must also demonstrate:</p> <ul style="list-style-type: none"> <li>• strong management (corporate and local)</li> <li>• compliance with Environment Act, Occupational Health and Safety and Labour Standards Code (if already established in Nova Scotia)</li> <li>• economic benefit to the province (e.g., estimated number of jobs created linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution)</li> <li>• an acceptable credit history</li> </ul>
<b>Performance Conditions</b>	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Incremental gross wage or payroll bill (including benefits) and the number of incremental employees and hours worked according to the Company's records on each anniversary date from the project commencement;</li> <li>• Gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the project commencement.</li> <li>• Incremental employees province of residence</li> </ul>
<b>Payment Terms</b>	<p>Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement.</p> <p>In most cases, rebates will be paid annually on each anniversary from the project commencement;</p> <p>Payment term generally average five years.</p>



## Appendix 2

### ***Nova Scotia Business Fund:***

The Nova Scotia Business Fund is the source of capital for NSBI's business financing and equity financing clients. The portfolio currently has approximately \$173 million outstanding to more than 80 companies located throughout the province. For 2012–2013, net new capital needed for NSBI to continue to meet the financing needs of Nova Scotia businesses is estimated to be \$42 million, with repayments of current outstanding investments estimated to be in the \$7–9 million range.

Guidelines for the Nova Scotia Business Fund provide direction for investment decisions and the make-up of the portfolio. These include the following:

- Annual sector investment targets:
  - traditional 16%
  - knowledge-based  
(IT 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 38% of the Nova Scotia Business Fund available for working-capital/equity investments (target of 10% maximum available for working-capital and a target of 28% maximum available for equity investments)
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization)



# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

## Nova Scotia Crop and Livestock Insurance Commission

### ***Business Plan 2012–2013***

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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 2012–2013. The plan outlines the commission's continued commitment to offer insurance against production losses faced by Nova Scotia's primary agricultural producers.

This plan supports Home Grown Success, the province's 10-year plan for agriculture, which envisions an industry that is diversified, market focused, innovative, and profitable. 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 Nova Scotia's unique agronomic mix and business needs.

The commission continues to struggle to make improvements to its information management capabilities. The development of a new IT system to replace the current inefficient and unreliable system has been identified as critical to ensuring that the commission is able to continue to meet the needs of its clients and funding partners.

The Honourable John MacDonell  
Minister, Agriculture

Mr. Avard Bentley  
Chair

Mr. Bill MacLeod, P.Ag.  
CEO



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## Mission

***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.***

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## Link to the Department of Agriculture Mandate

In support of the department of agriculture's mandate to support the development of a competitive, sustainable and profitable agriculture and agri-product industry that contribute to the economic, environmental and social prosperity of Nova Scotia's rural and urban communities, the Nova Scotia Crop and Livestock Insurance Commission strengthens the fabric of rural economies in Nova Scotia by providing agricultural entrepreneurs with the opportunity to cover off some of the risk of financial losses caused by crop failures. The commission supports the growth and development of the agriculture industry through its crop- and livestock-based insurance programs. The introduction of new insurance products through collaboration with industry stakeholders will provide more farm producers access to AgriInsurance and expand the risk management options

for those already actively managing their production risks.

## 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 Nova Scotia Crop and Livestock Insurance Act.

The commission reports to the Minister of Agriculture and is a key component of the business risk management services that the department offers to the industry under the AgriInsurance platform. It administers 14 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. Cost sharing of AgriInsurance (also known as Production Insurance and Crop Insurance) in Nova Scotia is governed by Growing Forward, a federal-provincial-territorial framework agreement on agriculture, agri-food and agri-based products policy. This agreement outlines cost sharing arrangements and administrative requirements which govern the design and delivery of AgriInsurance programs.



Federal and provincial policy direction has encouraged the expansion and strengthening of the role of the AgriInsurance programs to offer more coverage to commercially grown crops and livestock species. In this context the commission is developing products for crops and production systems that have not traditionally been covered under crop insurance in Nova Scotia.

The commission plans to continue to improve and expand its product line to include insurance options for more crops and animal species as well as to provide new options for conventional cropping situations. Although not an insurance-based program, the commission also offers a Wildlife Compensation Program which was first introduced in 2008.

Administratively the commission will continue to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next 1–5 years. The ability to refill positions will affect the delivery of the commissions program. The commission will continue to review staff training and development needs during the coming year.

A 2005 study of administrative best practices in delivery of production insurance programs revealed areas where the commission can improve its service delivery. On the report's recommendation the commission will continue with its attempts to modernize its information

management capabilities, take steps to reduce its underwriting and claim verification costs, and increase cooperation with other provincial delivery agents. A major rebuilding of the commission's data management capabilities began in 2006 and terminated unsuccessfully in 2009–2010. In 2010–2011 the commission refocused its internal resources to continue with the modernization of its information management capabilities. This work will continue in 2012–2013.

## Strategic Goals

- To support the economic growth of the province through provision of insurance products that help to stabilize the incomes of agricultural businesses.
- To increase program participation by expanding programming to include new insurance plans under conventional production insurance, and to introduce product innovations that broaden the income stabilization capacity of farm businesses.
- To improve service delivery to clients by reducing red tape and decreasing turnaround time on client requests for program improvements.



## Core Business Area

The core business of the 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; a federal-provincial-territorial framework agreement on agriculture, agri-food, and agri-based products policy.

## Priorities for 2012–2013

The commission's priority 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 utilizing AgriInsurance, the number of products offered, and the range of options available to clients. In support of the development of a competitive business climate that encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the commission will pursue increased program participation by means of the following methods.

### *Program Expansion/Enhancements:*

- The commission will update its current strawberry plan to include coverage for day-neutral strawberries.
- The commission will review its Plan for Winter Grain to extend the seeding deadline and include additional agronomic zones in the province.
- The commission will consult with industry stakeholder groups to review current policy and regulations, as well as to develop new programs (e.g., apple industry consultation regarding the tree fruit plan; continued consultation with the grape industry on potential development of a new plan; preliminary consultation with bee industry).
- Commission staff will begin research into the applicability of acreage loss programs to small-scale farm operations to determine its potential as a risk management tool in this growing sector of the industry.
- The commission will work with stakeholder groups to evaluate the effectiveness of its Wildlife Compensation Program.
- The commission will continue to actively participate in national-level policy and program design discussions. A key focus in 2012–2013 will be to provide input into the province's negotiation of the next national agricultural policy framework, Growing Forward 2, ratification of which is anticipated in the spring of 2013.



### ***Administrative Improvements***

- The commission will continue to refocus its efforts to update and modernize its information technology infrastructure to promote accurate, timely, and more efficient delivery of its products and services. The modernization of these systems is critical to prevent a catastrophic failure in the existing infrastructure and to improve system security.
- The commission will continue to actively promote AgriInsurance as a key business risk management option to agricultural producers in Nova Scotia.
- The commission will update its Federal/ Provincial Operational Document in 2012.

## **Finance**

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under the Growing Forward framework provides for reimbursement of 60% of the administrative costs relative to AgriInsurance and Wildlife Compensation. Premiums paid by clients and by the federal government are not included in the departmental budget figures and are administered directly by the commission.

# Budget Context

## Estimate of Income and Fund Balances

	Authority 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Budget 2012-13 (\$ 000)
<b>Revenues</b>			
Insurance premiums paid by clients	818	683	818
Insurance premiums contributed by government (federal)	736	560	736
Wildlife compensation payments (federal)	150	113	150
Insurance premiums contributed by government (provincial)	491	373	491
Wildlife compensation payments (provincial)	100	75	100
Interest income	80	84	80
<b>Total revenues</b>	<b>2,375</b>	<b>1,888</b>	<b>2,375</b>
<b>Expenses</b>			
Indemnity claims	1,800	2,620	1,800
Wildlife compensation payments	250	188	250
Reinsurance premiums	0	0	0
Bad debt expense	5	5	5
<b>Total expenses</b>	<b>2,055</b>	<b>2,813</b>	<b>2,055</b>
Net income from insurance activities	320	(925)	320
<b>Crop and livestock insurance fund balance</b>			
Beginning of year	4,603	4,603	3,678
End of year	4,923	3,678	3,998
<b>Administrative expenses</b>			
Government contributions (Canada)	600	600	607
Government contributions (Nova Scotia)	434	385	440
<b>Total administrative expenses</b>	<b>1,034</b>	<b>985</b>	<b>1,047</b>
<b>Net government expenditure</b>			
Canada (premium + administration)	1,486	1,273	1,493
Nova Scotia (premium + administration)	1,025	833	1,031
<b>Total program expenditure</b>	<b>2,511</b>	<b>2,106</b>	<b>2,524</b>



# Outcome and Performance Measures

## Core Business Area

Outcome	Measure	Base Year Data (2004-05)	Target 2012-13	Ultimate Target 2012-13	Strategies to Achieve Target
Increased income stability of farm businesses	Number of farms using production insurance	600	700	700	Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients
	Value of coverage	\$52.5 million	\$140 million	\$140 million	Expansion of Maple insurance, Stone Fruit insurance
	Aggregate coverage level for crop program	80%	87%	87%	Promotion of insurance plans to attract new clients and encourage existing clients to take higher coverage levels
	Number of products available	14	16	16	Results of the introduction of new plans (Maple)
	Value of compensation paid for wildlife damage	N/A	\$250,000	\$260,000	Includes federal and provincial compensation paid to producers for damage from wildlife. Continued promotion of this program



# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Nova Scotia Farm Loan Board

##### ***Business Plan 2012–2013***

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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 2012–2013. 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 in order to advance, encourage, and support the development of agricultural and timber businesses in Nova Scotia.

The Honourable John MacDonell  
Minister,  
Nova Scotia Department of Agriculture

Mr. Leo Cox  
Chairman,  
Nova Scotia Farm Loan Board





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## Mission

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

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## Vision

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

## Mandate

The mandate of the Farm Loan Board is to support the agricultural industry through the provision of long-term, fixed-rate lending products to those clients demonstrating sound business fundamentals and commitment to the future growth and sustainability of the industry.

The Board operates as a corporation of the Crown under the authority of The Agriculture and Rural Credit Act. The act was initially proclaimed in 1989 and amended December 2011 to modify the number and terms of service of directors and clarify the board's powers and processes. This act provides authority to the board to make or guarantee loans for the purpose of acquiring or improving any farm, plant, machinery, or equipment; to acquire, hold, and dispose of farms, buildings, livestock,

machinery, and lands; to collaborate with the Department of Agriculture personnel; and to take on other purposes, duties, and powers as the minister approves.

The board functions as the Timber Loan Board (for loans to forest-product mills) as well as the Nova Scotia Farm Loan Board. The Timber Loan Board's authority is from regulations made pursuant to the Revised Statutes of Nova Scotia, 1989, The Forest Act, in Section 20 of Chapter 179. The Forest Act provides for credit to acquire forested land for forest-product mills and establishes the Timber Loan Board using the same chairman, members and staff as the Nova Scotia Farm Loan Board.

### ***Our Board of Directors***

The board currently consists of the following directors, with successful careers in agriculture and business, govern policies, receive reports on operations and clients, and provide strategic direction for the board.

### **Current Board Members**

**Chair: Leo Cox.** Leo has been a member (and chair) of the board since March 2000. His current term expires April 2012. Leo is from Mabou and served with the Department of Agriculture extension services for 30 years. He owned a cow-calf farm and is still actively involved in the operation of Lake Mabou Farms. Leo has served on numerous boards.

**Vice-Chair: Stephen Healy.** Steve has been a member of the board since November 2003,



with his current term expiring December 2012. He operates a financial planning firm in Kentville. Steve is a graduate of NSAC and the University of Guelph (BSc (Agri)). He has been involved in many community volunteer organizations.

**Director: Angela Hunter.** Angela was appointed to the board February 2008, and her term expires February 2015. With her family, she operates Knoydart Farms, an organic dairy and sheep farm on the Pictou-Antigonish border.

**Director: Hank Bosveld.** Hank has been a member of the board since September 2000. His term expires September 2012. Hank lives in Lakeville, Kings County, where he operated a greenhouse and orchard. Hank is also actively involved in the Kings County and Nova Scotia Federation of Agriculture.

#### **New Directors**

**Director: Greg Sheffer.** Greg was appointed to the Nova Scotia Farm Loan Board, February 2012 for a term expiring February 2015. He has extensive experience in the financial industry. Greg is a senior Wealth Advisor and Director of Scotia McLeod in Halifax. He has his MBA, FCSI, and B.Sc. in Agriculture. He is past Chairman of the Nova Scotia Cattle Producers Association and past member of AgraPoint and numerous community volunteer organizations.

**Director: Arnold Parks.** Arnold was appointed to the Nova Scotia Farm Loan Board effective May 1, 2012 for a term

expiring April 2015. He has over 40 years of progressive business experience in the agriculture and agri food industry, including a 10-year term as President & CEO of McCain Foods, Canada. He has a strong background in management, financial and marketing having been involved in the wine industry, food processing, corporate farming and crop contracting.

#### ***Our History***

Active since 1932, the Nova Scotia Farm Loan Board is an agricultural development agency acting to build greater prosperity. It supports agricultural and rural business development by providing long-term loans at fixed interest rates and financial counselling services. A corporation of the Crown, the board collaborates with the Nova Scotia Department of Agriculture. The board's mandate includes operation as the Timber Loan Board in dealing with applicable loans.

Availability of credit with stable term and long-term rates and understanding the agricultural industry, including cyclical swings in profitability, are considered to be strengths of the board in encouraging development of this industry.

At last year-end (March 31, 2011), the board's loan portfolio totalled \$174 million in loan principal. Including lease property accounts, total lending to agriculture represents approximately 22 per cent of the debt capital of Nova Scotia farmers. Timber loans provided to forest mills to

ensure a sustainable wood supply totalled \$1.8 million for the forest industry. Primary stakeholders in both the Nova Scotia Farm Loan Board and Timber Loan Board roles include individual and potential borrowers and the province, in particular the Departments of Agriculture, Natural Resources, and Finance. Other important stakeholders include the Nova Scotia Federation of Agriculture and the various commodity groups, commercial lenders, equipment and feed suppliers, the wholesale and retail sectors for products produced in Nova Scotia, and others concerned with economic development in rural areas.

## Planning Context

### *External Context*

#### **In General**

The agricultural industry is affected by weather and by conditions in competing regions, which may affect general price levels for commodities produced as well as market conditions, including the effects of branding, consolidation and national purchasing, and market access. Weather conditions and any change in expected patterns present an obvious concern to agriculture.

We continue to see a trend toward fewer, larger farms, a trend particularly noticeable in the dairy and poultry sectors. The succession of farms and intergenerational transfers is a priority for the industry. Changing

technology, food safety concerns, and implementation of related health protection measures are common challenges.

Technology is providing for increased mechanization and automation and is being felt in a wide range of applications. This trend is supporting a broader trend toward consolidation of agricultural operations into larger units in attempts to gain efficiency through economies of scale. In most sectors, entry as a producer involves significant initial cost for specialized buildings and equipment and quota (for supply-managed sectors). Larger operations and high start-up costs present difficulties to new entrants and for intergenerational transfer of family businesses, and these difficulties must be addressed.

Producers must be constantly aware of environmental concerns and maintain up-to-date skills, procedures, and facilities and equipment to meet today's standards and regulatory requirements. A positive development is the increasing public desire to buy locally produced food, improving opportunities within the province for producers of many commodities.

The global recession and fluctuation in the value of the Canadian dollar relative to the US dollar has affected exports to the United States, as well as the cost of some competitive imports. This is expected to have an effect on most sectors to some extent, but particularly on commodities closely linked to external markets. Beef, fur, blueberries, cranberries,



and the remaining hog production for export are most dependent on export markets and prices. A broadening of export markets will tend to offset some of these effects.

Industry representatives suggest that additional emphasis should be placed on assisting new entrants and counselling services. Many clients have indicated that they would prefer additional flexibility in loan options available from the board, possibly variable rates, and asset-secured operating or working capital loans. The board will lend so as to support success in agriculture, while continuing to bear in mind the current economic environment.

Through the development of sound lending practices and comprehensive financial analysis and risk assessment tools, the mandate of the Farm Loan Board will focus primarily on the provision of long-term and term-fixed lending in support of higher-risk borrowers demonstrating sound business fundamentals and incremental contribution to the growth of the agricultural industry in Nova Scotia.

#### **Interest rates**

Interest rates have remained low for the entire fiscal year. The Bank of Canada maintained its policy overnight rate at 1 per cent throughout 2011–2012.

Requirements for board financing are influenced by levels of investment in agriculture and timber businesses, rates of capitalization, general economic conditions,

and the availability of funding from commercial lenders. The board continues to offer fixed-interest loans with rates fixed for the full amortization period of the loan, but it also provides three- and five-year terms on loans amortized over a longer term. These loans provide for lower interest rates than full amortization loans and are restricted to clients who can bear the risk of a potential interest rate increase at the end of the term. Other loan options may be considered for implementation during 2012–2013, including flexible lending secured by real property and variable-rate loans to support short-term and accumulating requirements, including those for quota purchase. Decisions on loan product changes will follow and flow from the board's mandate review and strategic planning process.

Requested capital authority of \$32 million is expected to provide flexibility in responding to client borrowing needs in 2012–2013.

Requirement for loan capital by the forestry sector continues to be of interest to the board, both in response to the needs of the industry itself and because of the relationship between forestry and agriculture. Many farms include woodland as part of their overall operation, and forestry management parallels crop management in many respects, including usage of some equipment.

The board will seek to operate on a cost-effective basis and meet client credit needs, providing credit services, support to new entrants, analyzing risk, and collaborating

with departments and industry. The board intends to remain flexible in its approach and will be open to any type of development, loan products, or ventures that will assist agricultural development in this province.

### ***Ongoing Planning Focus***

#### **Lending Focus**

The board understands its role to be in support of the long-term viability and development of agriculture in Nova Scotia through lending. The primary role is to ensure that loan financing is available to clients who have a reasonable likelihood of success but are unable to obtain financing at reasonable rates because they are new, they participate in a sector that has cycles of profitability, or for other reasons they find that banks are tightening credit.

The board also lends to clients who may have access to commercial lending. It does this to provide stability in the availability of funds and in interest rates by offering fixed rates for up to 30 years. This allows those successful clients to continue a financing relationship that may span many years, and to build into their risk profile the stability that comes with a lender that has a long-term commitment to agriculture, optionally fixed rates, and patience during poor business cycles.

The board may on occasion act to assist agribusinesses or clients who experience financial difficulties when dealing with a commercial lender even though the business

itself appears viable, given patience, and any lending losses already experienced are borne by the initial lender.

Lending program services will meet these objectives by providing knowledge of agriculture, long-term client relationships, a client focus in developing and providing services, flexibility in lending services and repayment, counselling services, support for new entrants, and long-term lending.

When it is possible to broaden services available to clients by collaboration with other local lenders, joint lending relationships will be pursued.

While ability to repay remains the basic criterion for granting loans, sound environmental and business planning practices and procedures will continue to be considerations, as required for industry and individual growth and sustainability.

Addition of a part-time risk manager position, initiated as a trial late in 2011–12, will be reviewed with a view to improving risk analysis and loan criteria. The board will continue to work toward strengthened lending and management information to meet lending, decision-making, and financial reporting requirements.

#### **Support for Departmental Priorities**

Board activities are in support of the vision and principles identified in the Department of Agriculture's 10-year plan, *Homegrown Success*.



Stable access to loan financing at reasonable rates improves *sustainability* during fluctuations in economic and market conditions. Throughout the lending decision-making itself, board staff use their experience to influence client plans for favorable results.

The board is committed to *collaboration* with other service providers and lenders when this will improve services available to clients.

An element of the board's portfolio is intended to be to support *growth* in terms of new participants, new innovative products and ideas, and new methods of production even though these tend to be of relatively high risk. Additional loan products may also be considered in order to meet financing needs of these growth opportunities.

While growth demands that an element of risk be accepted, the board seeks to ensure that loans are issued to successful businesses that will generate profits and repay those loans. Loan officers seek to ensure that projects approved for a loan will result in a *measureable improvement* to the business concerned, and the board seeks to provide, overall, a financing environment that sustains improvement.

In order to *live within our means*, all loans are issued at rates intended to cover the financing costs to the Province and contribute to operating costs and losses on defaulted loans.

Loan issuance and recovery policies are designed to serve the *public interest* by supporting growth and development while minimizing costs.

## Strategic Goals

The following goals have been developed to meet the board's mandate and at the same time support the established goals of the Province of Nova Scotia:

### ***1. To ensure industry access to stable, cost-effective, asset-backed developmental credit***

- To create conditions that help the rural economy grow, to support sustainable and environmentally responsible development of agricultural industries, and to support development of a competitive business climate to support economic growth and increase jobs in rural communities.
- Provide flexible loan products adapted to the needs of the agricultural industry.

### ***2. To demonstrate sound financial administration, efficiency, responsibility in the administration of public funds, and accountability in the board's own operations***

- To develop and enhance loan management capability, including risk-rating abilities, corporate loan and collateral information, and loan review and other processes and procedures to improve management information and auditability.



***3. To implement the Nova Scotia Farm Loan Board's role as a developmental engine in the agricultural industry and to ensure that clients have access to resources in the Nova Scotia Department of Agriculture (support to be focused on sustainable business models and innovative ideas).***

***4. To provide support at the development and entry level of farming operations so as to ensure that the agricultural industry will be maintained and have an opportunity to grow.***

consideration. Loan officers assist in sourcing the best available credit.

By providing a reliable source of flexible, asset-financed credit, the board directly provides for development and growth of the agricultural and timber industries and indirectly influences credit availability at reasonable rates through its influence on, and partnership with, other participants in the lending industry.

Loan demand was weak throughout 2011–2012, and this is expected to continue into early 2012–2013. Loan requirements are affected by the availability of credit and the rates available from commercial lenders, developments within the industry, and expectations about future interest rates.

## Core Business Areas

### ***Core Business Area 1: Lending***

Providing flexible, asset-based credit for the development of agricultural and timber businesses is the primary mandate of the Farm Loan Board. This includes loan product development, loan service development, client service and administration, and efficient and responsible financial management. It also includes financial analysis and counselling. Financial counselling is provided by loan officers as a component of loan-analysis meetings with clients and potential clients and includes assessment of projects under

### ***Core Business Area 2: Programs Administration***

Programs administration supports the development and implementation of departmental loan-based assistance programs in areas related to the board's financial operations and expertise, including the New Entrants to Agriculture program and its replacement, FarmNEXT program, as well as other programs as they arise. This area of responsibility is funded by departmental resources distinct from the board's lending program but administered by board lending staff. Program expenditures are reported with departmental accountability reports, separate from and not included in the board financial report.



## Priorities for 2012–2013

### *Lending*

**Provide up to \$32 million of new loan capital to the agricultural and timber industries in the 2012–2013 fiscal year.**

The focus is on development and long-term stability. During 2011–2012 the board is forecast to advance \$22 million and receive principal repayments of \$23 million.

Statistics Canada reports indicate that total farm debt of Nova Scotian farms grew by approximately 32 per cent between 2005 and 2010. The board provided 21.8 per cent of total agricultural credit to Nova Scotia farms in 2010.

The board will continue to investigate possible new loan products to meet client needs in 2012–2013. (Areas of investigation include a mortgage loan for shorter-term needs and changes to permit quicker response to funding requests from well-secured clients, and flexible initial loans for accumulating purchases like dairy quota). In order to promote understanding of the flexibility available to clients, the board will work toward the development and presentation of specifically targeted and identified loan product offerings, reducing reliance on individual customization without limiting current options.

### **Confidential Credit Counselling**

The board places importance on maintaining an understanding of agriculture, on the development of relationships with clients and understanding their needs, on flexibility in dealing with individual circumstances, confidential credit counselling services, and specific loan product offerings.

### **Marketing and Business Development**

Nova Scotia Department of Agriculture marketing and business development teams will continue to support the initiatives of the agricultural industry in developing agri-rural business. In 2012–2013 the team will achieve this by working to create greater alignment of its activities with the business goals of clients of the Nova Scotia Farm Loan Board. This will include, for example, business planning, coaching, mentoring, and training opportunities for clients.

### **Timber Loans**

The board will work to provide funding for agriculturally related forest ventures and will work with the Department of Natural Resources to enhance services to modify products and services to meet needs for growth and development within the timber industry as interest develops.

### **Reporting**

The board will work with new technology and systems to improve client and administrative reporting.



### **Account Maintenance**

The board will manage accounts in such a way that write-offs and arrears conditions are monitored and minimized in relation to the portfolio size, while supporting industries and individuals through cyclical downturns and working toward the best outcome for all parties.

This approach includes accurate and appropriate appraisal and evaluation of security arrangements for loans, monitoring arrears and financial counselling, particularly for new clients and clients identified as having financial difficulty.

Lending will continue to be directed toward viable enterprises and projects (with potential to repay) and acceptable security to support the loan. During financially difficult times the board is committed to assisting those operations that appear to have a long-term future and a commitment to meet their obligations. This may include deferral of payments, restructuring of debt, financial counselling, and referral to other relevant services.

The board will provide credit counselling and follow-up for clients with repayment difficulties.

Review of implementation of an independent credit risk assessment position on a trial basis during the last quarter of 2011–2012 will guide plans for strengthened risk assessment.

### **Life Insurance Program**

The Farm Loan Board has offered loan life insurance since 1951. More than 600 lives are insured under this optional program, which provides insurance to the lesser of a maximum amount (\$250,000 or \$500,000) or the balance of insured loans at a fixed cost for all age groups until age 65. The life insurance plan is underwritten by Sun Life Assurance Company of Canada.

Coverage and costs have been modified by the carrier. The board is reviewing the insurance program in light of the recommended rules for coverage, overall costs, volatility of results, budgetary issues, and volatility of annual results, as well as the appropriateness of coverage.

## **Financial Management**

Effective financial management is a priority for the board.

The board has determined that the Public Sector Accounting Board (PSAB) will be the appropriate source of generally accepted accounting principles beginning with the 2011–2012 fiscal year.

See notes following Operational and Capital Funds statements for information regarding forecasts and estimate requests.



# Budget Context

## *Nova Scotia Farm Loan Board Operational Income Statement*

<b>Description</b>	<b>Estimate 2011-12 (\$ 000)</b>	<b>Forecast 2011-12 (\$ 000)</b>	<b>Estimate 2012-13 (\$ 000)</b>
Interest	9,655	8,533	8,570
Life insurance revenue	628	241	432
Fee revenue/recoveries	431	500	371
<b>Total revenue</b>	<b>10,714</b>	<b>9,274</b>	<b>9,373</b>
Interest	9,300	7,880	7,710
Operating expenses	1,484	1,554	1,498
Life insurance costs	291	252	253
Bad debt expense	—	0	0
<b>Total expenses</b>	<b>11,075</b>	<b>9,686</b>	<b>9,461</b>
<b>Net income (loss)</b>	<b>(361)</b>	<b>(412)</b>	<b>(88)</b>
Transferred to the province	361	412	88
<b>Remaining</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 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.

The 2011-2012 Estimate data above includes two amounts revised after amounts reported in the 2011-2012 Business Plan were finalized. The 2011-2012 Business Plan requested estimate amounts were:

- Fee revenue \$428
- Total revenue \$10,711
- Resulting net income (loss) \$(364)

See notes accompanying the following two tables.

### *Capital Funds*

<b>Description</b>	<b>Estimate 2011-12 (\$ 000)</b>	<b>Forecast 2011-12 (\$ 000)</b>	<b>Estimate 2012-13 (\$ 000)</b>
<b>Opening principal</b>	<b>175,836</b>	<b>174,200</b>	<b>164,281</b>
Add loan advances	30,000	21,000	32,000
Less repayments	(22,000)	(26,000)	(22,000)
Less principal written off	(5,000)	(4,919)	(3,000)
<b>Closing principal</b>	<b>178,836</b>	<b>164,281</b>	<b>171,281</b>
<i>Provision for Impaired Accounts</i>			
<b>Opening provision</b>	<b>14,294</b>	<b>14,316</b>	<b>9,397</b>
Less accounts written off	(5,000)	(4,919)	(3,000)
Additions (principal portion of bad debt expense +/- adjustments)	500	0	550
<b>Closing allowance</b>	<b>9,794</b>	<b>9,397</b>	<b>6,947</b>
<b>Net portfolio at year end</b>	<b>169,042</b>	<b>154,884</b>	<b>164,334</b>

The 2011-2012 Estimate data above includes two amounts revised after amounts reported in the 2011-2012 Business Plan were finalized. The 2011-2012 Business Plan requested estimate amounts were:

- Repayments \$(21,000)
- Principal written off \$(6,000)

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 insurance, fees, operations, and bad-debt expense is based on funding availability. The significant problems in the hog industry have resulted in much higher than usual bad-debt experience in the past four years, higher than usual write-off requests, in a large group of non-performing loans, reducing forecast income.



Significant portions of the board's expenses, most notably insurance costs under the board's life insurance program and bad-debt expense, are variable, somewhat unpredictable, and beyond short-term control. Actuaries have advised that the results of this program will fluctuate from

year to year. A review of current insurance arrangements has begun and is expected to be completed during 2012.

Budgetary allocations are assigned based on staffing now in place.

***Budget for Core Business 2: Program Administration:***

Note that the board staff administer the following programs, but the programs are reported separately under the Department of Agriculture and are not included in the operational income statement of the board.

<b>Description</b>	<b>Estimate 2011-12 (\$ 000)</b>	<b>Forecast 2011-12 (\$ 000)</b>	<b>Estimate 2012-13 (\$ 000)</b>
New entrants to Agriculture Program—expenditures	574	574	—
Farm Next Program	—	—	574
The 2010-2011 final Estimate was reduced from amounts reported in the Business Plan from \$600 to \$574.			
Total Staff—FTEs	17.3	17.3	17.3

# Outcomes and Performance Measures

## Core Business Area 1 Lending

Outcome	Measure and Rationale	Base Year Data	Targets	Trends	Strategies to Achieve Target
Efficient program delivery	Net income of the board (before government contribution) as a % of the average active loan balance	1998-99: 0.1%	Current Year 2011-12: -0.4% 2012-13: -0.9% (\$1,150,000)	2007-08: -4.3% 2008-09: -2.5% 2009-10: -3.1% 2010-11: -1.0% Net interest revenue and bad-debt expense from 2008-11 affected by difficulties in the hog sector as well as life insurance program experience.	<p>The strategic plan will identify needs of clients and new lines of business for the board.</p> <p>Maintain interest rate margins in accordance with regulations, while matching draws used to fund loans as closely as possible to loans issued in term and amount.</p> <p>Continue to develop additional loan products to meet client needs, including clients with lower inherent risk and less likelihood of loss.</p> <p>Minimize operating expenses by efficient operating structure, practices, training, and electronic systems.</p> <p>The insurance program is under review as part of an effort to make these costs more predictable.</p>



## Core Business Area 1 Lending

Outcome	Measure and Rationale	Base Year Data	Targets	Trends	Strategies to Achieve Target
Successful clients (as indicated by the proportion of accounts in difficulty)	Total arrears as percentage of value of all accounts	2006-07: 3.7%	2011-12: 4.5% or less 2012-13: 4.3% or less	2007-08: 3.7% 2008-09: 4.5% 2009-10: 6.3% 2010-11: 4.7% 2011-12: 4.5% forecast	<p>A special credit section has been dedicated to working with clients in arrears or experiencing difficulty to achieve the best chance of success in the long term (see arrears strategies above).</p> <p>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.</p> <p>Arrears and defaulted accounts will vary from year to year depending on performance of the various agricultural sectors represented in the board's loan portfolio. Working with clients to achieve the best long-term outcome is the board's primary goal.</p> <p>Continue to improve a balance of high risk and lower risk clients by broadening loan products available to meet a range of requirements.</p> <p>Clear up existing accounts in process for recovery as rapidly as possible subject to legal procedures and fairness processes and timing necessary to achieve the best value.</p>
Client satisfaction	Combined results for courtesy, promptness, knowledge, and commitment on client survey	2000-01: 92%	2011-12: 90% or above 2012-13: 90% or above	2008-09: 94% 2009-10: 96% 2010-11: 93% 2011-12: 98% forecast	<p>Monitor survey results.</p> <p>Review procedures for efficiency gains. Work to improve promptness score through reallocation of staff to permit focus on struggling clients, analysis, and documentation, while maintaining capacity for new loan.</p>

## Core Business Area 2 *Program Administration*

Outcome	Measure and Rationale	Base Year Data	Targets	Trends	Strategies to Achieve Target
New entrances facilitated	Number of approved applications	2000-01: 49	2011-12: 30-50 2012-13: 30-50	2008-09: 22 2009-10: 31 2010-11: 43 2011-12: 30 forecast	The New Entrant program has ceased accepting applicants for 2011-12 and is winding up by completing grants approved for previous year's applicants. It is being replaced by the FarmNEXT program, with similar new-entrant goals, expected to start April 1, 2012.







# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Film Nova Scotia ***Business Plan 2012–2013***

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## Mission

***To grow Nova Scotia's audiovisual industry with our partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills, and creativity in global markets.***

## Introduction

Film Nova Scotia was created in 1990 under the Film Nova Scotia Act as a provincial Crown corporation. The corporation reports to the Minister of Economic and Rural Development and Tourism.

A board of directors, appointed by the Governor in Council, directs the affairs of the corporation. Members of the board are appointed for up to three-year terms and may be appointed for no more than two consecutive terms. The president and chief executive officer reports to the board and has day-to-day responsibility for all programs administered by Film Nova Scotia. The corporation's core business activities, investment, export development and marketing, and industry development are administered through three departments: Programs, Marketing and Locations, and Finance.

### ***Legislation and By-laws***

- Film Nova Scotia Act, Bill No. 42
- By-laws of Film Nova Scotia
- Nova Scotia Film Industry Tax Credit Regulations

### ***Role***

The corporation offers loan and investment programs to support audiovisual production in Nova Scotia and administers the Nova Scotia Film Industry Tax Credit (FITC) on behalf of the Province of Nova Scotia's Department of Finance. In addition, the corporation offers production services, including a locations resource and reference centre, and supports professional development, training, marketing, and distribution for the Nova Scotia audiovisual industry.

The corporation provides equity investment, development, and marketing programs to the local audiovisual industry. These financial programs are designed to support the growth and development of Nova Scotia's audiovisual industry. Film Nova Scotia is often able to provide first-in funding, enabling the industry to leverage funds available through federal programs such as Telefilm Canada and the Canada Media Fund, and from private sources such as broadcasters, distributors, and investment funds.

The corporation's Marketing and Locations Department promotes the province as a film location to foreign studios, broadcasters, distributors, and producers, and provides



initial production support to producers who are guests in the province. The marketing programs are designed to generate awareness of Nova Scotia's audiovisual industry, create access to decision makers for local producers, and market the province.

## Planning Context

The world economy has moved to a higher level of uncertainty. Last year saw natural disasters, political instability, and sovereign debt issues affect national and world economies. This level of uncertainty has not diminished. Political instability and sovereign debt issues continue. Central banks are walking the fine line of historically low interest rates to stimulate domestic demand and trying to keep the rates from being too stimulating for inflation and personal debt levels. World-wide, governments have moved away from stimulus spending and towards fiscal restraint.

With increased integration of the world economy and the pace of technological advancements, the Nova Scotia economy has been and will continue to be impacted. Nova Scotia is responding to this uncertainty by concentrating on core areas as outlined in *jobsHere, the plan to grow our economy*, released in November 2010. *jobsHere* has three interrelated priorities: learning the right skills for good jobs, growing the economy through innovation, and helping businesses be more competitive globally. These priorities are being further

articulated in strategies such as Nova Scotia's Workforce Strategy, released in fall 2011.

Through the *jobsHere* plan, strategies have been and are being implemented that will improve innovation across all sectors and focus on strategic investments in innovation and productivity, increasing our competitiveness and creating higher-value jobs. By aligning investment, trade, and innovation priorities and focusing resources on key sectors, there are more opportunities for economic growth. *jobsHere* outlines specific activities that assist in developing a highly trained workforce and creating jobs and a secure future for Nova Scotians. *jobsHere* is a clear commitment from the Nova Scotia government to doing things differently in order to make life better for Nova Scotians. The plan supports all areas of the province and all sectors of the economy, meaning we all have a part to play.

As we move forward to a new fiscal period, the challenges affecting Film Nova Scotia include changes to the industry (technological changes, consumer behaviour, regulatory changes, etc.); the necessity of fiscal restraint and of finding alternative sources of financing; and managing the industry skills gap. Opportunity exists to be more strategic in how we address our challenges. For instance, Film Nova Scotia is developing a digital strategy, which will help shape the path for the future in these changing times; has established a partnership with

EastLink Television to provide additional funding for television production in Nova Scotia; is offering professional development opportunities for members of the local production community to address the skills gap issue; and is ensuring best practices for the industry by spearheading an Occupational Health and Safety Committee.

The existence of a vibrant and successful audiovisual industry, which historically has provided an economic stimulus to our urban and rural communities, generates an average of over \$100 million in production activity in the province annually, employs thousands of Nova Scotians, and adds to the economic and cultural aspects of the province through content design, technology adoption, and job creation. The industry supports the expanding creative economy and provides an attractive career path for our youth, encouraging them to stay in Nova Scotia. In addition, the audiovisual industry is environmentally friendly and leaves a small footprint on the environment.

The audiovisual industry has experienced much change over the past few years, including global recessions, technological advancements changing consumer behavior toward creative content, global competition, regulatory changes, and more. There has been such transformational change in the creative content industry that all players in the media industry are in a constant state of change, with no end in sight. New players like Netflix negatively affected the traditional DVD industry,

putting companies such as Blockbuster out of business, only to become threatened themselves by questionable business strategies on their part and partnerships being struck by legacy companies (studios and cable), thereby shutting off Netflix's access to content. This year will probably see the same sort of shifts. Cloud computing technology is changing the way content is stored, accessed, and shared. Social media is affecting production financing, marketing and consumer attitudes, and access to content. Nova Scotia film, television, and interactive production companies have adapted well and remain competitive in the national and global entertainment industry.

Film Nova Scotia is currently developing a digital strategy to identify the key issues facing the province in this evolving industry. This strategy will help shape the path for Film Nova Scotia in how we assist the local community during this period of transition.

Film Nova Scotia's role is to keep abreast of these changes and ensure our production community stays competitive through a number of partnerships and programs. The corporation undertakes research initiatives into emerging trends and markets with provincial, federal, and private industry partners. The corporation designs pilot programs to encourage the adoption of new technology in storytelling, and training initiatives are used to incorporate new technology into audiovisual production. Film Nova Scotia develops emerging filmmakers by partnering with broadcasters and federal



funding organizations and keeps on top of industry developments by participating in key markets, festivals, and conferences. The corporation provides financial assistance for filmmakers to attend these markets, provides a business centre for them to conduct business, and disseminates information for those unable to attend. In addition, Film Nova Scotia actively participates in all policy discussions regarding program changes at the federal level to the Canada Media Fund and Telefilm Canada that will affect film, television, and new media production in Nova Scotia.

In Canada, the audiovisual industry accounts for approximately \$5.5 billion in production volume and sustains 128,000 jobs. The industry also exports close to \$2.26 billion a year. With a 25-year history, the audiovisual industry in Nova Scotia is well established. The province is ranked among the largest production centres in the country, with average annual production

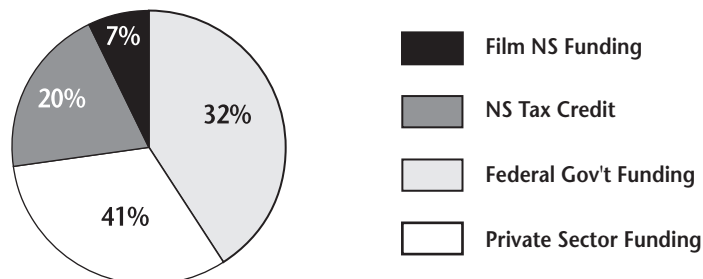
of over \$100 million. This direct economic activity in Nova Scotia places us well above our weight as a province with only 3 per cent of the Canadian population.

The federal government, through Telefilm Canada, the Canada Media Fund, and federal film tax credits, provides close to \$1 billion in funding throughout the nation, and historically Nova Scotia attracts a higher percentage of this amount than one would expect for a province of its size. In the past, Nova Scotia has garnered as much as 10% of annual federal funding.

The Nova Scotia Film Industry Tax Credit (FITC) is one of the most competitive in Canada. This labour-based incentive, which ranges from 50 per cent to 65 per cent, on average represents 20 per cent of any given production budget. Therefore, for every dollar invested through the FITC, four additional dollars are invested in the province's productions through private sector and other government funding.

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### ***Funding Sources 2006–11 Projects Contracted Domestic Production***



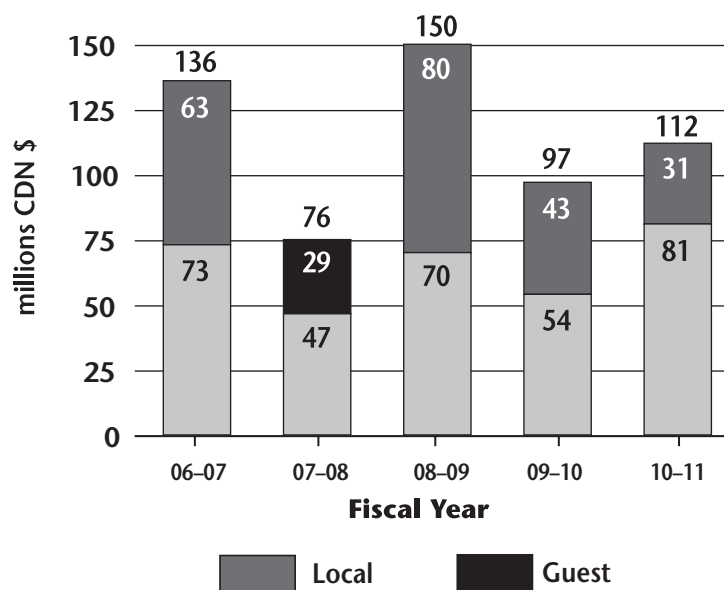
Nova Scotia generated \$112 million in production activity (\$81 million domestic and \$31 million guest) in 2010–2011. This marks the slow recovery of the industry from challenges experienced in the prior two years owing to the global recession, to changes in technology, and to the consolidation of several Canadian broadcast and distribution companies, which together resulted in less work being commissioned and acquired.

In 2011, Film Nova Scotia entered into an exciting new partnership with EastLink TV to fund Nova Scotia-based television production. As a Canadian broadcaster, EastLink is required to submit a portion of its revenues to support Canadian independent production. Historically, EastLink had made

its contributions to a national television fund. Over the course of 2010, Film Nova Scotia proposed to EastLink the idea of a new fund for the Nova Scotia industry. EastLink was very interested in directing its contributions to support local production, and Film Nova Scotia sought and received certification from the CRTC to receive these funds. EastLink committed an initial amount of \$1.3 million and is expected to contribute annually approximately \$700,000 to the fund.

Many of Film Nova Scotia's initiatives support the current government commitments for 2012–2013 to support the secure high-value jobs the Nova Scotia economy needs and to ensure more young people stay and build a life here in Nova Scotia.

***Nova Scotia Film Production Activity by Local vs. Guest Producers***





In 2012–2013, Film Nova Scotia will continue to support the creative economy through the development of the audiovisual industry in Nova Scotia as part of the province's economic growth strategy.

Health and safety in the audiovisual industry are priorities for 2012–2013. Accordingly, an important initiative for the coming year is to update the health and safety guidelines for the industry. The existing guidelines are out of date and out of keeping with current provincial legislation and industry practices. The corporation spearheaded the creation of a Health and Safety Committee for the industry and is acting as its Chair. The committee is comprised of key industry stakeholders, including representatives from the industry unions and guilds, key production executives, the Department of Labour and Advanced Education, and the Canadian Media Production Association, the national organization that represents the interests of producers across the country.

The Programs department of Film Nova Scotia works closely with producers, providing ongoing coaching and support in the areas of development, training, and production financing. With access to funds and professional development opportunities throughout the year, the Programs department works to ensure the industry is a year-round industry. The department acts as a liaison with stakeholders on current industry issues, such as broadcast rights, and disseminates key information to the local community.

The corporation's financial programs are only available to local filmmakers and include equity investments, development loans, a web drama series program, feature film distribution assistance, the CBC/Film Nova Scotia Bridge Award, First Feature Project, sponsorship and training programs, assistance for attendance at markets and festivals, and professional development. The corporation makes its investment decisions with the following objectives in mind: to employ Nova Scotians year round, to spend funds in the province, to promote the province internationally with positive spinoffs in other areas such as tourism, to allow Nova Scotians to tell their unique cultural stories, to create a diverse workforce in the industry, and to demonstrate an opportunity for the corporation to recoup some or all of its investment.

Local filmmakers employ residents of the province all year, train these employees in the skills required for audiovisual production, tell local stories, and create Nova Scotia intellectual property, the last of which guarantees reinvestment of profits back into the province. In addition, local producers create the industrial base required to support the foreign or guest production activity that takes place in the province.

The Marketing and Locations department markets Nova Scotia as the best place in the world to make a film. The efforts of the department result in attracting fully financed productions and co-productions to the province. The Marketing and Locations



department maintains an electronic database of photographs representing the entire province, and Film Nova Scotia responds to numerous location requests each year. Locations packages include information on Nova Scotia, services available, locations photographs, and the *Nova Scotia Production Guide*. The corporation produces this high-quality informative guide to audiovisual production in the province—a key tool used by producers and production companies when considering shooting in Nova Scotia. The images and messages that complement the existing provincial brand are an integral part of all Film Nova Scotia marketing initiatives.

The Marketing and Locations department ensures that the province is film-friendly. This goal is achieved by developing strong community relationships with the various regions throughout Nova Scotia, as well as with organizations that are or could be involved in the audiovisual industry. In doing so, Film Nova Scotia educates target audiences about the economic benefits that audiovisual production brings to communities and organizations; promotes, collectively, the various regions of the province in an effort to attract production; ensures that communities, organizations, and individuals are familiar with filming procedures and are prepared to handle productions prior to and upon their arrival; ensures fair and equitable treatment of communities, organizations, and the productions themselves, mediating any concerns that may arise; and ensures

that the corporation is aware of policies, guidelines, and applications throughout the province that could affect film production. The corporation administers the province's Film Location Shooting policy for filming on provincially owned property.

The Marketing and Locations Department fosters strong relationships with the various industry organizations that represent personnel involved in production activity. These include, but are not limited to, the Alliance of Canadian Cinema, Television, and Radio Artists (ACTRA); the International Alliance of Theatrical Stage Employees (IATSE), Locals 849 and 667; the Directors Guild Canada (DGC); the Nova Scotia Motion Picture Industry Association (NSMPIA); Women in Film and Television—Atlantic Chapter (WIFT-AT); and the Documentary Organization of Canada (DOC), Atlantic Chapter. The primary purpose of these relationships is to solicit input from the private sector on the best approaches for marketing and promoting the province, to give and receive feedback on industry issues and past production activity, to work together in securing productions for the province, and to update the respective stakeholders on current production interest and activity.

In addition, Film Nova Scotia administers the Nova Scotia Film Industry Tax Credit program on behalf of the Department of Finance. The corporation strives to administer the public funds with which it is entrusted in an effective and efficient manner. The FITC is a crucial financing tool



used by both local and guest filmmakers. Since its inception in 1995, it has been used to create and develop talent in Nova Scotia, among producers, writers, directors and crew members, and has grown the industry from \$32 million in production activity to current levels, making it a year-round industry. Combined with the investment programs and locations services offered by Film Nova Scotia, the FITC helps create a film-friendly environment that supports the future growth of the province's audiovisual industry.

## Strategic Goals

1. Cultivate and grow the global competitiveness of Nova Scotia's audiovisual industry.
2. Provide or support opportunities for the skills development and innovation of Nova Scotia's audiovisual industry.

## Core Business Areas

### ***1. Global Competitiveness of the Audiovisual Industry***

Develop Nova Scotia's audiovisual industry, with priorities that include the following:

#### **1.1 Investment Programs**

The investment programs that have been implemented by the corporation are instrumental in the creation and growth

of a vibrant and successful Nova Scotia audiovisual industry. They are critical in the development of a broad range of production, of all types and sizes, that fosters a sustainable environment for employment and helps to promote the province's producers, productions, locations, skills, and creativity in the global market.

*Equity Investments, EastLink TV Independent Production Fund, Development Loans, and Digital Media*

Film Nova Scotia provides equity investments, in a qualifying Nova Scotia film production, up to 40 per cent of the production budget spent in the province, to a maximum of \$300,000 per project. This investment complements other sources of financing and encourages producers to make their films in Nova Scotia while employing Nova Scotians. The program often acts as first-in equity funding, which is used by producers to leverage funds available through federal programs such as Telefilm Canada and the Canada Media Fund, and from private sources such as broadcasters, distributors, individual private investors, and other private industry investment funds. The investment program is also a key trigger for attracting co-production partners, both national and international.

Through the EastLink TV Independent Production Fund program, the corporation invests up to \$150,000, to a maximum of 20% of the total budget, in qualifying Nova Scotia television animation and/or live

action series or mini-series, including those for children and youth, that are scripted and fiction-based. Scripted programming employs the greatest number of industry personnel and requires the largest budgets. Raising financing for scripted programming presents a significant challenge for producers, and the EastLink TV Independent Production Fund serves to provide an important additional source of funding for these productions.

Film Nova Scotia provides development loans up to \$15,000 per project, to a maximum of 50 per cent of the budget spent in the province. The program supports the essential process of development that takes an idea for a film or television production through the stages of research, writing, market analysis, and costing. The development loans are integral to the ability of projects to advance from the idea stage to the production stage.

Film Nova Scotia provides equity investments of up to \$50,000 per web drama series project to assist independent producers and creators in financing the production of original drama series created initially for the web. This exciting new sector of the industry is still evolving in terms of building successful financing, marketing, distribution, and business models. The program provides essential financing to make these innovative projects possible. Halifax's Stitch Media is widely recognized for its success in digital media. Stitch Media's web series *Moderation Town*, which was created through the Film Nova Scotia Web Drama Series program, was awarded the Next Media Digital Launch

Pad Award at the 2011 National Association of Television Program Executives Market & Conference.

The audiovisual industry has identified the following investment programs as "very important" for attracting other financing required to complete films.

#### *Bridge Award*

Film Nova Scotia partners with CBC Television in the Atlantic region to provide the CBC/Film Nova Scotia Bridge Award for emerging producers. This juried program is designed to assist emerging producers to enter the industry. Successful applicants receive a \$10,000 CBC broadcast licence, a \$20,000 Film Nova Scotia equity investment, and \$10,000 in services from the CBC. Up to two awards are offered each year. The program is a key stepping stone for emerging producers, as well as the writer/director teams, and provides an opportunity to build a professional working relationship with both Film Nova Scotia and the CBC, as well as a mentoring relationship with a senior, experienced producer.

Halifax producer Preston Hudson received the 2010 Bridge Award for his film *Heart of Rhyme*. The film tells the story of Saxton Mahoney, a man who receives a heart transplant. After the surgery, when he finds himself with the power to see rhythms and an unexplained skill for rapping, he decides he must seek out the origin of his donor. *Heart of Rhyme* was accepted into the 2011 Toronto International Film Festival, becoming the



first Bridge Award project to screen at this prestigious event, and screened at the shorts gala of the Atlantic Film Festival.

#### *First Feature Project*

Film Nova Scotia has developed an exciting new partnership with Telefilm Canada to provide the First Feature Project for emerging filmmakers. This juried program is designed to assist emerging producers, directors, and writers to enter the feature film industry. Successful applicants will receive \$55,000 from Film Nova Scotia in equity investment and program support and \$55,000 in financial assistance from Telefilm Canada. One award will be offered in 2012–2013.

This program was developed in response to a demonstrated need in the industry. Emerging filmmakers who have produced successful short-form productions often face significant challenges in advancing to the next stage of their career, that of producing feature films. This program offers emerging talent the opportunity to take that next step through the production of a low-budget feature film. Similar to the Bridge Award, the First Feature Project provides the successful applicant with the opportunity to build a professional working relationship with Film Nova Scotia and Telefilm Canada, as well as a mentoring relationship with a senior, experienced producer. The First Feature Program has been regarded as a best-practice at the national level for the impact it has on the local community.

The First Feature Project team of Richard MacQueen and Michael Ray Fox took their project, *Roaming*, to camera in early 2012.

#### *Feature Film Distribution Assistance Program*

Film Nova Scotia supports the theatrical release costs of a Nova Scotia-produced dramatic, documentary, or animated feature film in which the corporation has an equity investment. The goal of the program is to enhance the marketing campaign for the film and maximize the Canadian box office returns. In 2012, the corporation will review this program to support alternative distribution models.

#### *Market and Festival Assistance*

Film Nova Scotia provides assistance for local producers to attend high-profile international festivals, with the goal of selling completed works, attracting co-production partners or funding for projects in the development stage, accessing industry intelligence, and raising the profile of Nova Scotia production companies.

This program is essential to building the export potential of projects made by Nova Scotian producers. Attendance at international markets and festivals adds value at all stages of production, from finding finance or co-production partners during development to the sale of a finished product in global markets.

#### *Professional Development Assistance*

Film Nova Scotia provides assistance for local producers to advance their career development through attendance at skills

development seminars, workshops, and industry-related programs. These include the Producers Lab (hosted by the Canadian Film Centre), the Women in the Director's Chair, and the Telefilm Screenwriter's Bootcamp, a program that offers emerging and mid-career creators one-on-one mentoring and group sessions with industry professionals. Attendance at these programs is key to producers' building the necessary skills in order to compete in an ever increasingly competitive global marketplace.

#### *Broadcaster/Distributor Forum*

Film Nova Scotia offers an annual Broadcaster/Distributor Forum, which provides access to national and international broadcasters and distributors and brings relevant industry expertise to the production community. These forums provide access to industry gatekeepers for local producers. Most of these broadcasters and distributors are located in Toronto. The Broadcaster/Distributor Forum has been noted at the national level for the unique opportunity and competitive advantage it offers Nova Scotian producers through access to key decision makers.

## **1.2 Locations and Marketing Programs**

### *Marketing*

The 2012–2013 Marketing and Communications Plan targets production companies and independent producers in Los Angeles, Germany, and the United Kingdom. Film Nova Scotia will undertake a number of initiatives throughout the year that will include business development

meetings, participation at film markets and tradeshow, advertising, and familiarization tours. Nova Scotia will continue to explore markets with a focus on new and emerging content and platforms, such as the Film and the Interactive components of the South by Southwest (SXSW) Film, Music, and Interactive Conference and Festival, and the industry development conference, Produced By, in Los Angeles.

### *Locations Services*

Film Nova Scotia provides complete script breakdown services for feature films, television movies, television series, and pilots, using photos from its extensive library of locations from across the province. Marketing materials can be sent to producers by courier or digitally via e-mail, and project-specific websites showcasing specific provincial locations can be created. The Locations Officer acts as a location scout for producers and directors who visit the province in search of suitable filming locations. Film Nova Scotia generally acts as the first point of contact for guest productions looking to shoot in Nova Scotia. The corporation services over 70 location inquiries a year and conducts approximately 10 scoutings a year, resulting in an average annual foreign production of \$55 million. The corporation receives inquiries from studios and independent production companies based in key markets, including Los Angeles, New York, Germany, and the United Kingdom. The production resulting from these inquiries represents





a range of formats, including television movies, television series, and feature-length films for major networks and broadcasters in the United States and abroad. Based on the quality of our locations, crews, and services, many of our foreign producers return to the province to repeat their filming experience. For instance, the Sony Pictures Television series of television movies, *Jesse Stone*, starring Tom Selleck, has filmed eight instalments in the province, contributing over \$19 million to the economy.

#### *Community Liaison and Ongoing Support*

Film Nova Scotia provides assistance with ongoing location research, information, and support as required, and will connect producers to local unions, guilds, production personnel, and other contacts throughout the province. In addition, the corporation acts as ombudsman and mediator for the industry and the public.

### **1.3 Nova Scotia Film Industry Tax Credit (FITC) and Digital Media Tax Credit (DMTC)**

Nova Scotia's film and digital media tax credits are among the highest in Canada. These credits provide Film Nova Scotia with a competitive edge in marketing the province to the international production community, and they assist local producers in competing for broadcast licenses and distribution deals. The FITC and DMTC are labour-based tax credits of 50–60 per cent of eligible Nova Scotia labour expenditures. A frequent-filming bonus of 5 per cent of eligible labour is also available for qualifying productions of

the FITC. These tax credits are key financing tools used by local and guest producers to complete their film, television, and interactive media projects. Film Nova Scotia markets these tax credits internationally to attract production funding for local producers and draw foreign production. Enhancements made to the FITC in December 2010 were heavily promoted at markets and festivals in 2011. Advertisements were placed at the Berlin Film Festival and European Film Market, the KidScreen Animation Summit, the Cannes International Film Festival and Market, and the Producer's Guild of America's Produced By Conference. Film Nova Scotia sat on film financing panels at the Cannes International Film Festival, the Ottawa Animation Festival, and the MIPCOM World Entertainment Content Market to promote the province's tax credits.

### **1.4 Partnerships**

Film Nova Scotia has developed key relationships with public and private partners in order to gain market intelligence and to build capacity and strategies to ensure that the industry in Nova Scotia successfully adapts to changes in technology in terms of content, production, and delivery mechanisms.

#### *Strategic Partners*

Film Nova Scotia partners with the Atlantic Film Festival Association to sponsor Strategic Partners, an internationally recognized co-production and co-venture market. The Strategic Partners conference provides

established Nova Scotia producers with the opportunity to meet with potential co-production partners, broadcasters, distributors, sales agents, as well as representatives from private and public funds. Strategic Partners raises the profile of Nova Scotia as a production centre and has led directly to numerous production and co-production deals. At the 2011 Strategic Partners conference, 91 projects were reported as directly benefiting from the conference, and close to 1000 meetings took place with over 150 delegates from around the globe.

#### *Film Advisory Committee (FAC)*

Film Nova Scotia is a member of the Nova Scotia Film Advisory Committee, a public-private partnership that includes representatives from the Halifax Regional Municipality (HRM), unions and guilds, production companies, industry associations, and suppliers. The FAC works collectively to promote the growth and development of the audiovisual industry in Nova Scotia. The objectives of the FAC are

- to promote the shared interests of those involved in the audiovisual industry in Nova Scotia
- to promote a positive image of the audiovisual industry in Nova Scotia and a positive atmosphere for location filming in the province
- to encourage cooperation throughout the industry by providing a forum for discussion and decision making

- to review and provide input on legislation, policies, guidelines, and activities that affect the industry

The FAC identified health and safety in the industry as a key priority for 2012–2013. For this reason, the corporation will be working with unions, guilds, and production companies to update the guidelines on health and safety for the industry. The corporation will be acting as the lead on a Health and Safety Committee, which will undertake this work. The committee is comprised of key industry stakeholders, including representatives from the industry unions, key production executives, the Department of Labour and Advanced Education, and the Canadian Media Production Association, the national organization that represents the interests of producers across the country.

#### *Association of Provincial (Film) Funding Agencies (APFA)*

APFA represents provincial and territorial audiovisual funding agencies from coast to coast. It was formed to bring together the viewpoints of agencies that serve both cultural and industrial audiovisual industries. This covers companies from emerging to well-established, from small to large, and from diverse geographical regions of the country. Film Nova Scotia is the chair of APFA for 2011 and 2012.

On behalf of APFA, Film Nova Scotia participates in the Canada Media Fund focus group on policy development and represents provincial and territorial funding



agencies in program and policy discussions with the Canada Media Fund and Telefilm Canada. The Canada Media Fund is the federal funding body for television and new media, with approximately \$337 million in funds to invest in the industry annually. Through our involvement, Film Nova Scotia keeps abreast of changes to the industry and the ways in which we need to adapt. The corporation also has input into policy discussions regarding changes to these crucial federal programs. Telefilm Canada invests approximately \$100 million in the Canadian film industry annually.

Film Nova Scotia represents APFA regarding issues related to terms of trade for the industry. In collaboration with its partners across the country, Film Nova Scotia led the development of a set of Canadian rights and distribution principles for television programs and interactive cross-platform content to ensure that these rights were reflected in broadcaster agreements. Consultations were held with Canadian broadcasters, national industry associations, such as the Canada Media Fund and the Canadian Media Production Association, and the respective stakeholders of each partner group in the development of the principles.

#### *Atlantic Canada Film Partners (ACFP)*

Film Nova Scotia works with the other Atlantic provinces to promote and develop the audiovisual industry in the region. ACFP pools resources for marketing and training initiatives designed to gain production in

Atlantic Canada. ACFP also promotes the interests of Atlantic Canada nationally with federal funding agencies and programs. Film Nova Scotia is the chair of ACFP.

#### *International Business Development Group (IBDG)*

The IBDG is a partnership of federal (Canadian Heritage, Department of Foreign Affairs and International Trade, and Telefilm Canada) and provincial government agencies, as well as the Canadian Media Production Association (CMPA), who work together to enhance Canada's reputation and market share in the international audiovisual industry. Our work with IBDG on new market research generates valuable industry intelligence on priority international markets. The group has identified Asia and the United States as priority areas for market research, with a focus on the economic potential for feature film, television, and interactive media and on the impact of the technology and transformative business models in terms of new business opportunities. The IBDG works to provide a Canadian presence at international markets and festivals, combining resources to provide a common business place, promotion, and networking opportunities for Canadian producers and partners.

#### *Nova Scotia Motion Picture Industry Association (NSMPIA)*

Film Nova Scotia works with NSMPIA to enhance the competitiveness of Nova Scotia's audiovisual industry by addressing challenges that industry members face



in the areas of new media, financing, training, infrastructure deficiencies, and international marketing. Some of the priorities facing the industry include potential negative changes to federal funding programs and the lack of a state-of-the-art sound stage in the HRM to support local production and attract foreign production. Film Nova Scotia works with NSMPIA to address these concerns.

*Digital Animators of Nova Scotia (DANS)*

Film Nova Scotia works with DANS to address issues affecting the digital animation subsector of the audiovisual industry in Nova Scotia. DANS has identified a lack of qualified Nova Scotia animators as its major concern in 2012–2013, and Film Nova Scotia will assist DANS in promoting the province and its benefits to recruit more animators. Film Nova Scotia promoted the enhanced tax credit to animation production companies and producers at the international KidScreen Summit in February 2011 and will do so again in 2012. Film Nova Scotia also hosted a tax-credit panel at the Ottawa Animation Festival in September, where the credit and Nova Scotia's animation studios received heavy promotion. Further opportunities for this event will be explored in 2012–2013.

*Atlantic Canada Opportunities Agency (ACOA)*

Film Nova Scotia began partnering with ACOA in 1998 and continues to partner regularly with the agency on export development and training initiatives through trade missions and training

seminars. ACOA works with Film Nova Scotia to improve the region's capacity for economic growth through a variety of strategically focused mechanisms, which involves assisting enterprises, particularly small and medium-sized ones, to help them start, expand, or modernize their businesses and establish and expand export activities; engaging in commercialization and productivity; and promoting and participating in the region's transition to the knowledge economy. Foreign direct investment (FDI) plays a significant role in strengthening economic development infrastructure and building the industrial critical mass required to successfully compete in the global economy. It contributes to productivity gains and technology transfer. ACOA's investment strategy is designed to increase awareness of the region among foreign investors, and to increase FDI in Atlantic Canada. The ACOA investment strategy focuses on increased FDI through investment research; investment intelligence gathering and dissemination; awareness and promotion; investment partnerships; and lead identification and development.

In June 2012, in partnership with ACOA and the Newfoundland and Labrador Film Development Corporation, Film Nova Scotia will send 20 emerging and mid-level filmmakers on a business development trip to Los Angeles. The initiative involves market-preparedness training in advance of the trip, attendance at an industry conference, industry seminars with LA-based studios,



agents, and production companies, and one-on-one pitch meetings.

#### *Independent Production Fund (IPF)*

Film Nova Scotia partners with the IPF to offer the Web Drama Series Program, which assists independent producers and creators to finance the production of original drama series created initially for the web. During 2011, 160 applications were submitted from across Canada. After the screening process, \$1.4 million dollars was invested in 15 online drama series.

Film Nova Scotia supported one Nova Scotia project, *Moderation Town* (season two), produced by Stitch Media, a Halifax-based digital media production company. For the first season, which was also supported through this program, the series partnered with www.Showcase.ca as a national broadcaster and secured sponsorship from ICUC Moderation Services.

Programs like the Web Drama Series reflect the shifts to technology and delivery mechanisms currently taking place within the industry and allow Nova Scotia's producers and personnel to be at the forefront of these changes. The program offers producers and creators an important, unique opportunity to obtain financing for their online productions.

The IPF is a national private fund that provides equity investments to encourage the production of prime-time dramatic series and dramatic children's series, produced by independent Canadian producers for private sector broadcasters, in English or French.

#### *EastLink Atlantic Filmmakers Series and Empire Theatres*

Film Nova Scotia works with EastLink Television and Empire Theatres to leverage resources for the industry and build a local audience for Nova Scotia producers and productions.

The corporation partners with EastLink Television to sponsor the series, *Atlantic Filmmakers*. Hosted by Scott Squires, the series allows Nova Scotia filmmakers to talk candidly about the ins and outs of movie-making in the region. The 26-episode series is filmed during the Atlantic Film Festival and airs throughout the year. The series showcases the accomplishments of emerging and established filmmakers and increases the profile of local filmmakers throughout the province, building an audience for their work.

The corporation partners with Empire Theatres to offer free public screenings of Nova Scotia productions three times a year. These screenings help to raise the profile of the industry, in turn making it easier for filmmakers to raise funds for future projects and providing an opportunity for Nova Scotians to see locally made productions that may not get a wide release in theatres. In 2011, this initiative was expanded to include screenings outside of Halifax, with a showcase of short films held in Cape Breton.

#### *EastLink TV Independent Production Fund*

In 2011 Film Nova Scotia partnered with EastLink TV to fund Nova Scotia-based

television production with funds EastLink had previously sent outside of the province. EastLink was very interested in directing its contributions to support local production, and Film Nova Scotia sought and received certification from the CRTC to receive funds from the broadcaster. EastLink committed an initial amount of \$1.3 million and is expected to contribute annually approximately \$700,000 to the fund.

#### *Halifax Regional Municipality (HRM)*

Film Nova Scotia partners with the HRM on the growth and development of the audiovisual industry within the municipality. Collectively, they address the needs of the local industry and combine resources on joint initiatives, such as the feasibility study concerning the building of a Halifax-based sound stage. Film Nova Scotia also works closely with the HRM film office on production-specific requests.

### **1.5 Infrastructure Development**

The industry has identified a need for a purpose-built sound stage in the Halifax area. Since the closure of Halifax-based Electropolis Studios in January 2009, Dartmouth-based Tour Tech East is the only film production studio in the HRM. At 12,000 square feet, it is too small to accommodate large-scale productions. Approximately 30,000 to 40,000 square feet of space is required to support the needs of the industry. The only other major sound stage in the province was located in Shelburne and closed in 2011.

Film Nova Scotia partnered with HRM and the industry to prepare a sound-stage feasibility study in 2011. While the study identified a need for a larger studio, the corporation is not in a position to pursue this project at this time because of resource constraints.

## **2. Industry Development**

Optimize resources by partnering with government, private sector, and industry stakeholders to provide skills development opportunities and innovation aimed at advancing producers and personnel in Nova Scotia's audiovisual industry.

### **2.1 Professional Development**

Film Nova Scotia optimizes financial and human resources by partnering with government, private sector, and industry stakeholders to provide professional development opportunities that support the advancement of Nova Scotia's audiovisual industry in global markets. The corporation invests in the continued professional development of Nova Scotia filmmakers through the organizations and programs described below.

The Atlantic Filmmakers Cooperative's Film 5 Program gives emerging teams of directors, writers, and producers the opportunity to produce original work, under the guidance of a host of mentors, teachers, and managers. With their films routinely screening at the Atlantic Film Festival, the program is a launch pad for increasingly higher-profile work.



Investment in the Media Arts Scholarship Program at the Centre for Art Tapes results in a series of interdisciplinary learning events, as well as more traditional opportunities to build skills.

Film Nova Scotia partners with the Nova Scotia College of Art and Design (NSCAD) to support the next generation of content creators. The Film Nova Scotia Bachelor of Fine Arts Film Production Fund provides up to six production grants of \$2,500 each, one per film, to fourth-year students in the film program to assist with their undergraduate thesis films. These films are used as calling cards for new graduates who enter the industry looking for employment. Regularly accepted and screened at film festivals, these films raise the profile of the emerging talent and educational opportunities in Nova Scotia. The Cineflux Projects Course is designed for the senior class of the Bachelor of Fine Arts Program and includes the production of three multiplatform media art projects. The program provides opportunities for individuals in screen and new media to explore collaborative research across disciplines and faculties, bringing areas of specialization together that until now were separate, and to work at a very high level in the field of new media, creating innovative work that may translate into professional opportunities in this emerging field.

Film Nova Scotia works with the NSCC and industry to identify and develop new training initiatives to encourage skills development and the adoption of new technologies.

Film Nova Scotia assists Nova Scotia professionals in attending a wide range of training programs. The Canadian Film Centre's Producer's Lab program is a series of workshops, business sessions, case studies, and production and packaging exercises designed to develop producing skills. The National Screen Institute's intensive and individualized professional development programs (Features First, Totally Television, and Drama Prize) are designed to train aspiring producer/director/writer teams in the development of their own feature-film or television series proposals. The corporation also provides funding for the Women in the Director's Chair workshop, the Equinoxe writing program, and the Telefilm Screenwriters Boot Camp.

The corporation, through industry consultation, identifies gaps in the industry and organizes and hosts business-oriented seminars and events. This entrepreneurship training assists Nova Scotia producers in competing in the global industry. The training provides targeted market initiation for emerging producers, offering an introduction to major industry trends and their impact on television, feature film, and interactive production. The training also provides a roadmap to the current programming and film distribution marketplace and a step-by-step approach to working with broadcasters and distributors to develop content that sells. The corporation will continue its focus on the US marketplace by offering the Los Angeles business development trip in 2012 and will expand this initiative by

partnering with the Newfoundland and Labrador Film Development Corporation. Film Nova Scotia continues to offer Pitcher Perfect, a program that provides training to producers on how best to pitch their projects to broadcasters or distributors.

To ensure that the work of emerging producers is seen throughout the province, Film Nova Scotia sponsors the Atlantic Film Festival and EastLink's Atlantic Filmmakers series, a 26-episode television show featuring Atlantic filmmakers and their projects, with a focus on Nova Scotia's audiovisual industry. Film Nova Scotia partners with Empire Theatres to offer free screenings of Nova Scotian productions three times a year and has recently expanded this program across the province.

The corporation partners with the Canadian Media Production Association (CMPA), Telefilm Canada, and the Atlantic Canada Film Partners to offer the Atlantic Mentorship Program, a program designed to offer long-term, salaried training opportunities in the audiovisual sectors to emerging and mid-level production personnel in the Atlantic provinces. Under the personal guidance of seasoned industry professionals, participants develop their business, creative, and administrative abilities to increase their potential for career advancement in the production sector. This fosters the growth of Atlantic Canada's screen-based entertainment industry. On-the-job training is provided by CMPA mentor production companies based in the Atlantic region. Through this program, up to three Nova Scotia residents receive internship

placements with Nova Scotia production companies for a five-month period.

The corporation works to ensure that it supports a range of training initiatives that will advance the skill level of Nova Scotians. Individuals who participate in post-secondary training programs, such as NSCAD's thesis films or intermedia projects course, often progress to training programs like Film 5, the Media Arts Scholarship, the Atlantic Screenwriters Boot Camp, and the corporation's business seminars and events. Graduates of these programs will often then participate in national programs, such as those offered by the National Screen Institute and the Canadian Film Centre. Alternatively, they may go on to produce a professional film for broadcast through the Bridge Award program.

Emerging producers gain valuable on-the-job, practical training through the Canadian Media Production Association's Atlantic Mentorship Program. In order to qualify for this internship, participants must have gained experience in the industry beyond the post-secondary level.

The First Feature Project represents a higher level of production experience than the preceding training programs, as it provides emerging talent the opportunity to produce a feature-length film. Participants in this program will have already gained experience through post-secondary and industry training programs. Upon completion of their first feature film, participants will be





well-equipped to start producing their own professional productions for the marketplace.

Ultimately, once established in the industry, professionals participate in higher-level industry programs such as the Equinox Program, an advanced international writing program, and the Trans Atlantic Partners, an international co-production training program.

Film Nova Scotia funds all of the above mentioned programs and covers the costs of Nova Scotians who go through them.

## Priorities for 2012–2013

In light of current global economic conditions, Film Nova Scotia has developed a business plan for 2012–2013 that preserves the following goals of the corporation:

- consistently attaining a high level of local audiovisual production
- achieving year-round production
- increasing the economic benefit of the industry to the province
- facilitating and supporting more stable and diverse local production companies
- attracting more foreign feature films
- supporting industry growth in the face of technological advancements
- maintaining high levels of skilled workers

- supporting relationships with industry gatekeepers and with the federal government

In response to declining financial resources in 2011–2012, Film Nova Scotia sought CRTC certification as an Independent Production Fund and secured a financial partnership with EastLink Television. This allows Film Nova Scotia to provide private funds for Nova Scotia television production and to support Nova Scotia's audiovisual industry without further taxing the shareholder's limited resources.

Film Nova Scotia will target Los Angeles and Europe (specifically the United Kingdom and Germany) through a variety of activities, including trade missions and familiarization tours. A presence at key markets, including the Cannes Film Festival, Berlin Film Festival, American Film Market, South by Southwest Film, Music, and Interactive Conference & Festival, and other key television markets, will continue to play a major role in marketing Nova Scotia's audiovisual industry. The corporation will continue to participate in associations and committees, conduct research to monitor global trends that could affect the local industry, and assess all programs and services to ensure that they are responsive to stakeholder and client requirements, as well as to the external environment.

Film Nova Scotia's Investment Programs are key drivers to production and are strategically planned throughout the year to achieve year-round production. In addition, the December 2010 enhancement to the

FITC makes Nova Scotia more competitive and supports the audiovisual industry in becoming a 12-month industry.

Film Nova Scotia will continue to develop and nurture partnerships with educational institutions in Nova Scotia to encourage the development of new training initiatives, skills development, and the adoption of new technologies. Partnerships with industry leaders will continue to be a priority as well, in order to keep abreast of market trends and to leverage resources for the industry.

As the industry moves to a multiplatform environment, partnerships with industry experts, such as the IPF, become increasingly important. As audiences are becoming more fragmented and are seeking content on a variety of platforms, programs (such as the Web Drama Series) that create content for the internet are key to the advancement of the Nova Scotia industry. The DMTC will become an increasingly important and competitive tool in encouraging and attracting interactive productions. The Digital Strategy currently under development will help identify other priorities for the future of Nova Scotia's audiovisual industry.

Film Nova Scotia firmly believes that continued investment in the province's audiovisual industry will pay dividends into the future. In an increasingly competitive marketplace, if funds and human resources do not exist, Nova Scotia's audiovisual industry and provincial revenues will suffer, along with the many spinoff service industries

that benefit from audiovisual production, because work will go to other provinces and to the United States. These programs support the priorities of the province's *jobsHere* plan by creating an environment for business growth through a highly skilled and flexible workforce. In addition, the audiovisual industry has a strong export component and brings additional investment to the province by exporting local productions to foreign markets. For example, DHX Media, which is headquartered in Halifax, sells its programs to approximately 250 broadcasters and 150 territories around the world, and local factual company Arcadia Entertainment produces programming that is broadcast in over 140 countries in 26 languages.

## Budget Context

The business plan solicits an appropriation of \$3.06 million, which reflects a 1 per cent decrease on the direction of our shareholder in order to achieve the province's goal to get back to balance by 2013–2014. With this level of funding and strategic partnerships, Film Nova Scotia will be able to achieve its goals of maintaining a high level of local, year-round production; an economic impact on the province; a stable and diverse local production capability; and a focus on foreign feature films.

In 2011–2012, Film Nova Scotia received CRTC certification as an independent production fund eligible to receive and



administer contributions from broadcast distribution undertakings. Film Nova Scotia is restricted to using these private funds to support television production in Nova Scotia. As contributions to the fund are voluntary, they may vary from year to year and are independent from the operations of Film Nova Scotia.

Funding provided by Film Nova Scotia often triggers investment from the private sector and the federal government. Real opportunity costs are associated with reduced levels of funding. These costs include the effects on unemployed Nova Scotians, on companies that cease to operate, and on new trainees who are not hired.

The audiovisual industry makes a significant contribution to the province's economy. For each dollar the province invests in Film Nova Scotia funding programs for local production, almost \$11 are attracted to the province from private investors and the federal government, placing the corporation in the position of providing high-value programs at a low cost to the province.

The following budget reflects an appropriation of \$3.06 million.



## Budget Context

	Budget 2011-12 (\$)	Forecast 2011-12 (\$)	Budget 2012-13 (\$)
<b>Contributions</b>			
Nova Scotia Government	3,096,000	3,095,700	3,063,700
EastLink TV Independent Production Fund	—	—	745,200
Recovery of equity investments and development loans	150,000	165,000	150,000
Other income	40,000	78,125	120,000
Interest income	6,000	12,000	10,000
Interest income — EastLink TV Independent Production Fund	—	—	6,000
<b>Total contributions</b>	<b>3,292,000</b>	<b>3,350,825</b>	<b>4,094,900</b>
<b>Disbursements</b>			
Programming	2,133,845	2,160,545	2,045,000
Interest income — EastLink TV Independent Production Fund	—	—	750,000
Administrative	776,055	780,055	814,900
Advertising and marketing	382,100	410,225	485,000
<b>Total disbursements</b>	<b>3,292,000</b>	<b>3,350,825</b>	<b>4,094,900</b>
<b>Net balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Administrative expenses</b>			
Salaries and benefits	602,000	602,000	627,500
Other administrative expenses			
Telecommunications	12,000	12,000	12,000
Staff training	11,000	11,000	11,000
Bank charges	2,000	2,000	2,000
Bank charges— EastLink TV Independent Production Fund	—	—	200
Consultants	8,000	11,000	11,000
Courier	1,500	2,000	2,000
Dues, fees, and subscriptions	10,000	10,000	10,000
Insurance	2,500	2,000	2,500
Conferences and marketing	3,000	2,500	3,000
Board	18,000	18,000	18,000
Repairs and maintenance	3,000	1,000	3,000
Office	17,000	17,000	17,000
Copier and fax rental	2,700	2,700	2,700
Postage	2,000	1,500	2,000
Professional fees	7,355	12,205	10,000
Professional fees— EastLink TV Independent Production Fund	—	—	1,000
Rent and related move costs	74,000	73,150	80,000
<b>Total administrative expenses</b>	<b>776,055</b>	<b>780,055</b>	<b>814,900</b>



	Budget 2011-12 (\$)	Forecast 2011-12 (\$)	Budget 2012-13 (\$)
<b>Advertising and marketing</b>			
Locations salaries and benefits	161,100	161,100	175,000
Other advertising and marketing			
Advertising	10,000	26,000	20,000
Business development	45,000	45,000	50,000
Locations library	8,000	7,000	7,000
Location services	20,000	10,000	15,000
Marketing	60,000	83,125	140,000
Publications	28,000	28,000	28,000
Sponsorships	50,000	50,000	50,000
<b>Total advertising and marketing</b>	<b>382,100</b>	<b>410,225</b>	<b>485,000</b>

# Outcomes and Performance Measures

## Core Business Area 1 Global Competitiveness of the Audiovisual Industry

Outcome	Measure	Data 2008–09	Data 2009–10	Data 2010–11	Estimate 2011–12	Target 2012–13	Strategic Actions to Achieve Target
Contribute to Nova Scotia's economy by maximizing, with the resources available, the economic potential of the audiovisual industry. (Baseline 2003–04 \$113 million)	Total production activity	\$150 million	\$97 million	\$112 million	\$100 million	To maintain or exceed baseline levels to the extent possible with the available resources	
	Domestic production activity	\$70 million	\$54 million	\$81 million	\$80 million		Implement the marketing plan Continue the NS Film Industry Tax Credit Continue investment and development programs Keep abreast of changes in the industry and ensure that programs continue to meet the requirements of stakeholders and clients Provide increased exposure for local filmmakers internationally Create/maintain strategic partnerships to generate additional resources for the industry and raise the profile of the industry
	Number of domestic projects	48	35	50	40		



### Core Business Area 1 *Global Competitiveness of the Audiovisual Industry*

Outcome	Measure	Data 2008-09	Data 2009-10	Data 2010-11	Estimate 2011-12	Target 2012-13	Strategic Actions to Achieve Target
	Ratio of equity investment to production activity supported	7.81%	7.28%	4.28%	2.79%		
	Foreign production activity	\$80 million	\$43 million	\$31 million	\$20 million		Continue the NS Film Industry Tax Credit Provide Film Commission services for guest productions Implement the marketing plan Create/maintain strategic partnerships to generate additional resources for the industry and raise the profile of the industry
	Number of foreign projects	19	15	15	8		

## Core Business Area 2 Industry Development

Outcome	Measure	Data 2008–09	Data 2009–10	Data 2010–11	Estimate 2011–12	Target 2012–13	Strategic Actions to Achieve Target
To assist and promote the development of the audiovisual industry, producers, and personnel in Nova Scotia	Client feedback				84%	84%	Ongoing research into gaps/overlap in industry, and identify solutions Offer and support professional development initiatives Maintain industry strategy
	Training for Good Jobs—workshop attendance:						Encourage adoption of new skills and technology through post-secondary industry-specific program sponsorship
	• Business issues	23	12 <sup>(1)</sup>	7	9	7–10	Provide access for local producers to industry gatekeepers
	• Broadcaster/distributor forum (attendance)	50	65	45	48	40–50	
	• Pitching workshop	176	104	105	153	140–150	
	• Atlantic Mentorship Program interns hired	8	8	9	7	8–10	
		3	3	3	2	2	

(1) Note: Moved from an open lecture-style workshop to a smaller, project-specific, curriculum-based program.



### Core Business Area 2 *Industry Development*

Outcome	Measure	Data 2008-09	Data 2009-10	Data 2010-11	Estimate 2011-12	Target 2012-13	Strategic Actions to Achieve Target
To assist and promote the development of the audiovisual industry, producers, and personnel in Nova Scotia	• Bridge Award Program, projects completed	2	2	1	1	1	Ongoing research into gaps/overlap in industry, and identify solutions
	• First Feature Project, projects completed				1	1	Offer and support professional development initiatives
	Third Party Training:						Maintain industry strategy
	• Equinox Program writer attendance			1	1	1	Encourage adoption of new skills and technology through post-secondary industry-specific program sponsorship
	• Film 5 Program, projects completed	4	4	4	4	4	Provide access for local producers to industry gatekeepers
	• Centre for Art Tapes, participants	9	10	8	10	10	
	• NSCAD BFA program participants	5	6	5	5	5	
	• NSCAD Intermedia program participants			3	3	3	

# Appendix A: Program Inventory

The EastLink TV Independent Production Fund

First Feature Project

Development Loans

Equity Investment—Film & TV

Equity Investment—New Media

Feature Film Distribution

Bridge Award

Partnerships in Training

Sponsorship

Market and Festival Assistance

Professional Development Assistance

Web Drama Series Program

Nova Scotia Film Industry Tax Credit







# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

## Nova Scotia Fisheries and Aquaculture Loan Board

### ***Business Plan 2012–2013***

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# Message from the Minister, Associate Deputy Minister, Board Chairman, and CEO

It is our pleasure to present the 2012–2013 business plan for the Nova Scotia Fisheries and Aquaculture Loan Board. This business plan reflects the Loan Board's objectives and focus for the upcoming year.

The Nova Scotia Fisheries and Aquaculture Loan Board has served the province and the fishing industry since 1936 by providing long term stable development funding. The Fisheries and Aquaculture Loan Board, since 1944, has lent \$705 million to the harvesting and aquaculture sectors of the fishery in Nova Scotia, thereby enabling fishers and aquaculturists to take advantage of economic opportunities at home, creating jobs in coastal communities and growing the economy.

The Honourable Sterling Belliveau,  
Minister

Greg Roach,  
Associate Deputy Minister

Roy Surette,  
Chairman

Bruce Cox,  
CEO



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## Mission

***To serve, develop, and optimize the Nova Scotia fish harvesting and aquaculture industries, for the betterment of our coastal communities and the province as a whole.***

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## Corporate Mandate

Through a cooperative agreement between the Fisheries and Aquaculture Loan Board and the Department of Finance, the interest rate of borrowed funds is increased to ensure that the province is in a surplus position. For the fiscal year ending March 31, 2011, the Loan Board surplus was \$6.6 million as per the audited financial statements from PricewaterhouseCoopers. With this financial arrangement in place, the Loan Board can fulfill the expectations and service needs of the fishing and aquaculture industries by providing long-term stable development funding which will enable the fishers and aquaculturists of this province to take advantage of economic opportunities at home to maximize jobs and grow the economy of our coastal communities. The fishery is more than a way of life; it is a successful business, and we must strive to keep it productive and internationally competitive.

## Planning Context

Nova Scotia is the leading fishing province in Canada, a nation known as a world fishing power. We are fortunate to have a diversified industry that can survive and prosper on its strengths while various segments suffer cyclical downturns. Our commercial fishery alone has an annual landed value of approximately \$487 million, with a market value of \$850 million, and our aquaculture and recreational fishery sectors generate \$128 million more. The industry is the main employer in many regions of the province and drives the economies of our coastal communities.

As our fishery moves into the 21st century, we must maintain and enhance the traditional components of the industry that, over time, have provided us with success. We must build on these segments, seeking out and developing new opportunities in aquaculture, the recreational fishery, coastal-zone management, underutilized species, the processing sector, and succession planning for the harvesting sector. Whether it be with areas of provincial jurisdiction or with the marine fisheries, which are administered federally, personnel from the Nova Scotia Fisheries and Aquaculture Loan Board must play an active role to ensure that fisheries policies and management strategies are good for Nova Scotia and the industry in this province.



The Nova Scotia Fisheries and Aquaculture Loan Board has served the province and the fishing industry since 1936 by providing long-term stable development funding. Through this board, the Nova Scotia government ensures it has a cost effective, positive, focused and beneficial influence on the development of the fishing and aquaculture industries of Nova Scotia. The board operates under the authority of the Fisheries and Coastal Resources Act. This act, by its name, emphasizes coastal community development, which is the focus of the board's operations.

Diversification and technological advancements in the fishing industry continue to create a demand for newer, more efficient vessels. Existing clients will take advantage of new technology to improve and upgrade their vessels. This will result in promoting boat building activities.

## Strategic Goals

In order to carry out the board's mission and that of the Department of Fisheries and Aquaculture, the board is involved in the following four core business areas:

***1. To develop the harvesting and aquaculture sectors of the fishing industry by providing long-term fixed-rate loans.***

The chartered banks consider lending to these sectors to be of higher risk than lending

to other portfolio choices; so government developmental financing is essential to service the credit needs of the harvesting and aquaculture economic sectors.

***2. Manage the risk profile of the loan portfolio through a vessel inspection program for all new construction, used vessel purchases, modification, and engine/equipment loans.***

A vessel inspection program is necessary for new boat construction to ensure that the boats are built to rigid Loan Board standards. Used vessels, modification, and engine/equipment loans are inspected to ensure that the funds lent are secure in the value of the boat.

***3. Minimize loan arrears by managing a loan collection program on a monthly basis.***

Each and every lending institution must have an effective collection program to manage arrears and keep write-offs to a minimum.

***4. Maximize timely and cost-effective loan repayment and a healthy financial state in the marine fishing and aquaculture sectors by providing financial counselling and assessments for proposed projects.***

Financial counselling ensures that customers manage their income and resources wisely, and it assists the Loan Board's repayment

record. Project assessments help the industry to be successful and reduce the potential of delinquent accounts.

## Priorities for 2012–2013

In keeping with the goals of the board, the Department of Fisheries and Aquaculture, and government, the following represents the board's priorities for 2012–2013.

### ***Core Business Area 1***

Provide long term fixed-rate loans for the development of the fish harvesting and aquaculture industries. During the 2010–2011 fiscal year, the Loan Board reviewed 137 loan applications.

- Provide \$40 million of developmental funding to the fishing and aquaculture industries.
- Continue to assess new loan proposals by applicants.
- Continue to review and amend the loan approval process, to ensure quality program delivery.
- Facilitate the replacement and upgrading of older vessels in each fleet.
- Continue access to capital for new entrants and new species.

### ***Core Business Area 2***

Maintain a vessel inspection program for all new construction, used vessel purchases, modification, and engine/equipment loans. Carried out 76 new vessel inspections and 611 inspections for used vessels, engine/equipment, and maintenance during the 2010–2011 fiscal year.

- Each new vessel is inspected biweekly during construction to ensure that it is built to rigid Loan Board standards.
- All used vessels financed by the Loan Board, as well as vessels for modification and engine/equipment applications, are inspected to ensure that they are built to Loan Board standards. Inspections also guarantee that the funds lent by the Loan Board are secure in the value of the boat.
- Carry out annual maintenance inspections on Loan Board financed vessels to ensure continued loan security and equity.
- Approve builder construction plans and boat specifications to ensure that they meet Loan Board standards.
- Assist boatbuilders by giving technical advice as it relates to the preparation of plans and drawings. Also provide technical assistance relating to the construction of new vessels and modification of vessels.
- Recommend new builder applicants to the Board for eligibility.



### ***Core Business Area 3***

Manage a loan collection program on a monthly basis to keep loan arrears to a minimum. The arrears percentage decreased to 3.3% as of March 31, 2011.

- Review Loan Board arrears on a monthly basis to determine the proper course of action required.
- Monthly collection activities manage the arrears outstanding and minimize write-offs.
- Continue to write letters and to make phone calls and field visits in an effort to collect delinquent accounts.

### ***Core Business Area 4***

Provide financial counselling and assessments for proposed projects.

- Continue to review and analyze applications for funding and various other projects.
- Assess the profitability of financing vessels that engage in the harvesting of non-traditional species.
- Investigate new loan programs with flexible terms that will assist the fishing and aquaculture industries.
- Continue to partner with industry, other lenders, and other government departments to improve financial information and develop combined lending packages for our clients.



# Budget Context

## *Nova Scotia Fisheries and Aquaculture Loan Board Statement of Revenues, Expenses, and Accumulated Surplus for the Year End*

	Estimate 2011-12 (\$)	Forecast 2011-12 (\$)	Estimate 2012-13 (\$)
<b>Revenues</b>			
Interest income	7,400,000	8,700,000	8,700,000
Loan fees	130,000	180,000	150,000
	<b>7,530,000</b>	<b>8,880,000</b>	<b>8,850,000</b>
<b>Expenses</b>			
Interest expense	5,100,000	5,100,000	5,100,000
Salaries and benefits (net of recoveries)	674,900	572,200	636,256
Board honoraria	7,600	6,800	7,600
Travel	53,100	53,100	53,100
Office expense	16,400	16,600	16,600
Bad debts expense (net of recoveries)	50,000	50,000	78,000
	<b>5,902,000</b>	<b>5,798,700</b>	<b>5,891,556</b>
<b>Operating surplus before government contributions</b>	<b>1,628,000</b>	<b>3,081,300</b>	<b>2,958,444</b>
Government contributions	5,902,000	5,798,700	5,891,556
<b>Surplus</b>	<b>7,530,000</b>	<b>8,880,000</b>	<b>8,850,000</b>
<b>Distribution to Consolidated Fund of the province</b>	<b>7,530,000</b>	<b>8,880,000</b>	<b>8,850,000</b>
Accumulated surplus, end of year	—	—	—
Funded staff (FTEs)	9.0	9.0	9.0

## Financial Information

	Estimate 2011-12 (\$ million)	Forecast 2011-12 (\$ million)	Estimate 2012-13 (\$ million)
Advances	40.0	25.0	35.0
Principal payments	16.0	16.0	16.5
Interest payments	7.5	8.7	8.8
Loans receivable	110.0	108.0	112.0
Write-offs	0.2	0.0	0.2
Doubtful accounts	0.30	0.38	0.30
Interest expense	5.2	5.1	5.2
Net income	7.5	8.8	8.8



# Outcomes and Performance Measures

## Core Business Area 1 *Providing long-term fixed-rate loans for the development of the harvesting and aquaculture sectors of the fishing industry*

Outcome	Measures	Data	Targets 2012–13	Ultimate Target	Strategies to Achieve Targets
Development of new fishery enterprises	Loan advances	2004–05: \$25 million	Increase annual advances	Increase annual advances over previous year	Working with industry and government Provide financing for the harvesting of underutilized species Loan advances as of March 31, 2011 were \$15 million
		2005–06: \$14 million			
		2006–07: \$16 million			
		2007–08: \$15 million			
		2008–09: \$7 million			
		2009–10: \$25 million			
		2010–11: \$15 million			
Improve lending programs for the fishing and aquaculture industries	Increase in loan portfolio	2004–05: \$82 million	Annual increase in loan portfolio	Annual increase in loan portfolio over previous year	Support financially viable operations As of March 31, 2011 the loan portfolio was \$104 million
		2005–06: \$81 million			
		2006–07: \$83 million			
		2007–08: \$90 million			
		2008–09: \$84 million			
		2009–10: \$95 million			
		2010–11: \$104 million			

## Core Business Area 2

### Maintaining a vessel inspection program for all new construction, used vessel purchases, modification, and engine equipment loans

Outcome	Measures	Data (100%)	Target 2012-13	Ultimate Target	Strategies to Achieve Targets
Inspect all new vessels under construction biweekly	Number of biweekly inspections on new vessels	2004-05: 504 2005-06: 305 2006-07: 420 2007-08: 362 2008-09: 160 2009-10: 54 2010-11: 76	100% of new vessels under construction to be inspected biweekly	100% of new vessels under construction to be inspected biweekly	Adequate operating budget Biweekly inspection report Biweekly progress payments to boat builders
Inspect all vessels that are financed by the board on a yearly basis	Number of vessels inspected	2004-05: 412 2005-06: 447 2006-07: 601 2007-08: 585 2008-09: 484 2009-10: 511 2010-11: 558	100% of vessels to be inspected annually	100% of vessels to be inspected annually	Adequate operating budget to inspect each vessel yearly Annual completed survey report on each vessel Maintain an equity position in each vessel financed by the Loan Board
Ensure that all vessels related to used boat, modification, engine, or equipment applications are appraised biweekly	Number of biweekly vessel inspections	2004-05: 75 2005-06: 61 2006-07: 51 2007-08: 42 2008-09: 30 2009-10: 78 2010-11: 53	100% of vessels inspected biweekly	100% of vessels inspected biweekly	Adequate operating budget to inspect on a biweekly basis An inspection report to be completed



### Core Business Area 3 *Maintaining a loan collection program on a monthly basis to keep loan arrears to a minimum*

Outcome	Measures	Data	Target 2012-13	Ultimate Target	Strategies to Achieve Targets
Frequent collection activity	Percentage of accounts in arrears	2004-05: 1.3% 2005-06: 1.3% 2006-07: 1.6% 2007-08: 2.0% 2008-09: 3.7% 2009-10: 5.79% 2010-11: 3.3%	≤3% arrears level	≤3% arrears level	Adequate operating budget to collect via monthly field visits As of March 31, 2011: 3.3% of principal in arrears Sufficient staff to collect monthly
Decrease in arrears level	Percentage of accounts in arrears	2004-05: 1.3% 2005-06: 1.3% 2006-07: 1.6% 2007-08: 2.0% 2008-09: 3.7% 2009-10: 5.79% 2010-11: 3.3%	≤3% arrears level	≤3% arrears level	Fisheries Loan Board loans secure in the value of the boat Loan balances reducing as per repayment schedule As of March 31, 2010: 3.3% of principal in arrears

### Core Business Area 4 *Providing financial counselling and assessments for proposed projects*

Outcome	Measures	Data	Target 2012-13	Ultimate Target	Strategies to Achieve Targets
Harvesters successfully expand their operations	Percentage of annual write-offs	2004-05: .00% 2005-06: .92% 2006-07: .30% 2007-08: .31% 2008-09: .03% 2009-10: .003% 2010-11: .002%	≤0.25% of loan portfolio	≤0.25% of loan portfolio	Patient lender Regular client visits Counselling for fishers and aquaculturists As of March 31, 2011: 0.002% written off

# Appendix A

## *Key Statistics—2010*

### Industry Income\*

Landed value + aquaculture sales       $\$487,003,000 + \$41,301,184 = \$528,304,184$

### Average Lobster Income\*

Landed value ÷ licence holders       $\$195,098,000 \div 3,967 = \$49,180$

### Creation and Maintenance of Direct and Indirect Jobs

Estimate 9,928

\* See Appendix B

# Appendix B

## *Latest Commercial Fishery Landed Values for Nova Scotia—2010*

Groundfish	Pelagic	Scallop	Lobster	Shrimp	Crab	Other
\$79,611,000	\$28,528,000	\$75,479,000	\$195,098,000	\$37,085,000	\$68,378,000	\$2,824,000

Source: Department of Fisheries and Oceans, Ottawa, Ontario K1A 0E6





# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Nova Scotia Gaming Corporation *Business Plan 2012–2013*

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## Message from the Minister, Chair, and President & CEO

We are pleased to present the Nova Scotia Gaming Corporation's (NSGC) Business Plan for 2012–2013. The Plan focuses on our continued commitment to offer a gaming industry that is as socially responsible as possible, while delivering reasonable profits to support important programs, services, and infrastructure that benefit all Nova Scotians.

NSGC will continue to manage the ticket and video lottery business lines, as well as the two casinos in the province. In addition, NSGC will continue to offer effective responsible gaming programs in 2012–2013, while aligning other corporate initiatives and resources with the commitments and direction noted in the Province's 2011 Responsible Gaming Strategy, which was released on March 25, 2011. With a mandate to deliver 100% of profits from regulated gaming to help support important government programs and services, NSGC and its operators are proud to be key contributors to the Nova Scotia economy.

NSGC is a passionate supporter of a healthy and vibrant province, and the Plan links a progressive business culture with a commitment to giving back to communities throughout Nova Scotia. For example, through the *Support4Sport* Program, introduced in 2006, Nova Scotians have raised \$15 million to support local athletes, coaches, officials, and community sport organizations. This program is now the largest contributor to sport in Nova Scotia and reflects a longstanding historical link between gaming and sport.

On March 25, 2011, Government announced its 2011 Responsible Gaming Strategy which continues to ensure a responsible, sustainable and accountable approach to gambling, problem gambling research and governance of the gaming industry. The Gaming Strategy set the direction for gaming in the province and included the migration of the conduct-and-manage function for gambling from NSGC to the Department of Communities, Culture and Heritage. The government

remains committed to completing the migration in 2012–2013. NSGC's 2012–2013 Business Plan has been developed to ensure a smooth transition by aligning the initiatives, tactics, resources and objectives with the commitments of the Gaming Strategy, while remaining committed to achieving responsible economic returns in an environment with increasing competition from both regulated and non-regulated gaming.

Respectfully submitted,

The Honourable David Wilson  
Minister responsible for Part 1 of the Gaming Control Act

Gordon Gillis  
Chair

Robert MacKinnon  
Acting President & CEO

## Mission

***To lead a socially responsible and economically sustainable provincial gaming industry for the benefit of Nova Scotians and their communities, as well as to promote an environmentally friendly and positive work environment.***

## Planning Context

NSGC's planning environment for 2012–2013 is shaped largely by economic factors, competitive pressures, and important social responsibility programs, as well as by the commitments and direction noted in the 2011 Responsible Gaming Strategy.

NSGC's revenues are dependent upon consumers purchasing its products. Purchases of gaming products or services are a discretionary expenditure, and history has shown that major or sustained negative economic conditions can be detrimental to gaming revenues. NSGC has incorporated the Province's economic assumptions for 2012–2013, which include modest economic growth.

NSGC competes for consumers who are faced with an array of choices of where to spend their discretionary entertainment dollars. Nova Scotia's casinos will face a second year of competition from the casino in Moncton, which continues to make adjustments to its operations to better compete with gaming venues

throughout Atlantic Canada. In addition, First Nations' video lottery programs, which are expected to generate \$44.7 million in revenue for 2012–2013, will continue to exert competitive pressure on NSGC's Video Lottery and Casino business lines.

Nova Scotia's regulated gaming industry must be competitive in offering consumers gaming products that are fun, relevant, and responsible, and that provide entertainment value in an environment of fairness and integrity. Many of NSGC's video lottery assets are nearing the end of their useful life and are therefore slated for replacement in 2012–2013. While these assets have resulted in favourable expense levels in prior years, in order to sustain the business, capital and operating costs must be incurred to replace aging assets and to implement changes to the *My-Play* System as enrolment in the system becomes mandatory in 2012–2013.

The public demands that gaming products are offered in the most socially responsible manner possible, and NSGC continues to demonstrate its commitment to responsible gambling. Corporate social responsibility is a critical part of the business model for the gaming industry in Nova Scotia. NSGC launched its Social Responsibility Charter in October 2006, which outlined the Corporation's commitments in five pillars:

1. Responsible gambling
2. Integrity and security
3. Citizens and communities



4. Corporate governance
5. Stakeholder relationships

These pillars delineate what social responsibility represents in the provincial gaming industry, what is expected of NSGC as a socially responsible corporate citizen, what NSGC's commitment is in meeting these expectations, and how operators and retailers will contribute to the industry as a whole in achieving these outcomes.

NSGC has ensured alignment of its business efforts for 2012–2013 with the Social Responsibility Charter. In particular, the Charter's focus on responsible gambling, prevention programming, and greater accountability is strongly aligned with NSGC's operations. In 2012–2013, NSGC will continue its focus on social responsibility and will pursue initiatives within the context of its available resources to fulfill the commitments established in the Charter.

In March, 2011, the Province released the 2011 Responsible Gaming Strategy which set the direction for gaming in Nova Scotia. Efforts will continue to support the migration of the conduct-and-manage function for gambling from NSGC to the Department of Communities, Culture and Heritage, and to support the implementation of the Gaming Strategy by ensuring tactics, resources and objectives for the gaming industry align with the commitments noted therein.

It is within the above context that NSGC considers the 2012–2013 fiscal year.

## Strategic Goals

NSGC has three strategic goals to support the achievement of its mission:

### ***Goal 1: To pursue a sustainable gaming industry***

NSGC will ensure responsible economic returns to the province by

- accruing direct financial benefits to government, the shareholder of NSGC
- utilizing sustainable business models, incorporating systems to fulfill NSGC's commitment to integrity and security, and making evidence-based decisions that incorporate responsible gambling in the design, delivery, promotion, and use of its products
- facilitating benefits to communities, businesses, organizations, and individuals across the province
- supporting the commitments and direction outlined in the 2011 Responsible Gaming Strategy

### ***Goal 2: To foster social responsibility in all aspects of NSGC's operations and business decisions***

NSGC will advance its social responsibility agenda by

- leading responsible gambling initiatives that provide Nova Scotians with the information they need to make informed decisions

- contributing to communities and good causes across the province
- being an excellent employer

***Goal 3: To ensure accountability is at the forefront of NSGC's management and communications to its stakeholders and to all Nova Scotians***

NSGC will provide strong management and accountability by

- ensuring timely and complete communication to the media, public, and stakeholders
- managing the business of gaming in an efficient and effective manner
- making responsible, evidence-based decisions

## Core Business Areas

NSGC's core business functions are as follows:

- To develop social and economic strategies that align with the Social Responsibility Charter and support the achievement of identified goals and outcomes
- To oversee the operations of its Operators, the Atlantic Lottery Corporation (ALC) and Great Canadian Gaming Corporation (GCGC), as well as to lead

the implementation of responsible gambling programs

- To foster open communications with key audiences, including the shareholder, stakeholders, and the public

NSGC performs a number of key activities in carrying out these functions:

### ***Responsible Industry Development***

NSGC's goal is to develop the gaming industry in Nova Scotia by managing the policy decisions of government in the most responsible manner possible. NSGC focuses on initiatives that will develop a balanced and socially responsible industry that is sustainable and benefits all Nova Scotians. There are three aspects to this activity:

#### **Planning and Policy Development—**

NSGC will continue to explore new opportunities through planning and policy development. The main focus of this element is to create an environment that is conducive to a sustainable and socially responsible gaming industry in Nova Scotia and that aligns with the Province's 2011 Responsible Gaming Strategy.

#### **Responsible Product Implementation—**

NSGC is committed to continuing to make evidence-based decisions in assessing changes to the current product and gaming environments and to utilize responsible gambling and problem gambling experts to assist in this process.



**Social Responsibility**—Nova Scotia has been recognized by international experts as being among the most socially responsible gaming jurisdictions in the world. NSGC will continue to offer responsible gambling initiatives that promote awareness, education, and informed choice.

### ***Operations Management***

This involves the progressive and effective management of NSGC's gaming businesses: ticket lottery, video lottery, and casino gaming. The three key elements under this activity are as follows:

**Operator Management**—Effective management of the Operators' businesses as they relate to Nova Scotia is a critical function for NSGC, to ensure that there is alignment of efforts and that priority initiatives are completed as planned. Ensuring that the Operators offer products in an environment of security and integrity is a key objective.

**Risk Management and Quality Control**—This involves proactive risk management and effective quality control of NSGC and its Operators' operations and business environments.

**Compliance Management**—Compliance management is a critical component of NSGC's day-to-day business, requiring that all its business and that the Operators in the province conform with applicable legislation, regulations, contracts, and policies. NSGC has dedicated staff and resources to monitor the timely reporting

of any and all gaming-related incidents. Careful and successful oversight of operations allows NSGC to identify areas that require enhancement and ensures that the industry is managed to the highest standards of integrity, public confidence, and security.

### ***Public and Stakeholder Communications***

NSGC is accountable to the people of Nova Scotia. This involves timely and relevant communication of information to meet NSGC's standard of openness and transparency.

## **Priorities for 2012–2013**

### ***1. Pursue a Sustainable Gaming Industry***

In striving to generate responsible economic returns, NSGC will focus its attention on the following priorities in 2012–2013:

**Casinos**—The overarching objective for the casino business line is to engage casino guests and the general public in order to maintain revenue levels. The casino will focus on the total entertainment experience it offers by ensuring that entertainment is a key component in every aspect of its operations, including gaming and restaurant amenities. The casinos will continue to provide guests with the newest

and most exciting games on the market, superb dining experiences, and enticing and attractive entertainment offerings.

Efforts will also be made to build and improve the public profile of the two casinos in Nova Scotia. As an employer of more than 500 Nova Scotians, the two casinos are important economic drivers in the province. The casinos will engage with local communities and other civic organizations that will foster the industry and the idea that casino properties provide safe, engaging, and entertaining places to visit, as well as the fact that casinos are an integral and vital part of the Nova Scotia economy.

Better experiences for guests will be provided through improved service and improved employee training and engagement. Best-practice responsible gambling programs will continue to be integrated throughout the casino.

**Ticket Lottery**—The ticket lottery is NSGC's most mature business line. Given its mature state, 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 plan for 2012–2013 is to retain current players and regain lapsed players, while making efforts to attract new players to broaden the demographic for traditional lottery products. The Retail Lottery channel

will focus on providing products across multiple channels, evolving products to meet current customer preferences and leveraging technology to ensure products remain relevant and entertaining to players.

Atlantic Lottery will leverage several new games that were introduced in 2011–2012 (i.e., Proline, Shabam), as well as the investments made in new technology, such as new lottery terminals, to ensure Nova Scotia receives the maximum benefit of its offerings, as well as to capitalize on enhanced security and controls for both the players and retailers.

In 2012–2013, NSGC will strive to improve the player experience for those players who choose to purchase lottery products online, and to sustain NSGC's ability to compete with unregulated competitors in the online space. NSGC will explore the possibility of launching existing Scratch'N Win tickets online, in an effort to meet customer expectations.

**Video Lottery**—The *My-Play* system is the world's first card-based video lottery information system that provides information to video lottery players about their play so that they can make informed decisions. The system will become mandatory on April 1, 2012, and will provide players with both full and light enrolment options. With mandatory enrolment, players will be required to enrol in the system before they can play video lottery in Nova Scotia. Considerable efforts





have been taken to ensure the system, players, and retailers are prepared for the transition to a mandatory enrolment model. In support of this transition, a new education and awareness program for players and a new training program for retailers will be introduced in 2012–2013.

Focus will be placed on stabilizing the video lottery business line and investigating opportunities to improve product offerings at video lottery sites. Efforts will also be made to enhance site standards and further integrate responsible gambling into the day-to-day operations at retail locations in order to reduce the stigmatization of VLTs and video lottery players, a key 2011 Responsible Gaming Strategy initiative.

Decreasing revenues will result in decreased profitability of this business line. Further, the required replacement of aging video lottery terminals will take place in 2012–2013. Without this investment, base revenues would decrease further than anticipated in the 2012–2013 budget.

## ***2. Foster Social Responsibility***

Responsible gambling programs remain a priority for NSGC in 2012–2013. NSGC's Social Responsibility Charter and the direction identified in the 2011 Responsible Gaming Strategy guide the organization in its responsible gambling programming, focusing on providing players with the tools they need to make informed gambling decisions and help prevent

gambling problems from arising. Thus, the cornerstone of NSGC's social responsibility commitment is responsible gambling and prevention programming.

The development of the charter in 2006 made social responsibility a top priority for NSGC, and social responsibility is integrated into corporate culture and business processes. All aspects of NSGC's business is looked at through a social responsibility lens to ensure that NSGC's commitment to balancing economic sustainability with social responsibility is met.

NSGC's commitment to responsible gambling will be demonstrated through an array of responsible gambling initiatives, including broad-based and targeted education programs, such as the following:

- Responsible Gambling Awareness Week
- YMCA's *Y-Engage* Community Awareness program
- Responsible Gambling Council's high school drama
- Responsible Gambling Resource Centres at both casinos
- *My-Play* System for video lottery players
- Responsible gambling training for ticket and video lottery retailers and for casino and NSGC employees

In 2012–2013, NSGC will continue to offer products that are as socially responsible as possible. Social Responsibility Assessments will be performed by NSGC and its



operators to ensure all new products, marketing approaches, and projects are reviewed using an industry best-practice program. This will ensure a common approach to social responsibility by NSGC and its operators within the province's gaming industry. NSGC 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.

In 2012–2013, Nova Scotia's communities will continue to receive support from NSGC. The *Support4Sport* Program is expected to raise \$2.9 million for sport, money that will be used to buy sports equipment, create recreation and 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, NSGC will investigate options for developing a program that will support initiatives in Nova Scotia communities to ensure they remain sustainable into the future.

Other means of community funding include

- support of community organizations
- support to the harness racing industry
- funding of Nova Scotia cultural federations, the Exhibition Association of Nova Scotia, and Sport Nova Scotia

### ***3. Ensure Accountability and Communications***

Each year, 100% of gaming profits are delivered back to the province and provide significant benefits to all Nova Scotians through the funding of provincial programs and services, including education, transportation, and health. In 2012–2013, NSGC will provide \$127.5 million to continue to fund essential provincial programs and services. The gaming industry also creates and supports jobs, employing approximately 650 people and injecting \$36.1 million in retail commissions into local Nova Scotia businesses. In addition, through NSGC's *Support4Sport* and *Support4Communities* programs, gaming revenue helps many organizations and causes that are important to Nova Scotians. Given that the direct benefits of gaming are significant to the province, NSGC is committed to ensuring that the gaming industry continues to operate in a responsible, effective, and efficient manner so that these benefits can be maintained.

As a public organization, NSGC must be transparent, with timely and open communications to all Nova Scotians. To achieve this, Quarterly Reports, an Annual Report, a Business Plan, a Community Report, fact sheets about NSGC programs and the gaming industry, and news releases will be made available through NSGC's website throughout 2012–2013. Working with its Operators, NSGC will continue



to ensure that Nova Scotians remain informed about where gaming revenue goes and about responsible gambling and the gaming industry in Nova Scotia.

## Budget Context

	Estimate 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Estimate 2012-13 (\$ 000)
<b>Sales</b>			
Casinos	85,100	82,900	82,800
Ticket lottery	204,500	204,500	212,600
Video lottery	130,000	136,700	122,000
<b>Total sales</b>	<b>419,600</b>	<b>424,100</b>	<b>417,400</b>
Cost of sales	294,800	278,400	291,700
<b>Gross profit</b>	<b>124,800</b>	<b>145,700</b>	<b>125,700</b>
<b>Expenses</b>			
Responsible gambling programs	7,500	7,000	7,400
Commitments to community programs	4,600	5,700	5,700
Add: interest income	(200)	(100)	—
<b>Total expenses</b>	<b>11,900</b>	<b>12,600</b>	<b>13,100</b>
<b>Net income</b>	<b>112,900</b>	<b>133,100</b>	<b>112,600</b>
<b>Casino win tax</b>	<b>15,500</b>	<b>14,900</b>	<b>14,900</b>
<b>Payment to province</b>	<b>128,400</b>	<b>148,000</b>	<b>127,500</b>



# Outcomes and Performance Measures

## Core Business Area 1 *Pursue Sustainable Gaming Industry*

Outcome	Indicator	Measure	Target 2012–13	Planned Target 2015–16	Strategies to Achieve Targets
Economic Sustainability	Total payment to province	Actual to budget	\$127.5 million (+/-10% of budget)	\$143.0 million (+/-10% of Budget)	Monitor operators to ensure compliance with business plans
	VL as percentage of total net income	Stabilize percentage of net income from operations	63%	65%	Introduce new ticket lottery products and enhancements to the casino business
	Commissions to retailers	Amount paid	\$36.1 million	\$41.4 million	

## Core Business Area 2 *Foster Social Responsibility*

Outcome	Indicator	Measure	Target 2012–13	Planned Target 2015–16	Strategies to Achieve Targets
Social responsibility	Awareness of responsible gambling behaviours	Percentage of public that can cite at least two responsible gambling behaviours	35%	50%	Enhance Responsible Gambling Awareness Week
	Raise public awareness and support for responsible gambling and prevention programs	Percentage of public that supports province's commitment to responsible gambling	80%	85%	Implement key community outreach programs

### Core Business Area 3 *Ensure Accountability and Communications*

Outcome	Indicator	Measure	Target 2012-13	Planned Target 2015-16	Strategies to Achieve Targets
Accountability	Response to routine access requests for information	Percentage response within two business days	100%	100%	Employ sound operations management
	Reports submitted on or prior to legislated deadlines	Percentage of NSGC and Operator reports provided before due date	100%	100%	Incorporate targets into employee personal performance plans
	Introduction of socially responsible products	Percentage of products introduced with social responsibility assessment	100%	100%	Continue to conduct social responsibility assessments





# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Harbourside Commercial Park Inc. ***Business Plan 2012–2012***

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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.

Since the opening of the first phase of the commercial park, levels of employment have steadily increased. The 15 businesses within the park have 152 full-time employees, plus an additional 96 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 2012–2013 fiscal year looks very positive, as new tenants choose Harbourside as their business location.

The Honourable Bill Estabrooks  
Minister of Transportation and  
Infrastructure Renewal

Gary Campbell  
President,  
Harbourside Commercial Park Inc.



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## Mission

***To develop and maintain a viable industrial and commercial park, comprising properties formerly owned by Sydney Steel Corporation (Sysco), including maintenance of buildings and grounds, and the sale and lease of real estate for commercial purposes.***

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## Planning Context

As a Crown corporation, Harbourside Commercial Park Inc. (HCPI) reports to a board of directors. The Minister of Transportation and Infrastructure Renewal is the minister responsible for the Crown corporation. HCPI maintains its office in Sydney, Nova Scotia, along with a presence at the department's head office in Halifax. The address for HCPI's website is <http://www.harcom.ca>.

HCPI is responsible for the remediated lands on the former Sysco property. HCPI was incorporated in August 2006 and began operations April 1, 2007. HCPI is also responsible for Sydney Utilities Limited (SUL), which is a wholly owned subsidiary of HCPI. SUL is responsible for the control of the two water utilities that had been part of the Sysco infrastructure and a substantial water supply for the regional municipality and industrial activities at the former Sysco site. Sydney Utilities Limited (SUL), will be wound down during 2012–2013, and all of its assets transferred to HCPI.

Approximately 48 hectares (120 acres) of the former Sysco site have been remediated to industrial standards. In 2011–2012, HCPI purchased the second phase of former Sysco land at fair-market value. HCPI will manage the process of selling or leasing this property to commercial users and will manage existing tenants currently in place.

The remainder of the Sysco site will be remediated over time. As additional parts of the site are cleaned and available for sale or lease, it is intended that HCPI will purchase the property from Sysco.

This year will conclude a transfer of a number of adjacent properties to HCPI. A total of forty properties currently owned by the Province and the Federal Government will be turned over to HCPI.

HCPI will be guided by important key principles. These principles include strict attention to environmentally safe practices, a strong commitment to the health and safety of workers, respect for local communities, adherence to fiscal responsibility and public accountability, and the practical use of local labour and supplies.

## Strategic Goals

HCPI's overall strategy is to advance its objectives with respect to establishing a fiscally viable commercial business park at the former Sysco steel mill site.



More specifically HCPI will

- develop Harbourside Commercial Park into a premier commercial and marine park, through marketing and site development
- provide business and other opportunities to the communities of the Cape Breton Regional Municipality
- expand and evolve the site as property is remediated and purchased from Sysco
- maintain sound health and safety practices in order to minimize the potential risk of injury to workers, visitors, tenants, suppliers, and others who may visit the site
- maintain adequate security on the site to prevent the loss of provincial property and site assets

## Core Business Areas

### *HCPI Operations*

The location of HCPI is ideal as a commercial business park. HCPI's core objectives are the continued property management and operation of the park and all associated buildings and marine facilities.

### *Sydney Utilities Activities*

SUL will wind down during 2012–2013, and all of its assets will be transferred to HCPI.

### *Planning for Future Site Development and Use*

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 site and adjacent properties. Included in the planning document will be potential uses of the land and a strategy to attract to the park new businesses that support the vision. A planning process has been initiated to recommend future uses for the Coke Ovens property and the Sydney Tar Ponds and to determine what impact these sites will have on Harbourside.

## Priorities for 2012–2013

### *HCPI Operations*

- Develop and implement marketing strategies promoting the commercial park
- Continue to attract new tenants to the commercial park
- Enhance the second development phase of the Sysco site, through infrastructure development and aesthetic enhancement, making the site attractive to business and the community
- Purchase the Phase III land from Sysco and transfer to HCPI

- Continue to update HCPI's website as a sales and information tool promoting the park
- Assist the municipality and the Whitney Pier Historical Society in their efforts to develop a walking-trail system adjacent to the park, making resources and land available where possible. This walking trail was opened this past fall.

### ***Development of Infrastructure on Existing Remediated Lands***

- Improve marketing and signage for the park
- Turn over roads to the Cape Breton Regional Municipality

### ***Planning for Future Site Development and Use***

- Work with key stakeholders to develop a vision for the future of the park and adjacent Tar Ponds and Coke Ovens site properties
- Develop a long-term strategic plan for the future use of the next phase of the site



## Budget Context

	Budget 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Budget 2012-13 (\$ 000)
<b>Revenue</b>			
Leases and rent	978	975	975
Sale of land	88	24	40
Other	50	40	38
<b>Total revenue</b>	<b>1,116</b>	<b>1,039</b>	<b>1,053</b>
<b>Expenses</b>			
General operating expenses	999	925	858
Management fees	105	105	100
<b>Total expenses</b>	<b>1,104</b>	<b>1,030</b>	<b>958</b>
<b>Net income (loss)</b>	<b>12</b>	<b>9</b>	<b>95</b>
Capital expenditure	1,000	0	1,000

Note: HCPI does not have any employees. HCPI contracts with NSLI for the operation, project management, and marketing of the park.

# Outcomes and Performance Measures

## Core Business Area 1 *HCPI Operations*

Outcome	Measure	Base Year	Target: 2012–13	Trends	Strategies to Achieve Target
Continued management of the park	Number of property sales and leases	2008–09	Three buildings sold		Continue marketing activities
Lease renewal for marine facility and back-up lands	Signing of new 5-year lease	2005–06	Renewed lease New lease arrangement	2012–13: 100%	Negotiations with Provincial Energy Ventures
Transfer of Phase III land to HCPI	Remaining Sysco land transferred to HCPI	2011–12	All land transferred	2012–13: 100%	

## Core Business Area 2 *Sydney Utilities Activities*

Outcome	Measure	Base Year	Target: 2012–13	Trends	Strategies to Achieve Target
Transfer of SUL assets to Harbourside Commercial Park (HCPI)	HCPI to take over SUL's responsibilities	2012–13	100% turnover of assets	2012–13: 100%	



### Core Business Area 3 *Planning for Future Use*

Outcome	Measure	Base Year	Target: 2012–13	Trends	Strategies to Achieve Target
Land-use plan for Harbourside site this year	Completed plan	2010–11	Plan for adjacent site	2012–13: 100%	Negotiations with a number of new clients





# **Crown Corporation**

## **B U S I N E S S   P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Nova Scotia Housing Development Corporation *Business Plan 2012–2013*

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## Message from the Nova Scotia Housing Development Corporation

The Nova Scotia Housing Development Corporation's 2012–2013 business plan reflects the corporation's priorities for the upcoming fiscal year. This year the Nova Scotia Housing Development Corporation (NSHDC) is embarking on a new and exciting direction. Housing is key to the economic and social prosperity of Nova Scotia. It contributes to the growth of the provincial economy and the creation of good jobs, and it is at the centre of individual, family, and community wellbeing.

Nova Scotia and Nova Scotians are changing. These changes present new housing opportunities to support the creation of vibrant, healthy, and diverse communities. This year the corporation, in concert with the Department of Community Services and in consultation with our housing partners and stakeholders, will develop a provincial housing strategy.

The strategy will serve as a call to action. We will build on the successes of the Affordable Housing Initiative, leverage the financial and development capacity of the corporation, and engage our partners in the public, private, and social enterprise sectors. The way forward to improving our housing capacity and the health, social, and economic wellbeing of those we serve is through innovative approaches.

Nova Scotia is at the forefront of a new era of housing development. The NSHDC is well positioned and prepared to lead the way.

The Honourable Denise Peterson-Rafuse  
Minister,  
Department of Community Services

Rob Wood  
Deputy Minister,  
Department of  
Community Services



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## Mission

***To provide financing for government's social and supported housing programs.***

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## Mandate

The Nova Scotia Housing Development Corporation (NSHDC), created in 1986, provides financing for government's social and supported housing programs. It is responsible for holding the province's social housing assets and consolidating the revenues and expenditures associated with operating these assets.

Created by the Nova Scotia Housing Development Corporation Act, the corporation's activities include

- acquisition and disposal of real estate
- negotiating agreements
- borrowing and investing funds
- lending money and guaranteeing payments
- mortgaging property

Staff of the Department of Community Services carry out the management and administration functions of the corporation but are not direct employees.

## Strategic Goal

The strategic goal of the Nova Scotia Housing Development Corporation is to ensure that a range of assets and financial tools are available and used effectively to improve the health, diversity, and sustainability of affordable, public, and social housing.

### ***Healthy Communities: The Joined-up Approach***

It is well established that housing is a key determinant of educational, social, health and economic outcomes, and can influence population outcomes either positively or negatively.

"The quality, location, and cost of housing are major factors in the health of Canadians. Quality housing protects residents against injury, disease, and external dangers. The location of housing determines how well residents are connected to communities that offer access to jobs, education, health and social services, and other support systems. Finally, the cost of housing determines the quality and location of housing that residents can secure, as well as the amount of residual capital they have for other essentials."

In moving forward, the corporation, jointly with the Department of Community Services, is adopting a healthy communities approach, building on the principle that healthy communities reflect a diversity of incomes and housing types. Getting there will require the creation of effective horizontal structures,



systems, and processes within the department, as well as across government, to facilitate the generation and implementation of evidence-based joined-up, innovative solutions.

## Core Business Areas

The corporation's core business functions are to

- hold and finance provincially owned social housing assets in support of government's housing programs
- secure and manage funding to support affordable and social housing development
- provide mortgage guarantees and/or loans to qualifying housing projects
- manage the funded reserves associated with provincial housing programs to protect the province from loss

## Planning Context

The NSHDC, through the Department of Community Services, supports a wide array of housing programs, grants, loans, and other services to ensure Nova Scotians have access to safe, appropriate, affordable, and sustainable housing.

The housing programs are a major contributor to the safety and economic wellbeing of Nova Scotians. Recipients include seniors, low-

income homeowners and renters, persons with disabilities, and housing co-operatives and developers of affordable housing, as well as nursing homes, facilities for disabled persons, and other institutions. The evidence indicates that the need for housing programs is not going to diminish any time in the near future and in all likelihood will grow.

### ***Core Housing Need***

The most recent Statistics Canada data indicate that in 2006, 43,800 households, representing 12.1 percent of all Nova Scotia households, were classified as being in core need—dwelt in housing falling below adequacy, suitability, or affordability standards. Approximately 72% of those households lived in Halifax Regional Municipality (HRM), Cape Breton Regional Municipality (CBRM), and the three census metropolitan areas (CMAs) of Kentville, Truro, and New Glasgow. The majority of the cases were single people living in rental accommodations.

Nova Scotia has the highest average monthly rents of the Atlantic Provinces. Average monthly rents vary significantly from region to region, with Halifax having the highest rents by far. Median household incomes, however, are below those of all other Atlantic provinces, and the second-lowest in Canada.

### ***Aging Public Housing Stock***

Nova Scotia has some of the oldest housing stock in the country, with the second-highest percentage of housing 50 years old

or older, just slightly lower than that of Manitoba. Related to the age of its housing stock, Nova Scotia has the second-highest percentage of dwellings in need of major repairs among the Atlantic Provinces.

### ***Aging and Disabled Populations***

Population projections for Nova Scotia clearly point out that the population is aging. In 2011, about 16% of the population was aged 65 and over. Over the next 20 years, the proportion of the population aged 65 and over will grow: 20% (1 in 5) by 2018, 25% (1 in 4) by 2026, and just under 30% by 2033.

Nova Scotia has the highest level of self-identified disability in Canada, having increased from 17.1% of the population in 2001 to 20% in 2006. As the population ages, the incidence of disability will likely increase.

### ***Concentrated Public Housing Developments***

Nova Scotia, especially HRM, currently has a large number of concentrated public developments, and the housing units in these developments frequently shelter low-income residents clustered into discrete developments and neighbourhoods. Research indicates that concentrations of low-income households are strongly linked to poor educational, health, social, and economic conditions.

We have been able through the Affordable Housing Program to offer new housing opportunities throughout Nova Scotia in an

integrated way. Typically, affordable housing should constitute a percentage of the units or area of a building or a neighbourhood.

In addition, the corporation is well positioned to capitalize on and leverage Community Services' strengths and successes, and employ its assets and financial tools to build community-based housing capacity through future mixed income approaches.

## **Priorities for 2012–2013**

### ***Priority 1: Housing Strategy***

Housing is a key determinant of educational, social, health, and economic conditions. Healthy families and healthy communities are formed around sustainable housing.

While much good work has been done over the course of the last number of decades, many Nova Scotians continue to struggle to find and maintain a home for themselves and their families, and to build equity for a brighter future.

Across the country, provinces are looking at new ways to manage and diversify their approach to public and affordable housing. Healthier, more diverse communities have proven to be successful in removing the stigmas often associated with public and affordable housing, resulting in healthier, happier, and more productive citizens in our communities.



In 2012–2013, the corporation and the Department of Community Services, in consultation with our housing partners and stakeholders, will develop a provincial housing strategy. An effective housing strategy can serve as the vehicle to improve not only the quality and affordability of housing, but, equally important, to improve the educational, social, health, and economic determinants for individual Nova Scotians, and for the province as a whole.

### ***Priority 2: Establish Effective Partnership Models***

The provincial government cannot be the sole source of funding for affordable housing. The corporation can engage and mobilize a group of interested partners around a common set of objectives, and play a leadership role in building effective partnerships with the federal government, other provinces, municipalities, private-sector developers, and social enterprise.

In 2012–2013, the corporation will

- leverage provincial/municipal relationships, resources, tools, and assets (including land)
- establish public, private and social enterprise partnerships to enhance supportive, affordable, and mixed market development
- work with communities and citizens to establish housing developments that reflect their needs and aspirations

### ***Priority 3: Create a Range of Investment Strategies and Financing Tools***

Nova Scotia has an aging public-housing stock and in rural areas aging and inadequate private housing. The corporation has assets of approximately \$1.4 billion. These assets can be leveraged to support the development of a range of affordability strategies and several related financial tools.

In 2012–2013, the corporation will present options to government with respect to the provision of

- affordable home ownership, rent supplements, rent-to-own options, and co-op home-ownership models
- market analysis and portfolio management approaches to guide investment decisions

### ***Priority 4: Increase the Supply of Supportive Housing Options***

Suitable housing, with appropriate supports and programs continues to be challenging for seniors and for people with disabilities, with mental illness, and with a history of substance abuse. Healthy communities reflect a diversity of incomes and housing types. The corporation can support the continued development of healthy communities through the creation of a more diverse yet integrated and inclusive model of housing options.

In 2012–2013, the corporation will

- develop and pilot models of inclusive supportive housing units



# Budget Context

The following two tables provide information on the corporation's funding and expenditures.

## Nova Scotia Housing Development Corporation Funding

Funding source	Estimate 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Estimate 2012-13 (\$ 000)
Revenue from government sources	130,430	122,245	101,411
Revenue from rents	52,787	52,152	52,200
Interest, revenue from land sales, and other revenue	26,962	28,405	30,334
<b>Total funding</b>	<b>212,719</b>	<b>202,802</b>	<b>183,945</b>

## Nova Scotia Housing Development Corporation Expenditures

Expenditure source	Estimate 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Estimate 2012-13 (\$ 000)
Interest on long-term debt	48,625	43,578	44,341
Property management and operation	52,829	49,991	49,472
Maintenance and capital improvements	28,615	29,263	30,624
Housing renovation and affordable housing	18,160	18,660	18,160
Transfer to Housing Services	24,514	17,572	17,228
Amortization of investment in social housing	15,238	17,100	18,900
NS Housing Stimulus Plan	18,298	13,656	0
Administration fee and cost of land sold	5,900	12,982	5,220
<b>Total expenditures</b>	<b>212,179</b>	<b>202,802</b>	<b>183,945</b>



# Outcome and Performance Measures

The following performance measures will be used to help track the corporation's progress towards improving the health and diversity of affordable and public housing.

## Core Business Area

*To improve the health and diversity of affordable and public housing*

Outcome	Measure	Data	Target 2012–13	Strategies to Achieve Target
	Number of new affordable units created as a result of public, private, and social development partnerships	Establish 2012–2013 baseline	TBD	<ul style="list-style-type: none"> <li>Establish public, private and social enterprise partnerships to support mixed market development</li> <li>Investigate creative housing models</li> <li>Establish mechanisms to encourage housing proposals that attract private developers</li> <li>Pilot 2 or 3 mixed-market projects</li> </ul>
	Number of affordable units created in mixed market developments	Establish 2012–2013 baseline	TBD	
	Number of new supportive housing units created	Establish 2012–2013 baseline	TBD	
	Number of new transitional housing units for people with multiple barriers	Establish 2012–2013 baseline	TBD	
	Amount of financing provided to housing projects	2010–11: \$210 million 2009–10: \$192 million 2008–09: \$59 million 2007–08: \$67 million	TBD	Finance new and existing housing projects, providing for <ul style="list-style-type: none"> <li>the construction of new long-term care beds</li> <li>the renovation of existing social housing projects</li> <li>financing to qualified homeowners to purchase modest housing and to renovate existing eligible housing</li> </ul>



# Crown Corporation

## B U S I N E S S P L A N S

### FOR THE FISCAL YEAR 2012–2013

Nova Scotia Lands Inc.

***Business Plan 2012–2013***

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# Message from the Minister and 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, and the environmental cleanup of the 185 hectare site is in the final stages. The first two phases, totaling 48 hectares (120 acres) have been completely serviced and turned over to Harbourside Commercial Park Inc. (HCPI) for commercial development. On the remaining portion of the former Sysco steel plant site, significant progress has been made in addressing heavily contaminated soils, with over 150,000 tonnes having been remediated. Also, NSLI has taken the lead on a number of major projects under the federal-provincial Tar Ponds cleanup agreement and was able to significantly save time and project costs. As well, the first phase of environmental assessment has been completed on two substantial former Sysco properties in the community of Sydney Mines.

Since NSLI has identified a major liability to the Province in the continued operation of the approximately 100-year-old Sydney River water supply, built to service the former steel plant, the design and construction for a new industrial water supply at Grand Lake to service the Harbourside Commercial Park tenants has been completed. The new plant is now operational. This work was carried out in consultation with the Cape Breton Regional Municipality to ensure that it is complementary to the existing municipal potable water supply to the commercial park.

In 2012–2013, the principle role of NSLI will be to continue the redevelopment activities at the former Sysco site, recycle any remaining products of value, and put in place the necessary infrastructure for continued development of the site into a viable commercial park facility. Working in collaboration with 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 that are provincially owned, as well as assist the Sydney Tar Ponds Agency in advancing its \$400 million project adjacent to Sysco and Harbourside Commercial Park properties.

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

The Honourable Bill Estabrooks  
Minister of Transportation and  
Infrastructure Renewal

Gary Campbell  
President,  
Nova Scotia Lands Inc.



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## Mission

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

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## Planning Context

As a Crown corporation, NSLI reports to a Board of Directors consisting of senior provincial officials. The minister responsible for the Crown corporation is the Minister of Transportation and Infrastructure Renewal (TIR). NSLI maintains an office in Sydney, Nova Scotia, along with a presence at TIR's head office in Halifax. NSLI's website address is <http://www.nslands.ca>.

NSLI was incorporated in August 2006 and began operations effective April 1, 2007. In recognition of the planned windup of Sydney Steel Corporation (Sysco), it was determined that future activity related to the continued remediation of Sysco's property would be conducted by NSLI. Approximately 48 hectares (120 acres) of the former Sysco site has been completely remediated to industrial standards and is being developed as a major industrial park facility. The remainder of the Sysco site will be remediated over time by NSLI and will eventually be available for commercial redevelopment.

As more land is remediated, it is anticipated that Harbourside Commercial Park Inc. (HCPI), another provincial Crown corporation, will purchase the land at fair market value as part of its inventory for further development of the park. NSLI has entered into a management agreement with HCPI whereby NSLI supervises the operations of the commercial park, as well as assisting in marketing the park.

Throughout its operations, NSLI will be guided by important key principles. These principles include strict attention to environmentally safe practices, a strong commitment to the health and safety of workers, respect for local communities, adherence to fiscal responsibility and public accountability, and the practical use of local labour and supplies.

Some of the challenges that NSLI faces in managing the remediation of the former Sysco site pertain to the changing environmental regulations. While extremely important, they do have an impact on the timing of the cleanup of the former site. Determining the extent of the environmental remediation required on sites owned by the former Sydney Steel Corporation that are outside the Sysco site also presents a challenge.

In addition to conducting the remediation of the Sysco property, NSLI will work in partnership with provincial government agencies and departments as it plays a new role in providing management, operation,



security, and administrative services in the remediation of environmentally challenged sites under the control of the Province of Nova Scotia.

## Strategic Goals

NSLI's overall strategy is to advance its objectives with respect to decommissioning, remediation, and future use of the former steel plant site as well as other provincially owned properties. Further, NSLI staff will continue to provide their considerable environmental experience in support of the federal-provincial program to clean up the Tar Ponds and Coke Ovens sites. The underlying goal of NSLI will be to protect the Province's interests and its fiscal position regarding environmentally damaged sites.

More specifically, NSLI will

- continue remediation activities at the former Sysco site, until completed
- continue to put in place the required infrastructure to allow for redevelopment of the site as a viable commercial park facility
- continue to co-operate with the Cape Breton Regional Municipality in planning activities for viable reuse of former Sysco lands and assets, including necessary water supply, in efforts to increase the municipal tax base

- assist in prioritizing provincially owned sites under its mandate to ensure that present public safety issues or serious environmental concerns are high on the action list
- assess and, where necessary, remediate and redevelop provincial lands for future uses in an environmentally sound manner, meeting the Province's obligations and strengthening relations with local communities
- maintain adequate security on sites to prevent the loss of provincial property and site assets, as well as maintaining safe conditions
- actively manage and market Harbourside Commercial Park as a viable location to establish commercial and industrial enterprises

## Core Business Areas

### ***Former Sysco Site Rehabilitation and Redevelopment***

Demolition of the plant infrastructure has been completed, and the environmental remediation of the property is well advanced. Some areas require continued environmental site assessment (ESA) studies and may need further remediation and future monitoring.



As the former Sysco site is remediated, work will continue to redevelop the property into useful and valuable commercial real estate.

### ***Support to the Tar Ponds and Coke Ovens Project***

With the former extensive Sysco property separating the Tar Ponds and Coke Ovens sites, much of the federal-provincial cleanup agreement activity is staged on the NSLI managed property. Also, since much of the Tar Ponds and Coke Ovens remediation activity is very similar to the work already completed by NSLI on the former Sysco site, support to the Tar Ponds project has grown. Furthermore, remediated areas of the former Sysco site, as well as the Tar Ponds and Coke Ovens sites, will require long-term monitoring activity. NSLI will be well positioned to oversee this required monitoring activity.

### ***Environmental Assessment, Remediation and Redevelopment Other Sites***

Some other former Sysco and non-Sysco properties require environmental site assessments or additional physical assessment. Physical assessment may include locating buried hazards, underground tunnels, or areas of surface soil subsidence.

Remediation or restoration and redevelopment plans will be developed and implemented as required. Remediation may include removal of hazards, site levelling

and grading, soil and seed application, tree planting, remediation of contaminated soils, redirection or treatment of ground waters, and other activities. Redevelopment may include rehabilitation of existing infrastructure.

### ***Reuse of Blast Furnace Slag, By-products***

Slag materials were produced as a by-product of the steelmaking process. Several hundred thousand tons of these products are on the former steel mill site. It has been demonstrated that several of these products are valuable as construction aggregates, filter media, and concrete aggregates. NSLI will continue to encourage and assist private-sector companies to reuse these products for construction activities and in the stabilization and solidification of the Sydney Tar Ponds.

## **Priorities for 2012–2013**

### ***Former Sysco Site Rehabilitation***

- Complete Phase III ESA in the tank farm area, August 2012
- Finish remediation of isolated contamination areas
- Remediate other areas (pending ESA results)
- Decommission south substation



- Bioremediate high dump sludge, December 2012
- Decommission fuel cell building
- Do general maintenance, monitoring well checks
- Continue slag quarry
- Monitor air, sample groundwater

### ***Former Sysco Site Redevelopment***

- Complete North End final cover, North End final paving, November 2012
- Continue grading and levelling of ore field area, September 2012
- Install second leg of Fire system (Stable Drive)

### ***Support to the Tar Ponds and Coke Ovens Project***

- Provide management support on CO site for grading and capping
- Serve on and support the federal-provincial Project Management Committee
- Oversee disposal within the NSLI landfill cell of un-recyclable debris removed from the Tar Ponds
- Co-chair the Environmental Management Committee

### ***NS Sites Review and Prioritization***

- Complete review of all available documentation related to other former Sysco sites
- Continue to meet with those with vested interests (Natural Resources, Public Works, and Government Services Canada, etc.) who may have knowledge of the sites and may have already identified problems or have had assessments done
- Where possible, physically visit and walk throughout any identified sites where health and safety issues could be of concern
- Update priority project list for future remediation consideration

### ***Environmental Assessment and Remediation of Other Sites***

- Complete physical assessments on selected sites
- Complete CCME-based environmental assessments on selected (higher priority) sites
- If problems are identified, develop a priority list to remove public safety hazards and environmental concern at prioritized sites
- Continue other ongoing assessments
- Carry out other work as contracted from other government departments

- Support Pictou wharf rehabilitation
- Support DSME Trenton work

***Decommissioning of the  
Sydney River Water System***

- Plan for operation of the Sydney River dam and fish ladder



## Budget Context

	Budget 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Budget 2012-13 (\$ 000)
<b>Revenue</b>			
Management fee from HCPI	105	105	100
Miscellaneous recoveries	4,050	9,404*	7,630
Miscellaneous revenue	3	132	3
Recovery from Sysco	4,878	3,395	5,191
<b>Total revenue</b>	<b>9,036</b>	<b>13,036</b>	<b>12,924</b>
<b>Expenses</b>			
Payroll	1,003	945	1,050
General and administrative expenses	490	380	496
Project management	100	75	75
Security services	95	90	95
Site reconstruction	4,463	5,904	3,473
Cleanup and containment	2,700	5,483	7,535
<b>Total expenses</b>	<b>8,851</b>	<b>12,877</b>	<b>12,724</b>
<b>Net income</b>	<b>185</b>	<b>160</b>	<b>200</b>

FTEs 9 11 9

\*Includes unbudgeted projects. The recovery is offset by additional expenditures.

# Outcomes and Performance Measures

## Core Business Area 1

### Sysco Site Rehabilitation and Redevelopment

Outcome	Measure	Base Year	Trends	Target 2012-13	Strategies to Achieve Target
Continue with final environmental site assessments	Complete final two areas Phase 3 pending	2008-09	2008-09: 75% 2009-10: 90% 2010-11: 90% 2011-12: 98%	100%	Phase II for last remaining area completed
Water system upgrades	Fire suppression system	2011-12	2011-12: 30%	100%	
Finalize solidification (Hazco) contract	Complete North End site project	2007-08	2008-09: 50% 2009-10: 90% 2010-11: 95% 2011-12: 100%	Work completed	
Ore field grading	Final levelling of area	2011-12	2011-12: 0%	100% completed	Final grading of ore field
Continue soil remediation activities	Complete final two areas of site One area remaining	2006-07	2006-07: 20% 2007-08: 40% 2008-09: 60% 2009-10: 80% 2010-11: 85% 2011-12: 95%	Complete high dump area 100%	Bioremediate sludge area



### Core Business Area 1 Sysco Site Rehabilitation and Redevelopment

Outcome	Measure	Base Year	Trends	Target 2012-13	Strategies to Achieve Target
South sub decommissioning	Complete decommissioning	2011-12	2011-12: 30%	100%	Based on potential sale of building and equipment
SPAR Road/CBRM	Sidewalk to be constructed along SPAR, partnering with CBRM	2012-13		100%	Construct sidewalk along SPAR, CBRM the lead
Digitization of post-2000 construction drawings	Digitize all drawings post-2000 for our archives	2012-13		100%	Tender contract

### Core Business Area 2 Support to the Tar Ponds Project

Outcome	Measure	Base Year	Trends	Target 2012-13	Strategies to Achieve Target
Long-Term Monitoring Plan		2011-12	2011-12: 10%	100%	Develop plan for monitoring
Manage operation of contaminated material cell		2010-11	2010-11: 30% 2011-12: 45%	Work ongoing	Oversee placement of material to ensure no damage to cell liner
Coke Ovens capping		2011-12			
Engineering over site			2011-12: 50%	100%	Complete capping
Coke Ovens CO6B	South	2011-12	2011-12: 30%	100%	Complete capping
Coke Ovens CO6A	North	2011-12	2011-12: 80%	100%	Complete capping

### Core Business Area 3 *Environmental Assessment of Other Provincially Owned Sites*

Outcome	Measure	Base Year	Trends	Target 2012-13	Strategies to Achieve Target
Identify health and safety issues	Document problems and develop action plan	2009-10	2009-10: 20% 2010-11: Ongoing as per needs 2011-12: Ongoing as per needs	All main H & S issues dealt with	Use internal resources to repair problems presenting a safety concern
Pictou Wharf engineering and assessment	Develop plan	2011-12	2011-12: 0%	100%	Rehabilitation of wharf area
DSME Trenton paving and hydro seeding	Prepare 30-acre operations and storage area	2011-12	2011-12: 95%	100%	Complete final grading

### Core Business Area 4 *Grand Lake Water Supply*

Outcome	Measure	Base Year	Trends	Target 2012-13	Strategies to Achieve Target
Shut down Sydney River system	Prepare decommissioning plan	2010-11	2011-12: 100%	Completed	







# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Nova Scotia Liquor Corporation ***Business Plan 2012–2013***

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# Mandate

The NSLC is governed by the Liquor Control Act (LCA) of Nova Scotia. This act mandates the responsibilities of the NSLC to its shareholder, the Province of Nova Scotia.

The most fundamental element of the corporation's role, derived from the LCA, is that the NSLC is solely responsible for the receipt, distribution, regulation, and control of all beverage alcohol in Nova Scotia. In order to ensure the safe and responsible consumption of alcohol, any products sold through NSLC stores, agency stores, private wine and specialty stores (PWSS), licensees, and private importations must be received through the NSLC. Through this mandate, the government ensures that the product is available only to Nova Scotians of legal drinking age. The legislation also describes four other key responsibilities of the corporation, specifically:

- attainment of acceptable levels of customer service
- promotion of social objectives regarding responsible drinking
- promotion of economic objectives regarding the beverage alcohol industry in Nova Scotia
- attainment of suitable financial revenue for the Government of Nova Scotia

The NSLC strives to balance its legislated mandate: the controls governing the products, the efficient and effective

regulation of the products, the provision of suitable financial returns to the shareholder, and to ensure a high level of service to Nova Scotians.

It is important to note that the licensing and regulation of all bars, restaurants, pubs, and lounges permitted to sell beverage alcohol rest with the Alcohol and Gaming Division of the provincial department of Service Nova Scotia and Municipal Relations.

## *Legislated Responsibilities*

Since 1930, the NSLC has been the only organization in Nova Scotia with a legislated mandate specifically regarding beverage alcohol. The NSLC is charged with deciding how the sale of this restricted product should occur in the province and balancing that with the public's demand for access to it. The NSLC manages the balance between two perspectives, that of the temperance and prohibitionist advocates, and that of those who desire unrestricted private-sector competition.

The Nova Scotia model (and that employed in most Canadian provinces) for the control and sale of beverage alcohol mandates that the NSLC use the retail price in an effort to help moderate the harm to society from excess consumption of beverage alcohol (low prices increase consumption and the impact on health, according to most studies, including the World Health Organization).

To help achieve the NSLC's objectives, Social Reference Pricing (SRP) has been the rule



in Nova Scotia since 1991. Following SRP guidelines, the NSLC sets a minimum price under which the product cannot be sold and reviews and adjusts this SRP and minimum pricing annually. Since the NSLC started as a commercial corporation in 2005 to actively manage the SRP, inflation has risen by 9.3 per cent and alcohol inflation by 12.4 per cent. On an annualized average basis, the Consumer Price Index (CPI) in Nova Scotia has grown by 1.8 per cent and alcohol inflation by 2.4 per cent (source: Statistics Canada).

The NSLC recognizes that the higher the content of alcohol in a drink, the greater the chance of harm. As a result, NSLC pricing reflects the approach that higher alcohol beverages should cost more than lower alcohol beverages.

Beer with the lowest alcohol content by volume has the lowest pricing mark-up. Spirits with the highest alcohol content by volume have the highest mark-up. Wine is priced in between. The NSLC classifies those beers with the highest alcohol levels as spirits and charges the highest mark-up as a result.

The NSLC also uses regulatory powers to control the legal manufacturing, distribution, and retailing of beverage alcohol. Under this mandate, only manufacturers, distributors, and retailers permitted or contractually signed by the NSLC can be legally involved in this business.

The NSLC has developed, based on its legislated mandate, a statement of purpose to guide its employees in what is expected from them and what they can expect from the corporation. The NSLC's "Purpose, Vision & Culture" is a statement that goes beyond the legislated requirements to describe and inspire its people as to the business the NSLC aspires to be.

### ***Purpose***

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

### ***Vision***

To be a superb retailer recognized for sustainable business performance and engaging customer experience, eliciting the pride and enthusiasm of Nova Scotians.

### ***Culture***

- Encourages innovation and creativity
- Engages employees in achieving success
- Is driven by customer needs
- Demonstrates respect and dignity in all we do
- Is a fun and healthy place to work
- Advocates intelligent consumption and responsibility

## Planning Context

The NSLC follows a continuous planning process, ensuring that the Five-Year Strategic Plan is reviewed each year as the NSLC works toward its goals for the final year of the plan in 2015.

The Annual Business Plan outlines the major projects and priorities that the NSLC will focus on and deliver in the current year of the Five-Year Strategic Plan.

### Strategic Plan

The NSLC's *Five-Year Strategic Plan 2010–2015* outlines the NSLC's continued journey and informs its employees, stakeholders, and shareholder of its strategic development and direction. The plan covers lessons learned, customer insights, and evolving trends in the NSLC's business environment and communities going forward.

The theme of the NSLC's *Five-Year Strategic Plan 2010–2015* is to continue the journey, "From a Place to Shop to a Personal Experience."

The NSLC has identified five strategic pillars to guide its operations during the period of the *Five-Year Strategic Plan 2010–2015*:

- Stewardship: To deliver the stewardship entrusted to the NSLC in relation to the Liquor Control Act
- Customer: To deliver exceptional customer experiences and personalized services in dynamic retail environments
- Reputation: To be a leading corporate citizen, building strategic community engagements
- People: To have an enthusiastic and engaged team recognized for excellence
- Financial: To contribute \$1.2 billion to our shareholder over five years and \$275 million in 2015, while employing sustainable business practices

Visit the NSLC's website [myNSLC.com/BusinessPlans](http://myNSLC.com/BusinessPlans) to review the *Five-Year Strategic Plan 2010–2015*.

### Annual Business Plan

The NSLC's Annual Business Plan provides an overview of the business operations and goals of the organization for the current year. The plan is produced annually and is updated to reflect retail changes and shifts in NSLC customer needs. These detailed annual goals help the organization achieve the long-term objectives outlined in the *Five-Year Strategic Plan 2010–2015*.

This year's business plan represents the third year of the NSLC's current strategic plan.

### NSLC Market

The key to any successful retail organization is to know its customers, their needs and expectations, how to meet these needs, and how best to serve customers in the future.

Statistics Canada's 2009 population data indicate that 79.8 per cent of the Nova



Scotia population is of legal age to consume beverage alcohol. NSLC surveys indicate that 26 per cent do not shop for beverage alcohol. Therefore, the NSLC customer base consists of approximately 550,000 people, most of whom visit an NSLC store at least once a month.

Atlantic Canada has the most challenging demographics of any region in the country. Population growth in Nova Scotia is relatively flat, and it is aging. An aging population combined with a lack of growth (i.e., fewer younger residents) means that the NSLC customer base will grow older, as well. This will drive changes in consumption patterns, product demand, and store locations. Research indicates that consumption tends to decline as the population ages; however, customer demand for some premium products might also increase with consumer age, somewhat balancing the impact of lower consumption in some categories.

### ***Nova Scotia per Capita Consumption***

In terms of total consumption of alcohol, Nova Scotia represents a moderate consumption environment, consistently indexing below the national level. Indeed, Nova Scotia falls in sixth place in the country, just behind Ontario. Yukon Territory, Newfoundland and Labrador, and Quebec continue to have the highest per capita consumption in the country.

***Total per Capita Consumption of all Alcoholic Beverages  
by Province and Canada (litres, 2004–2009) LDA and Over***

	2004	2005	2006	2007	2008	2009
<b>Total</b>						
<b>CANADA</b>	<b>112.30</b>	<b>111.49</b>	<b>112.90</b>	<b>113.88</b>	<b>115.15</b>	<b>114.40</b>
Alberta	116.56	115.78	116.68	122.46	120.92	119.65
British Columbia	106.24	106.48	106.64	108.68	108.60	106.56
Manitoba	100.84	97.16	100.33	104.50	105.09	105.60
New Brunswick	103.32	103.03	104.29	104.59	104.32	103.58
Newfoundland and Labrador	120.12	117.28	118.71	120.61	125.31	129.20
N.W.T. & Nunavut	105.07	92.93	92.60	92.49	95.75	95.69
<b>Nova Scotia</b>	<b>105.49</b>	<b>103.72</b>	<b>106.41</b>	<b>107.42</b>	<b>109.38</b>	<b>110.07</b>
Ontario	111.22	109.26	112.05	111.34	112.43	110.71
Prince Edward Island	104.89	104.60	106.11	107.09	109.52	109.64
Québec	119.65	121.26	120.93	121.26	124.33	125.15
Saskatchewan	101.58	96.53	98.47	101.48	105.35	107.06
Yukon Territory	180.76	180.20	172.76	173.65	176.74	173.06

Please note that all per capita data have been revised to reflect Statistics Canada revisions.

Source: Brewers Association of Canada 2009 *Annual Statistical Bulletin*

The NSLC looks for growth opportunities while balancing one of the NSLC's key strategic responsibilities—to promote social objectives regarding responsible drinking.



### ***The Nova Scotia Economy***

The North American recovery has been modest, tempered by a number of recent global events following the recession (i.e. natural disasters, inflationary shocks, geopolitical uncertainties, and the European sovereign debt crisis).

Risks for further global deterioration remain elevated. Despite this elevated uncertainty, conditions in North America continue to improve at a modest pace. However, there is potential for further spillover from the European crisis, particularly for business and consumer confidence.

The Bank of Canada recently noted that growth in Canadian household spending could be weaker than projected. High household debt levels in Canada could lead to faster than anticipated deceleration in household spending.

Slower growth, a recent spike in global inflation, as well as erosion of financial market wealth following the recession, may constrain disposable income growth for some people. The International Monetary Fund (IMF) has noted that weak income and employment growth, combined with wealth losses related to housing and stock markets, as well as higher price levels, could continue to constrain domestic output in advanced countries like Canada.<sup>1</sup>

To help develop its financial forecasts, the NSLC performs an economic analysis of the Nova Scotia economy. Using more than 30 years of NSLC sales history and economic statistics for the province, a predictive economic model is developed.

The following key economic factors influence future conditions :

#### **Gross Domestic Product**

In its December 2011 fiscal update, the Nova Scotia Department of Finance projected real GDP growth of 1.7 per cent in 2012 and 1.8 per cent in 2013.

#### **Employment**

The Nova Scotia Department of Finance expects employment in Nova Scotia to grow 1.1 per cent in 2012 and 0.7 per cent in 2013.

#### **Personal Income and the Consumer Price Index (CPI)**

The Nova Scotia Department of Finance projected that Nova Scotians' personal income would grow 2.9 per cent in 2012 and 3.0 per cent in 2013.

The CPI is expected to grow at a rate of 1.8 per cent in 2012 and 2.1 per cent in 2013.

### ***Nova Scotia Population/ Demographics***

Nova Scotia's declining and aging population base is a key risk factor influencing future economic conditions. The potential reduction of population under 55 years of age,

<sup>1</sup> Bank of Canada, *January 2012 MPR & IMF World Economic Outlook*, September 2011



combined with the growth in the number of those over 55, will mean major changes in consumption patterns for Nova Scotians. These changes will affect all NSLC product categories, putting increased pressure on beer and spirits and contributing growth potential in the wine category. This shift will make continued top-line growth at the levels experienced over the past 10 years difficult to maintain for the NSLC.

## Business Plan for 2012–2013

The NSLC plans its business around the five pillars of its Strategic Plan:

Stewardship

Customer

People

Reputation

Financial

### **Stewardship**

**Goal:** To deliver the stewardship entrusted to the NSLC in relation to the Liquor Control Act through leading corporate governance; a commitment to corporate social responsibility; and the support and development of the local beverage alcohol industry.

### **Governance**

Over the past year, the NSLC has given considerable attention to the area of board

governance. A review of the governance structures and functions was conducted, a board competency matrix was developed, and a board evaluation was conducted. Analysis of the results is currently underway to determine the board governance areas for which further development is required. This will be an ongoing process for the board over the coming year.

### **Corporate Social Responsibility**

The NSLC takes a balanced approach managing profit generation with its corporate social responsibility efforts. Corporate Social Responsibility means managing the business with a focus on improved performance, which includes sustainability and community engagement.

The NSLC has developed a comprehensive Corporate Social Responsibility strategy that goes beyond the required elements of its operation. A fundamental goal of the strategy is to do something meaningful, something of which our employees, customers, and stakeholders can be proud.

NSLC Corporate Social Responsibility focuses on

**The Environment:** The environmental impact the NSLC's business has from its carbon footprint through to its operating standards

**Community:** Making a difference for the better in the communities in which the NSLC operates



**Social:** The NSLC's legislated mandate for the control of beverage alcohol and the promotion of responsible consumption

**Economic:** The NSLC's sustainable financial performance

Further details of the NSLC's targets and performance can be found in the NSLC's annual Sustainability Report at [myslc.com/Content\\_CommunicationsPages/Content\\_Footer/Content\\_Corporate/CorporateSustainabilityReport.aspx](http://myslc.com/Content_CommunicationsPages/Content_Footer/Content_Corporate/CorporateSustainabilityReport.aspx)

#### *The Environment*

The NSLC is dedicated to helping to minimize and even eliminate its impact on Nova Scotia's environment. Zero liquid waste, zero solid waste, and reducing energy consumption efforts are already underway. The NSLC is preparing to calculate its third Green House Gas (GHG) inventory, or carbon footprint, using an operational approach. This means accountability for 100 per cent of the GHG emissions, that the NSLC has direct operational control and helps estimate, measure, manage, and reduce its GHG emissions associated with normal business operations.

#### *Community*

Giving back to the community is an important part of being a responsible corporate citizen. The NSLC has committed to identifying and building trusted strategic community engagements in order to support vibrant neighbourhoods and strengthen the communities it serves. Charities are selected annually to participate in the NSLC's cash

can program; the NSLC's Celebrate Nova Scotia Talent Program provides funding to community music festivals; and NSLC employees have a long history of showing their dedication and willingness to serve the communities they work and live in. In 2011, NSLC employees raised almost \$230,000 for province-wide charities, such as the United Way, the IWK Health Centre, and the Manulife Dragon Boat Festival.

#### *Social*

A cornerstone of NSLC's mandate has always been about being responsible and increasing awareness concerning the beverage alcohol issues that cause social harm. The issue of harmful drinking continues to be a concern in Nova Scotia. The NSLC takes seriously its responsibility to increase awareness about issues associated with irresponsible drinking and will launch a campaign in 2012 aimed at a target audience of those between 19 and 25 years of age.

The NSLC enjoys a positive and cooperative relationship with MADD Canada. Plans for 2012 include continuing the sponsorship of MADD's multi-media campaign to 30 high schools in Nova Scotia. Under the agreement, MADD will continue to match the number of schools being shown the presentation for a total of at least 60 high schools. In addition, the NSLC and MADD are exploring options for additional awareness programs that would increase the audience receiving educational information on responsible consumption practices.

Drinking and driving is still a major alcohol-related harm in Nova Scotia, especially during the holiday season. The NSLC will continue the tradition of using the holiday theme to deliver a responsible-consumption campaign targeted to the most at-risk demographics, using a non-consequential, humorous, and positive approach to this serious message.

#### *Economic*

As mentioned above, the Corporate Social Responsibility plan focuses on four areas, three of which are detailed in the above section. The fourth area, economics, which addresses the NSLC's sustainable financial performance, is represented in the various initiatives listed in the "Objectives for 2012–2013" section of this document.

#### **Local Industry**

With the changes to the LCA in 2001, the NSLC has had an added mandate to assist in the growth of the beverage alcohol industry in Nova Scotia. It has carried out this mandate by changing policies, working cooperatively with the industry on business initiatives, and finding new ways to allow businesses to grow and achieve success.

The NSLC's support to the development of the local beverage alcohol industry involves maintaining a balance between measures to support local industry and respecting the various national and international trade agreements to which Nova Scotia is subject.

#### *Nova Scotia Wine Industry*

There are currently 18 farm or small farm wineries (formerly known as cottage wineries) in the province. The local winery sector has proven to be extremely vibrant in recent years with the opening of a number of new wineries and promising results both in terms of sales growth and winning national and international awards for the quality of their products. The NSLC maintains a close working relationship with the Winery Association of Nova Scotia (WANS) and the Nova Scotia Department of Agriculture, both of whom have a keen interest in seeing this sector prosper. The primary tools the NSLC uses to assist the wine industry are the promotion of these products within the retail stores; pricing policies; and marketing programs.

#### *Nova Scotia Beer Industry*

Local breweries consist of commercial brewers such as Olands/Labatt and Sleeman Maritimes Limited along with a number of microbreweries and brewpubs. The craft brewing sector of the market continues to show consistent growth and new operators continue to enter the industry.

The NSLC is working with the craft brewing sector to develop strategies that will assist the industry in long-term growth. The first recommendation of this study has already been implemented. The NSLC recently changed its policies to allow Brew Pubs to establish retail sales of their products at their Brew Pub. During this fiscal year, the NSLC



will implement additional key elements of the *NSLC Craft Beer Economic Impact Study*.

#### *Distilleries*

Nova Scotia is expanding its focus on manufacturing distilled spirits. Building on the successful and well established Glenora Distilleries in Cape Breton, the NSLC has now licensed five distillers in the province, including Glenora Distilleries, Coast Beverages in Antigonish, Tangled Garden in Grand Pré, Jost Vineyards in Malagash, and Iron Works Distillery in Lunenburg.

#### **Customer**

Goal: To deliver exceptional customer experiences and personalized services in dynamic retail environments.

The NSLC's retail-store network sales account for 81.1 per cent of the NSLC's revenue and are generated by the dedication and hard work of the retail team, delivering on the NSLC's Customer Promise:

*The NSLC will provide our customers with service that*

- *aligns products, services, and events with customer needs*
- *offers vibrant, interactive and inviting Nova Scotia shopping experiences*
- *ensure discovery and personal services with friendly, professional, and enthusiastic employees*

The NSLC is unable to grow sales through acquiring a greater market share, as is the

case with other retailers, and therefore must grow its sales entirely organically. This fact underlines the importance of well-trained employees, of offering superb customer service combined with smart retailing practices that enable the NSLC to grow and produce more favourable bottom-line performance. Three key initiatives during this fiscal year will focus on the goal of this pillar. These include offering Air Miles, digital services, and improving the wine category experience.

The future of retail over the next few years will see customers expecting more customized and personalized shopping experiences. The rapid growth of social media is changing all business, including retail. As all customers expect more from retail through both their interactions on the web and through their smart phones, retailers need to work to provide enhanced customer experiences. It is an important aspect of the NSLC's business planning to respond to customers shopping requirements in a meaningful way.

For this fiscal year, the foundational business strategy to create the personalized experiences that the NSLC envisions in its strategic plan is the introduction of the Air Miles Reward Miles program. For the NSLC this program is about two main business objectives:

- Understanding what customers actually buy and in what patterns, so we can serve customers in a more tailored and personalized manner
- Influencing sales in the retail store to generate new discoveries of products

and occasionally higher dollar sales, both leading to enhanced profitability

The second phase of the NSLC's strategy to offer personalized experience is a digital strategy. This fiscal year the NSLC will focus on developing a strategy that encompasses how mobile devices assist customers in their purchase decisions, and will address digital and mobile direction at the NSLC. Integrating the NSLC's customer relationship into the digital environment will further personalize the customer experience.

The wine category is the fastest growing category of product the NSLC sells. During this fiscal year the NSLC will introduce a number of merchandising promotions and assortment changes focused on customer discovery.

### ***People***

Goal: To have an enthusiastic and engaged team recognized for excellence.

People are the heart of any retail business. For the NSLC the retail model of personalized experiences requires the NSLC retail team to be knowledgeable about the products, professional in their advice, and friendly and open in terms of service. Achieving this customer experience requires a continued investment in employees through training and a team motivated to provide high levels of service.

For this fiscal year, improving the communications and connections between all 1,500 NSLC employees spread across

the province is a priority. Implementing the NSLC's new internal approach to work collaboration and interaction through "Swizzle," the NSLC Microsoft SharePoint 2010 powered platform, will be a major-change management focus.

The NSLC is committed to providing a sustainable, positive, and healthy work environment, understanding that healthy employees in a healthy workplace are essential to achieving individual and organizational success. The NSLC views a healthy workplace as a corporate performance strategy consisting of three elements: Occupational Health and Safety; Individual Health; and Organizational Health. The NSLC will continue to take a leadership role in promoting workplace safety and ensuring a healthy workplace in 2012.

Measuring employee engagement ensures the organization is moving forward in improving its targets in this area. For this fiscal year the NSLC will conduct its fourth biannual Employee Opinion Survey. The results of these surveys are discussed with various employee groups to develop action plans and are taken into consideration during our planning activities.

### ***Labour Relations***

Most NSLC employees are unionized and are represented by the Nova Scotia Government and General Employees Union (NSGEU). Those in bargaining units include all full-time and part-time store clerks, maintenance and warehouse employees, and all casual employees in these classifications with 400



hours; all store managers and assistant managers; and some employees fulfilling office clerical roles. All three of the NSGEU collective agreements were in effect until March 31, 2012. Collective bargaining for three new collective agreements will commence in 2012. The expected economic climate and the addition of casual employees to the bargaining unit added greater complexity to this round of bargaining.

The overall labour climate continues to be characterized by a generally open and collaborative relationship, relying on a problem-solving approach to address workplace issues as they arise. The NSLC has a positive labour relations climate, and this will provide a solid foundation for upcoming collective bargaining to begin in 2012.

### ***Reputation***

Goal: To be a leading corporate citizen, building strategic community engagements.

The brand health of an organization is directly affected by the reputation it has with stakeholders. Understanding and enhancing the NSLC's reputation is part of everything it does, but it is also a key part of every annual business plan. The NSLC measures this annually through a brand health survey.

The NSLC employs Leadership in Energy and Environmental Design (LEED) standards to all new construction in its store network. This voluntary rating system evaluates environmental performance of a building over its lifecycle, providing a definitive

standard for what constitutes a green building. The construction and renovation of NSLC facilities required to complete the third year of the Network development Plan will follow LEED Standards.

Reducing energy use remains key to the NSLC's environmental commitment. From installing motion sensor lighting to upgrading the automation system controlling heating, ventilation, and air conditioning and to retrofitting overhead lights, the NSLC is looking at possible ways to reduce energy consumption. The NSLC works closely with Efficiency Nova Scotia to determine upgrades towards greater efficiency.

The internet has given greater access to the purchasing of higher quality false identification. In keeping with the NSLC's commitment and legal responsibility to ensure beverage alcohol is not sold to minors, the NSLC will acquire new ID verification technology to be used at the point-of-sale.

### ***Financial***

Goal: To contribute \$1.2 billion to our shareholder over five years and \$275 million in 2015, while employing sustainable business practices.

Sustainable business practices with well-established financial and performance metrics are the cornerstones of a healthy business. This fiscal year will see initiatives in this area designed to improve the efficiency and effectiveness of the NSLC's processes and systems, whereby a standardized approach



will be taken, allowing for better controls and monitoring. Improved cash management and operational reporting for cash and inventory are key initiatives in this regard, along with improvements to the NSLC's strategic reporting and business analytics systems, a collaborative approach will be taken in the development of a reporting roadmap aimed at supporting decision making.

### ***Objectives for 2012–2013***

The NSLC Strategic Plan is designed around five pillars of the business. Each pillar is accompanied by five-year strategies that are the organization's focus in achieving its goals as outlined in the Five-Year Strategic Plan. Each of these strategies is aligned with the priorities of the current fiscal year. The detailed strategies can be found in the NSLC's *Five-Year Strategic Plan 2010–2015*. What follows are the highlights of this year's business priorities.

## **Priorities for 2012–2013**

### ***Stewardship***

To deliver the stewardship entrusted to the NSLC in relation to the Liquor Control Act.

#### **2012–2013 Priorities**

Examine methods to increase support for the Wine Association of Nova Scotia (WANS).

Implement targeted recommendations from the Craft Beer Economic Impact study.

Continue to strengthen commitment with local winery and craft brewery associations, exploring ways to further support our Nova Scotia beverage alcohol industry.

Produce and deliver an NSLC licensee guide focused on business procedures.

Develop additional orientation tools for new board members and improved industry educational material for all board members.

### ***Customer***

To deliver exceptional customer experiences and personalized services in dynamic retail environments.

#### **2012–2013 Priorities**

Improve the in-store experience with regard to self-serve wine knowledge of customers, using improved merchandising techniques.

Implement the first year of the Air Miles Rewards Miles program, moving the NSLC towards the strategic goal of providing personalized service.

Complete Year 3 of the Retail Network Plan.

Expand service by offering online ordering, to provide increased efficiency and effectiveness on the overall NSLC process.

Conduct a review of the NSLC Special Order Process, with the objective of providing an increased level of service for customers.



Further enhance the role of the Product Specialist within the retail network to engage with the customer so as to provide personalized shopper experiences.

### ***Reputation***

To be a leading corporate citizen, building strategic community engagements.

#### **2012–2013 Priorities**

As part of the NSLC's strong focus on preventing the sale of beverage alcohol to minors, the NSLC will introduce new technology at the point-of-sale to provide its employees with better means to verify the legitimacy of ID.

The NSLC will continue its programs to reduce energy consumption across its retail network and facilities through new construction and lighting and system modifications.

### ***People***

To have an enthusiastic and engaged team recognized for excellence.

#### **2012–2013 Priorities**

Develop a comprehensive organizational health strategy, building on the success of Healthy Workplace initiatives.

Improve two-way communications between all employees, using the collaborative capabilities of the Microsoft SharePoint 2010 platform.

Refine corporate-wide performance measurement and reporting capabilities.

Undertake collective bargaining to renew three collective agreements.

Conduct the biannual Employee Opinion Survey.

Complete the implementation of the NSLC Disclosure of Wrongdoing policy by adopting a reporting mechanism that allows staff to report possible violations of the NSLC Code of Business Conduct anonymously.

### ***Financial***

To contribute \$1.2 billion to our shareholder over five years and \$275 million in 2015, while employing sustainable business practices.

#### **2012–2013 Priorities**

Review the efficiency and effectiveness of organizational processes and controls, and implement solutions to improve the control framework.

Enhance Enterprise Risk Management practices, including a review of succession planning at the senior level within the organization.

Continue to seek margin enhancement opportunities in all categories and lines of business.

Explore business development opportunities that improve the NSLC's bottom-line.



## Enterprise Risk Management

Enterprise Risk Management (ERM) for organizations includes the methods and processes used to manage risks and capture opportunities related to achieving strategic objectives. ERM can also be described as a risk-based approach to managing an enterprise, integrating concepts of internal control and strategic planning. Through the use of an ERM framework, organizations can assess the likelihood and potential impact of identified risks and set a proactive strategy that allows action and monitoring of the risks to take place.

A vital goal and challenge of ERM is to improve internal identification and management of risks and ultimate business unit coordination, while integrating the output to provide an enterprise-wide view of risk for all stakeholders and improving the organization's ability to manage the risks effectively.

The Board of Directors and the Executive Team are committed to ensuring that appropriate ERM strategies and processes are in place and revisited.

The risk assessment originally conducted in 2008–2009 continues to be reviewed annually and is incorporated into the annual business planning process.

## Risk Factors

Risk is anything that threatens the ability to achieve objectives. Therefore, it is important to outline the risk factors beyond the control of the NSLC that can affect its ability to meet its commitments and objectives. Risk of unforeseen factors restricting the ability to achieve objectives and goals set out in the *Five-Year Strategic Plan 2010–2015* and *Annual Business Plan 2012–2013* can affect the NSLC's ability to meet its commitments.

Risk factors which have an effect on NSLC sales are very much like those of any retail business. These include weather, economic conditions, technology failure, and the clearing system for business transactions. Unique to the NSLC is the impact that public policy changes may have on its operations.

Severe weather can close stores. A cold, wet spring or summer has a dramatic impact on the beer business. Weather conditions represent a major area of vulnerability, because beer (which is 79.2 per cent of volume of product sold) can be disproportionately affected.

The products the NSLC sells represent purchases made at the discretion of its customers. A deterioration of economic conditions in the province reduces sales at the NSLC and other retailers. Profitability can also be affected, because customers are less likely to purchase premium products and may trade down during times of economic uncertainty.



The NSLC has in place monitoring and performance measures to enable management to make decisions to mitigate the effects of weather and economic factors.

The NSLC is a SAP enabled business. As such, there is an inherent risk to the business if this system should fail. The NSLC has crisis planning and enterprise risk planning processes in place to manage such a situation. These systems are also

dependent on the service provider's ability to run and maintain these systems.

The Government of Nova Scotia, as the NSLC's sole shareholder, can have a dramatic impact on the organization's business plan. Shifts in public policy and the public interest as stated by the government could affect the NSLC's ability to deliver on plans as outlined in its business plans.

## Key Performance Measures

The NSLC will meet or exceed the following key financial performance measures for the organization:

	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11	Forecast 2011-12	Budget 2012-13	5-Year CAGR
<b>Net Income (millions)</b>							
	\$198.7	\$212.6	\$219.4	\$223.2	\$220.5	\$224.5	2.47%
<b>Net Sales (millions)</b>							
	\$530.6	\$559.5	\$579.4	\$581.6	\$589.1	\$601.8	2.55%
<b>Operating Expense Ratio (including depreciation)</b>							
	15.4%	15.3%	15.3%	15.5%	16.5%	16.5%	3.93%
<b>Operation Expense Ratio (excluding depreciation)</b>							
	14.0%	13.7%	13.7%	14.0%	14.4%	14.8%	3.58%

# Supporting Performance Measures

Enhancing performance measurement at the NSLC has been one of the goals in place during the current Five-Year Strategic Plan. Both management and the Board of Directors regularly review NSLC's Corporate Key Performance Indicators (KPIs). The KPIs are structured by pillar and are directly connected to both a Five-Year Strategic Plan objective and an Annual Business Plan priority. This process allows us to monitor whether the corporation is on track, to ensure maximum shareholder return while operating a modern retail business. Some of the individual metrics are outlined below.

## ***Customer Satisfaction Index (CSI)***

The NSLC has redesigned the CSI in order to provide management with more specific information on how to improve the customer experience. This study takes 23 shopping attributes and distills them into 10 factors. These factors are then weighted according to what the customer reports is most important to them when they interact with the NSLC.

## ***Retail Ranking***

The NSLC established a ranking of retailers through an annual survey in 2006. This survey is designed to measure how the NSLC compares to other leading retailers in the province as ranked by NSLC customers.

## ***Brand Health***

NSLC's brand health is derived by determining the NSLC's overall reputation among stakeholders (customers and non-customers). NSLC Corporate Brand Health metrics consist of the following elements:

Customer Satisfaction

Reputation

Leadership

Performance

NSLC's challenge in taking a traditional approach to assessing brand health has been the absence of a competitive market within which to situate it. As a monopoly, NSLC has no competitors; therefore the benchmark comparisons used are the following:

- Local market comparison: how does the NSLC compare to other NS retailers based on the same criteria?
- Peer comparison: how does the NSLC compare to its beverage alcohol retailing peers?

## ***Sales Per Employee Hour***

Sales Per Employee Hour (SPEH), measures the efficiency of retail labour costs against retail sales that are produced by those costs.

## ***Inventory Turns***

The backbone of a sustainable retailer is its product delivery system or supply chain. An efficient supply chain does more



than just deliver goods to stores; it also replenishes the assortment on a timely basis, orders inventory, and manages the flow from the manufacturer to the store shelves. This measures the number of times inventory is turned over in a year.

### ***Fill Rate Accuracy***

This measures the accuracy of store order fulfillment, as it relates to our ability to meet customer demands.

### ***Cases Shipped***

The efficiency of the NSLC's Distribution Centre, the heart of the supply chain operation, is best demonstrated in the growth of the volume of product shipped through the facility while meeting and exceeding our customers' expectations.

# Budget Context

## Financial Plan

	Actual 2008-09 \$	Actual 2009-10 \$	Actual 2010-11 \$	Forecast 2011-12 \$	Sales %	Budget 2012-13	Change %
Spirits	160,878,622	162,626,486	162,006,339	165,896,784		168,554,223	
Wine	104,476,332	109,000,240	115,375,059	123,074,276		128,130,018	
Beer	276,188,679	289,325,204	286,327,423	284,068,911		291,191,224	
Ready-to-drink	23,899,411	25,052,820	24,854,261	23,605,657		22,381,377	
Non-liquor	183,477	161,100	124,028	190,000		190,000	
<b>Total Gross Sales</b>	<b>565,626,519</b>	<b>586,165,850</b>	<b>588,687,109</b>	<b>596,835,628</b>	<b>101.32</b>	<b>610,446,842</b>	
Less: Discounts	6,111,955	6,724,575	7,119,868	7,749,054	1.32	8,679,659	
<b>Net Sales</b>	<b>559,514,564</b>	<b>579,441,275</b>	<b>581,567,241</b>	<b>589,086,574</b>	<b>100.00</b>	<b>601,767,183</b>	<b>2.2</b>
Cost of Sales	261,364,917	271,175,017	268,349,674	271,622,331	46.11	278,084,442	
<b>Gross Profit</b>	<b>298,149,647</b>	<b>308,266,258</b>	<b>313,217,566</b>	<b>317,464,243</b>	<b>53.89</b>	<b>323,682,741</b>	
Less: Store Operating Exp.	49,085,992	51,397,404	51,588,831	53,115,446	9.02	54,920,877	
<b>Gross Operating Profit</b>	<b>249,063,656</b>	<b>256,868,854</b>	<b>261,628,736</b>	<b>264,348,797</b>	<b>44.87</b>	<b>268,761,864</b>	
Less: Supply Chain	4,760,762	5,144,354	6,075,110	6,374,595	1.08	6,549,698	
Corporate Services	21,479,351	20,912,977	21,395,146	22,648,860	3.84	24,617,350	
Other Expenses	6,000,520	6,289,763	6,721,387	7,424,799	1.26	7,117,556	
Add: Other Revenue	4,521,749	4,321,872	4,325,078	4,674,021	0.79	4,400,801	
<b>Total Expenses (excl. stores)</b>	<b>27,718,884</b>	<b>28,025,222</b>	<b>29,866,566</b>	<b>31,774,233</b>	<b>5.39</b>	<b>33,883,803</b>	
<b>Op. Income before Depr.</b>	<b>221,344,771</b>	<b>228,843,632</b>	<b>231,762,170</b>	<b>232,574,564</b>	<b>39.48</b>	<b>234,878,061</b>	
Less: Depreciation	8,731,567	9,481,453	8,603,859	12,026,943	2.04	10,427,198	
<b>Income from Operations</b>	<b>212,613,204</b>	<b>219,362,179</b>	<b>223,158,811</b>	<b>220,547,621</b>	<b>37.44</b>	<b>224,450,863</b>	<b>1.8</b>
Total Expenses (not depr'n)	76,804,876	79,422,626	81,455,397	84,889,679	14.41	88,804,680	
Total Expenses	85,536,443	88,904,079	90,058,756	96,916,622	16.45	99,231,878	
<b>Volume (hectolitres)</b>					<b>Change %</b>		<b>Change %</b>
Spirits	52,650	52,079	51,676	51,480	-0.4	51,467	0.0
Wine	81,150	83,576	85,568	88,259	3.1	91,802	4.0
Beer	657,120	667,581	656,440	636,654	-3.0	640,607	0.6
Ready-to-drink	33,430	35,352	34,739	32,757	-5.7	30,841	-5.8
Total	824,370	838,587	828,423	809,150	-2.3	814,718	0.7





# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Nova Scotia Municipal Finance Corporation *Business Plan 2012–2013*

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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 NSMFC was established by the Municipal Finance Corporation Act of the Legislature of the Province of Nova Scotia in 1979 and began business in January 1980. The Minister of Service Nova Scotia and Municipal Relations is responsible for the Nova Scotia Municipal Finance Corporation and the Deputy Minister serves as Chair of the Board of Directors.

The corporation's purpose is to provide the lowest available cost financing to its clients, which include municipalities, municipal enterprises, school boards, and health authorities. 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.

The NSMFC is forecasting to have over \$732 million in debentures outstanding at March 31, 2012. New debenture issues in 2012–2013 are estimated to be in the range of \$167 million, which will be balanced against debenture retirements of approximately \$99 million.

The corporation is governed by a board of directors appointed by the Governor in Council. Legislation requires that 40 per cent of the board be appointed on the recommendation of the Union of Nova Scotia Municipalities. An additional member of the board is appointed on the recommendation of the Association of Municipal Administrators of Nova Scotia. These appointments provide municipalities with important representation on the NSMFC board. Four full-time staff members of the corporation are supported through staff and resources from the provincial Departments of Finance, Justice, and Service Nova Scotia and Municipal Relations.

The Honourable John MacDonell  
Minister

Kevin Malloy, CA  
Chair



## Mission

***To provide capital infrastructure financing to clients at the lowest available cost, within acceptable risk parameters, and to provide financial management advice and assistance to clients.***

## Link to Municipal and Departmental Priorities

The NSMFC contributes to the Service Nova Scotia and Municipal Relations departmental priorities in building infrastructure objectives that contribute to the creation of economic opportunities and building 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. All these components contribute to safer and healthier communities in Nova Scotia. By working with municipalities to develop recommended financial management practices and adopt North American standards in budget presentation and financial reporting, the NSMFC contributes to the development of fiscal stability in Nova Scotia municipalities.

## Planning Context

The NSMFC faces a number of 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.***

### Challenge:

- Capital markets have been unsettled during the past year and are expected to continue during the current year, which may pose challenges for municipal debt issuers.
- Municipal issuers may very well experience deteriorating financial conditions over the upcoming year.

### 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.
- ***Maintain 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:**

- With the return of the Manager of Client Services, the NSMFC has greater capacity to focus on developing its programs and services.

- ***Maintain financial self-sufficiency.***

**Challenge:**

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

**Opportunity:**

- The NSMFC remains stable, as it has for over 30 years. No client of the NSMFC has ever defaulted on a loan, which enables the NSMFC to remain stable and continue providing loans to its clients.

- ***Identify client needs and respond to them.***

**Challenge:**

- Municipalities in Nova Scotia have challenges in planning and financing their long-term capital infrastructure needs.

**Opportunity:**

- 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.

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 these provincial departments to align both sets of priorities.

## Strategic Goals

The NSMFC's strategic goals are designed to assist municipal and departmental priorities in the area of infrastructure objectives, which contribute to creating economic opportunities and building safe and vibrant communities. 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 of providing the lowest available cost of financing for municipal capital infrastructure and long-term financial

planning, as well as support for infrastructure, economic, and community priorities.

- To provide capital infrastructure financing to our clients at the lowest available cost, within acceptable risk parameters, and to meet their particular debt structure and timing needs.
- To ensure access to capital markets through sound management of all financial aspects of the corporation, including credit risk and asset/liability management.
- To help build financial management knowledge in municipalities and promote municipal capital project planning and financing.

## 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, Service Nova Scotia and Municipal Relations, and the Association of Municipal Administrators of Nova Scotia on the topic of capital planning and finance.
- Develop programs and services geared toward developing and 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 2012–2013

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

### ***1. Providing capital financing at the lowest available cost***

- 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 2012–2013, the new debenture issuances are expected to be in the \$167 million range, which is balanced against retirements of existing debentures of approximately \$99 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 offer short-term financing for municipalities to fund cash flow requirements between the completion of capital projects and the issuance of debentures.
- NSMFC will facilitate and participate in loans to municipalities from the Federation of Canadian Municipalities Green Municipal Fund where funding is available at below market rates for projects meeting established criteria.

### ***2. Ensuring access to capital markets***

- Obtain verification of creditworthiness from Service Nova Scotia and Municipal Relations (for municipal borrowers) before settling the parameters for pooled issues.
- Match the amount, term, and timing of NSMFC debentures and loans to municipalities.
- Manage the NSMFC's financial resources (budget and reserves) as per policies established by the corporation's board of directors.

### ***3. Helping build financial management and knowledge***

- Sponsor training workshops aimed at enhancing the overall knowledge of municipal finance and budgeting for municipal staff and councillors.
- Offer training designed to promote effective and efficient financial management.
- Promote the municipal use of the Debt Affordability Model, and provide technical support for municipal administrators. The Debt Affordability Model is a tool to help municipalities 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 for analyzing revenue and expenditure options.

- Conduct research and analysis of what municipalities require to increase clients' infrastructure borrowing capacity; develop and tailor our 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, 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, particularly in the area of succession planning, as the skills requirements for the corporation's positions are diverse. The board's strategy has been to develop and retain existing staff and build capacity by involving other civil servants in the operation of the NSMFC through corporate officer positions and secondment opportunities. Development and training opportunities are made available to existing staff to enable them to stay abreast of developments in the industry. The corporation's human resource strategy is aligned with the government resource strategy.



## Budget Context

### *Nova Scotia Municipal Finance Corporation Estimated Administrative Budget Expenditures*

	Budget 2011-12 (\$ 000)	Forecast 2011-12 (\$ 000)	Budget 2012-13 (\$ 000)
Total program expenses—(gross current)	521.0	488.2	555.4
Net program expenses— (net of recoveries)*	0.0	0.0	0.0
Salaries and benefits	352.0	299.5	371.7
Funded staff (gross FTEs)	4	4	4

\* Note: 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 short-term investments.



***Nova Scotia Municipal Finance Corporation Balance Sheet  
as at March 31, 2011 (audited)*****Assets**

Current assets	(\$)
Cash and cash equivalents	6,440,526
Accrued interest receivable	10,746,624
Other receivables	486
Principal due within one year on loans to units	96,508,559
Long-term assets	
Loans to units beyond one year	660,034,872
<b>Total Assets</b>	<b>773,731,067</b>

**Liabilities and Equity**

Current liabilities	
Accounts payable	50,449
Accrued interest payable	10,734,037
Principal due within one year on debenture debt	96,508,410
Employee obligations	53,917
Long-term debt	
Debentures payable beyond one year	660,002,517
<b>Equity</b>	
Reserve fund	6,381,737
<b>Total liabilities and equity</b>	<b>773,731,067</b>

***Statement of Revenue, Expenses, and Reserve Fund  
Year ended March 31, 2011 (audited)***

<b>Revenue</b>	<b>(\$)</b>
Interest on loans to units	34,459,640
Interest on short-term investments	72,497
Debenture expense recoveries and reserve fees	841,884
Sales of services	0
<b>Total revenue</b>	<b>35,374,021</b>
<b>Expenses</b>	
Interest on debenture debt and short-term loans	34,457,915
Debenture issue expense	366,257
Administrative expense	465,408
<b>Total expenses</b>	<b>35,289,580</b>
<b>Net revenue</b>	<b>84,441</b>
 Reserve fund, beginning of year	 6,297,296
 Reserve fund, end of year	 6,381,737

# Outcomes and Performance Measures

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

Outcome	Measure	Data (2011 survey results)	Target 2012–13	Target 2013–14	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 and processing of debenture issues	70%	80%	80%	Monitor alignment of debenture issues with the construction completion schedule and capital budgeting process Improve application process by working with clients to ensure quick processing of debenture documents
	Percentage of clients that agree the debenture terms and structure are flexible enough to meet their needs	85%	95%	95%	Promote short-term financing program Work with clients on financing options (payments and terms) Communicate financing options more effectively (e.g., through the website and consultations) Communicate NSMFC rates and products more effectively with clients (e.g., through the AMA list server and consultations)
Quality of credit loans					
Pricing received from lead managers in relationship to the Province of Nova Scotia's cost of funds	Procedures ensure creditworthiness of loans	Procedures ensure creditworthiness of loans	Regular review of loan procedures	Regular review of loan procedures	Maintain quality of portfolio
	Provincial guarantee allows the NSMFC to price off the Province of Nova Scotia spread	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	Promote profile of NSMFC credit quality to maintain a strong relationship with government to ensure its support of the provincial guarantee



### Core Business Area 2 Ensuring Access to Capital Markets

Outcome	Measure	Data	Target 2012–13	Target 2013–14	Strategies to Achieve Target
Ensure that a sustainable source of funding is available from clients to ensure the operational viability of the corporation	Client default rate ( <i>Default</i> is defined as failing to make a principle or interest payment within five days of the due date)	0%	0%	0%	Ensure that all loans are creditworthy Promote the Debt Affordability Model Play a more active role in the creditworthiness procedure (Temporary Borrowing Resolutions) Monitor loan payment process
	Matching assets and liabilities Matching of aggregate amounts, terms, and timing of debentures and loans	Assets are closely matched to term and timing	Maintain matching strategy	Maintain matching strategy	Match the term and timing of NSMFC debentures and loans to clients

### Core Business Area 3 *Helping Build Financial Management Knowledge*

Outcome	Measure	Data	Target 2012–13	Target 2013–14	Strategies to Achieve Target
NSMFC client use of the Debt Affordability Model	Percentage of municipal clients that are using the Debt Affordability Model	25% (2011 survey results)	35%	35%	Work with clients to help them implement the Debt Affordability Model Tailor Debt Affordability Model to better suit the needs of clients
NSMFC client use of the Financial Management Best Practices	Percentage of municipal clients that are using the Financial Management Best Practices	13% (2011 survey results)	20%	30%	Work with clients to help them implement best practices of their choice
Increased overall municipal finance knowledge among municipalities	Attendance at NSMFC-sponsored Municipal Finance Workshops	75% (workshop attendees 2010–11)	90%	90%	Promote the workshops more effectively to municipal staff and Council members Maintain the no-fee structure to attend the workshop
Increased knowledge and uptake of NSMFC programs and services	Number of avenues used to promote programs and services effectively	AMA list server Mail Website	Update or add 2 avenues	Update or add 2 avenues	Update and revitalize website Develop web-based programs, such as webinars Produce more promotional materials on a regular basis (e.g., pamphlets, brochures) Obtain greater exposure to municipal councils to promote programs and services





# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Nova Scotia Power Finance Corporation *Business Plan 2012–2013*

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## Mission

***To ensure that the debt of NSPC, which is guaranteed by the province, is discharged in an orderly and timely manner.***

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## Introduction

Under an Asset Transfer Agreement, dated August 10, 1992, Nova Scotia Power Corporation (NSPC) transferred all of 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 Nova Scotia Power Finance Corporation (NSPFC). NSPFC retained the long-term debt, which is guaranteed by the province, and the related sinking funds. The entire original debt of CAD \$2,152,879,732, guaranteed by the province, was offset by sinking funds, and the balance was defeased as per the agreed schedule at December 31, 1997.

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.

## Planning Context

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

## Performance in 2011–2012

The outstanding debt continues to be defeased in accordance with the terms of the Defeasance Agreement, and the defeasance assets are adequate to ensure the repayment of all NSPC debt guaranteed by the province.

## Strategic Goal

To monitor the adequacy of the defeasance 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.



## Core Business Area

NSPFC is responsible for monitoring the defeasance and repayment by NSPI of its debt guaranteed by the Province of Nova Scotia. NSPFC holds notes payable by NSPI in case of default of NSPC debt repayment. The final guaranteed note matures February 26, 2031.

## Priorities for 2012–2013

1. To ensure continuing progress toward elimination of NSPC debt guaranteed by the Province of Nova Scotia and defeased by NSPI.
2. To ensure that the defeasance assets are of such a quality that the defeasance program will not suffer capital losses and will therefore have a very high likelihood of achieving its goals.

## Budget Context

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. The accounting firm of Deloitte

certifies the defeasance assets arranged by NSPC. Under the terms of the privatization agreements, NSPI is responsible for the payment of all NSPFC expenses.

## Outcomes and Performance Measures

### *Outcome 1*

Entire outstanding debt defeased in accordance with the Defeasance Agreement.

### **Measure**

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.

### *Outcome 2*

Defeasance assets are adequate to ensure the repayment of all NSPC debt guaranteed by the province.

### **Measure**

Outstanding debt as at March 31, 2011, was \$700,000,000 denominated in Canadian dollars (CAD) and \$300,000,000 denominated in US dollars (USD); defeased assets as at March 31, 2011, had principal values in excess of these amounts, with market values

of CAD1,028,907,000 and USD404,523,000, thus rendering the guaranteed debt fully defeased. Adequacy of defeasance assets are certified by the auditing firm of Deloitte.





# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

Sydney Steel Corporation  
***Business Plan 2012–2013***

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The Honourable Bill Estabrooks  
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, 2013.

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





## Planning Context

Sydney Steel Corporation (Sysco) reports to the Minister of Transportation and Infrastructure Renewal, Province of Nova Scotia, and maintains a head office in Sydney, Nova Scotia.

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.

## Priorities for 2012–2013

The plan for Sysco during the 2012–2013 fiscal year is to continue to wind up activities and have the corporation remain dormant.

Remediation of north lands have been completed and can now be developed as part of the industrial park. The only area to remain with Sysco will be the slag pile and quarry. Liabilities still exist for long-term maintenance, monitoring, and redevelopment as slag is mined and product sold.



## Budget Context

	Budget	Forecast	Budget
	2011–12	2011–12	2012–13
	(\$ 000)	(\$ 000)	(\$ 000)
<b>Revenue</b>			
Contribution from the Province	5,703	4,018	6,036
Gain on sale of assets	1,025	0	775
Interest Income, miscellaneous revenue	5	15	5
<b>Total revenue</b>	<b>6,733</b>	<b>4,033</b>	<b>6,816</b>
<b>Expenses</b>			
Other remediation activities	100	100	100
Consulting	750	650	750
Funding to NSLI for remediation activities	4,878	3,283	5,191
<b>Total expenses</b>	<b>5,728</b>	<b>4,033</b>	<b>6,041</b>
<b>Net income</b>	<b>1,005</b>	<b>—</b>	<b>775</b>
 FTEs	 —	 —	 —



# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2012–2013

#### Trade Centre Limited

***Business Plan 2012–2013***

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## Message from the CEO and the Chair

Trade Centre Limited (TCL) is recognized as a core driver of community and economic development. Our ability to connect people in Halifax and Nova Scotia through hosting events contributes to a diversified and prosperous provincial economy. Our long-term vision is to position Halifax and Nova Scotia as Canada's East Coast event destination on the global stage. Our activities in 2012–2013 will focus on optimizing our core operations.

A strategic events framework that will align our activities with key growth sectors and regional development strategies will further enhance the impact of major events, meetings, and conventions across Nova Scotia. Core to our strategy is the value of the relationships that we form and our commitment to service excellence. The facilities we operate continue to be a platform for partnership and innovation.

The commitments by the three levels of government to invest in the new convention centre will ensure Nova Scotia remains competitive in the global meetings and conventions industry. We understand the significance of this investment and the opportunities it affords Nova Scotia. To maximize this investment, we will begin to act on a three-pronged approach that includes focused, new business planning, best practices operational planning, and key partnership activities.

Through our major event expertise we have helped to enhance the Nova Scotia event economy and strengthened our province-wide approach to event attraction. We will continue to focus our major event attraction on short- and long-term opportunities for our facilities, our capital city, and our province.

Through collaborative partnerships and the management of our infrastructure to meet customer expectations, we will lead the growth of the events sector in Nova Scotia to drive further economic and community benefit for the entire region.

Yours truly,

Scott Ferguson  
President and CEO

Justin McDonough  
Chair, TCL Board of Directors



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## Mission

***Trade Centre Limited creates economic and community benefits by bringing people together in Halifax and Nova Scotia.***

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## Planning Context

### Government

The world economy has moved to a higher level of uncertainty. Last year saw natural disasters, political instability, and sovereign debt issues affect national and world economies. This level of uncertainty has not diminished. Political instability and sovereign debt issues continue. Central banks are walking the fine line of historically low interest rates to stimulate domestic demand and trying to keep the rates from being too stimulating for inflation and personal debt levels. World-wide, governments have moved away from stimulus spending and towards fiscal restraint.

With increased integration of the world economy and the pace of technological advancements, the Nova Scotia economy has been and will continue to be impacted. Nova Scotia is responding to this uncertainty by concentrating on core areas as outlined in *jobsHere, the plan to grow our economy*, released in November 2010. *jobsHere* has three interrelated priorities: learning the

right skills for good jobs, growing the economy through innovation, and helping businesses be more competitive globally. These priorities are being further articulated in strategies such as Nova Scotia's Workforce Strategy, released in fall 2011.

Through the *jobsHere* plan, strategies have been and are being implemented that will improve innovation across all sectors and focus on strategic investments in innovation and productivity, increasing our competitiveness and creating higher-value jobs. By aligning investment, trade, and innovation priorities and focusing resources on key sectors, there are more opportunities for economic growth. *jobsHere* outlines specific activities that assist in developing a highly trained workforce and creating jobs and a secure future for Nova Scotians. *jobsHere* is a clear commitment from the Nova Scotia government to doing things differently in order to make life better for Nova Scotians. The plan supports all areas of the province and all sectors of the economy, meaning we all have a part to play.

### Trade Centre Limited

TCL is focused on increasing economic value through attracting and hosting meetings; conventions; and entertainment, cultural, and sporting events. Events are a catalyst for economic and community development across Nova Scotia—providing platforms to showcase our culture, creating opportunities



for training and skills development, generating exposure to global markets, attracting business and visitors from around the world, and generating jobs and tax dollars that fuel prosperity. Combined, these benefits make events a key component to the sustainable growth of Nova Scotia's economy.

Our province-wide stakeholders know the value of events to the economy and believe that this industry is an important component to rural economic development. Further alignment of resources and initiatives will ensure that event attraction and hosting efforts maximize our strengths and support sectors and regions in transformation. An ongoing focus on training and skills development in event hosting, partnerships that leverage event benefits, and the strategic attraction of events that result in business and industry growth are critical to increasing the impact of the events we host.

Amid worldwide economic challenges and fluctuations, the events and meetings sector remains a stable and a highly competitive global environment. Event hosting intention is strong among key client segments both nationally and internationally. While event cancellations and reductions in the number of attendees are common in the industry and have a direct impact on profitability, event organizers and patrons have an ever-increasing choice of destinations and venues, driving increased expectations of quality facilities, service, and amenities. In recent years, technology and connectivity

are serving to enhance innovation around events, but these advances have not detracted from the importance of in-person interaction and experiences. Shorter decision times and an emphasis on a destination's ability to maximize attendance, and in the case of major events deliver maximum exposure, are emerging characteristics in all areas of the event business. Multiple factors drive the decision-making process of our clients; however, confidence in the partner destination/venue to deliver a successful event is of principal importance.

Competition in the national, regional, and local markets continues to increase, with cities across the country positioning to compete in the events industry. Strategic investments in key infrastructure components are essential to Nova Scotia's ability to compete on a global stage.

Moving forward with the development of a new convention centre in downtown Halifax will ensure that Nova Scotia is properly positioned to compete with other North American destinations to attract new events, dollars, jobs, and opportunities to Nova Scotia. Combining larger and more flexible space with a prime location in the heart of Halifax's downtown core, this new facility will allow us to meet the growing needs of potential clients and delegates, while reaffirming Nova Scotia's position as Atlantic Canada's leading event destination.



Within the meetings and conventions sector, national and international clients are placing increased emphasis on the professional and educational qualities of a destination, underscoring the business and development tone of these events. Areas of significant opportunity for Nova Scotia are the development of the international congress (meetings and conventions) market and growing our share of the national meetings and conventions market. Currently, Canada ranks within the top 15 destinations for international meetings and conventions. As the international congress market is emerging and maturing in Canada, Nova Scotia is poised to capitalize on its strategic location and its strong reputation for high-calibre research and innovation to attract new international meetings and conventions.

The Halifax Metro Centre continues to be a cornerstone of the major event landscape in Atlantic Canada. This facility is critical to the ongoing attraction of high-calibre events to Halifax, and for this reason capital enhancements must be allowed for, to ensure a mix of event business that is consistent with customer expectations.

TCL's Office Tower and Exhibition Park are aged facilities, and it is anticipated that routine maintenance expenditures for these properties will need to continue in order to ensure reliable operations.

## Strategic Goals

As part of our five-year strategic plan (2009–2013), TCL set out four interconnected and interdependent strategic priorities.

1. **Growth/Financial**—Create greater economic impacts by growing current business and developing new markets.
2. **Community Partnerships**—Build committed partnerships with the community, government, and business by leveraging our model to build strong inclusive networks that promote collaboration and drive mutually beneficial results.
3. **People**—Through innovative approaches, attract, develop, and engage a committed and motivated team of professionals to support future growth of the events industry in Nova Scotia.
4. **Infrastructure**—In partnership with government and other stakeholders, lead the planning and development of the infrastructure necessary to attract and host major international, national, and community events.

In addition to these four strategic goals, TCL is committed to a culture of accountability and organizational effectiveness and has defined priorities in this area. It is within these strategic priorities that TCL has established its corporate activities for 2012–2013.



## Core Business Areas

Through collaboration with the Department of Economic and Rural Development and Tourism, our work is aligned with that of our partner agencies and the province to ensure the activities we undertake are supporting leadership in economic development. We will continue to identify areas of common importance throughout the year.

### **World Trade & Convention Centre (WTCC):**

The WTCC consists of approximately 50,000 square feet of convention and meeting space, hosting between 550 and 600 events annually and attracting approximately 100,000 people from around the province and around the world. Renovations carried out over previous years have upgraded the facility to baseline industry standards in order to provide a more inviting and comfortable environment for our customers, allowing WTCC to remain as competitive as possible with other medium-market Canadian convention centres. The new convention centre in downtown Halifax will ensure we are able to meet the growing expectations of meeting and convention planners worldwide and strengthen Nova Scotia's position in an increasingly competitive environment.

**Halifax Metro Centre (HMC):** Located in the heart of downtown, HMC is the largest multipurpose facility in Atlantic Canada, serving as the region's premier venue for

major entertainment and sporting events and the nucleus of major event activity in Nova Scotia. Specifically designed for versatility and to accommodate some of the largest events, HMC offers a diverse line up of event experiences; it remains a critical piece of major event infrastructure and is essential to event success in Nova Scotia. Owned by the Halifax Regional Municipality (HRM) and operated by TCL, HMC is an integrated part of the WTCC complex and complements TCL's diverse event service offering, specifically Ticket Atlantic and TCL

**TCL Major Events:** Working in collaboration with other TCL business units, partners in the community, and municipal, provincial, and federal governments, TCL Major Events continues to build capacity and attract new major events for the province. This success is a testament to the abilities of our team to bring the necessary partners together and work with event organizers at every step of the process. As a result, there have been stronger alliances formed in communities across Nova Scotia and incremental increases in the hosting capacity of our province. This drives further positive economic impacts, which translate into growth of the industry, the city, and the province in general.

Events Nova Scotia, a coordinated, pan-provincial initiative to attract major events, is managed by TCL Major Events. Events Nova Scotia will continue its mandate to bring events to our province by strengthening Nova Scotia's province-wide event marketing, attraction, and hosting skills and capabilities.

**Ticket Atlantic:** Through the services of Ticket Atlantic, TCL manages Atlantic Canadians access to a wide variety of events, from world-renowned concerts to outdoor festivals and international sporting events. Selling tickets for up to 400 events annually, Ticket Atlantic is our region's primary ticket provider. In addition, Ticket Atlantic supports TCL's common objective around event attraction and high-level event delivery.

**World Trade Centre Atlantic Canada (WTCAC):** WTCAC's worldwide network forms an important component of TCL's event attraction strategy. The WTCAC offers a unique connection to an international audience as a member of the World Trade Center Association. With over 750,000 companies and 300 world trade centres in 85 countries, this global network of organizations and facilities merges government, business, and events to create new connections and business opportunities. Through its relationships and expertise, WTCAC also supports Atlantic Canadian businesses looking to be more globally competitive through training and education, search services, business introductions, and market familiarization. The delivery of education and training programs, including FITTSkills and Going Global, allows WTCAC to support business so as to grow the economy.

**Exhibition Park:** This facility, located on the outskirts of metropolitan Halifax, is

an integral part of the community, with a focus on trade and consumer shows. While the physical structure is aging, our location and attention to customer service continues to motivate our clients to choose this facility over similar venues in the region. It attracts close to 150,000 attendees to events hosted throughout the year.

Our three major facilities, in concert with TCL Major Events, WTCAC, and Ticket Atlantic, are major economic generators for the province and the municipality. For the fiscal period ended March 31, 2011, total spending by event planners and delegates in Nova Scotia was \$72.2 million. Of this, \$46 million was new money to our economy that generated 1,211 person years of employment and \$4.2 million in provincial tax revenues.

## Priorities for 2012–2013

TCL's corporate priorities are rooted within our strategic goals, and all of our activities fall within these defined strategic areas of focus. Within our core activities, there are several areas where TCL contributes toward achieving the strategic priorities of *jobsHere*.

### Growing the economy through innovation

- WTCC attraction of national and international conference opportunities aligned with Nova Scotia's priority sectors

**Helping businesses be more competitive globally**

- Marketing Halifax and Nova Scotia as premier meeting, convention, and event destinations
- WTCAC delivery of FITTSkills and Going Global training programs

**Learning the rights skills for good jobs**

- Events Nova Scotia capacity building, training, and mentorship in event attraction and hosting
- Internship programming to support hospitality and tourism training

**Growth/Financial**

For 2012–2013, our focus will be on the effective delivery of our core business and operations to result in a combined break-even position that is sustainable in the long term.

Our financial goal in the next fiscal year is to maximize revenue potential and operational efficiencies throughout our core business. Our total combined revenue projection for 2012–2013 is \$19.4 million (TCL \$12.7 million; HMC \$6.7 million), resulting in a combined break-even position before depreciation for TCL and operating income before capital improvements for Halifax Metro Centre of \$255,000. This focus on a financially sustainable operating position is expected to deliver an economic impact consistent with the current level. We will target to achieve at

least \$70 million in direct expenditures from the events we host.

Core to TCL's success is its ability to identify, attract, and host a broad range of event activities. All event activities must be supported by high-quality and efficient delivery, facilitated by the expertise developed through our team-centred approach.

To achieve a combined break-even position, activities will focus on

- securing and maximizing core revenue streams
- identifying further operating efficiencies
- continuing the expenditure management program

Through further review of our core business areas and current event mix, TCL will continue to identify the operating efficiencies and expenditure reductions that support our financial goal with little impact on event delivery and customer experience. Areas of focus will include a further technology review and best practices processes and monitoring. Emphasis will be placed on reviewing current information technology resources, identifying areas for potential savings, and highlighting areas in need of further investment.

In conjunction with our focus on the efficient operations of our existing facilities, we will also continue to pursue opportunities that will increase the future direct economic impact of events. While our events, conferences, and trade shows

draw significant attendance from within the province, they also result in new visitors from across the country and around the world. The economic spinoff generated from our events is substantial and is felt around the province. We will work to identify the key relationships and activities that will allow for further development of our core business. Our efforts will focus on protecting our position as an industry leader in providing premier convention, entertainment, sporting, and cultural events. Emphasis will be placed on

- optimizing the mix of events hosted at our facilities to generate economic return
- continuing our regional major event attraction strategy
- developing a framework for strategic event attraction for TCL managed facilities

TCL's long-term vision is to position Halifax and Nova Scotia as Canada's East Coast event destination on the global stage. Our efforts will continue to focus on sustainable event strategies and activities that will result in increased event hosting that attracts talent, investment, and ideas from around the world.

TCL will continue to manage Events Nova Scotia. Launched in 2009, this approach is now a proven model for coordinated event attraction across the province for the purpose of economic and community development. Working in partnership with

communities and regional development organizations, Events Nova Scotia will continue to harness province-wide event hosting expertise to attract major events to communities across Nova Scotia.

During the upcoming year, Events Nova Scotia will deliver on core initiatives in the areas of economic impact measurement, bid consultation and development, a provincial capacity-building program, and skills development in event delivery. Through province-wide outreach and partnerships, we will deliver consulting and training to organizations and jurisdictions interested in acquiring the skills and expertise needed to attract and host successful major events. In addition to targeted activities in each of the province's seven tourism regions, we will complete the transfer of the 2011 Canada Winter Games volunteer database of 3,500 to make the Nova Scotia Volunteer Tool accessible to events and regions across the province with a requirement for a skilled volunteer workforce. To ensure this tool is widely used, Events Nova Scotia will partner with key major events with significant volunteer needs. We will also continue to develop an annual event economic impact estimate, which will result in a shared understanding of the importance of event attraction to supporting regional economic prosperity. We will work with the Province of Nova Scotia to develop a sustainable and long-term approach to province-wide event attraction.



Applying what we have learned from Events Nova Scotia and our history of event success, TCL will focus on creating a framework that enhances the benefits of the meetings, conventions, and events we attract. This strategic events framework for TCL events will connect local proponents, businesses, researchers, and innovators with national and international leaders to identify and cultivate new event opportunities. This deliberate approach to meeting, convention, and event attraction will centre on a partnership approach that directly connects event activity with industries of importance for Nova Scotia.

Working closely with local and national partners, we will position Halifax and Nova Scotia as a premier meetings and conventions destination. International sales activity will leverage sectors of strength and local industry leaders within Nova Scotia's various research institutions to secure international convention activities. Focusing on event-rich sectors, such as health and life sciences and oceans, this sector approach will identify event prospects that link to the three pillars of the *jobsHere* growth strategy of learning, innovation, and competing globally. This approach will bring targeted international markets and prospects to Nova Scotia.

### ***Community Partnerships***

In support of strategic event attraction, we will implement a more deliberate approach to partnerships that will align activities and

resources to deliver programs that leverage the full benefits of events.

We will focus our partnership and community activities on the following areas:

- alignment with industry, community, corporate, and government partners
- programming in support of skills development in the tourism and hospitality sectors
- an inclusive community relations program

Ongoing collaboration with communities, key industry sectors, business, and government is a key focus for the upcoming year. We will work closely with partners to support the delivery of our business objectives, while also ensuring that we leverage the full benefits of major events, meetings, and conventions to create further economic and community return.

We will continue to work closely with the diverse group of stakeholders, who have a shared interest in the success of the new convention centre. These relationships provide a mechanism through which we can support learning the right skills for good jobs. Beginning to pilot programs with local post-secondary institutions, we will further develop our approach to internship programs to train, attract, and retain youth interested in the tourism, hospitality, and culinary fields. We will also begin work with industry partners to develop programming that will support our ability



to take advantage of the benefits of hosting meetings, conventions, and events. This will include exploration of partnerships that can maximize tourism benefits and support professional development opportunities arising from conference activity.

With newly defined goals, we will evolve our approach to community relations through the development and implementation of a new community relations program. Our community relations program will be inclusive of organizations and initiatives across Nova Scotia and provide increased access to our infrastructure and events to return added benefits to our community. This program will also allow us to further utilize our event expertise to support skills development and knowledge sharing.

### ***Infrastructure***

Planning for and maintaining infrastructure is a core operational focus of TCL. Facilities that meet both customer and safety standards are necessary for continued event attraction and hosting.

Our infrastructure priorities include

- planning for operations of the new convention centre
- mitigating the risk of aging infrastructure
- energy efficiency improvements

Continuing into the coming years, the critical area of focus to ensure long-term success is the new convention centre. With

government commitments in place, we will continue to play an advisory role to ensure that the facility allows for seamless event delivery and is in keeping with industry best practices. Our internal focus will be planning for operational efficiency and effectiveness.

A constant reality of our current operations is the risk associated with operating aged facilities. To mitigate this risk, we will work with our government partners to ensure there is visibility to capital requirements and open dialogue regarding potential solutions. A capital inventory program will result in shared understanding of capital requirements and the appropriate action plans to address these needs.

Energy efficiency and sustainability have also become a routine component of TCL's capital program. Following an energy audit of our facilities, in 2011–2012 TCL undertook several initiatives to support energy efficiency and sustainability. The focus of these upgrades has been to improve the efficiency of our facility operations, resulting in energy savings and reduced emissions. Some of these changes have included conversion to natural gas, installation of high-efficiency lighting and LED technology, and new air-handling units. This work will continue in 2012–2013 with further efforts, including improvements to temperature controls, further lighting enhancements, and technology to improve plant efficiency.



## ***People***

With customer service and event delivery at the core of our business, TCL's success is dependent on its people and their individual strengths. Service, innovation, and expertise will continue to define the organization's competitive advantage.

We will develop a foundation for a high-performance workforce that is supported by strong and effective leadership and focused on the evolution of TCL's position in the events industry. As we prepare for organizational change, our human resources strategy will equip our team with the tools and support needed to align resources and expectations with business objectives.

Building on a strong foundation, we will be proactive in understanding our employees' needs and aligning our talent with key business focuses. Our internal focus for 2012–2013 will be on

- a baseline employee-satisfaction measurement
- an enhanced performance management process
- a new internal communications program

Last year, we reviewed the tools in place to support our team on a path toward performance excellence. These efforts will continue this year through the measurement of employee satisfaction and identification of gaps, ensuring that key performance measures are defined and communicated and

a comprehensive internal communications program that reflects our culture. This activity will result in an effective team that is not only able to deliver against our current state, but can adapt as we grow. The priority during the coming years will continue to be employee leadership and career development, recognizing and celebrating achievement, improving employee accountability and effectiveness, and ensuring critical areas of the business have the right capacity.

## ***Governance***

In recent years, TCL has put increased emphasis on demonstrating its commitment to accountability and organizational effectiveness. Having invested in governance activities in previous years, including enterprise risk management and the development of key governance practices, activities this year will be on preparing for our future and closer alignment with government partners.

We will focus our governance activities on

- the development of a new five-year strategic plan
- delivery against the new Halifax Metro Centre operating agreement

As the current five-year strategic plan nears completion at the end of the fiscal year, management will work collaboratively with its Board of Directors and government



partners to define its future vision. This activity will result in sustaining and strengthening TCL's ability to lead the growth of the event economy in Nova Scotia.

Following the planned review in 2011–2012 of the HMC operating agreement and much collaboration with HRM on performance expectations of this facility, TCL will implement practices consistent with the new operating agreement, pending its approval by HRM.

## Budget Context

TCL continues to focus on ensuring the professional and effective delivery of events that result in economic impact, while identifying cost efficiencies where they are available.

TCL faces unique challenges from a budget and financial management context in that our facilities were created as economic generators for the Province of Nova Scotia and HRM, not as profit centres. Our focus is on attracting events that create the most significant economic return for our province. With an emphasis on revenue growth and operational efficiency, TCL will achieve a sustainable, combined, break-even operating financial position. Areas of risk to the sustainability of this financial goal are the operation of our largest economic generator, the current WTCC, coupled with the operations and maintenance of an aged facility at Exhibition Park. In

addition, efforts across all areas of the organization must focus on the delivery of our core business with decision making that is reflective of prioritizing funded activities that fall within the purview of our mandate.

TCL operates six vertically integrated event-driven business areas that depend on the number of attendees and the level of spending per attendee, which in turn drive the organization's revenues and expenses. We generate economic benefits for HRM and the Province of Nova Scotia by bringing people together from within the region and around the world. Attracting attendees from outside Nova Scotia generates the most significant economic benefits for the province, as these attendees represent new money being spent in our economy.

To remain competitive, TCL must invest in the business for the long term and lever its unique and interconnected operating model. This means that investments in marketing, human resources, facilities, new infrastructure, and enhanced and new service offerings are critical. These investments must be both tactical and strategic in nature. Without these investments, TCL will be unable to meet customer expectations, which will erode our market share in an increasingly competitive environment and negatively affect our contribution to the economic well-being of Nova Scotia.

Forecasted financial operating results for the current fiscal year (2011–2012) are a deficit of \$(211,100). Forecasted financial results



for the current fiscal year (2011–2012) for Halifax Metro Centre are an operating income before capital expenditures of \$510,000. In 2012–2013, TCL expects to generate revenues of approximately \$12.7 million. In 2012–2013, Halifax Metro Centre expects to generate revenues of approximately \$6.7 million, resulting in operating income before capital improvements of \$255,000.

# Operations Budget Summaries 2012–2013

*for the year ended March 31*

	Estimate 2011–12 (\$)	Forecast 2011–12 (\$)	Estimate 2012–13 (\$)
<b>Revenues</b>	<b>13,064,300</b>	<b>13,294,300</b>	<b>12,658,900</b>
<b>Expenses</b>			
Event operations	5,660,500	5,795,700	5,303,900
Salaries and benefits	3,301,500	3,395,600	3,183,000
General operations	3,387,000	3,339,200	3,182,600
Taxes and insurance	984,000	974,900	989,400
Total expenses	13,333,000	13,505,400	12,658,900
<b>Income (loss) before depreciation</b>	<b>(268,700)</b>	<b>(211,100)</b>	<b>—</b>
Depreciation	(1,525,000)	(1,575,000)	1,550,000
<b>Income (loss) for the year</b>	<b>(1,793,700)</b>	<b>(1,786,100)</b>	<b>(1,550,000)</b>

Note 1: Revenues and expenses for the Halifax Metro Centre are not reflected in this budget. Halifax Metro Centre is a facility owned by the Halifax Regional Municipality and operated by Trade Centre Limited under a management agreement. All operating income accrues to the municipality, and all capital improvements are funded by the municipality.

Note 2: Forecast for 2011–2012 is per Trade Centre Limited's January 2012 internal financial statements.



# Outcomes and Performance Measures

## Growth/Financial

*Create greater economic impact by growing current business and developing new markets*

Outcome	Measure	Baseline Data	Target 2012-13	Trends/ Ultimate Target	Strategies to Achieve Target
Combined break-even operating position for TCL as demonstrated in final audited financial statements	Operating revenues Combined normalized income before depreciation	Revenues: Actual 2009-10: \$13.6 million Normalized operating loss: Actual 2009-10: (\$622,558)	Total operating revenues of \$12.7 million Combined normalized income before depreciation of \$nil Ultimate target: Stabilized revenues of over \$13 million annually Sustainable operating position	Revenues: Actual 2010-11: \$13.9 million Forecast 2011-12: \$13.3 million Normalized operating loss: Actual 2010-11: (\$130, 748) Forecast 2011-12: (\$211, 100)	Review of core operating areas for further efficiencies Continue expenditure management program Ensure core revenue streams are secured
Optimize event mix through strategic event attraction to generate economic impacts	Total events and attendance Total direct expenditures Conference prospects identified from key strategic sectors	Actual 2009-10: 731 events; 723,014 attendees; \$73 million in direct expenditures Not applicable—new activity	Secure at least 750 events for TCL facilities for 2012-13, with a total attendance target of 620,000 Generate at least \$70 million in direct expenditures from events hosted Secure one major event for fiscal 2013-14 Sector research program in progress	Actual 2010-11: 793 events; 623,898 attendees; \$72.2 million in direct expenditures Not applicable—new activity	Define optimal event mix by facility Identify long-term event prospects Develop and implement strategic events framework Continue to implement sector research

Outcome	Measure	Baseline Data	Target 2012-13	Trends/ Ultimate Target	Strategies to Achieve Target
Major event strategy for Nova Scotia to maximize event-hosting opportunities	Build Nova Scotia event-hosting capacity through: <ul style="list-style-type: none"> <li>consultation with and outreach to regions</li> <li>provincial training sessions</li> <li>aligning skilled volunteers with events</li> <li>economic impact forecasting and assessment</li> </ul>	Actual 2010-11: Outreach to seven regions Hosted one provincial training session (Port Hawkesbury) Completed six of six planned economic impact surveys	Minimum of one development session in each of the seven tourism regions of Nova Scotia Host two provincial training sessions Secure five event partners to use the Nova Scotia Volunteer Tool for registration and management Complete post-event economic impact surveying for at least six events throughout Nova Scotia	Actual 2011-12: Outreach to seven regions Hosted two provincial training sessions (Yarmouth, Halifax) Completed four of six planned economic impact surveys	Proactive outreach to communities to identify event bid opportunities Delivery of Events Nova Scotia capacity building program Identification of partner events and communities with volunteer recruitment, training, and management requirements Delivery of bid consultation and support services



### *Build committed, inclusive partnerships within the community, government, and business*

#### **Community Partnerships**

Outcome	Measure	Baseline Data	Target 2012–13	Trends/ Ultimate Target	Strategies to Achieve Target
Strategic partnerships to grow economic and community impact of events	Number of defined partner programs Program in place for skills development in hospitality and tourism sector	Not applicable— new program	At least two strategic partnership programs defined  Framework complete for hospitality and tourism internship program	Not applicable— new program	Identify and cultivate priority partnerships Develop project plan for hospitality and tourism internship program
An inclusive community relations program that provides Nova Scotians with increased access to TCL's facilities, services, and expertise	Community relations program ready to implement	Not applicable— new program	Framework complete for new community relations program	Not applicable— new program	Develop project plan Define community relations program, including goals, focus areas, and implementation approach

## Infrastructure

*In partnership with governments and other stakeholders, lead the planning and development of the infrastructure and capacity building necessary to facilitate attraction and hosting of major events*

Outcome	Measure	Baseline Data	Target 2012–13	Trends/ Ultimate Target	Strategies to Achieve Target
TCL fully prepared to operate new convention centre with high level of success within three years (pending project status)	Year 1 of operational readiness program implemented	Not applicable— new program	100% completion of year 1 of operational readiness program	Not applicable— new program	Establish and initiate new convention centre logistical plan, including best practice review and internal process review
Improved facility efficiency through environmental sustainability initiatives	Implementation of year 2 of environment sustainability initiatives	100% completion of year 1 of program	100% completion of year 2 environmental sustainability initiatives	Not applicable— new program	Develop and implement project plan for delivery of year 2 environmental activities as recommended in 2011–12 energy audit



## People

*Through innovative management approaches, attract, develop, and engage a committed and motivated team of professionals to support future growth of the events industry in Nova Scotia*

Outcome	Measure	Baseline Data	Target 2012–13	Trends/ Ultimate Target	Strategies to Achieve Target
A high performance workforce supported by an engaged culture	Level of employee participation in survey Performance appraisal program fully implemented Internal communications plan implemented	Not applicable— new programs	75% of employees complete satisfaction survey Employee performance outcomes for all full-time employees linked to key measures of business plan 100% completion of year 1 of internal communications plan	Not applicable— new programs	Capture baseline measure of employee satisfaction drivers Implement new performance appraisal process throughout organization Develop internal communications plan

## Governance

*Demonstrate TCL's commitment to a culture of accountability and organizational effectiveness*

Outcome	Measure	Baseline Data	Target 2012–13	Trends/ Ultimate Target	Strategies to Achieve Target
A vision to guide the organization's strategic direction	Five-year strategic plan finalized	Not applicable	Strategic plan complete as demonstrated by approval of TCL Board of Directors and government partners	Not applicable	Strategic plan complete as demonstrated by approval of TCL Board of Directors and government partners
Accountability to the communities we serve	Final HMC operating agreement Compliance with agreement (pending approval)	Not applicable— new measure	Approval of HMC operating agreement by HRM and TCL Board of Directors Full compliance with new HMC operating agreement (pending approval)	Not applicable— new measure	Delivery against approved HMC operating agreement





# Crown Corporation

## B U S I N E S S P L A N S

### FOR THE FISCAL YEAR 2012–2013

## Waterfront Development Corporation Limited

***Business Plan 2012–2013***

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# Message from the Chair and the President

The *jobsHere* strategy has set a clear path for economic growth and the Waterfront Development Corporation's plans have been accelerated as a result. In the process, we continue to reinvest money into the public spaces and activities of the waterfront, making the Halifax and Lunenburg waterfronts the top two most-visited destinations in Nova Scotia.

We have set in motion a series of development projects that enable and support the development around Halifax Harbour. These projects will not only create jobs in the construction phase, but will also provide long-term business activity in the heart of downtown Halifax.

In addition, we have cast our eyes to the future possibilities for the Halifax and Lunenburg harbours, encouraged by the dramatic and positive changes in our marine and ocean sector. This sector is a vital part of Nova Scotia's economy, recently producing major projects, such as the \$25 billion federal shipbuilding contract, Deep Panuke, and Shell's six-year offshore exploration plan.

This economic activity leads naturally to the responsibility this government has given to us—to create a comprehensive vision and development plan for the lands around Halifax Harbour. Our waterfronts present Nova Scotia with the possibility of connecting to global opportunities—our transportation and communication links stem from our strategic location on the Atlantic coast, and our cities and communities are among the most attractive places to live in the world.

We believe our work is a key contribution to making Nova Scotia known as one of the world's greatest places to live and do business, and this plan is designed to make it happen.

Colin MacLean  
President and CEO

John Holm  
Chair



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## Mission

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

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## Vision

Through our collaborative approach, we will create a new collection of animated and well-connected waterfront destinations that capture people's imagination and distinguish us among the world's greatest waterfronts.

## Mandate

The Waterfront Development Corporation (WDCL) exists for the purpose of redeveloping and revitalizing the lands surrounding Halifax Harbour and any other lands designated by its shareholder, the Province of Nova Scotia.

### **Guiding Values**

WDCL 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 characterize past successes.

**Commitment:** Work hard to forge and sustain partnerships that generate positive economic and societal returns.

**Accountability:** 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 concerning our plans.

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

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

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

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

## Planning Context

The world economy has moved to a higher level of uncertainty. Last year saw natural disasters, political instability, and sovereign debt issues affect national and world economies. This level of uncertainty has not diminished. Political instability and sovereign debt issues continue. Central banks



are walking the fine line of historically low interest rates to stimulate domestic demand and trying to keep the rates from being too stimulating for inflation and personal debt levels. World-wide, governments have moved away from stimulus spending and towards fiscal restraint.

With increased integration of the world economy and the pace of technological advancements, the Nova Scotia economy has been and will continue to be impacted. Nova Scotia is responding to this uncertainty by concentrating on core areas as outlined in *jobsHere, the plan to grow our economy*, released in November 2010. *jobsHere* has three interrelated priorities: learning the right skills for good jobs, growing the economy through innovation, and helping businesses be more competitive globally. These priorities are being further articulated in strategies such as Nova Scotia's Workforce Strategy, released in fall 2011.

Through the *jobsHere* plan, strategies have been and are being implemented that will improve innovation across all sectors and focus on strategic investments in innovation and productivity, increasing our competitiveness and creating higher-value jobs. By aligning investment, trade, and innovation priorities and focusing resources on key sectors, there are more opportunities for economic growth. *jobsHere* outlines specific activities that assist in developing a highly trained workforce and creating jobs and a secure future for Nova Scotians.

*jobsHere* is a clear commitment from the Nova Scotia government to doing things differently in order to make life better for Nova Scotians. The plan supports all areas of the province and all sectors of the economy, meaning we all have a part to play.

As we move forward to a new fiscal period, the challenges affecting Waterfront Development include the modest market outlooks for office and hotel commercial developments and the reduced travel trend among American tourists. Opportunities exist, however, to be more strategic in how we address our challenges. For example, the residential commercial development market is strong, and we will aggressively push forward two such projects. Likewise, the Tall Ships festival has a strong track record of attracting tourists to Nova Scotia, and with this year's commemoration of the War of 1812, we have good opportunities in the American market. Furthermore, the marine and ocean sector of Nova Scotia's economy is a leading source of growth, and we will be identifying development opportunities in the Halifax and Lunenburg harbours that support this growth.

## Strategic Goals

The longer-term direction of WDCL is captured in three strategic goals.

### ***Place: Designing and Developing a Great Waterfront***

We will tap into ideas from around the world to create and champion a waterfront that highlights the competitive advantages and beauty of Nova Scotia.

We will

- establish processes for local and international exchange of ideas on waterfront development
- champion high standards of design for the built environment along the waterfront
- articulate Waterfront Development Principles to guide our work and interaction with partners
- integrate sustainable practices in the development of the waterfront

### ***Partner: Business Development and Engagement***

We will accentuate the attributes of our waterfront to create business opportunities for investment on and beyond the water's edge.

We will

- engage in high-performing partnerships with the private and public sectors

- identify and implement lines of business that make innovative use of waterfront locations
- make it easy for people to do business with us
- enhance the infrastructure that supports waterfront businesses

### ***People: Animating the Waterfront with New Experiences***

We will create an environment for experiences that are attractive and allow people to access and explore waterfront destinations.

We will

- create clean, healthy, and safe places for people on the waterfront
- host waterfront events and festivals for a wide variety of audiences
- provide open spaces for people to gather and enjoy the waterfront
- create connections to move in and among waterfront destinations

## Core Business Areas and Priorities

The Department of Economic and Rural Development and Tourism is working with us to establish a common business plan. This plan will help us to align our work with the department and other Crown



corporations and allow us to leverage their strengths to achieve larger goals than we might achieve alone.

### **1. Waterfront Planning**

The corporation engages with public and private sector organizations, as well as with the public at large, in planning projects that contribute to the development of world-class waterfronts.

- **Cunard Block Design Development:** Utilizing the feedback received during 2011 public consultations, the WDCL has undertaken design development of the Cunard Block Project. A pre-application will be filed with the municipality to ensure that the design for the complex adheres to the provisions of the municipal planning strategy. The WDCL will then issue a call for proposals for the rights to build the residential-commercial complex.
- **WDC-1 Conceptual Design:** Utilizing the feedback received during 2011 public consultations, the WDCL has undertaken the design development phase for the WDC-1 site in downtown Dartmouth. Working closely with HRM staff, the WDCL will submit a final design for development agreement with the municipality, and the development opportunity will be tendered to the development community.
- **Dartmouth Cove Comprehensive Plan:** In partnership with Halifax Regional Municipality, the WDCL has undertaken a comprehensive redevelopment design process to create a vision for the redevelopment potential of the Dartmouth Cove Lands. Working with private landowners and residents in the area, WDCL and HRM will develop a plan that will guide the redevelopment of the area into a mixed-use neighbourhood that incorporates the historical and active industrial activities of the past.
- **Public Art:** The WDCL will continue an enhanced multi-year public art program to add interest and vibrancy to the public outdoor spaces managed by the corporation.
- **Mill Cove and Birch Cove Comprehensive Planning Projects:** The WDCL will be working in partnership with Halifax Regional Municipality to implement comprehensive development plans for two sites identified as growth areas on the shores of the Bedford Basin. Amendments to the Municipal Planning Strategies will be sought for both study areas.
- **Communications Plan:** The WDCL will continue with the tradition of active engagement with our shareholder, the public, and our partners in the planning processes as we guide the development of waterfronts within the province.
- **Cable Wharf Plaza:** The WDCL envisions the development of an open-space plan for Cable Wharf Plaza on the Halifax waterfront that will connect and interface with the redevelopment



projects that will occur adjacent to the site. The objective for the plan will be to create a multi-functional open space that facilitates public use through four seasons and can be used for both events and passive uses.

- **Provincial Harbour Land-Use Strategy:** Building on previously completed work—specifically, HRM’s Regional Plan/Harbour Plan and related Background Studies—Waterfront Development is engaged in a process to establish a plan for the development of the province’s harbour lands.

## **2. Infrastructure Development**

The corporation’s multi-year development projects attract investments and maintain the centerpieces of our waterfront.

- **Sands @ Salter:** Further development of public amenities and infrastructure to facilitate events and public use and enjoyment of the waterfront.
- **Queen’s Landing Seawall:** Development and recapitalization of wharves, boardwalks, and plazas in support of the Queen’s Landing project.
- **Dockside Mixed-Use Development:** Provident Development is completing construction of a mixed-use residential/commercial development on the last parcel of Phase One of the Bedford waterfront. WDCL and Provident are partnering in the development of extensive boardwalks, plazas and public open spaces as part of the complex.
- **Dartmouth Harbourwalk:** Completion of additional green spaces and public amenities along the Dartmouth Harbourwalk.
- **Marine Infrastructure:** Continuation of a multi-year capital upgrade plan for public marine infrastructure.
- **South Battery Pier:** Design and construction of public space upgrades to the former heliport on the Halifax Harbourwalk to facilitate events, performance spaces, and the inclusion of public art.
- **Cable Wharf Pile Repairs:** Reinforcement and repairs to the timber pile structure in support of the redevelopment of the structure.
- **Harbourwalk Wayfinding and Interpretive Signage:** Upgrades to the signage programs to improve the visitor experience.
- **Performance Space Upgrades:** Improvements and upgrades to performance spaces along the Halifax Harbourwalk to support events and programming.
- **Visitor Information Center:** The WDCL will be undertaking upgrades to the Visitor Information Centre on the Halifax Harbourwalk to expand the provision of public washrooms.



### 3. Property Management

The WDCL owns and manages a waterfront real estate portfolio with properties in Dartmouth, Bedford, Lunenburg, and Halifax. These properties are consistently among the most visited places in Nova Scotia and are a touchstone for the Nova Scotia experience for residents and visitors alike.

The WDCL's mandate is to leverage these properties to create value. We layer physical development with high-quality operations, services, and programming to make the natural wonder of the waterfronts under our care accessible and enticing, thus creating a waterfront that is both broadly appealing and uniquely personal. The waterfront means different things to different people. But it is important to all people. We want to ensure that whatever it may represent, it is meaningful—that people believe in *their* waterfront.

As the most visited destination in Nova Scotia, our property team works hard to ensure our waterfronts are *Clean, Green, and Safe*.

#### Clean

- **Maintenance Program:** Our property maintenance program continues to improve as our staff focus on identifying and implementing efficiencies in their work, and on broadly articulating high standards of cleanliness for ourselves, our waterfront partners, and the public. Our shared maintenance agreement with HRM ensures that resources are

efficiently deployed and that this high standard of cleanliness is enjoyed at all of our waterfronts.

#### Green

As a team, we will capture best practices in a sustainability policy this year that will guide future decisions, ensuring with each new project that we are asking ourselves how we can minimize environmental effects in our work and leverage our profile for public education in matters of sustainability.

- **Sustainable Procurement:** Our procurement activities comply with the provincial sustainable procurement policy, meaning that we consider footprint and lifecycle costing in our evaluation of best value.
- **Green Choices:** We continue to leverage our properties to provide incentives for green choices. We support CarShare HFX with free waterfront parking for all CarShare vehicles. We support a number of community walks and runs and work to ensure the boardwalks under our management are safe and suitable for active, healthy lives. We continue to expand options for traveling to the waterfront by bicycle, with more racks and even an option for bicycle rental through our new tenant, I Heart Bikes. And we continue to pilot emerging green technology on our waterfronts to learn how we can incorporate such technology into our operation.

- **Public Spaces Recycling Project:**

Our successful public spaces recycling program is continuing to expand, with plans to roll out four stream recycling depots with solar-powered trash compactors to Bedford, Dartmouth, and Lunenburg, reducing volume and trips to collect trash, and educating the public on appropriate disposal of waste.

- **Green Technology:** We will achieve a Blue Flag designation for our marina facilities this year, recognizing compliance with an international set of rigorous environmental standards in marina operations, the first in Atlantic Canada.

#### **Safe**

- **Security Program:** Continued enhancements to lighting, landscaping efforts to eliminate dark spaces, and a comprehensive security camera program, combined with a strong partnership with our security provider, have resulted in a rigorous, 24-hour security program to ensure that, day and night, our waterfronts are safe and enjoyable places to be.
- **Marine Security:** We have made substantial progress on the marine security front, through the development of a strong relationship with Transport Canada and articulation of our common goals.

#### **Risk Management**

An Infrastructure Management plan was completed this year, which provides an important tool for effectively managing assets and mitigating risk. Ongoing enhancements to the Internal Control policy and Occupational Health and Safety program have made our operation safer and continue to build stakeholder confidence.

#### **Lunenburg**

Lunenburg waterfront has undergone a number of positive changes in the past five years. Completion of a new business plan, which involved substantial community consultation, was a milestone achievement this year. In collaboration with the county, we have plans to build on this success, including these goals for the upcoming year:

- Substantial investment in marine infrastructure and public berthing facilities and services at the Zwicker Wharf and Shipyard Wharf this year will support access by sea to the beautiful Old Town.
- Work with the community to explore wireless Internet in the Old Town, as well as develop this platform to promote self-guided tours and local business and history. Internet exposure will enhance the public's enjoyment and provide a platform on which stories of this UNESCO World Heritage Site can be told.



- A new boardwalk area through the park at Zwicker Wharf, complemented by enhanced lighting, public seating, and new signage, will provide access to the water's edge for the public, while still protecting the working waterfront operations.
- Repairs to The Dory Shop will help ensure that this unique heritage operation continues to grow and thrive.
- The year 2011 saw the Bluenose II reconstruction command the spotlight on the waterfront. Her launch this year will be an important event for the community and the province on a world stage. Attracting a long-term shipbuilding tenant at the site is the priority this year.

#### **4. Business Development**

This year will see additional marine infrastructure to support recreational boating at new locations along the waterfront. Our focus continues to be in developing world-class experiences through the provision of high-quality services. Work to develop a signature event program last year paid off in an exceptional year of events. This year looks even better. With strong partnerships and ongoing dialogue with creative, engaged members of the community, we continue to seek out opportunities to partner with smart operators with big ideas. The result is an unprecedented waterfront event line-up, with big and small events, that truly offers something for everyone.

#### **Commercial Tenancies**

This year we will issue a request for proposals to operate high-quality commercial businesses on the waterfront at eight high-profile kiosks. We will cast a wide net and reward sustainability, high quality, community engagement, and unique Nova Scotia products and experiences.

Improvements to the public space, including a new seating area at Queen's Market, new lighting, a renovated Summit Stage, and ongoing improvements to the boardwalk, support our tenants and partners in creating a place for great memories and new adventures.

Work will begin this year to revision a full children's precinct to complement the exciting new submarine playground and engage our youngest visitors.

#### **Marine Services / Berthing**

Our marine infrastructure continues to grow, with new floating docks planned for deployment this year at key locations, extending important public access to our waterfronts by land and by sea. We will continue to promote our free daily berthing and reasonable overnight berthing program to the boating community.

When a vessel is berthed at one of our wharves or floating docks, we want to ensure that the visitors' stay is outstanding. A streamlined booking process was implemented last year, and we continue to work on our online booking option.

An information package detailing services, promoting things to see and do, and providing critical contact information will welcome vessels from near and far, whether tall ships or small ships.

### **Signature Event Plan**

Building on our Signature Event Program from 2011, the 2012 line-up is truly unprecedented. We are proud to welcome a mix of our region's best events, with something for everyone. We will focus this year on ensuring we are promoting the line-up to its potential by creating a go-to place for all things event-related, at [my-waterfront.ca](http://my-waterfront.ca).

### **Tall Ships Nova Scotia 2012**

Through the development of strong relationships with sail-training organizations around the world, the development of a comprehensive Tall Ships planning framework, and development and management of high-quality marine infrastructure, as well as our earned reputation as enthusiastic ambassadors of the world-famous maritime hospitality, we have successfully established Nova Scotia as a favorite port on the Tall Ships circuit.

Tall Ships Nova Scotia 2009 was marketed internationally and generated an economic impact of \$32.8 million, with \$2.5 million in direct taxes, and attracted 94,000 people from outside of the Province and 600,000 visitors to the event. The impact of Tall Ships events is undeniable. The tall ships are a driver of economic impact,

a backdrop for commerce, and a tribute to our maritime history. They stimulate a gathering of people, our residents and our many visitors, in a celebration of our greatest natural resources—our waterfronts.

The 2012 event promises the most exciting shoreside program to date. Through high-performing partnerships, we will showcase the best of the Nova Scotia experience, including high-quality art and film, entertainment, culinary experiences, and an unprecedented historical program commemorating the War of 1812. The best of Nova Scotia partnerships and experiences will complement the fleet of spectacular tall ships off our shores, resulting in the signature event of 2012 in Nova Scotia.

### **Sponsorship**

We are exploring opportunities to leverage our properties to create new revenue streams through corporate sponsorship. Both our physical properties, which comprise the most-visited destinations in the province, and our virtual properties—including our updated website ([my-waterfront.ca](http://my-waterfront.ca)) and the free Wireless Waterfront infrastructure—offer tremendous real estate value.

### **Parking**

Parking lots represent a transitional use of waterfront land, but they also provide an important service to the public. Revenue associated with parking is reinvested in waterfront improvements for the public's benefit. Parking operations are not



glamorous, but because we operate lots, we aim to operate them well.

With the adoption of the Waterfront Access Pass, and a new agreement with HRM for parking ticket enforcement that directs ticket revenue to joint waterfront infrastructure projects, our major changes to the parking operation are complete.

## Human Resource Strategy

Waterfront Development calls for a unique blend of expertise among its people. Commercial real estate, urban planning, construction, engineering, landscape design, business accounting, and public consultation law—all are fields that the organization applies to its goals.

In addition, every waterfront project requires a bilateral or multilateral team of some form, involving private and public sector organizations. It is important, then, that the corporation keeps its internal processes streamlined and its organizational culture collaborative.

The Human Resource priorities are

1. new organizational practices that enhance collaboration and celebrate colleagues' successes
2. continued investment in employee learning and development

## Marketing Strategy

The waterfronts of Halifax and Lunenburg are the two most visited destinations in Nova Scotia. Our development pipeline will, in the next two years, see the construction of buildings that will dramatically increase the number of residents in Halifax's downtown core and shape its waterfront for the future. All of this leads to business opportunities, but also to the need to engage our stakeholders and publicly communicate the goals and timelines of our work.

The Tall Ships Nova Scotia 2012 event will be a signature tourism and economic development generator for the province. The Tall Ships event will showcase the best of Nova Scotia to our citizens and tourists, and Waterfront Development will work with partners to promote the event and attract visitors to our province.

### ***Marketing and Communications Objectives***

1. Create awareness and support for the development projects and business opportunities on our waterfronts.
2. Align the community and economic interests of the waterfronts through stakeholder engagement and government strategies, such as *Ships Start Here* and *jobsHere*.



- Promote the assets and amenities of our waterfronts to create extraordinary waterfront experience.

## Budget Context

### *Financial Management*

Fiscal 2011–2012 saw the corporation make significant progress in its property development plan to strategically transition properties from their interim use as parking lots to mixed-use developments, adding animation, vitality, and economic strength to the waterfronts and surrounding areas. As outlined in our previous business plan, this included the demolition of the BioScience building in fiscal 2011–2012 as well as advancing other projects to the point where there is greater visibility as to the timing and details surrounding the development projects. WDCL used its positive cash flow from 2011–2012 operations to enhance the waterfronts of Halifax Harbour and Lunenburg with a combination of capital and operating improvements.

The corporation has a break-even budget for fiscal 2012–2013. This is down from a small surplus budget in the prior year, owing principally to pressure on our parking revenue stream. Managing the transition of properties from parking lots to developments is challenging and affects our traditional revenue base in the short term. Factors such as demolition, changing timelines of

developers, and changing direction of traffic flow on downtown streets all play a role in our revenue stream fluctuations. The corporation continues to control expenditures and plan strategically to broaden its revenue base as a means to maintaining its long-term financial strength.

WDCL anticipates that two development projects presently in the advanced planning stages will add predictability to the long-term revenue of the corporation as parking revenue is replaced by land-lease revenue. Spinoffs will increase the tax base of the province and of the Halifax Regional Municipality through job creation and enhanced economic activity. Planned capital spending in 2012–2013 will again include improving public access, safety, and enjoyment of the waterfronts of the Halifax Harbour and Lunenburg. Other capital spending will support the planned private/public property developments.

In fiscal 2012–2013, the Corporation will host another of the popular Tall Ships festivals. WDCL manages these festivals on a break-even basis through a combination of grants, corporate sponsorship, and earned revenues. This festival extends to a number of ports around the province and provides a centerpiece for tourism and economic activity in the surrounding area. We will continue to incorporate waterfront animation, public spaces, and partnerships into our annual budgets as a means of driving economic activity to our outstanding waterfronts.



## Waterfront Development Corporation Limited

### **Budget 2012–2013**

	Budget 2011–12 (\$)	Forecast 2011–12 (\$)	Budget 2012–13 (\$)
<b>Revenue</b>			
Rents	1,479,000	1,420,500	1,388,000
Parking	2,250,000	1,950,900	2,000,000
Other income	365,000	463,400	420,000
Grant income*	285,000	285,300	283,000
	<b>4,379,000</b>	<b>4,120,100</b>	<b>4,091,000</b>
<b>Operating expenses</b>			
Insurance	98,400	91,800	92,400
Labour and benefits	210,000	192,700	210,000
Repairs and maintenance	310,000	334,000	323,800
Security	166,500	166,500	166,500
Utilities	124,000	140,600	151,000
Various other	422,700	483,000	387,900
	<b>1,331,600</b>	<b>1,408,600</b>	<b>1,331,600</b>
<b>Income from property</b>	<b>3,047,400</b>	<b>2,711,500</b>	<b>2,759,400</b>
<b>Program expenses</b>	<b>350,000</b>	<b>300,000</b>	<b>305,000</b>
Tall Ships revenue	—	—	2,500,000
Provincial grant*	470,000	470,000	310,000
Tall Ships expense	470,000	470,000	2,810,000
	—	—	—
Lunenburg revenue	290,000	341,000	225,000
Lunenburg grant*	378,000	378,000	374,200
Lunenburg expenses	668,000	719,000	599,200
	—	—	—
<b>Administration expenses</b>			
Amortization	690,000	678,000	751,000
Interest on long-term debt	25,000	18,000	25,000
Office, consulting, and general	478,400	479,900	486,400
Salaries and contracts	998,000	957,900	998,000
Staff expenses and benefits	194,000	187,700	194,000
	<b>2,385,400</b>	<b>2,321,500</b>	<b>2,454,400</b>
<b>Net surplus</b>	<b>312,000</b>	<b>90,000</b>	<b>—</b>

\*Total grant = \$967,200



# Outcomes and Performance Measures

Core Business	Outcomes	Measure	Base Year Measure	Target 2012-13	Strategies to Achieve Target
Financial	Strong financial management	Revenue for high-quality development	2010-11: \$3,396,400	\$4,119,000	Financial management strategy
Community Use of Waterfront	Increase the amount of public use	Number of visitations	60% of Nova Scotians visited *	65%	Business development priority
		Frequency	12x per visitor	15x per visitor	
Infrastructure Development	New and better uses for waterfront lands	Increase/improve developed property	275,000 sq. ft.	300,000 sq. ft.	Infrastructure Development priority
Property Management	Clean, safe, and well-maintained assets	Percentage public satisfaction	89%**	95%	Property Management priority
Waterfront Planning	Priorities for waterfront lands complete	Number of plans and projects complete	14	16	Waterfront Planning, Infrastructure Development, and Property Management priority
Business Development	New waterfront experiences	Number of new experiences (product, service and event)		20	Business Development priority
Business Development	Learning for Good Jobs	Number of student placements or people trained	3	20	Business Development
Property Management		Participant satisfaction	New measure	80%	Property Management



Core Business	Outcomes	Measure	Base Year Measure	Target 2012-13	Strategies to Achieve Target
Business Development	Facilitate business to be more competitive	Number of new tenants and/or expanding operations	3	8	Infrastructure Development Asset Management
People	Aligned goals, learning and engagement	Goal completion	100%	100%	HR strategy
Corporate Governance	Continuous improvement and best practices	Percentage Goal completion	100%	100%	Corporate Governance strategy

\*2009 Halifax Harbour Waterfront Market Segmentation and Targeting Study (Corporate Research Associates)

\*\* 2003 Visitor and Public Opinion Study (Corporate Research Associates)