

[illegible]

Crown Corporation Business Plans

© Crown copyright,
Province of Nova Scotia, 2013

Designed and published by
Communications Nova Scotia

ISBN: 0-88871-944-2

This document is available
on the Internet at
[http://www.gov.ns.ca/treasuryboard/
BusinessPlans.htm](http://www.gov.ns.ca/treasuryboard/BusinessPlans.htm)

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

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

FOR THE FISCAL YEAR 2013–2014

Table of Contents

Art Gallery of Nova Scotia	5
Halifax-Dartmouth Bridge Commission	19
Innovacorp	37
Nova Scotia Business Incorporated	49
Nova Scotia Crop and Livestock Insurance Commission	71
Nova Scotia Farm Loan Board	81
Film and Creative Industries Nova Scotia	99
Nova Scotia Fisheries and Aquaculture Loan Board	119
Harbourside Commercial Park Inc.	131
Nova Scotia Housing Development Corporation	141
Nova Scotia Lands Incorporated	155
Nova Scotia Liquor Corporation	169
Nova Scotia Municipal Finance Corporation	191
Nova Scotia Power Finance Corporation	207
Nova Scotia Provincial Lotteries and Casino Corporation	213
ReNova Scotia Bioenergy Incorporated	227
Sydney Steel Corporation	237
Trade Centre Limited	243
Waterfront Development Corporation Limited	257



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Art Gallery of Nova Scotia ***Business Plan 2013–2014***

Table of Contents

Message from the Minister	7
Mission	9
Vision	9
Mandate	9
Planning Context	9
Core Business Areas	10
Strategic Goals	12
Budget Context	16
Outcomes and Performance Measures	17

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 (AGNS) for the 2013–14 fiscal year.

Incorporated in 1975, and with a history dating back to 1908, the AGNS is Atlantic Canada's largest art museum and home to Nova Scotia's provincial collection.

The gallery is an anchor of Nova Scotia's cultural tourism and is open to Nova Scotians and visitors from around the world all year long. From historical paintings to folk and contemporary art, Nova Scotia's glorious art treasures belong to us all. Sharing these treasures is part of the glue that holds our society together, refreshes our spirits, and helps us reflect and thrive in a fast-changing and often busy world.

The Province of Nova Scotia takes great pride in the AGNS and supports the gallery as it works "to engage people with art." As stewards of one of the largest collections in Atlantic Canada, our government supports the gallery as its directors and staff build and preserve the provincial collection for future generations, facilitates learning, ensures accessibility, and provides an exceptional experience at the gallery.

In order to achieve these goals most effectively, the gallery has created a strategic framework presented in this business plan.

This document summarizes the gallery's strategic priorities for the year ahead, outlines measures to be taken, and provides a budget summary for the 2013–14 fiscal year. It also reflects our government's commitment to protect this important cultural asset in our care and our continued assurance to develop and strengthen our arts and culture sector for everyone to enjoy.

Our cultural heritage is a big part of what makes Nova Scotia unique. Though the heritage we share is immense and diverse, it is also distinctive, personal, and local. We have so much to be proud of, so much to share with each other, and so much to show off to the rest of the world.

Our department looks forward to working with the Art Gallery of Nova Scotia as it continues to build on its successes in the year ahead.

Sincerely,

The Honourable Leonard Preya
Minister of Communities, Culture and Heritage

Mission

To engage people in an enhanced experience with art, through its professional collection, preservation, exhibition, and interpretation.

Our mission statement reflects our commitment to our audiences, to our collections, and to the standards of our profession. Engagement is at the core of this mission, and at the core of our values as an institution.

Vision

The Art Gallery of Nova Scotia is a preeminent art museum with exceptional collections, exhibitions, education, and public programming. We are a hub of artistic and cultural energy and an inspiring resource for Nova Scotia and the world. With innovative approaches to engaging people, the Art Gallery of Nova Scotia is a gathering place to provide direct encounters with extraordinary works of art.

Mandate

The Art Gallery of Nova Scotia (AGNS) 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 gallery is overseen by a board of governors appointed by Executive Council and made up of volunteers. 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 the AGNS to community, government, corporate, and other funding agencies. The board acknowledges the competency role as advocates and fundraisers for the activities of the Art Gallery of Nova Scotia.

The AGNS is the primary institution for the preservation and collection of visual art in Nova Scotia, and it is the largest art museum in Atlantic Canada, with a collection of over 15,000 artworks. We focus our collecting and exhibition activity on the art history of Nova Scotia, of our region, of the country and internationally, in order to tell the story of how the art history of Nova Scotia fits into larger national and international contexts. The growing success of the annual Sobey Art Award, organized by the AGNS since the award's inception in 2002, puts us at the forefront of contemporary Canadian art. The AGNS serves a central role in presenting Nova Scotia's art to the country, Canadian contemporary art to wider audiences in Canada, and Canadian art to the world.



In December 2012, a feasibility study for a new AGNS was completed. The recommendations outlined in this study will be implemented as part of our need to continue to meet the gallery's mandate. Also, in 2012 the gallery's board of directors prepared a strategic plan. Five strategic goals were identified and will form the basis of the gallery's ongoing future planning:

1. Build a new home for the AGNS.
2. Enhance exhibitions and public programming.
3. Increase visitation and memberships.
4. Create an AGNS Foundation.
5. Continue to stabilize the AGNS operational and program funding.

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. These are delivered through five distinct but interrelated functional areas, 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 areas.

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 Art Gallery of Nova Scotia 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 treatments using accepted museum practices.

1 (b) Exhibitions

The AGNS is committed to our mission of bringing art and people together. In addition to our annual Sobey 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 Sobey 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 Sobey Art Foundation. The second is focusing 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 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 activity across the country, to developing exhibitions that examine the work of individual artists, and to 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

The AGNS has an ambitious education and public programming strategy that focuses

on both on-site and outreach activities. On-site activities surround 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 lifelong 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 such as 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 gallery maintains strict financial controls and accounting, ensuring transparency in our operations and fiscal responsibility across all our operations.



This core function 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

This business function serves to financially support the operations of the AGNS and to encourage the public to visit the gallery and engage in the visual arts.

The AGNS creates market awareness by various public relations tools and promotes membership to the public. Membership generates revenues and creates a sense of ownership, helping to recruit volunteers who assist the gallery in all aspects of its operations, including fundraising, governance, and program delivery. We publish the *AGNS Journal* (a members' magazine), produce a monthly e-newsletter, and maintain an active online presence on our website, Facebook, and other social media.

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

Strategic Goals

1. Build a New Home for the AGNS

(Implement the recommendations of the feasibility study prepared by Lord Cultural Resources.)

In a time of financial restraint, with many conflicting demands on the resources of taxpayers, the AGNS understands that we have to present a coherent plan for the short-term mitigation of the risk factors to the collection as well as a long-term strategy that will move us forward with a building that lives up to the mandate granted to the AGNS. Nova Scotians have a right to expect that the art collections they own will be stored, preserved, researched, and exhibited in a manner that will ensure the long-term health of the collections and that will continue to provide opportunities for Nova Scotians and their visitors to enjoy the rich visual heritage found in this province and region. They also have a right to expect a clearly articulated, fiscally sound plan that describes how to respond responsibly to the physical shortcomings of the current building and to the risks inherent in not moving to address them. In fiscal year 2013–2014 the AGNS will continue to work with the Department of Transportation and Infrastructure Renewal to mitigate the existing factors of the building, while performing necessary groundwork toward our long-term goal of building a new home for Nova Scotia's remarkable art collections.

For fiscal 2013–2014, the gallery will focus its attention on the following four priorities in order to accomplish our goal.

Refine the case for support

Private support of this initiative is imperative if a new building is to become a reality. The AGNS will prepare a fully documented case for support that will become the investment prospectus for potential donors. It will be the resource document revealing the vision and specific funding challenges that must be met to realize its objectives.

The case for support must convey a clear sense that the specific needs of the AGNS have been carefully prioritized and are not a wish list. They must persuade prospective supporters that the new facility to house the collections of the AGNS is a goal worthy of their support. Success in this area will mean that the new building is funded in part other than from tax revenues, thus providing needed financial relief to Nova Scotians.

Develop and begin implementation of communication strategy

Communicating to Nova Scotians why this process is necessary is vital to any hope of its success. There is a need for a highly personalized and targeted communications strategy to educate and cultivate the community's influencers and opinion leaders on a number of fronts, including the following:

- communicating the national reputation of the AGNS and the calibre of its collection

- outlining and explaining the plans for a new art gallery, the cost, and the proposed timeline
- communicating the shortcomings of the current facility for families and businesses in Nova Scotia
- communicating the dynamic role the AGNS plays in attracting and retaining qualified professionals across the business, education, and health sectors
- communicating the role the AGNS plays in the community's ability to attract new business with new employees who will settle in this area.

Success in this area will mean that Nova Scotians are made more aware of the excellence of their art gallery and of its central role in the perception of Nova Scotia by the rest of the country, as well as its role in the vibrant culture of our communities.

Recruit Strategic Prospect Engagement team

Successfully engaging the private sector in raising funds for a new building is a vital component of the potential success of this initiative. If senior, influential, and committed philanthropists decide that this project is worthy of their support, it will become a reality. The AGNS will begin the activity of cultivating and securing a chair of the Strategic Prospect Engagement team and, in turn, the team itself. With the assistance of key stakeholders, members, and influential friends, the chair should help identify, cultivate, and recruit a volunteer organization at the highest level.



Begin process of Strategic Prospect Engagement

This process will include providing coaching and orientation to volunteer leadership. The gallery will undertake prospect research and qualification. Top prospects will be identified, and a plan will be developed that includes cultivation strategies for each prospect. The Strategic Prospect Engagement will continue for the next 12 months.

2. Enhance Exhibitions and Public Programming

A key part of the mandate of the AGNS is to exhibit works of art; that is, to make them available to public view. Our mission of engaging people with art takes this to another level. It is our goal to engage Nova Scotians in a discussion about their collections and the vibrancy of the cultures in their communities, and to provide a model of excellence to inspire Nova Scotians to ever-greater achievements in the arts. Our regular program of exhibition and public programs, of research and outreach, will be enhanced in fiscal year 2013–2014 by two new initiatives that directly engage with Nova Scotia art and that will provide multiple platforms for Nova Scotians to experience, engage with, and be educated about the range of cultural activity in this province.

For fiscal 2013–2014 the gallery will focus its attention on the following two priorities in order to accomplish our goal.

Begin implementation of the “Maud Lewis Project”

This project builds on the scholarship conducted on the Maud Lewis house, a centerpiece of the provincial collection. It will include research for a book written by the gallery’s Senior Conservator and Curator of Education and Public Programs, geared toward middle and high school students as well as the general public. The book will comprise chapters that explore various aspects of Maud’s work, such as her use of cultural references, as well as her personal history with juvenile arthritis. Additions to the Maud Lewis Gallery in 2013 will include bilingual educational materials, and research will begin on the inclusion of new technologies, such as tablets in the gallery spaces to help illustrate elements of Maud’s composition and approach to her subject matter. Increased use of the resources of our website will ensure that Nova Scotians have access to the rich resources surrounding the Maud Lewis house and our collection of her paintings, and a slate of events and programs in the gallery will attract people to see first-hand the wonderful creations of Nova Scotia’s, and Canada’s, greatest folk artist.

Develop a “Triennial of Nova Scotia Art” to be implemented in 2014–2015

Nova Scotia has a rich visual culture, one that finds expression in communities across the province. Nova Scotians rarely get to see the best of these expressions drawn together

in one exhibition that provides a snapshot of the current tenor of the arts in this province. In 2013–2014 the AGNS will create the Nova Scotia Triennial to do just that. Through an open call, the gallery will solicit entries from artists working in Nova Scotia. The jury composition will be determined drawing on the skillset of panelists, including one from outside the province (international curator of contemporary art). The jury will examine the submissions and arrange for an exhibition and book highlighting those artists selected for inclusion. The Triennial will give Nova Scotians the opportunity to view works from every corner of the province and to take part in a series of conversations about contemporary art that will be supported by education programs, public events, and related activities.

3. Create Positive Visitor Experience

An important indicator of the importance placed by Nova Scotians on the activities of the AGNS is their direct engagement in those activities through visiting the gallery and purchasing memberships. In the coming fiscal year the AGNS will undertake activities designed to continue the increase in visitation we have been enjoying and to increase the number of memberships in order to more fully deliver on our mission of “engaging people with art.”

For fiscal 2013–2014 the gallery will focus its attention on the following three priorities in order to accomplish our goal.

Use new technologies to increase new memberships and retain more existing ones

We will implement online transaction sales capacity to an enhanced AGNS website, making it easier for Nova Scotians to become, and remain, members of the AGNS and to enjoy the enhanced benefits that come with membership. By targeting membership sales and online donations with an accompanying tiered direct marketing strategy, we will increase our target sales pool to a broader audience.

Enhance marketing efforts to increase visitation

Through the use of segmented market research, we will focus our marketing efforts in core and ancillary services to more tightly segmented audiences. We believe that by better communicating our activities to Nova Scotians they will be more likely to visit the gallery to experience those activities for themselves.

Gather visitor information

The gallery plans to measure the visitor experience with the new technology and the implementation of “Exit Surveys.” Feedback on exhibitions, overall visitor experience, and public programming available will be critical to plan for future events. Feedback surveys from parents on educational programs such as March Break and Summer School will be invaluable. The gallery will be provided with information on what we can do better to increase participation in classes and encourage students to return.



Budget Context

	Estimate 2012–13 (\$)	Forecast 2012–13 (\$)	Estimate 2013–14 (\$)
Revenues			
Gallery operations			
Province of Nova Scotia grant	2,046,000	2,046,000	2,148,000
Admissions and memberships	186,041	145,547	157,000
Donations and other	392,350	826,075	705,000
Programming recoveries	542,600	542,855	361,500
Gallery recoveries	36,000	36,000	27,000
Total gallery operations	3,202,991	3,596,477	3,398,500
Gallery shop	236,134	216,722	248,630
Endowment fund	81,100	201,629	105,000
Acquisition fund	149,000	274,448	65,000
Total revenue	3,669,225	4,289,276	3,817,130
Expenses			
Gallery operations			
Salaries and benefits	1,972,923	1,931,506	2,008,160
Building operations	736,070	261,953	384,500
Programming	621,240	919,812	619,025
Development and public relations	261,000	340,613	343,600
Western Branch	142,016	134,899	140,000
Total gallery operations	3,733,249	3,588,783	3,495,285
Gallery shop	208,160	196,600	216,330
Endowment fund	22,000	22,120	22,000
Acquisition fund	156,000	300,836	80,000
Total expenses	4,119,409	4,108,339	3,813,615
Surplus (deficit)	(450,184)	180,937	3,515

Outcomes and Performance Measures

Overall Business Areas

Outcome	Measure	Target 2013–14	Strategies to Achieve Targets
1. Build a new AGNS	Case for support document reflects the needs and ambitions of the AGNS as determined through the feasibility study findings Public awareness is created about the benefits of a new building for the AGNS Candidates are identified, recruited, and interviewed Active solicitation by Strategic Prospect Engagement team has begun	Final version of the case for support published and ratified at June 2013 AGM Tiered communications plan for all levels of stakeholders and audiences ratified at June 2013 AGM Strategic Prospect Engagement team in place by fall 2013 Strategic Prospect Engagement team has all solicitation materials and has received campaign training by fall 2013	Finalize case for support Develop and implement communication strategy Recruit Strategic Prospect Engagement team Begin process of Strategic Prospect Engagement
2. Enhance exhibitions and public programming	Retention rate of memberships Parental feedback of summer school and March break programs	Increase membership retention to 80% (from 70% in 2012–13) 70% of students returning from 2012–13 summer school and March break	By measuring the renewals of memberships we can see that we are offering exhibitions and programs that are satisfying to our members By receiving parental feedback on our programming we can offer programs that engage students
3. Create positive visitor experience	The number of visitors who purchased memberships after their visit Use information from exit surveys to effect changes	Convert 0.5% of visitors to members – approximately 100 visitors Establish database to capture exit survey information and report on a timely basis to senior management team	Train front-desk staff on effective upselling methods Implement exit survey for visitors to complete



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Halifax-Dartmouth Bridge Commission *Business Plan 2013–2014*

Table of Contents

Message from the Chair and CEO	21
Mission	23
Vision	23
Mandate	23
Core Values	23
Planning Context	23
Strategic Goals	25
Core Business Areas	26
Priorities for 2013–2014	28
Budget Context	30
Future Capital Requirements	31
Outcomes and Performance Measures	32

Message from the Chair and CEO

We are pleased to present the 2013–2014 business plan for Halifax Harbour Bridges.

The priorities in this business plan focus on ensuring that the organization continues to provide safe, efficient, and reliable cross-harbour transportation infrastructure at an appropriate cost. How this is accomplished is through the following:

- Detailed annual inspections followed up with a comprehensive maintenance program and strategically selected capital projects to ensure the long term safety of the bridges and the traveling public.
- Minimizing incidents and clearing them quickly when they do occur.
- Continuing to use technology to manage demand by promoting electronic tolling and other traffic management systems.
- Operating with strong fiscal management.
- Conducting maintenance and capital projects to ensure the long-term safety of the bridges and the travelling public.

The specific projects for achieving these results for the coming fiscal year are outlined in this plan.

Of particular note is the Macdonald Bridge suspended spans re-decking project. Over the past three years and for the next three years, much of the focus for HHB has been and will continue to be on this project. The bridge remains safe, but after 60 years the deck is wearing out and needs replacement, which will extend the life of the bridge and reduce maintenance. The on-site work will begin with the first panel being replaced in the first quarter of 2015.

We will focus on reducing traffic incidents through a public awareness campaign and apply more efficient means of reducing the effect of incidents when they do occur.

We will continue to work with stakeholders to identify improvements, which will assist future capacity requirements and increase electronic tolling (MACPASS) distribution.

We will maintain a strong financial position with a sound financial plan in place, as supported by two national bond rating agencies.

The bridges are vital transportation links and determining factors in the economic development of HRM and the region. We continue to work toward providing world-class innovative transportation solutions.

Wayne F. 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 and support of our communities

Integrity – act with integrity, credibility, and accountability

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) reports to the Minister of Finance of the Province of Nova Scotia. The board has nine members: five are appointed by the Province of Nova Scotia, including the chair and vice chair, and four are regional



councillors, appointed by Halifax Regional Municipality. Within the board structure, standing committees provide governance and direction to audit; safety, maintenance, and engineering; finance/administration/planning; and operations, tolling, and communications.

HHB has 35 permanent staff and employs approximately 35 painters and 12 gardening staff seasonally. Also, 50 members of Commissionaires Nova Scotia (CNS), who are under contract, provide operational services to HHB.

Strengths

- HHB has 58 years of experience maintaining and operating tolled suspension bridges.
- HHB has expertise in electronic toll collection.
- HHB's focus on the safety of employees and everyone who works on and around the bridges is a priority.
- HHB is financially self-reliant. As a self-funding user-pay operation, HHB receives no funding from the provincial government.
- HHB is fiscally responsible, as demonstrated with strong ratings from two national rating agencies: Toll Revenue Debt rating of AA (low) with DBRS and a long-term issuer credit rating of AA- stable with S&P.

- Through strategic capital investments and a comprehensive maintenance plan, the harbour bridges are two of the best maintained pieces of infrastructure in the province.
- MACPASS, HHB's electronic toll collection system, reduces toll plaza congestion and idling times to benefit 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. Traffic continues to grow year over 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 continuously 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.
- Introduce communications to help the public better understand the long-term plans of HHB and the role the public plays in minimizing incidents on the bridges.
- Broaden the application of MACPASS Plus, similar to the model used to park 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 priority for HHB, which has implemented a state-of-the-art security system to help protect the bridges – two critical pieces of infrastructure in the province.

Strategic Goals

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

1. 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.

2. Recognition of Values

Customers will appreciate their experience crossing the bridges.

Objectives

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

3. 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.

4. Leadership

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

Objectives

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

Core Business Areas

1. Maintenance and Engineering

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

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 2012 were the roadside barrier improvements on the MacKay Bridge approach roads; additionally, most of the anchorage repairs and waterproofing (both bridges) and the security fencing were completed.

The MacKay Bridge suspended spans steel-deck-life-assessment laboratory work and field strain-gauging are well underway.

Stemming from the concrete investigation at the Macdonald Bridge, concrete pier repairs are planned in three phases. The first phase is planned for 2013, the second in 2014. The third phase will likely be conducted in 2017. A similar comprehensive concrete investigation is planned at the MacKay Bridge for 2013.

Focus for 2013–2014

- Wrap up the carry-over projects from 2012–2013 (Macdonald and MacKay anchorages and security fencing).
- Undertake the final phase (Phase 3) of the roadside barrier improvements, which improve the roadside barriers by adding crash cushions and attenuators, and by making the barriers continuous. The final phase will complete the remaining sites on the MacKay Bridge approach roads and address the sites at the Macdonald Bridge.
- Complete the laboratory fatigue testing and the field strain-gauge monitoring to provide a better assessment of the MacKay Bridge suspended spans deck life.
- Conduct Phase 1 (of 3) of the Macdonald Bridge concrete pier repairs.
- Improve guide signage on overhead sign structures.

- Replace selected MacKay Bridge suspender ropes.
- Conduct comprehensive concrete investigation on MacKay Bridge substructure, deck, and approach retaining walls to assist in defining timing of repairs and consideration in conjunction with suspended spans deck-life assessment.
- Complete the design for the Macdonald Bridge suspended spans re-decking, issue tender, and award contract. The engineering for this project began in 2010 and will entail the segmental replacement of the suspended spans deck (including stiffening trusses and suspender ropes). Construction is planned for 2014 to 2016.

The extensive maintenance at the MacKay Bridge is part of the longer-term plan to ensure that major maintenance projects are complete in preparation for replacement of the suspended spans on the Macdonald Bridge between 2015 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.

2. Innovative Tolling Solutions

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 2013–2014

- Gain further understanding of how to best implement future tolling efficiencies.
- Focus on reducing operational costs by utilizing technology.
- Undertake the redesign of the MacKay toll plaza to enhance safety and introduce efficiencies that can be achieved by optimizing the lane configuration in the toll plaza.
- Investigate additional customer conveniences for the MACPASS program. These initiatives include
 - development of a new service centre
 - implementation of new account replenishment options using retailers
 - development of smartphone applications for MACPASS account management
- Seek additional applications for the MACPASS *plus* parking solution.



3. Operational Safety and Emergency Preparedness

Objective: To ensure the safety and security of the travelling 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 travelling public. Safety measures include weather stations, mobile speed radar, ice detection sensors, round-the-clock bridge security and traffic enforcement, security cameras, emergency telephones on the Macdonald Bridge, dynamic message signs, and a dedicated side walk and bicycle lane on the Macdonald Bridge.

Focus for 2013–2014

- Implement stage two of a traffic awareness campaign focused on the reduction of incidents on HHB facilities.
- Enhance driver awareness through the effective and timely messaging of traffic incidents.
- Review and update the emergency management strategy within HHB.

Priorities for 2013–2014

Engineering

- Continue extensive work on MacKay Bridge to ensure that major maintenance projects are complete in preparation for replacement of the suspended spans on the Macdonald Bridge between 2015 and 2016.
- Complete design for the Macdonald Bridge suspended spans re-decking, issue tender, and award contract.

Maintenance

- Implement a computerized maintenance management system.

Workplace Safety

- Promote a safe and injury-free workplace.
- Monitor the workplace for continuous safety improvement opportunities.

Operational Safety and Emergency Preparedness

- Implement stage two of a traffic awareness campaign focused on the reduction of incidents on HHB facilities.
- Review and update the strategic direction for emergency management within HHB.

Innovative Tolling Solutions

- Redesign the MacKay Bridge toll plaza to enhance safety and introduce efficiencies that can be achieved through optimizing lane configuration.
- Implement new account replenishment options, using retailers.

Communications

- Continue to provide relevant and clear communications about the Macdonald Bridge suspended span re-decking project.

Finance

- Carefully monitor expenditures to earned value for Macdonald Bridge suspended spans replacement project.



Budget Context

	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Revenue			
Toll revenue	32,087	32,527	32,900
Other rate charges	162	163	163
Investment and sundry income:			
Trust fund investments	269	280	329
Other	350	346	330
Investment income	50	89	70
Contributed capital contribution	65	65	65
Total revenue	32,983	33,470	33,857
Expenses			
Operating	6,470	6,222	6,837
Maintenance	5,157	4,595	4,594
Amortization	7,209	7,818	8,239
Debt servicing	2,511	2,504	2,37
Loss (profit) on disposal of property, plant, and equipment	100	53	60
Total expenses	21,447	21,192	22,102
Net operating income	11,536	12,278	11,755
Other comprehensive income	0	(33)	0
Comprehensive income	11,536	12,245	11,755

Future Capital Requirements

Year	Amount (\$ adjusted for inflation)
2013–14	21,533,000
2014–15	45,400,000*
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
Total capital requirement 2013 to 2026	620,100,000

* Macdonald Bridge suspended span re-decking.

** MacKay Bridge suspended span re-decking.



Outcomes and Performance Measures

Core Business Area 1

Maintenance and engineering priorities for 2013–2014

Outcome	Measure/rationale	Base Year	Annual Target	Trends	Strategies to Achieve Target
Mackay Bridge suspended spans deck monitoring and test program	Final report	Long-range plan anticipates deck replacement in 2022–23	2012: 80%	2011: 25%	Ensure that strain-gauge monitoring and fatigue laboratory testing are complementary Determine realistic load or deflection criteria
		Cracks found and repaired in 2009 Deteriorated deck with cracks replaced adjacent main towers Fatigue samples taken from deck panels removed from main towers in 2010	2013: 100%	2012: 80%	
Roadside barrier improvements	Final inspection report	From 2009 Speed and Road Safety study	2012: Phase 2 100%	2011: Phase 1 (AMM Dart median) 100%	Define work for off-peak periods to minimize disruption to traffic Liaise with HRM and NS where abutting their roads Conduct work during conducive temperatures for concrete work
		First component of road safety improvements Phase 2 awarded Design Phase 3 (final phase of roadside barriers) complete Future components address lighting, speed reduction, and signage	2013: Phase 3 100%	2012: Phase 2 (AMM barriers) 100%	

Core Business Area 1

Maintenance and engineering priorities for 2013–2014

Outcome	Measure/rationale	Base Year	Annual Target	Trends	Strategies to Achieve Target
Macdonald Bridge concrete pier repairs	Final inspection report	Concrete investigation 2012 Phased program over 3 years. Final phase likely to be implemented after suspended spans re-decking	2013: Phase 1 100% 2014: Phase 2 100% 2017: Phase 3 100%	n/a	Tender early in year to avoid cold weather conditions Communicate work to neighbours
Guide signage upgrade	Final inspection report	Stems from 2009 Speed and Road Safety study Discussions ongoing with HRM and NS Transportation	2013: 100%	n/a	Consider in conjunction with corridor suite of signage Coordinate and agree with HRM and NS Define work for off-peak periods to minimize traffic disruption Consider other signage requirements for tolls and regulatory
Macdonald Bridge suspended spans deck replacement	Executed contract	Design more than 50% complete Stakeholder contacts ongoing. Risk assessment underway Wind tunnel assessments complete Specifications underway	2013: contract award 100% 2014: fabrication 70% 2015: fabrication 100% 2015: deck replacement 75% 2016: 99% complete	2010: scoping study 100% 2011: preliminary engineering study 100% 2012: Phase 1 design	Stakeholder consultation Risk assessment Independent engineering check Wind tunnel assessments Coordination with HPA on vessel movements Integrated specification team with designers, legal, and insurers Prequalification process



Core Business Area 2 *Innovative tolling solutions priorities for 2013–2014*

Outcome	Measure/rationale	Base Year	Annual Target	Trends	Strategies to Achieve Target
Increased efficiency of traffic flow & reduced congestion	Increased percentage of MACPASS use	2001: 32.4%	2013: 73%	2008: 65.8% 2009: 68.7% 2010: 70.0% 2011: 72.6% 2012: 72.7%	Increase distribution Provide excellence in customer service Survey MACPASS customers
MACPASS customer service satisfaction survey	Customer satisfaction survey results	This will mark first time MACPASS customers are surveyed on their satisfaction as customers; 2013 will be benchmark year	Survey results will provide benchmark for setting targets for future surveys		

Core Business Area 3

Operational safety and emergency preparedness priorities for 2013–2014

Outcome	Measure/rationale	Base Year	Annual Target	Trends	Strategies to Achieve Target
Implementation of a second public safety awareness campaign	Annual MVA statistics and reduction in traffic related incidents	Awareness survey results from June 2012	Maintain or reduce 2011 vkt statistics	<i>Incidents (#)</i> 2010: 444	Targeted advertisement and radio campaign
	Awareness survey results	Base line of 1.2 incidents per 100,000 vehicle kilometres travelled (vkt)	Average speeds to decrease	2011: 167	Survey of awareness amongst motorists
		2011 average speeds	Macdonald: 50kph	2012: 245	Posters and billboards
		2012 average speeds	Mackay: 70kph		Implement use of speed warning signs
			Macdonald: 57kph Mackay: 70kph	<i>Speeds (km/h)</i> Mackay 2010: 71.4 2011: 65.0 2012: 70.0	
Improved communication to bridge users	Implement additional Dynamic Message Signs located at decision-making points within HRM	Six (6) signs currently in use providing key traffic and safety-related messages to public	Add an additional four (4) signs further out from immediate bridge(s) area, allowing for traffic commuting decisions	No trend data available	Partner with HRM on initiative Secure project funding from partner agencies Research and identify key decision-making points Install and activate new signs Alert public to new message system
				Macdonald 2010: 58.0 2011: 52.6 2012: 57.0	



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Innovacorp ***Business Plan 2013–2014***

Table of Contents

Message from the Minister, Chair, and CEO	39
Mission	41
Vision	41
Planning Context	41
Strategic Goal	41
Innovacorp Core Business	42
Priorities for 2013–2014	43
Performance Measures	46
Budget Context	48

Message from the Minister, Chair, and CEO

As Nova Scotia's early-stage venture capital organization, Innovacorp is an important part of 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-ups are vital to growing our economy.

Nova Scotia's start-up scene is vibrant, and the technology community is flourishing. The region has had some recent home runs, including the July 2012 sale of Halifax-based GoInstant to American cloud-computing giant Salesforce.com. We're eager to help build on this momentum in the year ahead.

Brad Feld, a renowned expert on establishing start-up communities, says the number one rule in building such a community is that entrepreneurs must lead the charge. We agree. But we also know Innovacorp has a significant role to play in helping to create a mature entrepreneurial culture and community in Nova Scotia. It takes a village, as the saying goes.

To achieve results under Nova Scotia's *jobsHere* strategy, Innovacorp's 2013–2014 business plan focuses on the following priorities:

- Maximize the impact of the Nova Scotia First Fund
- Optimize the value of Innovacorp's incubation facilities
- Enhance Nova Scotia's start-up community

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

Dr. Tom Traves
Interim Board Chair, Innovacorp

Jacquelyn Thayer Scott
Interim CEO, Innovacorp

Mission

We support early-stage Nova Scotia knowledge-based companies through investment, incubation, and expert advice.

Vision

We will accelerate the development of the knowledge-based economy in Nova Scotia.

Planning Context

As the last several years have made clear, Nova Scotia's economic performance is deeply influenced by events and the economic health of the world outside its borders. The economic recovery from the "Great Recession" continues to be slower worldwide than many forecasters anticipated, as 2012 marked another year that forecasters reduced forecast growth. Europe has slipped into another recession, and a number of developing economies have growth calming. Uncertainty driven by concerns over sovereign debt in Europe, a slow American recovery with periods of political gridlock, and slower growth in emerging markets serve to act as a drag on confidence affecting private sector investment. Although well below pre-recession levels in many measures, the American economy is starting to show some signs of a strengthening recovery. Nova Scotia's immediate outlook is expected to be slower than long-run trends, but in the

medium-term there are a number of projects (e.g., naval ships contracts, Nova Centre) that will enhance Nova Scotia's growth projections in the future.

Economic growth in Nova Scotia is strongly linked to investment and trade performance. Combine this with the ongoing restructuring of the Nova Scotia economy, and *jobsHere* continues to be very relevant. Emphasis on learning the right skills for good jobs, growing the economy through innovation, and helping business be more competitive globally with the common emphasis on improving productivity are a continued focus for economic development efforts in Nova Scotia.

Innovacorp assisted in the development of Nova Scotia's *jobsHere* plan. We must help deliver on the plan, and we are well positioned to do so. Our work – helping early-stage Nova Scotia knowledge-based companies succeed – supports *jobsHere*.

Strategic Goal

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
- helping to build a dynamic high-growth entrepreneurial culture in Nova Scotia



Innovacorp Core Business

Innovacorp is Nova Scotia's early-stage venture capital organization. Our goal is to help emerging Nova Scotia knowledge-based companies commercialize their technologies and succeed in the global marketplace. We are especially interested in the information technology, life sciences, and clean technology industries.

Early-stage investment is at the core of Innovacorp's business model, but the team offers more than just money. Innovacorp provides hands-on business advisory services, tailored to meet the unique – and evolving – needs of each of the promising technology companies in our portfolio. We also give entrepreneurs access to world-class incubation facilities and an international network of expert advisors.

In 2012–2013, through Innovacorp, the province made seed investments totalling \$5.46 million in 12 promising technology companies, and these investments leveraged an additional \$6.19 million in investment from other sources. Further, we have committed to investing \$15 million in a new regional venture capital fund targeting opportunities throughout Atlantic Canada. With these commitments, we still have capital available to maintain our current investing pace in 2013–2014.

Innovacorp manages two incubation facilities. The Technology Innovation Centre in Dartmouth targets companies in the information technology and engineering industries, and the Innovacorp Enterprise Centre on the Dalhousie campus in Halifax focuses on companies in the life sciences and clean technology industries. 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 corporate credibility – things emerging companies need to reduce costs, grow stronger faster, and thereby increase their success.

We also manage a grow-out facility in Dartmouth. It is currently occupied by Ocean Nutrition Canada (ONC) – now known as Royal DSM, a Dutch multinational that purchased ONC in 2012 for \$540 million – as well as Composites Atlantic.

In addition to our core business of investment, incubation and expert advice, Innovacorp also supports the start-up community and culture across the province. We do this in many ways, including the following:

- To improve our visibility and capacity outside Halifax, Innovacorp has developed partnerships with other incubation facilities in the province, including the NSCC Annapolis Valley campus in Middleton, Venture Solutions Inc. in Sydney, and Acadia University in Wolfville. We are also contributing

to the planning and set-up of a new bioenergy and forestry demonstration and development centre in Liverpool at the site of the former Bowater Mersey mill. In addition to sharing our expertise in incubation products and services, the partnerships allow us to identify promising local early-stage entrepreneurs who fit with and can benefit from our business model.

- Through the Early Stage Commercialization Fund, Innovacorp assists and supports the academic community (universities and colleges) in the pursuit of entrepreneurial opportunities. The initiative is used to review, advise, and support the early-stage technology commercialization of post-secondary institution research that has market potential.
- Innovacorp also runs the provincial I-3 Technology Start-Up Competition every two years. 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 divided into five geographic zones to maximize community involvement, partner participation, and entrepreneur submissions.
- Innovacorp regularly holds information-rich and networking gatherings for early-stage technology entrepreneurs. Our seminar series Business Over

Breakfast is particularly well attended, bringing together Innovacorp clients from across Nova Scotia, business professionals, industry representatives, students, and other key stakeholders. Recent session topics include lean start-up methodology, angel investing, technology licensing, and social media. The sessions are webcast to Innovacorp's Cape Breton stakeholders.

- Innovacorp, through financial and in-kind support (e.g., coordination, speaking, joint promotion), also contributes to many smaller industry-driven, entrepreneur-focused events such as Start-Up Weekends and DemoCamps.

Priorities for 2013–2014

Over the last couple of years, we have strengthened Innovacorp's role as Nova Scotia's early-stage venture capital organization. In the upcoming year, we will enhance our ability to help create, develop and grow globally competitive knowledge-based companies across the province by focusing on three priorities:

1. Maximize the impact of the Nova Scotia First Fund.
2. Optimize the value of Innovacorp's incubation facilities.
3. Enhance Nova Scotia's start-up community.



Maximize the Impact of the Nova Scotia First Fund (NSFF)

Innovacorp's role as a seed and early-stage investor in Nova Scotia continues to be an important part of the province's *jobsHere* strategy.

Atlantic Canada-based venture-grade companies continue to be undercapitalized compared to U.S.-based companies. In 2011, according to Canada's Venture Capital and Private Equity Association (CVCA), the amount of capital invested in Atlantic Canadian knowledge-based companies was less than half of that invested in companies based in the U.S. Yet companies in our region must compete globally against better-funded companies. In 2011, the average Atlantic Canadian investment in companies was 28 per cent higher than the Canadian average. This was due to a single large transaction that made up over 43 per cent of the year's Atlantic Canadian regional investment. Factoring out the impact of that transaction, regional venture investment as a percentage of the national average increased to 77 per cent in 2011 from 61 per cent in 2010. While this increase is encouraging, work remains to close the gap with the national and, more important, U.S. average.

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. Venture capital is essential to

successfully taking innovative products and services to market.

In 2013–2014, Innovacorp will

1. make 7–10 investments in early-stage Nova Scotia companies in the information technology, life sciences, and clean technology sectors
2. seek co-investors to leverage NSFF investments and where feasible, syndicate with partners from outside Nova Scotia to increase the pool of risk capital in Nova Scotia
3. actively manage our investment portfolio companies to accelerate their path to market and position them for growth, with the aim of achieving an appropriate risk-adjusted rate of return for the province
4. implement a robust metrics system for investment activity and portfolio companies

Optimize the Value of Innovacorp's Incubation Facilities

As described above, Innovacorp manages two incubation facilities and a grow-out facility. We have also developed partnerships with other incubation facilities outside Halifax to improve the support available to promising local early-stage entrepreneurs across the province.

In 2013–2014, Innovacorp will

1. secure funds to fit-up remaining space at the Innovacorp Enterprise Centre
2. maintain an occupancy level above 85 per cent at the incubation facilities
3. enhance the infrastructure and services offered to clients at our facilities and where possible, enhance our service offering to affiliate incubation facilities
4. ensure the best possible client mix at the incubation facilities by improving entrance and exit criteria
5. conclude negotiations with the Canadian Association of Business Incubation and Citizenship and Immigration Canada to offer a new program that encourages immigrant entrepreneurs to locate in Nova Scotia's incubation facilities
6. work with partners on potential new sector-specific incubation facilities (e.g., oceans and digital)
7. implement a robust metrics system for incubation activity

Enhance Nova Scotia's Start-up Community

Innovation and entrepreneurship are cornerstones of any long-term economic growth strategy. While entrepreneurs must take the lead in building the start-up community, Innovacorp has a significant role to play in helping to create a mature start-up culture and community in Nova

Scotia. We achieve this through targeted events and initiatives, expanding our services to underserved parts of the province, and enabling and convening entrepreneurs and other stakeholders to create the necessary support activities.

In 2013–2014, Innovacorp will

1. identify and implement additional ways to improve our reach to rural Nova Scotia
2. run competition(s) to encourage, find, and support early-stage Nova Scotia knowledge-based companies
3. enhance post-secondary research commercialization capacity through support for projects with market potential
4. use technology to expand our seminar series and other gatherings to a greater audience across the province
5. work with post-secondary institutions and students to encourage entrepreneurship in the knowledge-based sectors
6. continue to support entrepreneur-led initiatives that enhance the start-up ecosystem (e.g., Startup Weekends, DemoCamp, PodCamp, PropelICT)
7. engage with other regional, national, and international partners to strengthen the Nova Scotia and Atlantic Canada brand and more quickly achieve our vision
8. implement a robust metrics system for measuring start-up community development



Performance Measures

This section outlines the new performance measures Innovacorp will track in 2013–2014. 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 operational plan to achieve them are presented in this document under the section titled *Priorities for 2013–2014*.

In 2013–2014, 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.

	Base Year 2011–12	Actual 2012–13	Target 2013–14
Economic impact metrics			
<i>Revenue generated by portfolio companies:</i>			
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.	\$26.2 million	\$22.1 million	\$30 million
<i>Employment generated by portfolio companies:</i>			
This measure tracks the annual employment generated by current portfolio companies.	220	312	350
Total employment payroll of portfolio companies	\$9.7 million	\$22.8 million	\$26 million
<i>Amount of Nova Scotia First Fund (NSFF) leveraged investments:</i>			
This is the cumulative amount (from February 1996) of investment made in NSFF portfolio companies, measured in millions of Canadian dollars.	\$115 million	\$127 million	\$140 million

	Base Year 2011–12	Actual 2012–13	Target 2013–14
Leading indicator metrics			
Number of early-stage Nova Scotia companies Innovacorp engaged during the year	108	130	140
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	0	150
Number of NSFF investments (excluding competitions)	8	10	9
Percentage of portfolio clients exporting products/services (On average, approximately 2.9% of Nova Scotia companies export internationally. From <i>A Profile of Canadian Exporters 1993–2006</i> .)	80%	92%	90%

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



Budget Context

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

	Estimate 2012–13 (\$)	Forecast 2012–13 (\$)	Estimate 2013–14 (\$)
Revenues			
Provincial funding	7,472,000	7,412,000	7,472,000
NS funding recognized re capital assets acquired	77,000	77,000	102,000
Incubation	1,720,000	1,750,000	1,819,000
Investment	122,000	64,000	12,000
Total revenues	9,391,000	9,303,000	9,405,000
Expenses			
Incubation	3,339,000	3,439,000	3,594,000
Investment	2,560,000	2,051,000	2,836,000
Corporate services	2,032,000	2,066,000	1,823,000
	7,931,000	7,556,000	8,253,000
EBITDA			
Provincial funding	7,472,000	7,412,000	7,472,000
NS funding recognized (deferred) re: capital assets acquired	77,000	77,000	102,000
Incubation	(1,619,000)	(1,689,000)	(1,775,000)
Investment	(2,438,000)	(1,987,000)	(2,824,000)
Corporate services	(2,032,000)	(2,066,000)	(1,823,000)
EBITDA	1,460,000	1,747,000	1,152,000
Non-operating items			
NSFF total return	(643,000)	(94,000)	(401,000)
Post-retirement benefits and long service award	(212,000)	(50,000)	(138,000)
Amortization	(467,000)	(467,000)	(459,000)
Interest income (expense), dividends and capital gains (losses)	(279,000)	(14,000)	(295,000)
	(1,601,000)	(437,000)	(1,293,000)
Surplus (Deficit)	(141,000)	1,310,000	(141,000)



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Business Incorporated *Business Plan 2013–2014*

Table of Contents

Message from the Minister, the Chair, and the CEO	51
Mission	53
Vision	53
Mandate	53
Core Business Areas	54
Planning Context	56
Priorities for 2013–2014	57
Budget Context	61
Outcomes and Performance Measures	62
Appendix 1: Strategic Investment Funds—	
Payroll Rebate	67
Appendix 2: Nova Scotia Business Fund	69

Message from the Minister, the Chair, and the CEO

Guided by Nova Scotia's *jobsHere* plan, NSBI has been building with our partners on Nova Scotia's strategic assets and significant opportunities to accelerate economic growth:

- A strategic global location.
- A highly developed education and training system with advanced research and development capacity.
- Rural communities with opportunities to innovate and add higher value to natural resources.
- A dynamic and growing regional city.
- Untapped potential for renewable energy and clean technology.
- An expanding creative economy.

More than ever, we need a mix of strong international companies and solid domestic businesses to fuel our economy. NSBI will use all its resources to help Nova Scotia businesses become more globally competitive and to attract new business investment into Nova Scotia.

Successes realized during 2012 serve as examples. Working together with Projex, a Calgary-based engineering services firm, we have helped answer both the company's need for engineering services and the need of growing ranks of engineering graduates for new, higher-value jobs in Nova Scotia. Investing in our people happens both at the front end, thanks to education and training, and at graduation – making sure there are more options for in-demand jobs in Nova Scotia. Projex is also partnering with small and medium-sized Nova Scotia businesses to help fulfill contracts in Alberta. Projex's growth opens not only new career opportunities in Nova Scotia but also new supply chain and market entry opportunities for home-grown Nova Scotia businesses via Projex.

In another example, IBM's growth announced last year goes well beyond the 500 significant new jobs that will be created. The company and its new academic partnership with Nova Scotia universities and the NSCC will lead to new private sector investment in research, and the partners will develop curricula in the in-demand field of analytics (finding business value in massive amounts of raw data). IBM's new centre will drive growth from developing new international products, new business, new analytics initiatives, and research.

In 2013–2014, NSBI will continue delivering on the *jobsHere* plan to grow the Nova Scotia economy, by helping Nova Scotia companies to increase export sales and diversify markets, to work with partners across the province to attract outside investment to Nova Scotia, to effectively leverage the benefits of new direct investment to flow through the domestic economy, and to support entrepreneurship, innovation, and productivity.

How NSBI will achieve this is further laid out in this annual plan:

- To maximize the contribution NSBI and its clients have made to the overall economic prosperity of the Province of Nova Scotia.
- To deliver effective client solutions, resulting in maximum value and client impact.
- To have an engaged high-performance team with the right expertise and capabilities, empowered to achieve NSBI's goals.
- To develop a culture of continuous improvement in collaboration with our partners.
- To harness the collective strengths of partners and business leaders to identify and leverage opportunity.

The pinnacle of success will be to create a self-sustaining cycle in which more global trade triggers more investment. In turn, this creates more high-value jobs, more innovation, more entrepreneurship, and more trade, resulting in a stronger, more robust economy here at home within an increasingly changing global marketplace.

Percy Paris
Minister of Economic and Rural Development and Tourism

Janice Stairs
Chair of the Board, Nova Scotia Business Inc.

Stephen Lund
President & CEO, Nova Scotia Business Inc.

Mission

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

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*: learning the right skills for good jobs, growing the economy through innovation, and helping businesses be more competitive globally.

Mandate

Created in 2001, NSBI is the lead business development agency for the Province of Nova Scotia. In conjunction with its partners, NSBI brings Nova Scotia businesses to the world and attracts global investment to Nova Scotia.

NSBI's act requires the corporation to fulfill the following:

The object of the Corporation is to promote economic development in the province through

- (a) business development, retention and expansion,
 - (b) the establishment of new businesses in the province, and
 - (c) trade development and expansion
- in accordance with strategic directions established by the Department and the strategic plan of the Corporation. 2000, c. 30, s. 15.

As such, NSBI works with the Department of Economic and Rural Development and Tourism (ERDT) and other partners to provide programs and services that support businesses – large and small – across the province.

NSBI understands that successful and growing economies need the following four economic drivers: new direct investment (NDI), export, entrepreneurship, and innovation.

Increased trade increases investment. And more investment leads to more trade. They dramatically affect the province's ability to support and develop entrepreneurship and stimulate innovation. New direct investment accelerates knowledge and skill transfer, often bridging the innovation gap. Working in tandem, these connections create a positive and self-sustaining cycle



of economic growth and opportunity for our province.

With its mandate and its role along with those of its partners, NSBI is committed to

- being 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
- helping regions attract the right type of investments
- supporting existing business development, retention, and expansion
- creating employment for Nova Scotia's highly skilled workforce
- assisting Nova Scotia businesses in becoming more productive, competitive, and profitable
- working with businesses in Nova Scotia to showcase their products and services in a global marketplace
- helping companies engage in international commerce

This work with local and international companies results in higher-value jobs, generating higher income tax revenues for the province, and leads to long-term, sustainable economic prosperity.

Core Business Areas

NSBI's core client-facing business functions (trade development, business financing, venture capital, and investment attraction) are proactively focused on business development. These divisions work in concert with corporate-wide teams – including corporate strategy and intelligence, marketing and communications, human resources, corporate services, and corporate office – to achieve NSBI's goal of bringing Nova Scotia businesses to the world and attracting global investment to Nova Scotia.

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 helps 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 and to support companies in priority sectors.

Venture Capital

NSBI venture capital group currently manages over \$50 million in allocated capital across 12 companies. The NSBI venture capital fund provides investments between \$1 million and \$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 multimedia, IT, and aerospace sectors.

NSBI venture capital actively invests in companies that have a sustainable competitive advantage, truly disruptive technology, strong management, 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 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 focuses 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.

Partnering 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. NSBI continues to offer trade-related research and market intelligence services to Nova Scotian companies through its Trade Market Intelligence (TMI) service.

NSBI trade development executives work closely with new exporters, encouraging them to diversify trade outside 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.

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, value-added business investment to the province.

Using a proactive approach, NSBI investment attraction specialists promote the competitive advantages of doing business in Nova Scotia on the global stage. To be competitive in the global pursuit of 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). 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.

Planning Context

Global Economic Environment

As the last several years have made clear, Nova Scotia's economic performance is deeply influenced by events and the economic health of the world outside its borders. The economic recovery from the "great recession" continues to be slower worldwide than many forecasters anticipated, as 2012 marked another year that they reduced forecast growth. Europe has slipped into another recession, and a number of developing economies have growth calming. Uncertainty driven by concerns over sovereign debt in Europe, a slow American recovery with periods of political gridlock, and slower growth in emerging markets serve to act as a drag on confidence affecting private sector investment. Although well below pre-recession levels in many measures, the American economy is starting to show some signs of a strengthening recovery. Nova Scotia's immediate outlook is expected to be slower than long-run trends, but in the medium-term a number of projects (e.g., naval ships contracts, Nova Centre) will enhance Nova Scotia's growth projections in the future.

Economic growth in Nova Scotia is strongly linked to investment and trade performance. Combine this with the ongoing restructuring of the Nova Scotia economy, and *jobsHere* continues to be very relevant. Learning the right skills for good jobs, growing the economy through innovation, and helping business be more competitive globally, with the common emphasis on improving productivity, are a continuing focus for economic development efforts in Nova Scotia.

Strategic Goals

The plan for 2013–2014 is rooted in driving net new activity by emphasizing new direct investment and export. NSBI's ability to support the flow of domestic growth and to better distribute the benefits of new investment across the provincial economy is founded on the grounds that new direct investment and export stimulate and accelerate entrepreneurship and innovation. This is how we position trade and investment as critical to growing the economy and relevant for domestic companies and rural Nova Scotia.

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

Priorities for 2013–2014

Results and Impact

NSBI's approach to business development over the past 10 years has been client-centric with a focus on driving results through strategically identifying and targeting opportunities. This approach has led to increased provincial investment, jobs, and payroll growth as well as leading to more productive and competitive domestic businesses. NSBI will continue to focus on proactively targeting high-potential companies in priority sectors, seeking opportunities to maximize client growth and sustainability in Nova Scotia.

More specifically, NSBI will build on the *sector development* work completed in 2012–2013 by further defining and implementing NSBI's Sector Teams. These teams will work collaboratively across all NSBI business units with a focus on key sectors and assets that can be levered to achieve maximum results.

NSBI key business sector focus:

- Financial services – insurance / fund administration
- Defence, security, aerospace
- ICT
- Gaming / interactive media
- Life sciences



- Ocean technology
- Clean technology
- BPO / KPO / shared services
- Manufacturing
- Emerging markets

NSBI will build on the following areas in 2013–2014:

- Continue to collaborate with ERDT on the development and implementation of provincial sector strategies.
 - Collaborate with government partners to support the development and analysis of 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 analyse Nova Scotia's unique assets, identify specific investment targets, and enhance the provincial value proposition.
- 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 clients by region and develop a long-term strategy with key partners to ensure their growth and sustainability in the province.
 - Working with key partners to leverage key economic growth projects/contracts and clients to further develop supplier base and identify opportunities to expand into global supply chains.
 - Facilitate provincial engagement of new clients to encourage community engagement leading to great corporate citizens.
 - Work with companies to partner and leverage the innovation capacity of Nova Scotia-based companies, universities, and the Nova Scotia Community College (for example, IBM's new academic partnership with Nova Scotia universities and the community college will lead to new private sector investment in research, and the partners

Client Success

To NSBI, success means attracting and expanding sustainable companies to Nova Scotia and helping Nova Scotia companies to grow globally. In order for NSBI to be successful in both areas, the corporation will extend

will develop curricula in the in-demand field of analytics – finding business value in massive amounts of raw data).

- Explore ways to help clients to grow by investigating business development opportunities in foreign markets through export activity. (Helping NDI 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.)

People

To deliver on the goals outlined in this plan, NSBI will continue its focus on being a responsive, integrated, and accountable organization. To date, NSBI's track record has come from its skilled employees with the talent to anticipate and respond to emerging issues in a progressively complex environment. Going forward, NSBI will continue to depend on its employees, and in 2013–2014, NSBI will focus on three key areas:

- Continuous training and development for leaders.
- A clear compensation program that will increase our ability to measure and report on our achievements and to celebrate our successes.
- An organizational structure that allows for future stability, workplace flexibility, and career opportunities to ensure future organizational success.

Operational Effectiveness

With increased competition for investment it is crucial for NSBI to meet its clients' needs and expectations. Whether working-capital loans, market intelligence, or business development incentives to help win contracts, clients need the right resources to support their growth. Continually reviewing processes and resources and comparing our results to our organizational goals will ensure that NSBI is correctly positioned to offer the most efficient and effective service as possible.

NSBI will build on the following areas in 2013–2014:

- Implement a continuous improvement process to more accurately respond to business needs in all of NSBI's business units.
- Set realistic and measurable timelines concerning the transaction processes in order to meet client expectations.
- Conduct a post-transaction review to ensure that process was conducive to business needs and to determine if further process improvements are required.
- Share information learned and observations with partners.



Engagement

A well-defined engagement strategy and specific engagement programs such as community Investment Readiness and ConnectNS will be priorities in 2013–2014 for NSBI and will enable focused collaboration with government, community partners, and businesses to achieve results. For example, community investment readiness is a process that employs a more focused, asset-based approach to identify opportunities in Nova Scotia's regions. With collaboration and capacity building as the foundation, this process will provide up-to-date information on rural assets, pinpointing opportunities for sector and business growth.

NSBI will build on the following areas in 2013–2014:

- Grow our ConnectNS network to generate business leads and increase awareness of Nova Scotia's business value proposition.
- Through community investment readiness, strengthen the collective voice of communities in Nova Scotia and facilitate their ability to access capital.
- Foster knowledge exchange with departments such as ERDT in order to learn from each other and to generate new innovative approaches.
- Create support linkages, networks, and partnerships that will strengthen organizational capacity and sustainability, thereby enhancing effectiveness and impact.

Budget Context

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

	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Revenue			
Provincial grants:			
Operating grant	9,994	9,994	9,924
Strategic investment fund	15,563	8,589	10,450
Loan valuation allowance	2,017	2,017	1,997
Gain on sale of properties	467	26	109
NS Business Fund revenue: loans & equity	6,845	4,239	3,351
NS Business Fund revenue: parks & malls	337	404	389
Miscellaneous revenue	1,520	1,851	2,422
	36,743	27,119	28,641
Expenses			
Operating expenses	11,513	11,845	12,345
Strategic investments	15,563	8,589	10,450
Provision for credit losses	2,017	500	1,997
NS Business Fund expenses: parks & malls	1,338	439	1,091
NS Business Fund expenses: loans & equity	5,574	4,147	2,389
	36,005	25,520	28,272
Excess of revenue over expenses	738	1,599	369



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, and using NSBI's five strategic pillars, the following key accountability metrics have been built.

Outcomes and Performance Measures

Core Business Area 1 *Investment Attraction*

Attract and retain leading-edge, sustainable business investment.

Outcome	Measure	Trends	Targets 2013–14	Strategies to Achieve Target
Client investment in Nova Scotia	No. of projects committed by Investment Attraction clients	2008–09: 10	10	Seek new sustainable businesses to relocate or expand in Nova Scotia
		2009–10: 13		
		2010–11: 7		
		2011–12: 10		
		2012–13F: 8		
Economic benefit to Nova Scotia	Average gross salary of new jobs forecast to be created by Investment Attraction clients (1)	2008–09: \$48,117	\$45,000	Attract and retain sustainable, export-oriented, and value-added business investment
		2009–10: \$44,071		
		2010–11: \$51,316		
		2011–12: \$44,938		
		2012–13: \$55,000		
Fiscally prudent financing	Ratio of expected tax revenue to expected payroll generation (2)	2008–09: 70.1%	40% or greater	Use payroll rebates strategically to establish growth industries
		2009–10: 56.9%		
		2010–11: 47.9%		
		2011–12: 50%		
		2012–13F: 50%		

(1) Average gross salary includes employee gross salary plus employer-paid benefits.

(2) Ratio of expected tax revenue to expected payroll generation 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	Trends	Targets 2013–14	Strategies to Achieve Target
New exporters in Nova Scotia	No. of new clients reporting their first export sale	2011–12: 31 2012–13F: 20	25	Work with ERDT and other partners to engage companies not taking full advantage of international commerce
Market penetration and diversification	No. of clients introduced to new markets / further advanced in existing markets	2008–09: 269 2009–10: 287 2010–11: 326 2011–12: 441 2012–13F: 250	325 clients	Deliver tailored trade development services including trade market intelligence
Increased export sales	Client-reported actual and forecasted export sales	2008–09: \$155.7M 2009–10: \$132.9M 2010–11: \$140.3M 2011–12: \$318M 2012–13F: \$220M	\$200 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	Trends	Targets 2013–14	Strategies to Achieve Target
Incremental equity investment	No. of Venture Capital projects authorized	2008–09: 5 2009–10: 4 2010–11: 4 2011–12: 6 2012–13F: 2	3	Deliver tailored equity financing solutions
Positive portfolio growth	Year-over-year portfolio valuation growth	2012–13F: TBD	base plus 10%	Provide capital, strategic direction, and advice to help companies achieve their full potential
Positive return on investment to the province	No. of new external strategic partnerships into NSBI's portfolio (1)	2012–13F: 1	2	Provide capital, strategic direction, and advice to help companies achieve their full potential and provide a return on the invested capital

(1) Significant external investor to one of NSBI's portfolio companies



Core Business Area 4 Business Financing

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

Outcome	Measure	Trends	Targets 2013–14	Strategies to Achieve Target
Incremental value investment projects	No. of Business Financing projects authorized	2008–09: 8 2009–10: 14 2010–11: 17 2011–12 F: 6 (1) 2012–13F: 3	10 financings	Deliver tailored debt financing solutions
Increased export sales	Portfolio clients year-over-year export sales growth	2012–13F: TBD	5%	Deliver tailored trade development services, including business financing solutions
Partner for financing solutions	Leverage partner/client: NSBI ratio	2008–09: 1.33 2009–10: 1.02 2010–11: 0.35 2011–12: 0.5 2012–13F: 0.9	Ratio of 0.5 to 1.0	Maintain co-investment philosophy

(1) Includes 5 loans and 1 material amendment

Notes:

1. Base year data not available, as 2012–13 will be the base year for NSBI's next 5-year plan
2. 2011–12 data need to be verified and are subject to change
3. 2012–13F trends are forecasts and are subject to change

Appendix 1

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

	Payroll Rebate
Overview	<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>
Amount	<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>
Eligibility	<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>
Application Requirements	<p>Historical and/or projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company.</p> <p>Acceptable reports providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk.</p> <p>Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.</p>



Appendix 1 (continued)

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

	Payroll Rebate
Criteria	<p>The company and the project must have reasonable prospects (business plan) for continued growth and success. The company should be profitable, with a proven track record. In addition, the project should be 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"> • strong management (corporate and local) • compliance with Environment Act, Occupational Health and Safety and Labour Standards Code (if already established in Nova Scotia) • economic benefit to the province (e.g., estimated number of jobs created linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution) • an acceptable credit history
Performance Conditions	<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"> • 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; • Gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the project commencement. • Incremental employees province of residence
Payment Terms	<p>Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement.</p> <p>In most cases, rebates will be paid annually on each anniversary from the project commencement;</p> <p>Payment term generally average five years.</p>

Appendix 2

Nova Scotia Business Fund:

The Nova Scotia Business Fund is the source of capital for NSBI's business financing and equity financing clients. The portfolio currently has approximately \$111 million outstanding to about 80 companies located throughout the province. For 2013-14, net new capital needed for NSBI to continue to meet the financing needs of Nova Scotia businesses is estimated to be \$27 million, with repayments of current outstanding investments estimated to be about \$8 million.

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

- \$15 million maximum per company (investments exceeding this amount will be considered in exceptional circumstances)
- Maximum of 55% of the Nova Scotia Business Fund available for working-capital/equity investments (target of 10% maximum available for working-capital and a target of 45% 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 2013–2014

Nova Scotia Crop and Livestock Insurance Commission

Business Plan 2013–2014

Table of Contents

Message from the Minister, Chair, and CEO	73
Mission	75
Link to the Department of Agriculture Mandate	75
Planning Context	75
Strategic Goals	76
Core Business Area	77
Priorities for 2013–2014	77
Finance	78
Budget Context	79
Outcome and Performance Measures	80

Message from the Minister, Chair, and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2013–14. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses. 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. It also supports the province's priority to create good jobs and grow the economy.

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

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

The Honourable John MacDonell
Minister, Department of Agriculture

Mr. Avarad Bentley
Chair

Mr. Bill MacLeod, P.Ag.
CEO

Mission

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

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 contributes 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, encouraging good jobs and economic growth in the province's rural communities..

The introduction of additional insurance products through collaboration with industry stakeholders will provide more farm producers with 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, which while not an insurance-based program, compensates farmers for losses as a result of uncontrollable wildlife. Cost sharing of AgriInsurance (also known as Production Insurance and Crop Insurance) in Nova Scotia is 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. In 2013–2014 the province is expected to sign a new multilateral agreement, *Growing Forward 2*, which will replace the existing agreements. Current AgriInsurance programming and funding are expected to continue with no major changes anticipated under the new agreement.

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 continuing with the development of insurance products for crops and livestock that have not traditionally been covered under AgriInsurance in Nova Scotia.

Administratively, the commission will continue to review its staffing needs and its succession planning strategy, which recognizes anticipated retirements in the next one to five years. The ability to refill positions will affect the delivery of the commission's programs. The commission will continue to review staff training and development needs during the coming year.

Since 2005 the commission has recognized the need to improve its service delivery and in particular to modernize its information

management capabilities. While progress has been slow and has suffered from a number of setbacks, this work has been identified as a critical need for the effective delivery of the commission's programs and services. A renewed emphasis on the redesign of the commission's IT infrastructure has recently resulted in significant improvements. This work will continue over the next two to three years, using internal resources and a phased approach to modernize these systems.

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 support industry development through increased 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 modernizing the commission's information management and data handling capabilities to improve their reliability, accuracy, efficiency, and security.

Core Business Area

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. The commission's 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*.

Priorities for 2013–2014

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 using AgriInsurance and by increasing 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 through

1. Program expansion/enhancements, including the following:

- a. The commission will continue to consult with industry stakeholder groups to review current policies and regulations aimed at improving existing insurance

plans (e.g., ongoing improvements to the Tree Fruit Plan and Potato Plan updates.)

- b. The commission will work with industry stakeholders on the promotion and development of new insurance programs in sectors such as honeybees, grapes, and small fruits.
- c. The commission will proceed with updating the form and content of the current Dairy Regulation.
- d. Commission staff will begin development of an acreage loss program to provide an innovative option to conventional yield-based insurance plans.
- e. The commission will continue to work with stakeholder groups to continuously evaluate the effectiveness of its Wildlife Compensation Program.

2. Administrative priorities:

- a. Over the next three years, using a phased approach, continue to modernize the commission's information technology infrastructure to achieve a more accurate, reliable, secure, and efficient data handling system.
- b. To continue to promote AgriInsurance as a key business management option for agricultural producers in Nova Scotia.
- c. During 2013–2014, complete major actuarial certifications for premium rates, self-sustainability, and probable yield methodologies as required under the *Growing Forward* agreement.



Finance

The commission budget is included in the budget estimates of the Department of Agriculture. The Implementation Agreement under *Growing Forward* provides for reimbursement of 60 per cent 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

Income and Fund Balances (per 2012–13 Estimates Book)

	Authority 2012–13 (\$ 000)	Forecast 2012–13 (\$ 000)	Budget 2013–14 (\$ 000)
Revenues			
Insurance premiums paid by clients	818	895	868
Insurance premiums contributed by government (federal)	736	709	736
Wildlife compensation payments (federal)	150	54	120
Insurance premiums contributed by government (provincial)	491	355	491
Wildlife compensation payments (provincial)	100	36	80
Interest income	80	80	80
Total revenues	2,375	2,129	2,375
Expenses			
Indemnity claims	1,800	1,350	1,800
Wildlife compensation payments	250	90	200
Reinsurance premiums	0	0	0
Bad debt expense	5	5	5
Total expenses	2,055	1,445	2,005
Net income from insurance activities	320	684	370
Crop and livestock insurance fund balance			
Beginning of year	3,751	3,751	4,435
End of year	4,071	4,435	4,805
Administrative expenses			
Government contributions (Canada)	604	619	604
Government contributions (Nova Scotia)	437	412	442
Total administrative expenses	1,041	1,031	1,046
Net government expenditure			
Canada (premium + administration)	1,490	1,382	1,460
Nova Scotia (premium + administration)	1,028	803	1,013
Total program expenditure	2,518	2,185	2,473



Outcome and Performance Measures

Core Business Area

Outcome	Measure	Base Year Data (2008–09)	Target 2013–14	Ultimate Target 2017–18	Strategies to Achieve Target
Increased income stability of farm businesses	Number of Agri- Insurance contracts	700	900	2009–10: 712 2010–11: 745 2011–12: 659	Improve program effectiveness and flexibility through introduction of new insurance plans and promotion of insurance plans to attract new clients.
	\$ value of coverage	\$127.8M	\$140M	\$150M 2009–10: 135.6M 2010–11: 140.8M 2011–12: 141.2M	Introduction of new insurance programs, expansion of existing plans.
	Number of Agri- Insurance products available	16	16	20 2009–10: 35 2010–11: 38 2011–12: 41	Results of the introduction of new plans.
	Value of compensation paid for wildlife damage	\$110,000	\$200,000	\$250,000 2009–10: 256,000 2010–11: 201,000 2011–12: 183,000	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 2013–2014

Nova Scotia Farm Loan Board ***Business Plan 2013–2014***

Table of Contents

Message from the Minister and the Board Chair	83
Mission	85
Vision	85
Mandate	85
Planning Context	86
Strategic Goals	88
Core Business Areas	89
Priorities for 2013–2014	90
Budget Context	92
Outcomes and Performance Measures	95
Our Board of Directors	97

Message from the Minister and the Board Chair

We are pleased to present the Nova Scotia Farm Loan Board business plan for 2013–2014. 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 M^{ac}Donell
Minister, Department of Agriculture

Angela Hunter
Chair, Nova Scotia Farm Loan Board

Mission

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

Vision

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

Mandate

The mandate of the 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 to 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,

quota, 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 History

Active since 1932, the Nova Scotia Farm Loan Board is an agricultural development agency acting to build greater prosperity.

Availability of credit with stable term rates or rates fixed for the full amortization period 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, 2012), the board's loan portfolio totalled \$166 million in loan principal. Timber loans provided to forest mills to ensure a sustainable wood supply totalled \$1.9 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. The increasing public desire to buy locally produced food is a positive development, improving opportunities within the province for producers of many commodities.

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 2012–2013 (unchanged since October 2010), keeping rates stable and low. Low rates have benefited producers by expanding the range of potential funding sources and allowing earlier repayment. In some cases amounts borrowed may be higher because of these lower-than-usual rates.

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-, five-, and ten-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 2013–2014, 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.

Lending Demand

Total new loan advances have ranged between \$17 million and \$30 million over the past 10 years. We expect that over the coming year, requirements will be in the upper end of that range. The capital authority of \$32 million is expected to provide flexibility in responding to client borrowing needs in 2013–2014.

The board will seek to operate on a cost-effective basis and meet client credit needs, providing credit services and 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

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. Industry representatives suggest that additional emphasis should be placed on assisting new entrants and on 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. In response to the need for short-term

funding by our clients, the board has signed a memorandum of understanding with the Nova Scotia Cooperative Council. Detailed mechanisms are now being worked out with the intention for the board to provide long-term funding and refer clients to their local credit union for operating loans. The board will lend so as to support success in agriculture while continuing to bear in mind the current economic environment.

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.

The risk manager function, initiated during 2011–2012, has improved risk analysis and loan criteria and has been made a part of the board's ongoing loan approval process. The board will continue to work toward strengthened lending and management information to meet lending, decision-making, and financial reporting requirements.

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. Growth in the rural economy

- by supporting growth in terms of new participants, new innovative products and ideas, and new methods of production, accepting that these entail relatively high risk by ensuring access to stable, cost-effective, asset-backed developmental credit
- providing flexible loan products adapted to the needs of the agricultural industry

2. Supporting growth and new participants in agriculture

- by providing 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

Core Business Areas

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 *measurable 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.



Core Business Area 1: Lending

Providing flexible, asset-based credit for the development of agricultural 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 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 average throughout 2012–2013, and this is expected to continue into 2013–2014. 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 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 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 2013–2014

Lending

The board will provide up to \$32 million of new loan capital to the agricultural and timber industries in the 2013–2014 fiscal year.

Lending capacity to this level will help to ensure that the industry has access to stable, cost-effective credit and will allow for lending to support development of farms to ensure sustainability, improve efficiency, adapt to new technology, and improve profitability, and to support growth and entry of new farming operations. During 2012–2013 the board is forecast to advance \$25 million and

receive principal repayments of \$21 million. Actual lending requirements vary from year to year depending on opportunities identified.

The board will continue to investigate possible new loan products to meet client needs in 2013–2014. (Areas of investigation include a mortgage loan for shorter-term needs, changes to permit quicker response to funding requests from well-secured clients, and flexible initial loans for accumulating purchases like dairy quota). 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.

Credit Counselling and Risk Management

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

Accounts are managed so 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.

Support for New Farmers

The board recognizes the importance of assisting new entrants to agriculture. It will do so by providing guidance and advice, working with other staff and programs of the department, and funding projects with viable business plans but limited experience.



Budget Context

Nova Scotia Farm Loan Board Operational Income Statement

Description	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Revenue			
Interest	8,570	7,826	7,900
Life insurance revenue	432	151	0
Fee revenue/recoveries	371	489	375
Total revenue	9,373	8,466	8,275
Expenses			
Interest	7,710	6,657	6,700
Operating expenses	1,498	1,394	1,525
Life insurance costs	253	120	0
Bad debt expense	0	150	253
Total expenses	9,461	8,321	8,478
Net income (loss)	(88)	145	(203)
Transferred to the province	88	(145)	203
Remaining	0	0	0

Notes:

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

Interest expense is established under terms of a memorandum of understanding arranged with the Department of Finance.

See notes accompanying the following two tables.

Capital Funds

Description	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Opening principal	164,281	165,736	169,082
Add loan advances	32,000	25,000	32,000
Less repayments	(22,000)	(21,000)	(20,000)
Less principal written off	(3,000)	(654)	(3,000)
Closing principal	171,281	169,082	176,082
<i>Provision for Impaired Accounts</i>			
Opening provision	9,397	10,436	9,964
Less accounts written off	(3,000)	(622)	(3,000)
Additions (principal portion of bad debt expense +/- adjustments)	550	150	600
Closing allowance	6,947	9,964	7,564
Net portfolio at year end	164,334	159,118	168,518

Notes:

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

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

Significant portions of the board's expenses, mostly bad-debt expense, are variable, somewhat unpredictable, and beyond short-term control. Under a new contract arrangement for the life insurance program, the insurance carrier collects premiums directly and assumes all risk and benefits related to annual results.

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 program, but the program is reported separately under the Department of Agriculture and is not included in the operational income statement of the board.

Description	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Farm Next Program	574	574	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
Total loans advanced	Total new funds advanced during the year (in millions)	2012: \$21.1M	2013–14: \$25M	2009–10: 27.8M 2010–11: 27.8M 2011–12: 21.1M	Continue to provide loan financing to clients who have a reasonable likelihood of success. 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. Continue to develop additional loan products to meet client needs, including clients with lower inherent risk and less likelihood of loss. Ensure that lending information is readily available to those seeking credit.
Successful clients (as indicated by the proportion of accounts in difficulty)	Total arrears as percentage of value of all accounts	2006–07: 3.7%	2012–13: 4.3% or less 2013–14: 4.3% or less	2008–09: 4.5% 2009–10: 6.3% 2010–11: 4.7% 2011–12: 4.9% 2012–13: 4.5% forecast	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). 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. 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. Continue to improve a balance of high-risk and lower-risk clients by broadening loan products available to meet a range of requirements. 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.



Core Business Area 1 *Lending*

Outcome	Measure and Rationale	Base Year Data	Targets	Trends	Strategies to Achieve Target
Client satisfaction	Combined results for courtesy, promptness, knowledge, and commitment on client survey	2000-01: 92%	2012-13: 90% or above 2013-14: 90% or above	2008-09: 94% 2009-10: 96% 2010-11: 93% 2011-12: 98% 2011-13: 90% forecast	Monitor survey results. 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.

Core Business Area 2 *Program Administration*

Outcome	Measure and Rationale	Base Year Data	Targets	Trends	Strategies to Achieve Target
New entrances facilitated	New entrances facilitated Number of approved applications	2000-01: 49	2012-2013: 30-50 2013-14: 30-50	2008-09: 22 2009-10: 31 2010-11: 43 2011-12: 0 2012-13: 18	The New Entrant program ceased accepting applicants for 2011-12 and was replaced by the FarmNEXT program with similar new entrant goals. FarmNEXT approvals for 2012-13 have been limited to allow previously approved New Entrant grants to be disbursed.

Our Board of Directors

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

Chair: 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 farm on the Pictou-Antigonish border.

Vice-Chair: Arnold Park. Arnold was appointed to the Nova Scotia Farm Loan Board effective May 1, 2012, for a term expiring April 30, 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.

Director: Greg Sheffer. Greg was appointed to the Nova Scotia Farm Loan Board, February 24, 2012, for a term expiring February 24, 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 BSc in Agriculture. He is past chairman of the Nova Scotia Cattle Producers Association and

past member of AgraPoint and numerous community volunteer organizations.

Director: Jim MacAfee. Jim was appointed to the Nova Scotia Farm Loan Board September 15, 2012, for a term expiring September 14, 2017. Jim has extensive experience as a farm operator and business owner and as the Atlantic Canada representative for North America Fur. He is currently the owner and operator of Furafee Trading Co., a fur collection and trading supply catalogue mail order business as well as the Atlantic representative for the Hudson's Bay Company. Jim is a graduate of NSAC.

Director: Lee Thompson. Lee was appointed to the Nova Scotia Farm Loan Board September 15, 2012, for a term expiring September 14, 2017. With his family, Lee currently operates Forest Glen Greenhouse Limited. Lee has a background in environmental planning and resource planning and worked for the Town of Truro for a number of years doing liaison management between local business owners and all levels of government. He has a special interest in agriculture and mentoring young entrepreneurs.



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Film and Creative Industries Nova Scotia *Business Plan 2013–2014*

Table of Contents

Mission	101
Introduction	101
Planning Context	102
Context for 2013–2014	105
Strategic Goals	106
Core Business Areas	106
Priorities for 2013–2014	112
Budget Context	114
Outcomes and Performance Measures	117

Mission

To grow Nova Scotia's creative economy with our partners by stimulating investment and employment and by promoting Nova Scotia's creative enterprises in global markets.

Introduction

Originally created in 1990 as the Nova Scotia Film Development Corporation, Film and Creative Industries Nova Scotia operates under the Film and Creative Industries Nova Scotia Act as a provincial Crown corporation. On December 6, 2012, the corporation's mandate was expanded to further advance the development of creative and cultural industries throughout the province. 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 and Creative Industries 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 and Creative Industries Nova Scotia Act
- By-laws of Film and Creative Industries Nova Scotia
- Nova Scotia Film Industry Tax Credit Regulations

Role

The corporation offers a variety of loan and investment programs to support the creative sector in Nova Scotia and administers the Nova Scotia Film Industry Tax Credit in partnership with the Province of Nova Scotia's Department of Finance. To support the audiovisual industry, the corporation offers loans, equity investments, production services, including a locations resource and reference centre, and it 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 and Creative Industries Nova Scotia is regularly able to provide critical 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 it 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.

In 2013–2014, Film and Creative Industries Nova Scotia will be responsible for four programs and a grant from the Department of Communities, Culture and Heritage. These programs, covering additional creative industries such as music, book publishing, crafts, and other creative sectors, as well as two additional staff members, will be added to Film and Creative Industries Nova Scotia.

Planning Context

As the last several years have made clear, Nova Scotia's economic performance is deeply influenced by events and the economic health of the world outside its borders. The economic recovery from the "Great Recession" continues to be slower worldwide than many forecasters anticipated, and 2012 marked another year that forecasters reduced forecasted growth. Europe has slipped

into another recession, and a number of developing economies have growth calming. Uncertainty – driven by concerns over sovereign debt in Europe, a slow American recovery with periods of political gridlock, and slower growth in emerging markets – serves to act as a drag on confidence, affecting private sector investment. Although well below pre-recession levels in many measures, the American economy is starting to show some signs of recovery. Nova Scotia's immediate outlook is expected to be slower than long-run trends, but in the medium term there are a number of projects (e.g., naval ships contracts, and Nova Centre) that will enhance Nova Scotia's growth projections.

Economic growth in Nova Scotia is strongly linked to investment and trade performance. Combine this with the ongoing restructuring of the Nova Scotia economy, and *jobsHere* continues to be very relevant. Emphasis on learning the right skills for good jobs, growing the economy through innovation, and helping business be more competitive globally – with the common emphasis on improving productivity – is a continued focus for economic development efforts in Nova Scotia.

The government's *jobsHere* strategy identified the creative sector as a portion of the province's economy with untapped potential for growth and success. A five-point plan for arts and culture in Nova Scotia was developed. Released in February

2010, this plan responded to themes identified by stakeholders across the arts and cultural industries in Nova Scotia and saw the launch of the Creative Nova Scotia Leadership Council. This council spent the following year studying the creative economy and preparing recommendations for government. Leaders from throughout the arts and culture industries are seeking greater government investment. They believe that creative enterprises need to be recognized and effectively supported as businesses with significant growth potential.

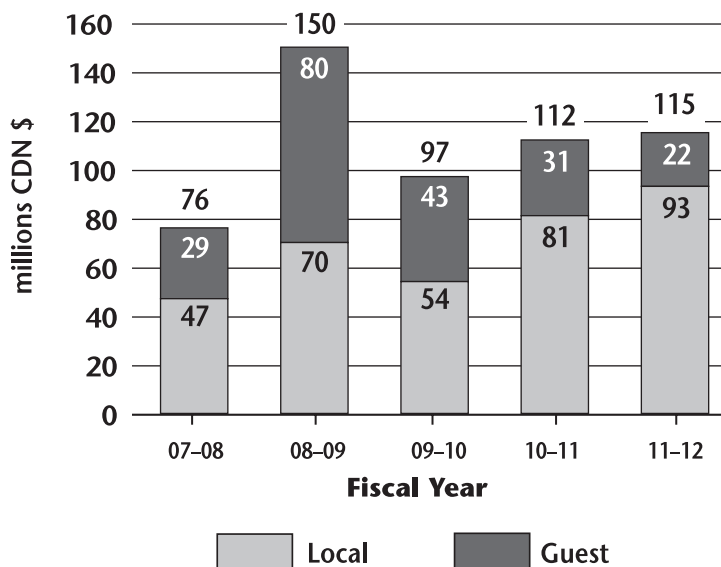
As we move to a new fiscal period, the government has identified the creative sector as a major contributor to Nova Scotia's economy. Thousands of individuals work in the film and creative sectors in Nova Scotia, generating almost \$1.2 billion

in GDP. To ensure that the province is able to reach its full economic potential in these valuable sectors, the government is looking at long-term planning for the growth and development of the creative economy.

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 relatively high percentage of that amount. In the past, Nova Scotia has garnered as much as 10 per cent of annual federal funding.

The Nova Scotia Film Industry Tax Credit is one of the most competitive in Canada. This labour-based incentive, which ranges from 50 to 65 per cent, represents on average 20 per cent of any given production budget. Therefore, for every dollar invested through

Nova Scotia Film Production Activity by Local vs. Guest Producers





the film industry tax credit, four additional dollars are invested in the province's productions through private-sector and other government funding.

Recent federal cuts have caused national organizations such as Telefilm Canada and the Canadian Broadcasting Corporation (CBC) to make changes to their existing programs and services. New funding and program guidelines at Telefilm Canada may have a negative impact on producer access to funding. As a result of funding cuts at CBC, the broadcaster had to end its 11-year partnership with the agency to offer the CBC / Film Nova Scotia Bridge Award program for emerging producers in Nova Scotia. As these cuts continue, the funding and support provided by Film and Creative Industries Nova Scotia will become even more important to supporting the growth and development of the audiovisual industry in Nova Scotia. The agency will continue to explore new partnerships and opportunities to provide support to the industry, such as the Eastlink TV Independent Production Fund.

An Expanded Mandate for Film and Creative Industries Nova Scotia

The creative sector expressed desire to have a lead business development agency for the area to improve access to government support and programs. To address this, in December 2012 the province expanded the

mandate for Film Nova Scotia (rebranding the organization as Film and Creative Industries Nova Scotia) to create a new agency designed for business development services and support for creative enterprises. The establishment of this new agency is a pledge to take action and increase the value of the creative sectors in Nova Scotia.

Beginning April 1, 2013, four programs and a grant from the Department of Communities, Culture and Heritage will transfer to the new agency, thus expanding its profile to include – in addition to the existing film programs – music, book publishing, and cultural industry projects related to export development. Resources to support these programs will also be transferred.

Film and Creative Industries Nova Scotia – in partnership with the Departments of Communities, Culture and Heritage and Economic and Rural Development and Tourism, and with Nova Scotia Business Inc. and other economic development agencies – will allow the province to facilitate better access to programs, funding, and support to grow the potential of creative enterprises in Nova Scotia.

The new agency is required to develop a five-year strategic plan by September 30, 2013. Through the development of this plan, Film and Creative Industries Nova Scotia will identify strategic goals that will enhance growth and commercial success for creative-sector enterprises. The plan will also allow the corporation to identify

appropriate targets and measures for the programs and services offered.

In March 2012, the Department of Communities, Culture and Heritage released *Arts & Culture in Nova Scotia – Developing a Sector Profile Framework*. This document looks at the music, craft, and publishing sectors in the province, which will be the areas encompassed by the expanded mandate for Film and Creative Industries Nova Scotia.

This report identified the craft sector as one of the most diverse and vibrant sectors in Nova Scotia. Due to the large spectrum of both professional and hobby crafters in Nova Scotia, the craft sector is one of the largest and most difficult sectors to define. The Nova Scotia Designer Craft Council has a membership of approximately 380 members, 75 to 80 of whom identify as professionals. While individual artists will continue to be developed through the Department of Communities, Culture and Heritage incubator programs, more established crafters – those identifying as professional – will look to the Film and Creative Industries Nova Scotia portion of the Industry Growth Program to support growth activity.

The book publishing sector is an active part of Nova Scotia's literary landscape. The Atlantic Publishers Marketing Association lists 14 book publishers in Nova Scotia. This sector is greatly affected by changes in new technologies. E-books and online publishing add more options for writers to get their work published. The Assistance

to Book Publishers Program provides investments to Nova Scotia-based book publishers to help with costs associated with author royalties, printing, and marketing.

The music sector in Nova Scotia is well known as a hotbed for activity. Many Nova Scotian musicians have performed and been recognized around the globe for their talent. Music Nova Scotia, which boasts over 450 members, is the lead music industry association for the province. Music Nova Scotia strives to encourage the creation, development, growth, and promotion of Nova Scotia's music industry. The operating grant that government provides to Music Nova Scotia will transfer to the new agency and allow the association to continue providing education and resources to its members. Film and Creative Industries Nova Scotia will also support artists in this sector through the Emerging Music Business Program and the Music Nova Scotia Export Development Program.

Context for 2013–2014

Nova Scotia has seen significant success with the film industry, which has historically provided an economic stimulus to our urban and rural communities, generated an average of over \$100 million in production activity in the province annually, employed thousands of Nova Scotians, adds to the economic and cultural aspects of the province through



content design, technology adoption, and job creation. Expanding the role of the agency to the other creative sectors will provide a similar support model for other creative sectors in the province.

Many of Film and Creative Industries Nova Scotia's initiatives align with the current government's commitments for 2013–2014 to support secure high-value jobs the Nova Scotia economy needs and to ensure that more young people stay and build a life here in Nova Scotia. In 2013–2014, Film and Creative Industries Nova Scotia will continue to support the creative economy through the development of creative industries in Nova Scotia as part of the province's economic growth strategy.

Strategic Goals

1. To cultivate and grow the global competitiveness of Nova Scotia's creative sectors.
2. To promote the skills development and innovation of enterprises and individuals in Nova Scotia's creative sectors.

Core Business Areas

1. Business Development

Develop and grow Nova Scotia's creative industries, with priorities that include the following.

1.1 Investment Programs and Initiatives

The investment programs that have been implemented by the corporation are instrumental in the creation and growth of a vibrant and successful Nova Scotia creative economy. They are critical to the development of enterprises and individuals in the creative sectors.

Film, Television and Digital Media Investments (Equity Investments, Eastlink TV Independent Production Fund, Development Loans, Digital Media, and First Feature Funding)

Film and Creative Industries Nova Scotia provides a variety of equity investments for Nova Scotia producers of film, television, and digital media productions. Producers are able to use these funding programs as critical equity funding 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 individual private investors. Development loans are available to producers who have projects that require further development before production to bring the projects to the next stage to attract equity and leverage funding.

These investment programs lead to the development of Nova Scotia's producers to grow the production capacity of the province. As a result of the development of producers, and in turn the industry, Nova Scotia has seen domestic production activity grow to its highest level, leaving the industry less reliant on foreign production for sustainability.

Market and Festival Assistance

Film and Creative Industries 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.

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 territories. It leads to sales of Nova Scotian production in international territories and expands the profile of the industry on the global stage.

Nova Scotia Film Industry Tax Credit and Digital Media Tax Credit

Nova Scotia's film and digital media tax credits are among the highest in Canada. These credits provide Film and Creative Industries Nova Scotia with a competitive edge in marketing the province to the international production community, and they help local producers compete for broadcast licences and distribution deals. These tax credits are key financing tools used by local and guest producers to complete their film, television, and interactive-media projects. Film and Creative Industries Nova Scotia markets these tax credits internationally to attract production funding for local producers and to draw foreign production.

Developing through Film Programming

Marc Almon, Producer

Producers in Nova Scotia often benefit from various programs to contribute to the success of their productions. Halifax-based producer Marc Almon accessed development funding for his first feature film, *Blackbird*, which allowed him to get the project polished to the point where he was able to attract an experienced co-production partner.

As the film developed, Almon accessed Film and Creative Industries Nova Scotia equity funding as well as the Film Industry Tax Credit, with which he was able to leverage additional funds from Telefilm Canada. Almon and his team filmed *Blackbird* in Halifax in 2011.

The film went on to premiere at the 2012 Toronto International Film Festival, and Almon accessed Market and Festival Assistance to attend the festival and promote the film. The premiere was extremely successful, and *Blackbird* was named Best Canadian First Feature Film at the festival. The project returned to screen at the Atlantic Film Festival, where it won Best Atlantic Feature, Best Atlantic Director, and Best Atlantic Screenwriter. The profile of the film has continued to rise with screenings at festivals around the globe, receiving various nominations and awards.



The Emerging Music Business Program

The Emerging Music Business Program fosters careers for new and emerging musicians by providing assistance with recording, marketing and promotion, professional business development, and mentorship. This program leads to the enhanced sales and marketability of Nova Scotia-produced music and development of the skills for sustainable infrastructure for developing industry professionals.

Music Nova Scotia Export Development Program

The Export Development Program ensures that the music industry in Nova Scotia continues to grow and develop into a sustainable and profitable industry. This leads to musicians in the province expanding their visibility, and in turn their sales, in markets outside the province. Nova Scotian artists have toured and showcased their music around the world through the support of the Export Development Program.

Music Nova Scotia

Film and Creative Industries Nova Scotia will provide an annual operating grant to Music Nova Scotia. In addition to the grant, the agency also has an existing agreement with Music Nova Scotia to administer the Export Development Program.

This leads to access to education, information, and resources for musicians in the province, and the promotion and export of Nova Scotia talent.

Developing through Music Programs

Jenn Grant, Singer/Songwriter

Successful artists such as Jenn Grant have greatly benefited from the various music industry support programs. Jenn Grant has accessed Music Nova Scotia programs and the Export Development Program to tour through North America and grow her fan base in these territories. Grant was also able to use the Export Development Program to meet with film and television placement officials in Los Angeles, which led to her songs being used on shows such as *Grey's Anatomy*, *Mercy*, *Rookie Blue*, and *Heartland*. In 2011–2012, Grant released the album *Honeymoon Punch*, which was nominated for Adult Alternative Album of the Year at the 2012 Juno awards. She was also invited to perform at a Canada Day showcase on Parliament Hill for the Duke and Duchess of Cornwall during their Canadian tour.

The Assistance to Book Publishers Program

The Assistance to Book Publishers Program provides investment to private Nova Scotia-based book publishers to provide funds related to editorial, author royalties, printing, and marketing costs. This leads to the artistic development of Nova Scotian writers, provides cultural economic development and adds, to the creative

sector sustainability. As a result of a vital publishing industry in Nova Scotia, the development of Nova Scotian stories and authors occurs and helps to increase out-of-province sales.

Developing through Assistance to Book Publishers — Breton Books

Breton Books, based in Sydney, specializes in the development and publishing of Cape Breton authors and Cape Breton stories. Breton Books has over 300 titles that have important cultural ties to Cape Breton. Without the support of the Assistance to Book Publishers Program, many of these stories would not be told, and many authors would not see their works published. For his contributions to the Canadian literary community, Breton Books publisher Ron Caplan was appointed to the Order of Canada in 2010 and invested in 2012.

The Industry Growth Program

The Industry Growth Program supports cultural industry growth and artistic development to attract local, national, and international interest in Nova Scotia's cultural program. This leads to the growth of individuals, businesses, and communities in Nova Scotia. This program will be used to support the activities of those

enterprises migrating from the Department of Communities, Culture and Heritage incubator stage of the Industry Growth program to the Film and Creative Industries Nova Scotia portion of the program to access other funding. Crafters, designers, and industry associations looking to support buyers and business development programs access this funding.

Developing through the Industry Growth Program *The Halifax Pop Explosion Association*

The Halifax Pop Explosion Association has seen success through the Industry Growth Program by accessing funds to help with the conference component of the music festival and the Export Market Buyers Program that is held in conjunction with the event. The Halifax Pop Explosion presents 150 bands to 20,000 fans and delegates in Nova Scotia each fall. The #POPular Music Conference hosts informative panels, artist interviews, and Q&A sessions with various industry professionals.

The festival and conference also works to bring in international buyers to see Nova Scotian musicians and increase the potential for their sales in global markets.



Marketing

The 2013–2014 Marketing and Communications Plan targets the rebranding of Film Nova Scotia to encompass the expanded Film and Creative Industries Nova Scotia mandate. This process will include an overhaul of existing marketing and communications materials to reflect the creative sectors now targeted by the agency. This will also include research into territories that will be explored and targeted to increase the export development potential for creative industries in Nova Scotia. The agency will also promote Nova Scotia at international markets and festivals related to creative industries.

Locations Services

Film and Creative Industries 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.

Community Liaison and Ongoing Support

Film and Creative Industries Nova Scotia provides assistance with ongoing location research, information, and support as required, and acts as an ombudsman and mediator for the industry and the public.

1.2 Partnerships

Film and Creative Industries 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.

These partnerships include the Film Advisory Committee, Strategic Partners, the Association of Provincial Funding Agencies, the International Business Development Group, the Nova Scotia Motion Picture Industry Association (NSMPIA), the Film Industry Health and Safety Committee, Women in Film and Television Atlantic Chapter (WIFT-AT), Music Nova Scotia, Halifax Pop Explosion, Nova Scotia Business Inc., the Creative Nova Scotia Leadership Council, the Atlantic Canada Opportunities Agency, Eastlink Television, Empire Theatres, the Independent Production Fund (IPF), Astral's Harold Greenberg Fund, and Halifax Regional Municipality.

The development of partnerships leads to new and innovative ways to support the development and growth of Nova Scotia's creative sectors and provides various support models to artists in the province to ensure long-term sustainability without total reliance on government funding.

2. Industry Growth

Optimize resources by partnering with government, private sector, and industry stakeholders to provide skills and business-development opportunities and innovation aimed at advancing enterprises and individuals in Nova Scotia's creative economy.

2.1 Programs and Initiatives

Film and Creative Industries 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 creative industries in global markets. The agency invests in the continued professional development of Nova Scotians in these sectors as well as through the organizations and programs described below.

First Feature Project

Film and Creative Industries Nova Scotia works in partnership with Telefilm Canada to provide the First Feature Project for emerging filmmakers. This juried program allows an emerging producer, director, and writer team to enter the feature film industry by providing the opportunity to produce a feature-length film. This program has been recognized nationally as a model for the new Telefilm Canada Micro-Budget Production Program.

Broadcaster/Distributor Forum

Film and Creative Industries 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. This leads to ongoing discussions and direct access to national decision makers for Nova Scotia producers.

Trade Missions

Film and Creative Industries Nova Scotia offers the Los Angeles Business Development Mission for emerging and mid-level producers to help them develop relationships and partnerships with key industry players in Los Angeles. The initiative leads to producers developing first-hand knowledge on breaking into the Los Angeles-based industry.

Film and Digital Media Professional Development and Partnerships in Training Programs

The agency supports various Nova Scotia-based training organizations, including the Atlantic Filmmakers Cooperative, the Centre for Art Tapes, the Nova Scotia College of Art and Design (NSCAD), and the Nova Scotia Community College (NSCC). In addition,



the agency supports individuals attending national and international training programs through the Professional Development Assistance Program. These programs have allowed Nova Scotia filmmakers to participate in programs at the National Screen Institute, the Canadian Film Centre, the éQuinoxe writing program, and the Screenwriters' Bootcamp. Film and Creative Industries Nova Scotia also looks for knowledge gaps in the local industry and provides in-house programs such as the Los Angeles Business Development Mission, Pitcher Perfect pitch workshops, and mentorship opportunities to emerging filmmakers to help them to progress in their careers.

Music Development Programs

The Emerging Music Business Program, the Music Nova Scotia Export Development Program, and the operating grant to Music Nova Scotia will continue to support emerging musicians in their careers. These programs foster the careers of emerging musicians and provide investments to support their growth. In addition to supporting the administration of these programs, Music Nova Scotia offers a number of services to its members and the general public. The association provides education, information, and resources to its members and advocates for the music industry, and it promotes the export of Nova Scotian music and musicians.

Creative Sector Programs

The Industry Growth program supports culture industry projects related to export development for businesses in the

creative sectors that have moved beyond the incubator stage of the Department of Communities, Culture and Heritage Industry Growth Program. This funding is used to support the activities of those enterprises that are migrating into larger export development activities to grow these artists and businesses.

2.2 A Lead Agency for Creative Enterprises

Film and Creative Industries Nova Scotia will be the lead agency for Nova Scotia's creative businesses. Previously, programs were housed throughout different departments. The new agency will bring more services and support for creative enterprises for greater economic growth under one roof. The new agency will also continue to work with the Department of Economic and Rural Development and Tourism and the Department of Communities, Culture and Heritage, as well as other government agencies such as Nova Scotia Business Inc., to act as an industry liaison to help refer individuals from the creative sectors to additional support programs for which they may be eligible.

Priorities for 2013–2014

For the inaugural year of this new agency, Film and Creative Industries Nova Scotia has developed a business plan for 2013–2014 that addresses the following goals of the agency:

- managing the transition of additional programs, personnel, and resources to Film and Creative Industries Nova Scotia
- working with new and existing stakeholders on the development of a five-year strategic plan for Film and Creative Industries Nova Scotia to develop and grow the creative sectors in the province
- creating a new brand for Film and Creative Industries Nova Scotia that reflects the expanded mandate of the new agency
- increasing the economic benefit of creative industries to the province
- supporting industry growth in the face of technological advancements
- maintaining high levels of skilled workers across the creative industries
- supporting relationships with industry gatekeepers such as national broadcasting and distribution companies, industry development funds, and federal government partners such as Telefilm Canada, the Department of Canadian Heritage, and the Canada Radio-television Telecommunications Commission

The focus for 2013–2014 will be the transition of Film Nova Scotia into Film and Creative Industries Nova Scotia. A key factor in this process will be the recruitment and hiring of a new president and CEO with the appropriate skills to effectively lead this new agency. The board of Film and Creative Industries Nova Scotia has begun working with an executive recruitment firm to lead

this initiative. The position has been posted, and it is hoped to have it filled early in the 2013–2014 fiscal year. The department, the board of directors, and the existing staff at Film and Creative Industries Nova Scotia will work with this individual to provide education on the creative sectors and the programs and stakeholders of the agency.

The start of this fiscal period will see the transfer of programs, resources, and personnel from the departments of Communities, Culture and Heritage and Economic and Rural Development and Tourism to Film and Creative Industries Nova Scotia. The new agency will work with the departments to ensure that this transition is as smooth as possible for staff, stakeholders, and clients. Managing this transition will be vital, so as not to disrupt the delivery of programs or agency operations.

Under the direction of the new president and CEO and in partnership with the Department of Economic and Rural Development and Tourism and the Department of Communities Culture and Heritage, Film and Creative Industries Nova Scotia will work to develop a five-year strategic plan for the new agency. The planning process will involve significant engagement of both new and existing stakeholders to ensure that the priorities of the new agency accurately address the needs of the creative sectors in Nova Scotia. This process will be extensive and will be the key priority for Film and Creative Industries Nova Scotia in the upcoming year.



To reflect the new mandate of Film and Creative Industries Nova Scotia, the agency will be rebranded to create a new creative identity, look, and feel. As a part of this process, the agency will overhaul existing marketing and communications tools to reflect the new mandate and vision of Film and Creative Industries Nova Scotia. This process will begin with the development of a marketing and communications strategy that will be shaped by the priorities determined throughout the strategic planning process.

In addition to managing its transition, Film and Creative Industries Nova Scotia will continue to operate and offer the new and existing programs under the new agency to support the film and creative sectors in the province. The creative economy is a key contributor to the economy, and the government's *jobsHere* strategy and the new agency will continue to provide support to the sectors that directly affect this facet of the economy.

Budget Context

The business plan solicits an appropriation of \$4.2 million, which reflects a \$1.1 million increase to support new programming and the additional staff associated with the expanded mandate for Film and Creative Industries Nova Scotia in 2013–2014. With this level of funding and strategic partnerships, Film and Creative Industries

Nova Scotia will be able to achieve its goals of achieving long-term growth and development of the province's creative economy.

Film and Creative Industries Nova Scotia is CRTC certificated as an independent production fund eligible to receive and administer contributions from broadcast distribution undertakings. Film and Creative Industries 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 and Creative Industries Nova Scotia.

Film and Creative Industries Nova Scotia will also be undertaking a rebranding strategy in 2013–2014 to create a new identity for the agency to help in the promotion of Nova Scotia's creative sectors in the global market. This identity will be shaped during the development of the five-year strategic plan. The strategic plan will also identify long-term goals and priorities for the agency and its activities and will assist in the development of future budgets.

The following budget table reflects an appropriation of \$4.2 million.

Film and Creative Industries Nova Scotia

 Crown Corporation
Business Plans

	Estimate 2012-13 (\$)	Forecast 2012-13 (\$)	Estimate 2013-14 (\$)
Contributions			
Operating Fund			
Nova Scotia Government	3,063,700	3,263,800	4,217,500
Recovery of equity investments and development loans	150,000	150,000	150,000
Other income	120,000	120,000	40,000
Interest income	10,000	14,000	14,000
Independent production fund			
Eastlink	745,200	1,347,200	993,200
Interest income	6,000	12,000	8,000
Total contributions	4,094,900	4,907,000	5,422,700
Disbursements			
Operating Fund			
Programming	2,045,000	2,357,100	3,001,300
Administrative	813,700	705,700	1,018,700
Advertising and marketing	485,000	485,000	401,500
Independent production fund			
Programming	750,000	1,358,000	1,000,000
Administrative	1,200	1,200	1,200
Total disbursements	4,094,900	4,907,000	5,422,700
Net balance	—	—	—
Administrative expenses			
Salaries and benefits	627,500	465,000	795,700
Other administrative expenses			
Telecommunications	12,000	12,000	14,000
Staff training	11,000	11,000	14,000
Bank charges	2,000	2,000	3,000
Consultants	11,000	63,600	13,000
Courier	2,000	2,000	3,000
Dues, fees, and subscriptions	10,000	10,000	12,000
Insurance	2,500	2,500	2,500
Conferences and marketing	3,000	3,000	5,000
Board	18,000	18,000	27,000
Repairs and maintenance	3,000	4,400	3,000
Office	17,000	17,000	20,000
Copier and fax rental	2,700	2,700	3,500
Postage	2,000	2,000	3,000
Professional fees	10,000	10,500	15,000
Rent and related costs	80,000	80,000	85,000
	813,700	705,700	1,018,700
Independent Production Fund			
Bank charges	200	200	200
Professional fees	1,000	1,000	1,000
	1,200	1,200	1,200
Total administrative expenses	814,900	706,900	1,019,900



Film and Creative Industries Nova Scotia

	Estimate 2012-13 (\$)	Forecast 2012-13 (\$)	Estimate 2013-14 (\$)
Advertising and marketing			
Locations salaries and benefits	175,000	175,000	180,000
Other advertising and marketing			
Advertising	20,000	20,000	20,000
Business development	50,000	40,000	60,000
Locations library	7,000	7,000	7,000
Location services	15,000	15,000	15,000
Marketing	140,000	155,000	50,000
Publications	28,000	23,000	14,500
Sponsorships	50,000	50,000	55,000
Total advertising and marketing	485,000	485,000	401,500

Outcomes and Performance Measures

Core Business Area 1 Business Development

Outcome	Measure	Data 2009–10	Data 2010–11	Data 2011–12	Estimate 2012–13	Target 2013–14	Strategic Actions to Achieve Target	
Contribute to Nova Scotia's economy by maximizing, with the resources available, the economic potential on Nova Scotia's creative sectors	Film programs:	Production activity has been increasing over the past three years following an exceptionally high 2008–09 fiscal year (see Nova Scotia Film Production Activity graph). Domestic activity has grown to its highest level in the history of the agency, allowing Nova Scotia to rely less on guest productions to sustain the province's audiovisual industry. Guest producers have also begun partnering with local companies to provide Nova Scotia ownership of guest production such as <i>Haven</i> , co-produced with Big Motion Pictures of Chester.					To maintain or exceed baseline levels to the extent possible with the available resources	Develop a 5-year strategic plan; identify goals for the expanded mandate of Film and Creative Industries Nova Scotia. Recruit a CEO to lead the agency and a business development person to explore export and growth potential. Create a recognizable brand for Film and Creative Industries Nova Scotia in the international market. Keep abreast of changes in the creative sectors and ensure that programs meet the requirements of stakeholders and clients. Provide increased exposure for enterprises and individuals in the creative sectors. Create and maintain strategic partnerships to generate resources for the industry and raise the profile of the industry.
	• Total production activity							
	• Domestic production activity							
	• Guest production activity							
	Ratio of production activity leveraged by equity investments	92.74%	95.72%	97.04%	96%			
	Music, book publishing & industry growth programs:	—	—	—	TBD	TBD		
	Measures to be determined via the development of the 5-year strategic plan for Film and Creative Industries Nova Scotia							



Core Business Area 2 Industry Development

Outcome	Measure	Data 2009-10	Data 2010-11	Data 2011-12	Estimate 2012-13	Target 2013-14	Strategic Actions to Achieve Target
Ensure the skills development and innovation of enterprises and individuals in Nova Scotia's creative sectors.	Client feedback received from Film and Creative Industries Nova Scotia workshops, trade missions, and forums				92%	84%	Ongoing research into gaps/overlap in industry and identify solutions
	Film programs:						Offer and support professional development initiatives
	Training for good jobs / workshop attendance						Maintain Industry Strategy
	• Business Issues (attendance)	12	7	9	10	7-10	Encourage adoption of new skills and technology through post secondary industry specific program sponsorship
	• Broadcaster / Distributor Forum (attendance)	65	45	48	46	40-50	
	- (pitches)	104	105	153	119	110-130	
	• Pitching workshop (attendance)	8	9	7	8	8-10	Provide access for local producers to industry gatekeepers
	Training programs supported through partnerships & sponsorships:						
	• Atlantic Mentorship Program (interns hired)	3	3	2 *	2	2	
	• CBC Bridge Award Program (projects completed)	2	1 **	1	1	0 ***	
	• First Feature Project (projects completed)			1	1	1	
	Third-party training:						
	• eQuinox Program (writer attendance)		1	1	1	1	
	• Film 5 Program (projects completed)	4	4	4	4	4	
	• Centre for Art Tapes (participants)	10	8	9	10	10	
	• NSCAD BFA program (participants)	6	5	5	5	5	
	• NSCAD Intermedia program (participants)		3	3	3	3	
	Music, book publishing, and industry growth programs:						
	Measures to be determined via the development of the 5-year strategic plan for Film and Creative Industries Nova Scotia.	—	—	—	—	TBD	

* Due to budget reductions, the program moved from 3 to 2 intern placements per year.

** Due to limited partner resources, the program was reduced from 2 projects annually to 1 in 2010-11.

*** Due to partner resignation, the program will not be offered in 2012-13.



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Fisheries and Aquaculture Loan Board

Business Plan 2013–2014

Table of Contents

Message from the Minister, Board Chairman, and CEO . . .	121
Mission	123
Mandate	123
Planning Context	123
Strategic Goals	124
Core Business Area	125
Priorities for 2013–2014	125
Budget Context	127
Outcomes and Performance Measures	128

Message from the Minister, Board Chairman, and CEO

We are pleased to present the Nova Scotia Fisheries and Aquaculture Loan Board business plan for 2013–2014. The plan outlines the board's goals and priorities for the coming year in line with its mission and mandate.

The primary objective of the board continues to be the provision of financing in order to encourage, sustain, improve and develop the fishing and aquaculture industry in Nova Scotia. The Fisheries and Aquaculture Loan Board is proud to have a role in enabling fishers and aquaculturists to take advantage of economic opportunities while creating jobs in coastal communities.

The Honourable Sterling Belliveau,
Minister

Roy Surette,
Chairman

Derrick Brooks,
CEO

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.

Mandate

The mandate of the Fisheries and Aquaculture Loan Board is to support the fisheries and aquaculture 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 Fisheries and Coastal Resources Act 1996, c. 25, s.1. The act provides authority to the board, subject to the regulations, to make loans and guarantees of loans – out of the fund or other money under its control – to or on behalf of fishers, aquaculturists, companies, co-operatives, associations, or other persons engaged directly in the fishing industry, or to or on behalf of any person for any purpose that, in the opinion of the Governor in Council, will encourage, sustain, improve, or develop the fishing industry in the province.

Board Members

The board currently consists of members with successful careers in fisheries, aquaculture, and related businesses. They govern policies, consider loan requests, receive reports on operations and clients, and provide strategic direction.

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. Fisheries and Oceans Canada reported that the Nova Scotia commercial fishery produced a landed value of approximately \$750 million in 2011. Nova Scotia's aquaculture industry sector generated a production value of \$43 million in 2011, also according to Fisheries and Oceans Canada. These industries are the main employers and economic drivers for coastal communities throughout the province.

Diversification and technological advancements in the fishing industry continue to create a demand for more modern and efficient vessels and aquaculture development. Existing clients will take advantage of new technology to improve and upgrade their business assets.



Ongoing Planning Focus

Within the 2013–2014 fiscal period, the Nova Scotia Fisheries and Aquaculture Loan Board will be undertaking a mandate review. The review will validate expectations of those in the industry. The review will also identify opportunities to enhance current documentation, provide clarity on roles and responsibilities, and outline potential operational enhancements.

The board understands its role to be in support of the long-term viability and development of fisheries and aquaculture 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 20 years. This allows those successful clients to continue a financing relationship that may span many years.

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

When it is possible to broaden services available to clients by collaboration with other lenders, joint lending relationships will be pursued. Industry representatives suggest that additional emphasis should be placed on assisting new entrants and on counselling services.

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.

The board will continue to work toward strengthened lending and management information to meet lending, decision making, and financial reporting requirements.

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. Support growth in the rural economy, specifically in coastal communities.

- Providing flexible loan products adapted to the needs of the fisheries and aquaculture industry.

2. Support growth and new participants in fisheries and aquaculture.

- Providing lending support at the development and entry level for fisheries and aquaculture businesses so as to ensure that the industry will be maintained and have an opportunity to grow.

3. Provide financial counselling and assessments for proposed projects to clients.

- Financial counselling provides guidance to clients as they manage business income and resources. Project assessments help the industry to be successful and also reduce the potential of delinquent accounts.

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; it includes assessment of projects under 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 fisheries and aquaculture industry.

Loan demand was stronger than average throughout 2012–2013, and this is expected to continue into 2013–2014. Loan requirements are affected by the availability of credit, economic factors, and developments within the industry.

Core Business Area

In keeping with the goals of the board, Department of Fisheries and Aquaculture, and government, the following represents the board's priorities for 2013–2014.

Lending

Providing long-term fixed-rate loans for the development of the fish harvesting and aquaculture industries is the primary mandate of the Fisheries and Aquaculture Loan Board. This includes loan product development, loan service development, client service and administration, and efficient and

Priorities for 2013–2014

Lending

Provide up to \$35 million of new loan capital to the fisheries and aquaculture industry in the 2013–2014 fiscal year.

Lending capacity at this level supports the industry's need for access to fixed-rate long-term loans. It also supports the development of fisheries and aquaculture businesses by allowing for sustainability, adaptation to new technologies, and new entrants. The focus for lending is on development and long-



term stability. Actual lending requirements vary from year to year depending on opportunities identified.

The board will continue to investigate possible new loan products to meet client needs in 2013–2014 and beyond.

Credit Counselling and Risk Management

The board places importance on maintaining an understanding of the fisheries and aquaculture industry, on developing relationships with clients and understanding their needs, on flexibility in dealing with individual circumstances, and on confidential credit counselling services.

Accounts are managed so that write-offs and arrears conditions are monitored and minimized in relation to the portfolio size, while supporting individuals through cyclical downturns and working toward the best outcome for all parties.

This approach includes accurate and appropriate security evaluations 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 providing 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.

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 2012–2013 will guide plans for strengthened risk assessment.

Support for New Fishers and Aquaculturists

The board recognizes the importance of assisting new entrants to the fishing and aquaculture industry. It will do so by providing guidance and advice, working with other staff and programs of the department, and funding projects with viable business plans but limited experience.

Budget Context

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

	Estimate (\$) 2012–13	Forecast (\$) 2012–13	Estimate (\$) 2013–14
Revenues			
Interest income	8,700,000	8,700,000	7,800,000
Loan fees	150,000	150,000	150,000
Total revenues	8,850,000	8,850,000	7,950,000
Expenses			
Interest expense	5,100,000	5,100,000	4,600,000
Salaries and benefits (net of recoveries)	636,256	567,900	607,400
Board honoraria	7,600	7,600	7,600
Travel	53,100	73,500	53,100
Professional Service	—	63,200	1,900
Office expense	16,600	16,600	16,600
Bad debts expense (net of recoveries)	78,000	2,078,000	78,000
Total expenses	5,891,556	7,906,800	5,364,600
Operating surplus before government contributions	2,958,444	943,200	2,585,400
Government contributions	5,891,556	7,906,800	5,364,600
Surplus	8,850,000	8,850,000	7,950,000
Distribution to Consolidated Fund of the province	8,850,000	8,850,000	7,950,000
Accumulated surplus, end of year	—	—	—
Funded staff (FTEs)	9.0	7.0	8.0

Financial Information

	Estimate 2012–13 (\$ million)	Forecast 2012–13 (\$ million)	Estimate 2013–14 (\$ million)
Advances	35	22	35
Principal payments	16.5	17.8	17.8
Loans receivable	112	110	110



Outcomes and Performance Measures

Core Business Area 1 *Lending*

Outcome	Measures	Data	Targets 2013–14	Ultimate Target	Strategies to Achieve Targets
Development of new fishery enterprises	Loan advances	2005–06: \$14M	Increase annual advances	Increase annual advances over previous year	Working with industry and government, provide financing for the harvesting of under-utilized species. Loan advances as of March 31, 2012, were \$21 million.
		2006–07: \$16M			
		2007–08: \$15M			
		2008–09: \$7M			
		2009–10: \$25M			
		2010–11: \$15M			
		2011–12: \$21M			
Improve lending programs for the fishing and aquaculture industries	Increase in loan portfolio	2005–06: \$81M	Annual increase in loan portfolio	Annual increase in loan portfolio over previous year	Support financially viable operations. As of March 31, 2012, the loan portfolio was \$109 million.
		2006–07: \$83M			
		2007–08: \$90M			
		2008–09: \$84M			
		2009–10: \$95M			
		2010–11: \$104M			
		2011–12: \$109M			

Core Business Area 1 *Lending*

Outcome	Measures	Data (100%)	Target 2013–14	Ultimate Target	Strategies to Achieve Targets
Arrears level	Percentage of accounts in arrears	2005–06: 1.3% 2006–07: 1.6% 2007–08: 2.0% 2008–09: 3.7% 2009–10: 5.8% 2010–11: 3.3% 2011–12: 3.3%	Less than 3%	Less than 3% year to year	Fisheries Loan Board loans remain secure when considering boat values and aquaculture securities. Loan balances reducing as per repayment schedule. As of March 31, 2012, 3.3% of principal was in arrears.



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Harbourside Commercial Park Inc. ***Business Plan 2013–2014***

Table of Contents

Message from the Minister and the President	133
Mission	135
Planning Context	135
Strategic Goals	135
Core Business Areas	136
Priorities for 2013–2014	136
Budget Context	138
Outcomes and Performance Measures	139

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 2013–2014 fiscal year looks very positive, as new tenants choose Harbourside as their business location.

The Honourable Maurice Smith, Q.C.
Minister of Transportation and
Infrastructure Renewal

Gary Campbell
President, Harbourside Commercial Park Inc.

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.

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.

Approximately 187 acres of the former Sysco site have been remediated to industrial standards. In 2013–2014, HCPI will purchase Phase IV of the former Sysco property 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.

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

- continue to 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

The following are the core business functions of HCPI.

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.

Pictou Wharf Activities

The rehabilitation and development of the Pictou Wharf facility into a viable commercial property will occur in 2013–2014. This will allow the wharf to carry on business importing and exporting cargo. HCPI will manage operations of the wharf.

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. The former Coke Ovens property will become available for commercial development. The Sydney Tar Ponds and adjacent area will enhance the commercial attractiveness of the business park.

Priorities for 2013–2014

HCPI Operations

- Develop and implement marketing strategies promoting the commercial park.
- Continue to attract new tenants to the commercial park.
- Enhance the third and fourth development phase of the Sysco site, through infrastructure development and aesthetic enhancement, making the site attractive to business and the community.
- Purchase the Phase IV land from Sysco and transfer to HCPI.

- Continue to update HCPI's website as a sales and information tool promoting the park.

Development of Infrastructure on Existing Remediated Lands

- Improve marketing and signage for the park.
- All roads in the Phase I to III areas of the park have been turned over to CBRM.

Planning for Future Site Development and Use

- Work with key stakeholders to expand our vision for the future of the park and adjacent Tar Ponds and Coke Ovens site properties.
- Sale of land to Cape Breton Explorations (CBEX) will be completed, and construction of a biomass generating station will begin.



Budget Context

	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Revenue			
Leases and rent	975	971	975
Sale of land	40	27	31
Other	38	162	66
Total revenue	1,053	1,160	1,072
Expenses			
General operating expenses	858	848	825
Management fees	100	100	100
Total expenses	958	948	925
Net income (loss)	95	212	147
Capital expenditure	1000	750	1,350

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: 2013–14	Trends	Strategies to Achieve Target
Continued management of the park	Number of property sales and leases	2008–09	Four properties sold		Continue marketing activities
Rehabilitation of Pictou Wharf	Upgrading of wharf area	2013–14	Operational by end of summer	2013–14: 100%	Contract work to start in early spring
Transfer of Phase IV land to HCPI	Remaining Sysco land transferred to HCPI	2011–12	All land transferred	2013–14: 100%	

Core Business Area 2 *Sydney Utilities Activities*

Outcome	Measure	Base Year	Target: 2013–14	Trends	Strategies to Achieve Target
Transfer of SUL assets to HCPI	HCPI to take over SUL's responsibilities	2012–13	100% turnover of assets	2012–13: 100%	Transfer completed



Core Business Area 3 *Planning for Future Use*

Outcome	Measure	Base Year	Target: 2013–14	Trends	Strategies to Achieve Target
Land-use plan to be expanded to include Coke Ovens site	Completed plan	2013–14	Plan for Coke Ovens site	2013–14: 100%	Work with provincial/federal partners of the Tar Ponds cleanup project to establish an environmental management plan.



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Housing Development Corporation *Business Plan 2013–2014*

Table of Contents

Message from the Nova Scotia Housing Development Corporation	143
Mission/Mandate	145
Strategic Goals	145
Core Businesses Areas	145
Planning Context	145
Priorities for 2013–2014	147
Budget Context	151
Outcome and Performance Measures	152

Message from the Nova Scotia Housing Development Corporation

2013–2014 is a landmark year for Nova Scotia with the launch of the province's first Housing Strategy.

This fall it was my pleasure to hear first-hand from more than 500 citizens across the province. Overwhelmingly, Nova Scotians believe that housing is critical to achieving healthy and vibrant communities. They told us housing is key to the economic and social prosperity of Nova Scotia. Housing development contributes to the growth of our economy and the creation of good jobs. They also spoke about the importance of a home. A home is more than a roof over our heads. A home is about family, friends, and neighbours, and our aspirations for independence and security. A home is important to our sense of place, to our sense of self, and it connects us to our community.

This is the focus of our Housing Strategy and our 2013–2014 business plan. Nova Scotians expect access to quality services, value for money in the delivery of housing programs and services, and accountability for performance. Our commitment is to ensure that citizens can access and receive services efficiently and effectively. Our plan will deliver

- opportunities for homeownership
- more affordable housing
- innovative approaches to social housing development
- improved access to housing and support services for our seniors, those who face disadvantage, and persons with disability

- revitalized neighbourhoods through community partnerships
- responsive and sustainable housing developments responding to demographic change and community preference

Our plan responds to what we've heard: more Nova Scotians living where they choose in homes they can afford. For individuals, families, and our communities, our housing plan provides pathways to independence, prosperity, and success.

The Honourable Denise Peterson-Rafuse
Minister, Department of Community Services

Rob Wood
Deputy Minister, Department of Community Services

Mission/Mandate

Housing is a basic need, fundamental to personal well-being, and the basis upon which to build healthy and sustainable communities.

Strategic Goals

The strategic goals of the corporation are changing to reflect the aspirations of citizens and will underpin the changes required in housing policy, programs, and structure to support the long-term viability of this important social program. Key strategic objectives include

- creating healthier, more vibrant communities through diverse mixed-market, mixed-use developments
- making housing more affordable for low- to modest-income Nova Scotians
- increasing levels of home ownership and personal equity
- developing and leveraging partnerships with municipalities, business, and social enterprise
- improving the quality of life of our most vulnerable populations: seniors, disabled, and homeless

Core Business Areas

The Housing portfolio includes four lines of business:

- Development and management of programs and services to ensure that Nova Scotians have access to safe, adequate, affordable, and sustainable housing. The range of programs and services includes
 - provincial loan and mortgage programs
 - grants for home repairs and home adaptations
 - rental housing
 - municipal property tax rebate program
- Management and administration of 11,000 public housing units
- Financing to support the province's social housing (borrowing, lending, and investing)
- Housing development

Planning Context

Since the corporation was created in 1986, the demographic landscape of Nova Scotia has changed dramatically. This change is putting increasing pressure on current housing programs to meet the changing needs of citizens.



Aging Population – Population projections for Nova Scotia clearly point out that the population is aging. In 2011, about 16 per cent of the population was aged 65 and over. Over the next 20 years, the proportion of the population aged 65 and over will grow to 20 per cent (1 in 5) by 2018, 25 per cent (1 in 4) by 2026, and just under 30 per cent by 2033.

Changing Household Profile – In the last 15 years the face of the typical household in Nova Scotia has changed significantly. In 1996 only 27 per cent of households consisted of one or two people; today that number has surpassed 60 per cent and is climbing. Currently, single individuals and single parents are the largest groups of citizens in core housing need (spending 30 per cent or more of their income to cover shelter costs).

Better Outcomes – Nova Scotia, especially HRM, currently has a large number of concentrated public developments, and these housing units frequently cluster low-income residents into discrete developments and neighbourhoods. Research indicates that concentrations of low-income households are strongly linked to poorer education, health, social, and economic outcomes.

Challenging Housing Market – Median household incomes in Nova Scotia are below all other Atlantic provinces and are the second lowest in Canada, while having the highest average monthly rents among the Atlantic provinces. This makes obtaining safe and affordable housing all

the more challenging. Without the ability to accumulate equity, home ownership remains just out reach for many low- and modest-income Nova Scotians. The most recent Statistics Canada data indicate that in 2006, 43,800 households, representing 12.1 per cent of all Nova Scotia households, were in core housing need, falling below adequacy, suitability, or affordability standards.

Changing Demands in Regional Areas – Significant economic and population growth in some regional areas has created a demand for additional housing. Other regions have experienced a decline in population. Housing solutions need to be tailored to the particular housing needs of changing communities.

High Incidence of Disability – Nova Scotia also has the highest level of self-identified disability in Canada, increasing from 17.1 per cent of the population in 2001 to 20 per cent in 2006. The demand for home adaption and repair programs that would enable people to remain in their own homes is growing. At the same time, in most communities, access to supportive housing has become increasingly challenging. In addition, there are some 1,000 persons with disabilities who currently live in large congregate facilities.

Aging Housing Stock – Nova Scotia has some of the oldest housing stock in the country, with 33 per cent of housing at least 50 years old, the second highest percentage in the country. 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. Many of the province's seniors are living in these older homes, and maintaining them is becoming more expensive, especially for those on fixed incomes.

Changing Financial Resources – In 1997, the province took full accountability through the NSHDC for social housing in the province. In return the federal government funded approximately 75 per cent of the costs to operate social housing. The federal share is declining over time until it reaches zero in 2034. Currently, in 2013, the federal government will be paying on average approximately \$2 million less per year, leaving the province to pick up these costs.

Environmental Imperatives – The future health and sustainability of our communities require that we use natural resources in the most efficient way and that we build smarter, more sustainably planned developments that reduce our urban sprawl and carbon footprint and improve walkability and access to public transit.

The province's housing programs need to evolve to remain relevant to individual and community needs and be responsive to market conditions. The following section describes our plan to work toward achieving the strategic housing goals of the province.

Priorities for 2013–2014

Creating healthier, more vibrant communities through diverse mixed-market, mixed-use developments

Why is this important?

Research shows that one of the most influential ways to change outcomes for low-income Nova Scotians is to diversify communities. In such communities, children of families with high and low incomes grow up side-by-side in neighbourhoods where buildings look very similar, and which units are subsidized remains unknown, thereby removing or reducing the stigma associated with public and affordable housing.

Priority: Mixed-Market Developments

The province in partnership with the private and not-for-profit sectors will move away from stand-alone public housing projects and toward the development of mixed-income and mixed-tenure communities, which enable the re-investment of profits into the provision of additional affordable housing and supportive services.

In 2012 the province was selected as the preferred proponent to redevelop the old Bloomfield School in the north end of Halifax. The mixed-use, mixed-income model includes affordable, accessible, and sustainable housing made up of lofts and



one-, two-, and three-bedroom apartments and townhouses alongside community, cultural, and commercial space.

Serving as a model for future developments, in 2013–2014 the province will pursue a number of other mixed-market community revitalization projects. Each of these projects will have a range of income levels, ownership conditions, and family types. In particular, each project will include affordable housing for singles, seniors, and persons with disabilities.

Making housing more affordable for low- to modest-income Nova Scotians

Why is this important?

The home you live in plays a key role in shaping everything from your family life to your community, town or city. When people are able to choose the housing that's right for them, they're more likely to have a strong network of friends and neighbours. They have better access to everything from career opportunities to public services. Their children are healthier and happier and do better in school. Positive outcomes such as these means lower health, education, and public service costs, a stronger economy, less pollution and waste, and better communities all around.

Priority: Improve the Range of Affordable Housing Options

Through unit conversions and development of new homes the province plans to improve the range of affordable housing options to include

- a range of rental and affordable home ownership options such as full-market rental, mid-tier rental, full subsidy, and home ownership
- more modestly sized and priced homes at a price point that people with more modest incomes can afford
- more rent supplements for families and single individuals with disabilities

Increasing levels of home ownership and personal equity

Why is this important?

One of the principle challenges facing low-income Nova Scotians is their frequent struggle to gain equity. Many Nova Scotians are unable to accumulate savings, as all their income goes to pay for living expenses. While their incomes rise, so too does inflation, and they continuously find themselves just out of reach of home ownership. At the same time, for young citizens who are employed but have student loans, the extensive debt associated with student loans makes them risky for traditional financing. The absence of personal equity also exists for people living in co-op housing, which in some instances leads to buildings being poorly maintained and the province being called upon to repair buildings to ensure that people are able to maintain housing.

Priority: Pilot New Programs to Enable Home Ownership

Through the Housing Strategy, the province will become a leader in developing innovative financing options for low- to modest-income individuals. Support could be in the form of a grant to fix up a home, financing to buy the home, or assistance while families build the capacity to move from rental to ownership.

New home ownership/equity programs could involve down payment assistance, lease-to-own options, mortgage assistance, graduate home ownership program, and shared home ownership.

Developing and leveraging partnerships with municipalities, business, and social enterprise

Why is this important?

Each community in Nova Scotia is unique. Some have vibrant economies and growing populations while others struggle with out-migration of their younger citizens looking for work. Solutions to these challenges exist, and single-purpose programs with rigid guidelines do not offer the innovative solutions needed for these communities to flourish.

Priority: Community Revitalization Partnerships

The province will partner with all levels of government, the private sector, and the not-for-profit community to build healthy communities – communities that reflect a diversity of incomes and housing types.

Getting there will require the creation of effective horizontal structures, systems, and processes to facilitate the generation and implementation of innovative solutions. By working together, we will support local community plans and zoning strategies that support true community development.

Improving the quality of life of our most vulnerable populations – seniors, disabled, and homeless

Why is this important?

Nova Scotia's seniors and those with disabilities want to participate and remain in their homes and communities. Housing that can accommodate their needs, and provides ready access to the support and services they rely on, allows them to live with dignity and independence. For others, like those who frequently use shelters, those with substance abuse issues, and other vulnerable populations, a home allows them stabilize their lives, gain a renewed sense of community, return to school, raise a family, or train for a better job.

Priority: Support for Community Living

Starting in 2013–2014, utilizing existing resources, the province will

- provide innovative home adaption and renovation options for seniors and persons with disabilities and their families
- develop living options for people with disabilities to be integrated into the community



- develop a housing-first model to enable the homeless and at-risk populations to find a stable, safe, and permanent place to call home

A housing-first model includes a range of services and supports, tailored to an individual's needs and capabilities, to help them appreciate their strengths and address the challenges they face. Those services might range from addiction and mental health services to help with daily errands like shopping, to finding opportunities to volunteer or to land a job.

Budget Context

	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Funding source			
Revenue from government sources	101,411	106,786	106,045
Revenue from rents	52,200	52,200	52,975
Interest, revenue from land sales, and other revenue	30,334	29,361	30,380
Total funding	183,945	188,347	189,400
Expenditure source			
Interest on long-term debt	44,341	43,343	44,100
Property management and operation	49,472	51,000	53,500
Maintenance and capital improvements	30,624	32,000	32,500
Housing renovation and affordable housing	18,160	25,004	21,900
Social housing subsidies	17,228	17,100	17,100
Depreciation of investment in social housing	18,900	17,400	17,800
Administration fee and cost of land sold	5,220	2,500	2,500
Total expenditures	183,945	188,347	189,400



Outcome and Performance Measures

With the implementation of the Nova Scotia Housing Strategy, a new performance measurement framework will be developed over the coming year as follows.

Indicator	Measures	Target 2013-14
Our Services		
Timely service	Percentage of satisfied clients / public housing tenants	TBD
Access to knowledgeable staff	Number of complaints	Benchmark client/tenant survey
Access to information		
Fair treatment		
Our Homes		
Supply of affordable housing	Number of new homes & rental units	Increase
Access to supportive housing	Number of new accessible/supportive homes	Increase
Availability of repair & adaption programs	Number of home repairs and adaptations	Increase
New opportunities for home ownership	Number of new homeowners	Increase
Our Communities		
Community diversity	TBD	TBD
Core housing need	Percentage of households in core housing need	Reduce
Incidence of homelessness	Number of persons accessing shelters	Reduce
New partnership developments	Number of new partnerships	Increase
Community capacity	Social, environmental, and economic contributions made by partners	
	TBD	Increase

Indicator	Measures	Target 2013–14
Sustainability and Public Value		
Earnings before interest and taxes	TBD	TBD
Revenue from non-government sources	TBD	Increase
Operational efficiency	Cost per housing unit	Reduce
Provincial return on investment	Percent change in asset value	Improve
Our People		
Engaged staff	Employee Engagement Index	Improve
	Employee turnover	Reduce
	Employee retention	Increase



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Lands Inc.

Business Plan 2013–2014

Table of Contents

Message from the Minister and President	157
Mission	159
Planning Context	159
Strategic Goals	160
Core Business Areas	161
Priorities for 2013–2014	162
Budget Context	164
Outcomes and Performance Measures	165

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. Phase III was turned over to HCPI last year, and Phase IV will be completed early this year, for a total of 75 hectares (187 acres). On the remaining portion of the former Sysco steel plant site, significant progress has been made in addressing heavily contaminated soils; all areas have been assessed and 95 per cent have 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. NSLI, working in conjunction with DMSE Trenton, just completed a major upgrade to the lands at the former Trenton Works facility. This upgrade included soil remediation, demolition of several structures, and the installation of approximately two kilometres of rail line.

In 2013–2014, the principal 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, and it will assist the Sydney Tar Ponds Agency in advancing its \$400 million project adjacent to Sysco and Harbourside Commercial Park properties.

In 2013–2014, NSLI will continue to assist the Bowater transition project and has assumed management of the site. We are also commissioning and managing the upgrade of the Pictou Wharf facility, which includes major upgrades to the dock utilities and fender systems. NSLI has been involved in a number of hazardous material cleanups, recently completing a major asbestos abatement program in the former New Glasgow schools complex, and currently remediating the Coke Ovens site.

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

The Honourable Maurice Smith, Q.C.
Minister of Transportation and
Infrastructure Renewal

Gary Campbell
President,
Nova Scotia Lands Inc.

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.

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 75 hectares (187 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 comprises the slag dump area, and this product will be mined as required by market conditions.

As more land becomes available, 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 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 and site management 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 challenged sites.

More specifically, NSLI will

- continue managing the former Sysco site
- 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
- actively manage and market the former Bowater site in Liverpool to establish commercial and industrial enterprises
- actively manage and market the Pictou Wharf as a viable shipping facility

Core Business Areas

Continued Development of the Former Sysco Site as Harbourside Commercial Park

Demolition of the plant infrastructure has been completed, and the environmental remediation of the property is nearly completed. No further environmental site assessments are needed, however ongoing monitoring will be required.

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 2013–2014

Former Sysco Site Rehabilitation

- Complete Phase III ESA in the tank farm area, August 2013.
- Finish remediation of isolated contamination areas.
- Decommission and or sell south substation.
- Complete bioremediation of high dump sludge area in 2013.
- Do general maintenance, monitoring well checks.
- Continue slag quarry.
- Monitor air, sample groundwater.

Former Sysco Site Redevelopment

- Continue grading and levelling of ore field area, ongoing 2013

Support to the Tar Ponds and Coke Ovens Project

- Continue to provide management support on CO site for grading and capping.
- Continue to 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.
- Continue to co-chair the Environmental Management Committee.

NS Sites Review and Prioritization

- 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.
- Work with other government departments on cleanup and redevelopment of provincial sites.

Environmental Assessment, Remediation, and Redevelopment 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.
- Manage redevelopment of Pictou Wharf.
- Assist in management and redevelopment of Bowater site into a commercial park.

Sydney River Water System

- Maintain ongoing management of the Sydney River Dam and fish ladder.



Budget Context

	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Revenue			
Management fee from HCPI	100	100	100
Miscellaneous recoveries	7,630	6,884	1,338
Miscellaneous revenue	3	96	160
Recovery from Sysco	5,191	3,085	4,071
Total revenue	12,924	10,165	5,669
Expenses			
Payroll	1,050	969	1,210
General and administrative expenses	496	450	496
Project management	75	63	90
Security services	95	84	115
Site reconstruction	3,473	1,817	1,960
Cleanup and containment	7,535	6,622	1,754
Total expenses	12,724	10,005	5,625
Net income	200	160	44

FTEs	9	11	9
------	---	----	---

Outcomes and Performance Measures

Core Business Area 1 Sysco Site Rehabilitation and Redevelopment					
Outcome	Measure	Base Year	Trends	Target 2013-14	Strategies to Achieve Target
Continue with final environmental site assessments	Phase III pending		2010-11: 90% 2011-12: 98% 2012-13: 98%	100%	One last area remaining



Core Business Area 2 Support to the Tar Ponds Project

Outcome	Measure	Base Year	Trends	Target 2013–14	Strategies to Achieve Target
Long Term Monitoring Plan		2011–12	2011–12: 10% 2012–13: 90%	100%	Develop plan for monitoring
Manage operation of contaminated material cell		2010–11	2010–11: 30% 2011–12: 45% 2012–13: 90%	Work ongoing	Oversee placement of material to ensure no damage
Coke Ovens capping engineering oversight		2011–12	2011–12: 50% 2012–13: 90%	100%	Complete capping
Coke Ovens CO6B	South	2011–12	2011–12: 30% 2012–13: 90%	100%	Complete capping
Coke Ovens CO6A	North	2011–12	2011–12: 30% 2012–13: 90%	100%	Complete capping

Core Business Area 3 Environmental Assessment of Other Provincially Owned Sites

Outcome	Measure	Base Year	Trends	Target 2013–14	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 2012–13: Ongoing as per needs	All main H & S issues dealt with	Use internal resources to repair problems presenting a safety concern
Pictou Wharf redevelopment	Completion of utilities contract and fender upgrades	2013–14		100%	Completed this year
Manage Bowater (ReNova) site	Establish defunct buildings list for demolition	2013–14		100%	
Commercial activity on ReNova wharf	Minimum one carload imported through wharf	2013–14		100%	



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Liquor Corporation ***Business Plan 2013–2014***

Table of Contents

Mandate	171
Legislated Responsibilities	171
Mission	173
Planning Context	174
2013–2014 Business Plan	176
Enterprise Risk Management	183
Key Performance Measures	185
Budget Context	187
Appendix A	188

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 among the control aspects of the products it sells, efficient and effective regulation, and providing the necessary financial returns to its shareholder and ensuring a high level of service to Nova Scotians.

Since 1930 the NSLC has had significant regulatory powers to control and audit the legal manufacturing, distribution, and retailing of beverage alcohol in Nova Scotia. Under this legislated mandate, only manufacturers, distributors, and retailers permitted or contractually authorized by the NSLC can be legally involved in the beverage alcohol business in Nova Scotia.

It is important to note that the licensing and regulation of all bars, restaurants, pubs, and lounges permitted to sell beverage alcohol rests with the Nova Scotia Alcohol and Gaming Division of the 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 of temperance/



prohibitionist advocacy agencies and those that 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 to moderate consumption and the harm to society from beverage alcohol (low prices increase consumption and the health impacts according to most studies, including the World Health Organization).

A fundamental part of exercising its legislated mandate in this regard is the use of pricing to reduce the potential harms on society that beverage alcohol can cause if misused. Since 1991 the use of social reference pricing (SRP) has been the instrument in Nova Scotia (and 8 of 10 provinces) to ensure that excessively low-price alcohol is not sold in the province. Under the SRP the NSLC sets a minimum price under which the product cannot be sold. The NSLC reviews and adjusts this SRP price annually. Since the launch of the NSLC first five-year strategic plan in 2005 the NSLC has actively managed SRP, the inflation compound annual growth rate (CAGR) has been 2.1 per cent, and alcohol inflation CAGR has been 2.3 per cent. Annually, Nova Scotia CPI grew by 2.0 per cent, and alcohol inflation grew by 1.9 per cent in 2012 (source: Statistics Canada).

The NSLC also 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 content beverages should cost more than lower alcohol content 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 in the middle of both. NSLC classifies the highest alcohol beers as spirits and charges a higher mark-up as a result.

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 eighth place in the country, just behind NWT/Nunavut. Yukon Territory, Newfoundland and Labrador, and Quebec continue to have the highest per capita consumption in the country.

The NSLC looks for growth opportunities while balancing one of the NSLC's key strategic responsibilities – to promote social objectives regarding responsible drinking. It is important to note that counter to public perception, the actual volume of product sold by the NSLC at the retail level and at the wholesale licensee level has declined in each of the past four years.

	RTD	Spirits	Wine	Beer	Total
Alberta	5.6	8.43	12.22	90.4	116.6
British Columbia	7.08	6.51	16.68	73.2	103.4
Manitoba	3.37	7.24	10.04	85.9	106.5
New Brunswick	4.46	4.86	8.85	78.8	97.0
Newfoundland & Labrador	3.6	9.3	8.62	103.0	124.6
N.W.T. & Nunavut	6.57	17.5	13.11	69.2	106.4
Nova Scotia	4.27	6.72	11.48	83.6	106.1
Ontario	3.63	5.44	12.05	77.4	98.6
Prince Edward Island	4.38	6.55	10.73	80.1	101.7
Québec	1.35	3.28	23.11	95.4	123.1
Saskatchewan	6.11	8.53	7.25	85.0	106.9
Yukon Territory	10.29	11.86	17.24	146.9	186.3

Note: All per capita data have been revised to reflect Statistics Canada revisions.

Source: Brewers Association of Canada, 2011 calendar year

Mission

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 statement 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 its shareholder of its strategic development and direction. The plan captures lessons learned, customer insights, and evolving trends in the NSLC's business environment and communities.

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

http://www.mynslc.com/Documents/Business%20Reports/2010_STRATPLAN.pdf 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 changes in retail and the 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 fourth 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 them 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 of Canada. 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 age.

Nova Scotia Economy

Global economic forecasts indicate that economic uncertainty is expected to persist into next year. Canada depends on trade to generate economic growth, and unfortunately, the future of the world economy is uncertain, with a tentative U.S. recovery and Europe still expected to be in a recession. Closer to home, Nova Scotia has seen announcements for future regional economic performance with shipbuilding,

the new convention centre, and offshore oil exploration, but is also now experiencing declines in forestry production. As the NSLC enters the fourth year of its five-year strategic plan, the global economic forecasts for the coming year are showing little if any signs of improving, with a great deal of variability in actual economic performance and consumer confidence.

As a result, customers are staying closer to home due to pressure on disposable income, economic uncertainty, and a desire to maximize value. Grocery stores and one-stop-shopping locations benefit, whereas out-of-home entertainment and restaurants, which have had a difficult number of years, will likely continue to be affected negatively over the coming year.

To help develop its financial forecasts, the NSLC performs 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 are key economic factors influencing future conditions based on the Department of Finance December 13, 2012 forecast:

- **Gross Domestic Product**

The Nova Scotia Department of Finance is forecasting real GDP growth of 1.8 per cent in 2013.



- Employment

The Nova Scotia Department of Finance expects employment in Nova Scotia to decline by 0.1 per cent in 2013.

- Personal Income and CPI

The Nova Scotia Department of Finance projected Nova Scotian compensation of employees to grow by 3.0 per cent in 2013.

The Consumer Price Index (CPI) is expected to grow at a rate of 1.5 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, combined with the growth of those over 55, will mean major changes in consumption patterns for Nova Scotians. Indeed, the Nova Scotia Department of Finance projects the population of Nova Scotians aged 55 and over to increase by 9 per cent by the year 2017, while the number of Nova Scotian residents aged 19 to 54 will decline by 5 per cent over the same period. These changes will affect all NSLC product categories, putting increased pressure on beer and spirits and contributing some growth potential in the wine category. This shift will make continued top-line growth at the levels experienced over the past 10 years for the NSLC difficult to maintain.

2013–2014 Business Plan

The NSLC plans its business around the five pillars of its strategic plan:

1. Stewardship
2. Customer
3. People
4. Reputation
5. 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

The NSLC gives considerable attention to the area of board governance. During the past fiscal year the board was expanded by two members to bring a greater diversity of views, expertise, and representation to the board. During the coming fiscal year the board will continue to focus on board learning and education to improved board committee operations.

Also for this fiscal year, an ad hoc Business Development Committee of the board will be formed to review additional business opportunities and growth strategies.

To support the further development of local industry in this fiscal year, the NSLC will assist with funding for both the wine and craft brewers associations, working with each of these boards more directly to help advance industry development.

Corporate Social Responsibility

The NSLC takes a balanced approach, managing profit generation with its corporate social responsibility efforts. Corporate social responsibility is managing the business with a focus on improved performance that includes sustainability and community.

The NSLC has a comprehensive corporate social responsibility framework that goes beyond the required elements of its operation. A fundamental goal of the strategy is to do something meaningful of which our employees, customers, and stakeholders can be proud.

NSLC Corporate Social Responsibility focuses on the following:

1. **Environment:** The environmental impact of the NSLC's business, from its carbon footprint through to its operating standards.
2. **Community:** Making a difference for the better in the communities in which the NSLC operates.
3. **Social:** The NSLC's legislated mandate for the control of beverage alcohol and the promotion of responsible consumption.
4. **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 myNSLC.com.

Environment

The NSLC is dedicated to help minimize and eliminate its impact on Nova Scotia's environment. Zero liquid waste, zero solid waste, and reducing energy consumption efforts are already underway. Through product breakage or damage, the NSLC incurs liquid waste with an estimated 13.5 per cent alcohol content by volume. This liquid waste is collected monthly at each NSLC store and is processed through a treatment facility and safely released into the environment. It is estimated that the NSLC will recover more than 300,000 litres of this liquid waste in fiscal 2014.

The NSLC defines *zero waste* as the diversion of 95 per cent of its solid waste materials from Nova Scotia landfills. The NSLC has implemented programs at its head office, distribution centre, and eight stores. Plans are in place to roll out the Zero Waste program to all stores in Halifax Regional Municipality in 2013–2014.

Through energy conservation programs, NSLC saved approximately 4 million kilowatt hours last year and anticipates saving an additional 2 million kilowatt hours compared to last year's usage. These savings will continue to accumulate in future years and will grow as programs are expanded.



The NSLC annually calculates its greenhouse gas (GHG) inventory or carbon footprint using an operational approach. This means accounting for 100 per cent of the GHG emissions that the NSLC has direct operational control over and helping estimate, measure, manage, and reduce the NSLC's GHG emissions associated with normal business operations. The NSLC had established the goal of reducing 2008 GHG emissions by 10 per cent by 2020. This goal was achieved in 2011–2012, and the NSLC has increased its goal to continue efforts and improve results to 15 per cent (a further 5 per cent) reduction by 2015.

Community

Giving back to the community is an important part of being a responsible corporate citizen. The NSLC is committed to identify and build trusted strategic community engagements in order to support vibrant neighbourhoods and strengthen the communities it serves. With more than 300 individual cash locations and more than 1.6 million purchases in an average month, the NSLC's Cash Can program provides registered charities the opportunity to collect customers' spare change. Annually, funds total almost \$100,000 and benefit a diverse range of charities.

The NSLC's Celebrate Nova Scotia Talent Program provides \$100,000 in funding to community music festivals throughout the province. These events add rhythm to the communities where NSLC employees have a

long history of showing their dedication and willingness to serve where they work and live in. Thirteen festivals will receive support through this program in 2013–2014.

The NSLC will also continue to grow its fundraising results for two key corporate causes: the Isaac Walton Killam Health Centre Fundraising Campaign and the United Way.

Social

The NSLC takes seriously its responsibility to ensure that no purchase is made to anyone under the legal drinking age. Through its We ID program, the NSLC requires its employees to request identification from any customer appearing to be under 30 years of age.

The NSLC enjoys a positive and co-operative relationship with MADD Canada. Plans for 2013 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 the major alcohol-related harm in Nova Scotia, especially during the holiday season. The NSLC will continue the tradition of delivering a holiday-themed 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, Economic, which addresses the NSLC's sustainable financial performance, is represented in the various initiatives listed in Appendix A.

Local Industry

The NSLC has a mandate to assist in the growth of the beverage alcohol industry in Nova Scotia. NSLC fulfills this mandate through policy review, working cooperatively with the industry on business initiatives, and finding new ways to allow these businesses to grow and achieve success. The NSLC's support to 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 wineries and craft beers are licensed to sell their products in NSLC stores and directly to the public through their outlet stores, earning a higher profit margin, which allows them to reinvest in their business and the local economy. For

this fiscal year the NSLC will assist the Nova Scotia wine and craft brewers associations with funding and work more directly with each to help advance industry development.

- **Nova Scotia Wine Industry**

The NSLC maintains a close working relationship with the Winery Association of Nova Scotia (WANS) and the Nova Scotia Department of Agriculture, both of which 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.

- **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 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.

To effectively service Nova Scotia communities, the NSLC's store network consists of 105 NSLC retail stores and 52 agency stores. The sales from this network of stores accounts for approximately 88.2 per cent of the NSLC's revenue and are generated by the dedication and hard work of the NSLC retail and agency stores teams.

The NSLC is dedicated to delivering on its Customer Promise to *provide customers with service that*

- aligns products, services, and events with customer needs
- offers vibrant, interactive, and inviting Nova Scotia shopping experiences
- ensures 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 offering superb customer service combined with smart retailing practices, which enables the NSLC

to grow and produce more-favourable bottom line performance. Four key initiatives during this fiscal year will be the focus of delivering on this pillar's goal: implementing NSLC retail and the digital strategy, limited expansion of the Coolzone shopping experience, development of the product specialist ambassador program, and enhancing wine discovery and education for the customer at retail.

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. In this age of mobile technology, shopper behaviours are changing more than ever, and retailers are working to respond to the customers' evolving demands.

It is an important aspect of the NSLC's business planning to respond to customers' shopping requirements in a meaningful way. Part of the NSLC foundational business strategy is to create the personalized experiences that the NSLC envisions in its strategic plan. Continuing on its journey, the NSLC will implement online e-commerce and mobile digital solutions in this fiscal year. Integrating the NSLC's customer relationship marketing into the digital environment will further personalize the customer experience.

Cold beer rooms will continue to be refreshed with the new Coolzone experience, which provides the customer with information and

education about the different flavors and taste experiences available in this category.

The product specialist program will grow with the specific focus on further developing the number of retail product specialists in the NSLC's retail stores to better enhance and personalize the customer in-store shopping experience.

Finally, for the wine category, the fastest growing NSLC sales category, the NSLC will continue to take the mystery out of the bottle by launching an easy-to-use signage platform and tasting guide to facilitate wine discovery and trial to help the customer understand the taste alternatives available in the NSLC product assortment.

People

Goal: To have an enthusiastic and engaged team recognized for excellence.

People really are the heart of a 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 employee learning and development and a motivated team to provide high levels of service.

For this fiscal year, continuing to improve the communication and connection among all 1,500 NSLC employees across the province continues to be a priority. NSLC's new intranet

platform for collaboration and interaction based on Microsoft SharePoint 2010 ("Swizzle") continues to be a major change-management focus for the organization.

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 2013–14.

In fiscal 2014 the NSLC will review, evaluate, and communicate the results of the most recent biennial employee opinion survey. Measuring employee engagement ensures that the organization is moving forward in improving its targets in this area. The results of the employee opinion survey will be discussed with various employee groups to develop action plans, and are an important input into business planning.

From a learning and development perspective, the NSLC is enhancing resources available to support employees in strengthening personal effectiveness. As well, this year there is a focus on developing management skills across the organization – in particular those soft skills related to leading teams.



Labour Relations

The NSLC has a positive labour relations climate. Most NSLC employees are unionized and are represented by the Nova Scotia Government and General Employees Union (NSGEU). Most retail employees and managers, as well as maintenance and warehouse employees are unionized, along with a variety of office clerical and technical roles. In all, more than 70 per cent of employees are represented by the NSGEU in three separate bargaining units.

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.

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 is also a key part of every annual business plan. The NSLC measures this annually through a brand health survey.

A cornerstone of NSLC's mandate has always been about being responsible and increasing awareness around the beverage alcohol issues that cause social harms. The issue of harmful drinking continues to be a concern within Nova Scotia. A new

anti-binge drinking campaign helped form working relationships between the NSLC and most universities in the province in 2012. The NSLC will meet with the universities in early 2013 to discuss expansion of this campaign to address additional situations where university students might be at risk for binge drinking activity. An updated version of the anti-binge drinking campaign will be offered to universities for September 2013.

The Internet has given greater access to the purchasing of higher-quality false identification. The NSLC is the first liquor jurisdiction in Canada to implement an identification authentication verification system. This system provides NSLC employees with a tool to determine validity of those IDs presented. Currently in use at eight high-volume NSLC stores located close to universities, the NSLC is evaluating results and plans to examine the full technology options to improve its ID verification capabilities in 2013–2014.

NSLC is committed to environmental stewardship and is investing in further energy reduction plans for fiscal 2013–2014, which will help to realize future operational benefits. From installing motion-sensor lighting to upgrading the automation system controlling heating, ventilation, and air conditioning, and to retrofitting of overhead lights, the NSLC continually looks for possible ways to reduce energy consumption. The NSLC works closely with Efficiency Nova Scotia, determining upgrades toward better efficiencies.

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. In this fiscal year the key initiatives in this area are designed to reduce risk and improve the efficiency and effectiveness of the NSLC's processes and systems.

The NSLC current warehouse management system software is at the end of its life, and investments will be made in this fiscal year to upgrade this software, providing a sustainable warehouse management platform with enhanced functionality.

The NSLC network planning committee will implement projects and initiatives in this, the fourth year of the network plan, to improve customer experience and reduce business risk by updating and maintaining facilities and securing co-located retail space as required. The NSLC is committed to reduce its operating impact for all locations and has targeted to reduce NSLC energy usage by an additional 2 million kilowatt-hours in this fiscal year.

A review and evaluation of the current and future functionality of the NSLC point-of-sale (POS) software and hardware requirements will be finalized with the objective of evolving toward industry best practices in POS management.

The NSLC will design an archiving architecture for its current data storage that will focus on stabilizing operating costs for data storage requirements. Also, to reduce operation risk in the event of a systems failure, the NSLC will develop in this fiscal year a production-ready disaster recovery location that duplicates its existing data centre service. The NSLC will also develop a long-range planning document for its information technology needs designed to improve the efficiency of its spending on IT operations and capital and to provide more robust solutions to the future business needs of the organization.

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 improving 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 is reviewed annually and is incorporated into the annual business planning process.

Risk Factors

Risk is anything that affects 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 2013–2014 can affect the NSLC's ability to meet its commitments.

Risk factors that have an effect on NSLC sales are very much like those of any retail business. They 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, since beer (which is 78.5 per cent of the volume of product sold) can be disproportionately affected.

The products the NSLC sells represent discretionary purchases by its customers. A deterioration of economic conditions in the province reduces sales at the NSLC and other retailers. Profitability can also be affected, as 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 impacts from weather and economic factors.

The NSLC is an 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 dependant 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 as outlined in the business plans.

Key Performance Measures

The NSLC will meet or exceed the following key financial performance measures for the organization:

Actual 2008–09	Actual 2009–10	Actual 2010–11	Actual 2011–12	Forecast 2012–13	Budget 2013–14	5-Year CAGR
Income from Operations (millions)						
\$212.6	\$219.4	\$223.2	\$221.6	\$226.4	\$230.9	1.67%
Net Sales (millions)						
\$556.3	\$573.1	\$572.8	\$579.4	\$593.9	\$608.1	1.80%
Operating Expense Ratio (including depreciation)						
15.4%	15.5%	15.7%	16.5%	16.6%	16.8%	3.61%
Operation Expense Ratio (excluding depreciation)						
13.8%	13.9%	14.2%	14.5%	15.0%	15.2%	3.71%

Historic sales numbers have been adjusted to reflect a reallocation of certain vendor revenues from sales to an adjustment to cost of sales. The adjustment has no impact on reported income from operations.

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 distils them into 10 factors. These factors are then weighted according to what customers report 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 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 NSLC compare to other NS retailers on the same criteria?
- Peer comparison: How does it 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 demand.

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 customer's expectations.

Budget Context

Financial Plan

	Actual 2009-10 (\$)	Actual 2010-11 (\$)	Actual 2011-12 (\$)	Forecast 2012-13 (\$)	Sales %	Budget 2013-14 (\$)	Change %
Spirits	161,135,820	160,096,711	164,161,504	167,477,966		170,846,448	
Wine	107,749,873	113,475,419	120,243,611	127,286,742		133,720,928	
Beer	286,040,354	281,763,594	279,761,810	284,655,869		289,548,106	
Ready-to-drink	24,766,469	24,456,808	23,294,204	23,081,236		22,894,852	
Non-liquor	161,100	124,028	116,094	124,903		110,000	
Total Gross Sales	579,853,617	579,916,559	587,577,223	602,626,717	101.5	617,120,333	2.4
Less: Discounts	6,724,575	7,119,868	8,206,575	8,693,488	1.5	9,006,150	
Net Sales	573,129,042	572,796,691	579,370,648	593,933,229	100.0	608,114,184	
Cost of Sales	264,862,784	259,579,125	262,416,729	268,698,004	45.2	275,118,569	
Gross Profit	308,266,258	313,217,566	316,953,919	325,235,226	54.8	332,995,614	
Less: Store Operating Exp.	51,397,404	51,588,831	53,429,822	55,796,964	9.4	57,866,999	
Gross Operating Profit	256,868,854	261,628,735	263,524,097	269,438,262	45.4	275,128,615	
Less: Supply Chain	5,144,354	6,075,110	6,426,853	6,575,232	1.1	6,884,955	
Corporate Services	20,912,977	21,395,146	21,937,215	24,113,384	4.1	25,931,883	
Other Expenses	6,289,763	6,721,387	6,933,108	7,255,797	1.2	6,886,292	
Add: Other Revenue	4,321,872	4,325,078	4,862,119	4,861,982	0.8	5,425,870	
Total Expenses (excl. stores)	28,025,222	29,866,566	30,435,057	33,082,431	5.6	34,277,260	
Op. Income before Depr.	228,843,632	231,762,169	233,089,040	236,355,831	39.8	240,851,356	
Less: Depreciation	9,481,453	8,603,359	11,473,996	9,962,101	1.7	9,966,339	
Income from Operations	219,362,179	223,158,811	221,615,043	226,393,730	38.1	230,885,016	2.0
Actuarial Loss	0	-1,072,000	1,603,000	1,574,600		1,500,000	
Comprehensive Income	219,362,179	224,230,811	220,012,043	224,819,130	37.9	229,385,016	2.0
Total Expenses (not depr'n)	79,422,626	81,455,397	83,864,880	88,879,395	15.0	92,144,259	
Total Expenses	88,904,079	90,058,756	95,338,876	98,841,495	16.6	102,110,598	
Volume (hectolitres)					Change %		Change %
Spirits	52,079	51,676	51,566	50,626	-1.8	50,019	-1.2
Wine	83,576	85,568	88,328	90,650	2.6	93,370	3.0
Beer	667,581	656,440	637,924	634,368	-0.6	631,196	-0.5
Ready-to-drink	35,352	34,739	32,911	32,248	-2.0	31,926	-1.0
Total	838,587	828,423	810,728	807,892	-0.3	806,510	-0.2

Historic sales numbers have been adjusted to reflect a reallocation of certain vendor revenues from sales to an adjustment to cost of sales. The adjustment has no impact on reported income from operations.



Appendix A

Objectives for 2013–2014

The NSLC strategic plan is designed around five pillars of the business (refer to the Strategic Plan in the Planning Context). 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 2013–2014

Stewardship

To deliver the stewardship entrusted to the NSLC in relation to the Liquor Control Act.

- Continued focus on board learning and education to enhance governance.
- Establish a Business Development Committee.
- Zero Waste in all HRM retail stores.
- Energy conservation programs to save 2 million kilowatt hours of energy.
- Expand work with post-secondary institutions to educate on the harmful effects of binge drinking.
- Assist the wine and craft brewery associations with funding and work more

directly with their respective boards to help industry development.

Customer

To deliver exceptional customer experiences and personalized services in dynamic retail environments.

- Expand the retail product specialist (RPS) program by increasing the number of retail product specialists in-store.
- Continue the rollout of the new Coolzone brand experience.
- Implement the NSLC online retail and digital marketing strategy.
- Facilitate wine discovery and education by rolling out an easy-to-use customer signage program and guide.

Reputation

To be a leading corporate citizen building strategic community engagements.

- Continue to increase awareness of social objectives regarding beverage alcohol usage with NS university students.
- Continue to examine new technology options at the point-of-sale to provide employees with better means to verify the legitimacy of ID.
- Continue to use the We ID program to evaluate adherence to, and advance, social responsibility policy mandates.
- Continue programs to reduce energy consumption across the retail network and facilities through lighting and system modifications.

People

To have an enthusiastic and engaged team recognized for excellence.

- Continue to improve two-way communications between all employees, using the collaborative capabilities of the intranet.
- Review, evaluate, and communicate the results of the Employee Opinion Survey.
- Conclude and approve three new collective agreements.
- Enhance management skills across the organization.

Financial

To contribute \$1.2 billion to our shareholder over five years and \$275 million in 2015 while employing sustainable business practices.

- Upgrade the warehouse management system to align with business needs and reduce risk.
- Complete year four of the retail network plan: improving customer experience and reducing business risk.
- Review and evaluate and replace the point-of-sale software for the NSLC.
- Design an archiving architecture and retention plan for NSLC SAP data.
- Provide a production-ready disaster recovery location duplicating existing data centre services.
- Create an IT roadmap for the NSLC based on the business need and strategic direction over the next three years.



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Municipal Finance Corporation *Business Plan 2013–2014*

Table of Contents

Message from the Minister and the Chair	193
Mission	195
Link to Municipal and Departmental Priorities	195
Planning Context	195
Strategic Goals	196
Core Business Areas	197
Priorities for 2013–2014	198
Human Resource Strategy	199
Budget Context	200
Outcomes and Performance Measures.....	203

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 in 1979 and began business in January 1980. The Minister of Service Nova Scotia and Municipal Relations is responsible for NSMFC, and the Deputy Minister serves as chair of the board of directors.

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

The NSMFC is forecasting to have over \$772 million in debentures outstanding at March 31, 2013. New debenture issues in 2013–2014 are estimated to be in the range of \$172.2 million, which will be balanced against debenture retirements of \$93 million.

The corporation is governed by a board of directors appointed by the Governor in Council. Legislation requires that two of the board members be appointed on the recommendation of the Union of Nova Scotia Municipalities. An additional member of the board is appointed on the recommendation of the Association of Municipal Administrators of Nova Scotia. These appointments provide municipalities with 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 Service Nova Scotia and Municipal Relations' departmental priorities by helping to finance infrastructure projects that create economic opportunities and safe and sustainable communities. NSMFC loans are used to finance sewage treatment plants, solid waste facilities, and water services that promote clean and healthy communities. Loans are also made to finance streets, buildings, recreation services, and the purchase and development of land. Improvements in each of these areas contribute to safer and healthier communities in Nova Scotia. By working with municipalities to develop recommended financial management practices 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.

Challenges:

- Global capital markets continue to face challenges and this trend is expected to continue during the current year. Canadian capital markets are not necessarily insulated from the trends in these global markets. Global events may pose challenges for municipal debt issuers and the municipal sector's cost of funds.
- 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. The province's General Revenue Fund has purchased all NSMFC debt issues since 1998 and is expected to continue to do so in the future.



Maintaining current knowledge of developments in municipal government capital finance.

Challenge:

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

Opportunity:

- The NSMFC hired a new manager of client services, who will 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 both to amount and maturity and maintaining banking arrangements and credit facilities, credit risk, adequate reserves, and the ability to manage administration expenses within the corporation's budget.

Opportunity:

- The NSMFC remains stable, as it has for over 30 years. In addition, 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 must plan and finance their long-term capital infrastructure needs.

Opportunities:

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

The major risks to the corporation are reduced capital market receptiveness to smaller serial debt issues and the availability of human and financial resources needed to carry out its mandate. Some resources are directly under the control of the board, whereas others are provided by provincial departments. The NSMFC will continue to work with provincial departments to align both sets of priorities.

Strategic Goals

The NSMFC's strategic goals are designed to further municipal and departmental infrastructure objectives, which contribute to the creation of 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 as well as to provide support for infrastructure, economic, and community priorities:

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

These goals are in line with the government priority of creating good jobs and growing the economy. Building and maintaining infrastructure creates jobs; allows local businesses to transport goods to market; connects Nova Scotians to vital services, employment, and education; and leads visitors to every corner of the province.

Core Business Areas

1. Providing flexible financing options at the lowest available cost

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

2. Ensuring access to capital markets

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



3. Helping build financial management and knowledge

- Partner with municipal clients, 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 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 2013–2014

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

- The NSMFC will provide low-cost financing by issuing pooled debentures for the approved amount required to meet municipal borrowing requirements and lending a similar amount to our clients. In 2013–2014 the new debenture

issuances are expected to be in the \$172.2 million range, which is balanced against retirements of existing debentures of approximately \$93 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.
- The 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) prior to settling the parameters for pooled issues.
- Match the amount, term, and timing of NSMFC debentures with loans to municipalities.
- Manage the NSMFC's financial resources (budget and reserves) in accordance with policies established by the corporation's board of directors.

3. Helping build financial management and knowledge

- Sponsor 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 used by municipalities to help determine how much debt is too much debt to carry. The model can also be used by municipalities for multi-year budgeting and forecasting and analyzing revenue and expenditure options.
- Conduct research and analysis of what municipalities require to increase clients' infrastructure borrowing capacity, and 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 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 Administration Budget

	Estimate 2012–13 (\$ 000)	Forecast 2012–13 (\$ 000)	Estimate 2013–14 (\$ 000)
Total program expenses—(gross current)	555.4	496.3	557.8
Net program expenses— (net of recoveries)*	0.0	0.0	0.0
Salaries and benefits	371.7	329.6	372.2
Funded staff (gross FTEs)	4	4	4

* 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.

NSMFC Statement of Financial Position March 31, 2012

Financial assets	(\$)
Cash and cash equivalents	6,344,453
Accrued interest receivable	10,210,297
HST receivable	547
Accounts receivable	—
Loans to municipal units	733,039,744
Total Assets	749,595,041
Financial liabilities	
Accounts payable	65,220
Accrued interest payable	10,189,073
Employee obligations	68,917
Debentures	733,008,304
Total liabilities and equity	743,331,514
Net financial assets	6,263,527
Accumulated surplus	6,263,527



NSMFC Statement of Operations, year ended March 31, 2012

	Estimate 2012	Actual 2012
Revenue	(\$)	(\$)
Interest on loans to units	34,210,534	33,172,602
Interest on short-term investments	111,507	78,550
Recovery of issue cost	365,682	230,267
Administration fee	440,000	291,901
Total revenue	35,127,723	33,773,320
Expenses		
Interest on debenture debt and short-term loans	34,208,701	33,170,779
Debenture issue expense	373,834	228,822
Administrative expense	521,015	491,929
Total expenses	35,103,550	33,891,530
Annual operating surplus (deficiency)	24,173	(118,210)
Accumulated surplus, beginning of year	6,381,737	6,381,737
Accumulated surplus, end of year	6,405,910	6,263,527

Outcomes and Performance Measures

Core Business Area 1

Providing Capital Financing at the Lowest Available Cost

Outcome	Measure	Data	Target 2013–14	Target 2014–15	Strategies to Achieve Target
Provision of lowest available cost of financing to clients in a timely manner	Percentage of clients that are satisfied with the timing of debenture issues (2013 client satisfaction survey)	90%	95%	95%	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 (2013 client satisfaction survey)	90%	95%	95%	Promote short-term financing program Work with clients on financing options (payments and terms) Communicate financing options more effectively (i.e., 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		Procedures ensure creditworthiness of loans	Regular review of loan procedures	Regular review of loan procedures	Maintain quality of portfolio
	Pricing received from lead managers in relationship to the Province of Nova Scotia's cost of funds	Provincial guarantee allows the 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 2013–14	Target 2014–15	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	0%	0%	0%	<p>Ensure that all loans are creditworthy</p> <p>Promote the Debt Affordability Model</p> <p>Play a more active role in the creditworthiness procedure (Temporary Borrowing Resolutions)</p> <p>Monitor loan payment process</p>
	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 2013–14	Target 2014–15	Strategies to Achieve Target
NSMFC client use of the Debt Affordability Model	Percentage of municipal clients that have used the Debt Affordability Model	50% (2013 survey results)	60%	60%	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 have used the Financial Management Best Practices	35% (2013 survey results)	40%	50%	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	81.5%	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	Percentage of municipal clients that are aware of NSMFC programs and services	86% (2013 survey results)	95%	95%	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 2013–2014

Nova Scotia Power Finance Corporation *Business Plan 2013–2014*

Table of Contents

Mission	209
Introduction	209
Planning Context	209
Performance in 2012–2013	209
Strategic Goal	209
Core Business Area	210
Priorities for 2013–2014	210
Budget Context	210
Outcomes and Performance Measures	210

Mission

To ensure that the debt of NSPC, which is guaranteed by the province, is discharged in an orderly and timely manner.

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 CAD2,152,879,732, 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 2012–2013

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 2013–2014

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, 2012, was \$700,000,000 denominated in Canadian dollars (CAD) and \$300,000,000 denominated in US dollars (USD); defeased assets as at March 31, 2012, had principal values in excess of these amounts, with market values

of CAD1,048,157,000 and USD440,712,000, thus rendering the guaranteed debt fully defeased. Adequacy of defeasance assets are certified by auditing firm of Deloitte.



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Provincial Lotteries and Casino Corporation *Business Plan 2013–2014*

Table of Contents

Message from the Minister, Chair, and A/President & CEO	215
Mission	217
Planning Context	217
Strategic Goals	218
Core Business Areas	219
Priorities for 2013–2014	221
Budget Context	225
Outcomes and Performance Measures	226

Message from the Minister, Chair, and A/President & CEO

We are pleased to present the Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC) Business Plan for 2013–2014. The plan focuses on the 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.

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

NSPLCC 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 local communities throughout the province. For example, through the *Support4Sport* program introduced in 2006, Nova Scotians have raised \$17.7 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 in Nova Scotia. NSPLCC's

2013–2014 Business Plan has been developed to ensure that the initiatives, tactics, resources, and objectives have been aligned 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 Leonard Preyra
Minister responsible for Part 1 of the Gaming Control Act

Laura Lee Langley
Chair, Board of Directors

Robert MacKinnon
A/President & CEO

Mission

To lead a socially responsible and economically sustainable provincial gaming industry for the benefit of Nova Scotians and their communities.

Planning Context

NSPLCC's planning environment for 2013–2014 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, including a new governance structure and new composition of the NSPLCC board.

NSPLCC's revenues are dependent on 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. NSPLCC has incorporated the province's economic assumptions for 2013–2014, which include modest economic growth and a relatively stagnant tourism market.

In 2012–2013, visits to Nova Scotia increased approximately 2 per cent over the same period last year; however, the demand for overnight accommodations from visitors to the province was down slightly compared to the prior year. The outlook for 2013–2014 is uncertain, particularly

for visitors from outside Canada; therefore, no growth from this segment is reflected in the budgeted performance for the casino business line. As a result, NSPLCC has incorporated little growth in revenues, due to economic factors.

NSPLCC competes for consumers who are faced with an array of choices of where to spend their discretionary entertainment dollars, including both regulated and unregulated gaming offerings such as those offered through the Internet. Nova Scotia's casinos will continue to face direct competition from the casino in Moncton. In addition, First Nations' video lottery programs, which are expected to generate \$43.5 million in revenue for 2013–2014, will continue to be a competitive pressure on NSPLCC'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 NSPLCC's video lottery assets were at the end of their useful life and are therefore slated for replacement in 2013–2014. This has resulted in favourable expense levels in prior years, but 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 to ensure that the system continues to meet its intended objectives.



The public demands that government offer regulated gaming in the most socially responsible manner possible. NSPLCC will continue 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. NSPLCC 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 NSPLCC as a socially responsible corporate citizen, what NSPLCC's commitment is in meeting these expectations, and how operators and retailers will contribute to the industry as a whole in achieving these outcomes.

NSPLCC has ensured alignment of its business efforts for 2013–2014 with the Social Responsibility Charter. In particular, the Charter's focus on responsible gambling and greater accountability is strongly aligned with NSPLCC's operations. In 2013–2014, NSPLCC 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.

The 2011 Responsible Gaming Strategy indicates that the mandate for youth prevention programs rests with the Department of Health and Wellness, which led NSPLCC to conclude that it would transition the mandate for youth prevention programs to the Department of Health and Wellness. NSPLCC will continue to work closely with the Department of Health and Wellness to ensure that the mandate is transitioned effectively and smoothly.

In March 2011, the province released the 2011 Responsible Gaming Strategy, which set the direction for gaming in Nova Scotia. NSPLCC will continue to support the implementation of the gaming strategy and ensure that tactics, resources, and objectives for the gaming industry align with the commitments noted therein.

It is within the above context that NSPLCC considers the 2013–2014 fiscal year.

Strategic Goals

NSPLCC has three strategic goals to support the achievement of its mission.

1. Pursue a sustainable gaming industry

NSPLCC will ensure responsible economic return to the province by

1. accruing direct financial benefits to government, the shareholder of NSPLCC

2. utilizing sustainable business models, incorporating systems to fulfill NSPLCC'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
3. facilitating benefits to communities, businesses, organizations, and individuals across the province
4. supporting the commitments and direction outlined in the 2011 Responsible Gaming Strategy

2. Foster social responsibility in all aspects of NSPLCC's operations and business decisions

NSPLCC will advance its social responsibility agenda by

1. leading responsible gambling initiatives that provide Nova Scotians with the information they need to make informed decisions
2. contributing to communities and good causes across the province
3. promoting an environmentally friendly work environment
4. being an excellent employer

3. Ensure that accountability is at the forefront of NSPLCC's management and communications to its stakeholders and to all Nova Scotians

NSPLCC will provide strong management and accountability by

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

Core Business Areas

The following are NSPLCC's core business functions:

- To develop social and economic strategies that align with the 2011 Responsible Gaming Strategy as well as NSPLCC's Social Responsibility Charter, and to 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), which operates the two Casino Nova Scotia (CNS) facilities in the province, 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.

NSPLCC performs a number of key activities in carrying out these functions.

1. Responsible Industry Development

NSPLCC's goal is to develop the gaming industry in Nova Scotia by managing the policy decisions of government in the most responsible manner possible. NSPLCC 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—NSPLCC 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 that aligns with the province's 2011 Responsible Gaming Strategy.

Responsible Product Implementation—NSPLCC is committed to continuing to make evidence-based decisions in assessing changes to the current product and gaming environments, and to using 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. NSPLCC will continue to offer responsible gambling initiatives that promote awareness, education, and informed choice.

2. Operations Management

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

Operator Management—Effective management of the operators' (ALC and CNS) businesses as they relate to Nova Scotia is a critical function for NSPLCC to ensure that there is alignment of efforts and that priority initiatives are completed as planned. Ensuring that 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 NSPLCC and its operators' day-to-day activities and the business environments in which they operate.

Compliance Management—Compliance management is a critical component of NSPLCC's activities, requiring that all its business activities and those of its operators in the province conform to applicable legislation, regulations, contracts, and

policies. Careful and successful oversight of operations allows NSPLCC 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

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

Priorities for 2013–2014

1. Pursue a Sustainable Gaming Industry

In striving to generate responsible economic returns, NSPLCC will focus its attention on the following priorities in 2013–2014:

Casinos—The overarching objective is to become more externally focused and player-driven. CNS will attempt to increase patron engagement and ensure that the casinos offer a guest-centric entertainment experience that meets and exceeds players' expectations. The casino will focus on the total entertainment experience by ensuring that entertainment is a key component in every aspect of the casino operations. The casinos will continue to provide

guests with the newest and most exciting games on the market, high-quality dining experiences, and compelling and attractive entertainment offerings.

Efforts will also be made to build and improve the public profile of the two casinos in Nova Scotia, which are important economic drivers in the province. The casinos will leverage their community involvement to engage local communities and other civic organizations in order to foster the opinion of the casino industry and the casino properties as being safe, fun, and entertaining places to visit as well as being an integral and vital part of the Nova Scotia economy.

Ticket Lottery—Ticket lottery is NSPLCC'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 2013–2014 is to re-engage current and lapsed players, while making efforts to attract new players to broaden the player demographic for lottery products.

The retail lottery channel will focus on providing players with new and engaging products through planned amendments to the core Lotto 6/49 product as well as the continuation of a successful 2nd Chance program related to the Scratch 'N Win category.



In 2013–2014, NSPLCC will strive to improve the player experience for those players who choose to purchase lottery products online, and to sustain NSPLCC's ability to compete with unregulated competitors in the online space. NSPLCC will strive to ensure that the transactional web portal and any player-facing components meet industry standards and the players' 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 became mandatory on April 1, 2012, and continues to provide players with both full and light enrolment options. With mandatory enrolment, players are required to enrol in the system before they can play video lottery in Nova Scotia. Considerable efforts have been taken to ensure the system is meeting its intended objectives, and further amendments will be required to ensure that players and retailers are accepting of the system and that it continues to meet its objectives.

As noted in the 2011 Responsible Gaming Strategy, VLTs are a mature product that are unlikely to be a stable or sustainable source of revenue for government or businesses over the long run. 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.

2. Foster Social Responsibility

Responsible gambling programs remain a priority for NSPLCC in 2013–2014. NSPLCC'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. As such, the cornerstone of NSPLCC's social responsibility commitment remains its commitment to responsible gambling programming.

The development of the Charter in 2006 put social responsibility top of mind for NSPLCC, and it is integrated into corporate culture and business processes. All aspects of NSPLCC's business are looked at through a social responsibility lens to ensure that NSPLCC's commitment to balancing economic sustainability with social responsibility is met.

NSPLCC's commitment to responsible gambling will be demonstrated by the continuation of a number of responsible gambling initiatives, including the following:

- Responsible Gambling Awareness Week
- Responsible Gambling Resource Centres at both casinos

- *My-Play* System for video lottery players
- Responsible gambling training for ticket and video lottery retailers, casino, and NSPLCC employees

In 2013–2014, NSPLCC will continue to offer products that are as socially responsible as possible. Responsible Gambling Assessments will be performed by NSPLCC and its operators to ensure that all new products, marketing initiatives, and projects are reviewed using an industry best-practice evaluation program. This will ensure a common approach to social responsibility by NSPLCC and its operators within the province's gaming industry. NSPLCC will continue to collaborate with industry experts in the field of responsible gambling to ensure that best practices are employed in the region and Nova Scotians benefit from a leading responsible gambling industry.

In 2013–2014, Nova Scotia's communities will continue to receive support from NSPLCC. The *Support4Sport* program is expected to raise \$3.0 million for sport that will be used to buy sports equipment, create recreation/participation programming for all ages, support performance training programs for competitive athletes, and hire coaches at all levels, making it the largest source of funding for amateur sport in the province.

In addition, NSPLCC will investigate options for developing a program that will support initiatives in Nova Scotia communities to ensure that 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, Exhibition Association of Nova Scotia, and Sport Nova Scotia.

3. Ensure Accountability and Communications

Each year, 100 per cent 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 2013–2014, NSPLCC will provide \$126.5 million to continue to fund essential provincial programs and services. The gaming industry also creates and supports jobs employing approximately 650 people and the injection of \$36.0 million in retail commissions to local Nova Scotia businesses. Additionally, through NSPLCC's *Support4Sport* and *Support4Communities* programs, gaming revenue also helps many organizations and causes that are important to Nova Scotians. Given that the direct benefits of gaming are significant to the province, NSPLCC is committed to ensuring that the gaming industry continues to operate in a responsible, effective, and efficient manner so that these benefits can be sustained.

As a public organization, NSPLCC 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 NSPLCC programs and the gaming industry, and news releases will be made available through NSPLCC's website throughout 2013–2014. Working with its operators, NSPLCC will continue to ensure that Nova Scotians stay informed about where gaming revenue goes, responsible gambling, and the gaming industry in Nova Scotia.

Budget Context

	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Sales			
Casinos	82,800	79,700	78,300
Ticket lottery	212,600	214,200	212,900
Video lottery	122,000	114,000	117,400
Total sales	417,400	407,900	408,600
Cost of sales	291,700	284,800	287,500
Gross profit	125,700	123,100	121,100
Expenses			
Responsible gambling programs	7,400	6,700	7,000
Commitments to community programs	5,700	4,900	6,600
Total expenses	13,100	11,600	13,600
Net income	112,600	111,500	107,500
Casino win tax	14,900	14,400	14,200
Payment to province	127,500	125,900	121,700



Outcomes and Performance Measures

Outcome	Indicator	Measure	Target 2013–14	Planned Target 2015–16	Strategies to Achieve Targets
Pursue sustainable gaming industry	Total payment to province	Actual to budget	\$121.7 million (+/-10% of Budget)	\$132.5 million (+/-10% of Budget)	Monitor operators to ensure compliance with business plans
	VL as percentage of total net income	Reduce reliance on net income from VLT operations	62% (2010–11 baseline measure)	60%	VLT attrition policies
	Commissions to retailers	\$ amount paid	\$36.4 million	\$38.2 million	Introduce new lottery products and make enhancements to the casino business line
Foster social responsibility	Awareness of responsible gambling behaviours	Percentage of public that can cite at least 2 responsible gambling behaviours	20%	25%	Continue Responsible Gambling Awareness Week
	Raise public awareness and support for responsible gambling and prevention programs	Percentage who support commitment to responsible gambling	80%	85%	Implement key community programs
Ensure accountability and communication	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 NSPLCC 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 Responsible Gambling Assessment	100%	100%	Continue to conduct Responsible Gambling Assessments



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

ReNova Scotia Bioenergy Inc.
Business Plan 2013–2014

Table of Contents

Mission	229
Mandate	229
Planning Context	230
Strategic Goals	231
Core Business Areas	232
Priorities for 2013–2014	233
Budget Context	235

Mission

The mission of ReNova Scotia Bioenergy Inc. (ReNova) is to manage the orderly wind-up of the company formerly operated as Bowater Mersey Paper Company, ensuring that the fair value of its assets are realized and that those proceeds are used to honour the obligations of the company. The principal activity of ReNova will be site closure as the tangible capital assets, inventory, and other assets are liquidated. Closure activity will be conducted so as to facilitate the site's future redevelopment into a productive business property, providing opportunities for future economic development. The redeveloped site is expected to reside in a new provincially controlled entity and include a demonstration centre for the resource-based bio-economy (the Demonstration Centre), property available for commercial use (the Industrial Park), and pier facilities and related property (the Pier Facilities).

Mandate

The primary mandate of ReNova is to manage the orderly wind-up of the company by liquidating its assets and settling its obligations in a manner that is consistent with the longer-term interests of the province.

Deloitte Inc. has been engaged under an agency agreement to support the financial, management, and administrative services for ReNova. ReNova will address its outstanding employee severance, pension, and other obligations with a view to winding-up as soon as reasonably and prudently practical.

Nova Scotia Lands Inc. (NSLI) has been engaged by ReNova to manage all aspects of the industrial site, including occupational health and safety issues, emergency response planning, and demolition and site remediation activities. NSLI will support these initiatives by providing technical and administrative expertise and other resources. NSLI will manage the demolition of unnecessary structures and sell the resulting scrap and other assets not required in the future. NSLI will also perform environmental remediation activities required in the transformation of the industrial site.

ReNova will be guided by key principles, including 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.

By no later than March 31, 2014, it is expected that this process will be complete and that the industrial site will be transferred to a new provincially controlled entity called Port Mersey Commercial Park (PMCP). It is expected that PMCP will have three operating businesses:



1. **The Demonstration Centre** – PMCP will lease a portion of the mill site to Innovacorp, and Innovacorp will manage and operate the Centre. Innovacorp is the provincial Crown corporation that supports entrepreneurial businesses in Nova Scotia through innovation, incubation, mentoring, and venture capital. The Demonstration Centre will focus on research and development (R&D), incubation, pilot projects, and commercial demonstration projects related to energy, with a focus on cleaner fuels, bioenergy, and energy storage.
2. **The Pier Facilities** – PMCP will outsource the management and operation of the Pier Facilities to a third-party operator.
3. **The Industrial Park** – PMCP will lease or sell parts of the former mill site to commercial or industrial enterprises looking for commercial or industrial space.

Planning Context

ReNova reports to the Minister of Economic and Rural Development and Tourism (ERDT), Province of Nova Scotia, and maintains a head office at 1660 Hollis Street, Suite 600, PO Box 2311, Halifax, NS B3J 3C8.

The province acquired all of the shares of Bowater Mersey Paper Company Limited on December 10, 2012, and renamed it ReNova Scotia Bioenergy Inc. The primary assets of ReNova on acquisition were

1. 225,000 hectares of woodlands.

2. Brooklyn Power Corporation (BPC), a wholly owned subsidiary of ReNova, which operates a 23 MW biomass plant, producing and selling electricity to Nova Scotia Power Inc. (NSPI).

3. the former Bowater Mersey paper mill site. This industrial site came with significant equipment as well as access to steam, electricity, and strategic port facilities. It is expected to be used as the Demonstration Centre, the Pier Facilities, and the Industrial Park.

ReNova also entered into the Brooklyn Sales Agreement on December 10, 2012, to sell BPC to Emera Energy Inc. (Emera Energy) for \$25 million, and the sale of BPC is expected to close in the summer of 2013. During the interim period before closing, ReNova has entered into a Management, Operations and Maintenance Agreement (MOMA) whereby Emera Energy is managing and operating BPC. Emera Energy is a wholly-owned subsidiary of Emera Inc.

On December 21, 2012, ReNova sold, at fair value, 225,000 hectares of timberland to the province for \$117.65 million.

ReNova anticipates supporting the development of the Demonstration Centre, the Pier Facilities, and the Industrial Park. This work is expected to involve working with ERDT, Department of Natural Resources, Department of Energy, Innovacorp, and others, with a view to optimizing the long-term economic benefits for southwest Nova Scotia.

For the fiscal year, demolition of unnecessary structures and any required site remediation on the former paper mill site will continue. Demolition is expected to be complete in late summer, with scrap processing and sales to continue through the 2013–2014 fiscal year. To date this work has been based on environmentally safe practices, efficient processes, fiscal responsibility, accountability, and harmonious relations with labour. ReNova will continue to contribute to the realization of these objectives with the occupational health and safety of the workforce and the community foremost in its approach. In addition, addressing employee severance, pension, and other obligations will continue in the fiscal year.

In partnership with provincial government agencies and departments, and with oversight and accountability from the board and management of ReNova,

- Deloitte Inc. is providing financial, management, and administrative services to the company.
- NSLI is managing the industrial site, including security, maintenance, pier facilities, occupational health and safety, emergency response, and environmental remediation.
- Innovacorp is preparing the business plan for the Demonstration Centre.

The board of directors of ReNova consists of

- Duff Montgomerie, Chair
(Deputy Minister, Natural Resources)

- Murray Coolican
(Deputy Minister, Energy)
- Simon d'Entremont
(Deputy Minister, ERDT)
- Paul LaFleche (Transportation and Infrastructure Renewal)
- Liz Cody (Finance)

The management of ReNova are

- Jeff Larsen, President and CEO
- Allan Eddy, COO
- Geoff Gatién, CFO
- John Traves, Corporate Secretary

Strategic Goals

ReNova's overall strategy is to realize fair value for the remaining assets of the company to enable the fair settlement of its obligations while supporting the province's interests and objectives with respect to the wind-up of the company and the transformation of the former paper mill site into the Demonstration Centre, the Pier Facilities and the Industrial Park.

More specifically, ReNova will

- continue closure activities in a manner that will be consistent with a redevelopment of the former industrial site into the Demonstration Centre, the Pier Facilities, and the Industrial Park.



- continue demolition of certain assets, sell scrap, and perform site remediation as required on the former industrial site in an environmentally sound manner, meeting the province's obligations and maintaining positive relations with the local community.
- sell BPC to Emera Energy, pursuant to the Brooklyn Sale Agreement.
- address outstanding employee severance, pension, and other obligations.
- work with Innovacorp, the Departments of Natural Resources, Energy, and ERDT as the business plan for the Demonstration Centre is developed.
- implement occupational health and safety policies and 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 site to prevent the loss of provincial property and site assets.
- endeavour to use local labour and supplies when cost-effective and when the proper training and feasibility exist.

Core Business Areas

The following are the five core business functions for ReNova. ReNova will use these business areas to provide meaningful employment to the local community, through which skills can be increased to improve the employability of participants.

1. Site Closure, Demolition, and Remediation

ReNova will proceed through site closure activities in a manner that will be consistent with the redevelopment of the former paper mill site into the Demonstration Centre, the Pier Facilities, and the Industrial Park. NSLI will manage this closure process. NSLI will provide technical and administrative services and other resources to support these objectives, and it will use other organizations on a contract basis as required. Demolition and removal of certain assets and structures from the former paper mill site will be required as part of the closure activities.

2. Sale of Brooklyn Power

ReNova intends to sell BPC to Emera Energy in accordance with the Brooklyn Sale Agreement. It is intended that this transaction will close in 2013.

3. Future Uses

ReNova will work with Innovacorp as the plans to develop the Demonstration Centre evolve. In addition, ReNova will work with NSLI to ensure that closure activities do not impair the value of the Pier Facilities and Industrial Park.

4. Financial Management

ReNova will manage the company prudently from a financial perspective, including realizing the value of company assets and addressing financial obligations in preparation for the orderly wind-up of the company.

5. Occupational Health and Safety and Site Security

ReNova has engaged NSLI to manage the former paper mill site and to uphold the appropriate standards of health and safety in order to minimize the risk to workers, visitors, tenants, suppliers, and any others who may visit the site. ReNova and NSLI will also maintain initiatives to prevent the loss or damage of its property by protecting site assets.

Priorities for 2013–2014

1. Site Closure, Demolition, and Clean-up

- Identify any buildings or structures for demolition by June 2013.
- Have demolition of the site complete by December 2013.
- Use local labour and supplies when the proper skills, training, and feasibility exist.
- Have scrap metal processed and ready for sale by February 2014.
- Identify and clean up portions of the former paper mill site by March 2014.
- Enable others to renovate and refurbish buildings, including capital improvements designated for use in the Demonstration Centre and the Industrial Park, as well as capital improvements for the Pier Facilities where they are funded and approved by those interested in such investment.
- Continually supply well-trained labour, on time and without interruption.

2. Brooklyn Power

- Sell BPC to Emera Energy. The sale is expected to close in the summer of 2013. During the interim period Emera Energy will manage and operate Brooklyn Power in accordance with the MOMA.



3. Future Uses

- The industrial site is expected to be transferred to a new corporation called PMCP by no later than March 31, 2014.

4. Financial Management

- Settle the employee severance, pension, and other obligations of ReNova by March 31, 2014 and, if not complete, begin the formal wind-up process prior to March 31, 2014.

5. Health and Safety and Site Security

- Implement and oversee occupational health and safety and emergency response plans, and ensure that all employees have taken occupational health and safety training sponsored by ReNova by April 2013 (or provide verification that training has been previously obtained).
- Hold “toolbox” meetings with area supervisors and staff at least weekly, and document meetings.
- Perform monthly health and safety inspections on work areas.
- Hold monthly Health and Safety Committee meetings.
- Maintain valuable, easily transportable, and readily transferable assets in a secure, central location so as to minimize the potential for loss.

Budget Context

	Forecast 2012–13 (\$ 000)	Estimate 2013–14 (\$ 000)
Revenue		
Interest	20.0	95.0
Recovery from Department of Natural Resources	105.0	105.0
Gain on sale of assets	—	221.6
Total revenue	125.0	421.6
Expenses		
Interest	179.0	157.6
Woodland operations	105.0	105.0
Total expenses	284.0	262.6
Net income (loss)	(159.0)	159.0

Note: ReNova's principal activities since acquisition have been related to site closure and the orderly liquidation of the assets to enable the company to settle its obligations. ReNova works with others within the province to ensure these closure activities are not contrary to broader provincial interests. As at the acquisition date, the company accrued closure costs of \$9,547,300, based on management's best estimate of the total costs necessary to ensure an orderly and responsible wind-up of the company. As this closure activity occurs, the cost is being drawn from the closure liability and is not reflected as operating revenues and expenses. \$2,948,400 of closure costs are expected to be incurred during the 4 months ended March 31, 2013, with the remaining \$6,598,900 expected to be incurred during fiscal 2013–14.



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Sydney Steel Corporation
Business Plan 2013–2014

Table of Contents

Message from the President	239
Planning Context	241
Priorities for 2013–2014	241
Budget Context	242

The Honourable Maurice Smith, Q.C.
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, 2014.

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 2013–2014

The plan for Sysco during the 2013–2014 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

	Estimate	Forecast	Estimate
	2012-13	2012-13	2013-14
	(\$ 000)	(\$ 000)	(\$ 000)
Revenue			
Contribution from the province	6,036	3,870	4,916
Gain on sale of assets	775	775	1,000
Interest income, miscellaneous revenue	5	25	5
Total revenue	6,816	4,670	5,921
Expenses			
Other remediation activities	100	110	100
Consulting	750	700	750
Funding to NSLI for remediation activities	5,191	3,085	4,071
Total expenses	6,041	3,895	4,921
Net income	775	775	1,000
 FTEs	 —	 —	 —



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Trade Centre Limited

Business Plan 2013–2014

Table of Contents

Message from the CEO and the Chair	245
Mission	247
Planning Context	247
Strategic Goals	248
Core Business Areas	248
Priorities for 2013–2014	249
Budget Context	252
Outcomes and Performance Measures	254

Message from the CEO and the Chair

At Trade Centre Limited (TCL), we pride ourselves on being Atlantic Canada's experts in bringing people together to share an experience, develop new opportunities, and build long-lasting partnerships through event hosting. We work with our partners to create community and economic benefits that are building a solid foundation for our province's growth, both now and in the future. We know that it's not just about the immediate impacts of the event itself, but what happens next. The relationships that are built. The opportunities that are born. The ongoing benefits felt by our province for years to come.

As we enter the 2013–2014 fiscal year, we will focus our business on delivering what we said we were going to do. With the construction of the new convention centre, we will execute a marketing and sales strategy using a two-pronged approach of marketing through national and international channels. Simultaneously, we will develop a provincial group of partners and champions who will both provide strategic guidance and act as advocates for both the venue and the destination.

We will continue to conduct all of our operations in a responsible, open, and transparent manner to ensure public and stakeholder confidence. We will continue to work closely and in consultation with our government and community partners to ensure that we are effectively delivering on a wide range of province-wide benefits.

We will also be celebrating a major milestone in one of our facilities – the 35th anniversary of the Halifax Metro Centre. We are very proud of our ability to attract and host more than 15 million patrons to a vast array of exemplary entertainment, community, and sporting events over the last 35 years while also being able to provide these experiences in a financially and operationally responsible manner.

All of this work continues to build a solid foundation for future growth and to position Halifax and Nova Scotia as Canada's East Coast event destination on the global stage.

Yours truly,

Scott Ferguson
President and CEO

Justin McDonough
Chair, TCL Board of Directors

Mission

Trade Centre Limited creates economic and community benefits by bringing people together in Halifax and Nova Scotia.

Planning Context

As the last several years have made clear, Nova Scotia's economic performance is deeply influenced by events and the economic health of the world outside its borders. The economic recovery from the "great recession" continues to be slower worldwide than many forecasters anticipated, as 2012 marked another year that they reduced forecast growth. Europe has slipped into another recession, and a number of developing economies have growth calming. Uncertainty driven by concerns over sovereign debt in Europe, a slow American recovery with periods of political gridlock, and slower growth in emerging markets serve as a drag on confidence affecting private sector investment. Although well below pre-recession levels in many measures, the American economy is starting to show signs of a strengthening recovery. Nova Scotia's immediate outlook is expected to be slower than long-run trends, but in the medium term a number of projects (e.g., naval ships contracts, Nova Centre) will enhance Nova Scotia's growth projections in the future.

Economic growth in Nova Scotia is strongly linked to investment and trade performance. Combine this with the ongoing restructuring of the Nova Scotia economy, and *jobsHere* continues to be very relevant. Learning the right skills for good jobs, growing the economy through innovation, and helping business be more competitive globally, with the common emphasis on improving productivity, are a continued focus for economic development efforts in Nova Scotia.

TCL is focused on increasing economic value through attracting and hosting meetings and conventions, along with entertainment, cultural, and sporting events. Events bring people together, acting as a catalyst for community and economic development across Nova Scotia. Events also provide a platform for increasing the recognition of and engagement with the brand of Nova Scotia, creating opportunities for 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.

The development of a new convention centre in downtown Halifax will ensure that we are well 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 our clients and delegates while reaffirming our position as Atlantic Canada's leading event destination.

The Halifax Metro Centre (HMC), celebrating its 35th year of operations, continues to be a cornerstone of the major event landscape in Atlantic Canada. This facility is a catalyst to a vibrant Halifax Regional Municipality (HRM) and is an integral component of the Halifax downtown entertainment district.

Strategic Goals

Our five-year strategic plan (2009–2013) sets 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 within 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 in partnership with government and other stakeholders to attract and host major international, national, and community events.

TCL is currently developing our strategic plan for the next five years (2014–2018) and is committed to working collaboratively with its board of directors, community and business partners, and government stakeholders to define our future vision. This activity will result in sustaining and strengthening TCL's ability to lead the growth of the event economy in Halifax and Nova Scotia.

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 that the activities we undertake are supporting the *jobsHere* economic plan. 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. Excellence in customer service, coupled

with world-class quality culinary experiences, is the trademark of WTCC. With construction having begun on the new convention centre in downtown Halifax, TCL will focus our efforts on attracting business for this new facility with a planned opening date of 2016. This leading-edge facility will ensure that 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 lineup of event experiences; it remains a critical piece of major event infrastructure and is essential to event success in Nova Scotia. Annually, HMC sees an average of over 500,000 visitors. Owned by HRM and operated by TCL, HMC is an integral component of HRM's downtown entertainment district and complements TCL's diverse event service offering.

Ticket Atlantic: Through the services of Ticket Atlantic, we provide Atlantic Canadians access to a wide variety of events, from world-renowned concerts to outdoor festivals to international sporting events. Selling tickets for up to 400 events annually, Ticket Atlantic is our region's primary ticket provider.

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 Ticket Atlantic, are major economic generators for the province and the municipality. For the fiscal period ended March 31, 2012, total spending by event planners and delegates in Nova Scotia was \$100 million. Of this, \$75.5 million was new money to our economy, generating 1,737 person-years of employment and \$6.1 million in provincial tax revenues.

Priorities for 2013–2014

TCL's corporate priorities are rooted within our strategic goals; all 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

- Attraction of national and international conference and meeting opportunities to both the current WTCC facility and the new convention centre, aligned with Nova Scotia's priority sectors



- Partnering with businesses and community organizations to innovate growth strategies through events

Helping businesses be more competitive globally

- Working in conjunction with our provincial and municipal partners, marketing Halifax and Nova Scotia as a premier meetings, conventions, and events destination

Learning the rights skills for good jobs

- Providing training and mentorship in event attraction and hosting to communities throughout the province
- Internship programming to support hospitality and tourism training

For 2013–2014, our focus will be on ensuring responsible and effective operations of all our current facilities, activating the marketing and sales strategies for the new convention centre, and identifying strategic opportunities to deliberately partner with like-minded individuals and organizations to grow our business in order to create greater economic and community impacts.

Growth/Financial

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 2013–2014 is \$18.9 million (TCL \$12.0 million; HMC \$6.9 million), resulting in a combined position before

depreciation for TCL of breakeven and operating income for Halifax Metro Centre of \$106,000. This focus on a financially sustainable operating position is expected to deliver economic impact consistent with the current levels. We will target to achieve a minimum of \$100 million in combined 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 activity, with a focus on optimizing the event mix in our current facilities to generate economic return. All event activity must be supported by high-quality and efficient delivery, facilitated by the expertise developed through our team-centred approach.

Emphasis will be on demonstrating TCL's continuing commitment to a culture of accountability, organizational effectiveness, and responsible management, including effective and timely actions to respond to the November 21, 2012, Province of Nova Scotia Auditor General's report.

In conjunction with our focus on the efficient and responsible operations of our existing facilities, we will now aggressively commence sales and marketing activities associated with the new convention centre to develop a clear and compelling brand and ensure that the facility achieves its target event bookings when it opens in 2016.

Working closely with local and national advocates and partners, we will position Halifax and Nova Scotia as a premier meetings and conventions destination. Sales

activity will leverage sectors of strength and local industry thought-leaders within Nova Scotia's various research institutions to secure international and national meeting and convention activity. Focusing on event-rich sectors, such as health, life sciences, and oceans, this sector approach will identify event prospects that link to the three pillars of the *jobsHere* growth strategy: learning, innovation, and competing globally. This approach will bring targeted international and national markets and prospects to Nova Scotia.

TCL's long-term vision is to position Halifax and Nova Scotia as Canada's East Coast event destination on the global stage. 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.

Community Partnerships

In support of strategic event attraction, we will implement a more deliberate and focused approach to partnerships that will align activities and resources to attract the right events and deliver opportunities that leverage the full benefits of events.

Ongoing collaboration with communities, key industry sectors, business, and government is a key priority for the upcoming year. In addition, we will continue to work closely with the diverse group of stakeholders across the province who have a shared interest in the success of the new convention centre.

People

A key strength in our organization is our people. Customer service excellence, knowledge of the industry, and the ability to apply experience to achieve results is what sets us apart from our competition. In order for TCL to continue to be the experts in the events business we will invest in staff skills and attitudes to deliver exceptional customer service experiences at all levels, and use a collaborative team approach in the management of our facilities.

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 priority for the current year will focus on

- mitigating the risk associated with operating aging infrastructure



Budget Context

TCL continues to focus on ensuring the professional and effective delivery of events that result in economic impact while identifying cost efficiencies through process and technology improvements where they are available.

Our primary focus is on attracting events that create the most significant economic return for our province. TCL generates 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.

TCL is committed to operating its facilities in a fiscally sustainable manner, focusing on areas for revenue growth and operational efficiency. Areas of risk to the achievement 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.

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.

Forecasted financial operating results before depreciation for the current fiscal year (2012–2013) for TCL are breakeven. Forecasted financial results for the current fiscal year (2012–2013) for Halifax Metro Centre are revenues of \$7.4 million and an operating income of \$340,000. In 2013–2014, TCL expects to generate revenues of approximately \$12.0 million and operating income before depreciation of breakeven. In 2013–2014, Halifax Metro Centre expects to generate revenues of approximately \$6.9 million, resulting in operating income before of \$106,000.

Operations Budget Summary

for the year ended March 31

	Estimate 2012-13 (\$)	Forecast 2012-13 (\$)	Estimate 2013-14 (\$)
Revenues	12,658,900	12,643,500	11,987,000
Expenses			
Event operations	5,303,900	4,994,300	4,890,000
Salaries and benefits	3,183,000	3,159,100	2,816,000
General operations and sales	3,182,600	3,515,100	3,300,000
Taxes and insurance	989,400	975,000	981,000
Total expenses	12,658,900	12,643,500	11,987,000
Income (loss) before depreciation	(nil)	(nil)	(nil)
Depreciation	1,550,000	2,550,000	2,550,000
Income (loss) for the year	(1,550,000)	(2,550,000)	(2,550,000)

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 an operating agreement. All operating income accrues to the municipality, and all capital improvements are funded by the municipality.

Note 2: 2012-13 forecast per Trade Centre Limited's January 2013 internal financial statements.



Outcomes and Performance Measures

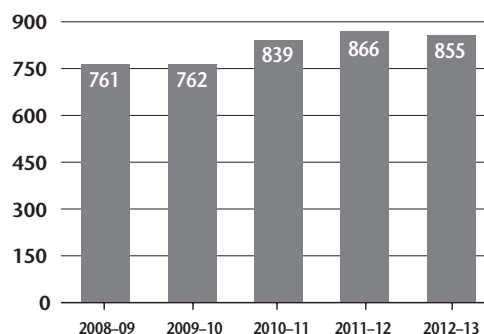
TCL will measure our performance in regard to our annual priorities and targets as detailed in this business plan with specific outcomes as detailed below.

Financial

When assessing financial sustainability, measurement will be revenues for TCL and HMC of \$12.0 million and \$6.9 million, respectively and operating position consistent with approved budgets as demonstrated in final audited financial statements for 2013–14 for TCL and HMC.

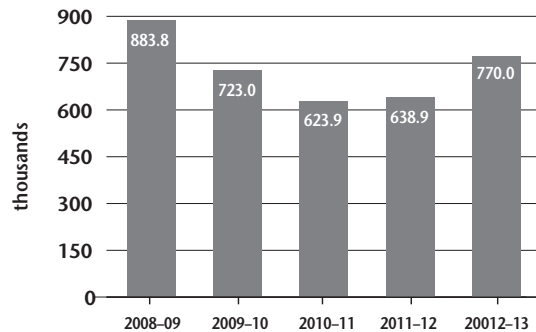
When measuring the economic impact TCL made on Nova Scotia's economy in 2013–14, it is beneficial to take a look at the previous four years in terms of the number of total events, attendance, and direct expenditures.

TCL Total Events 2009/10 – 2012/13



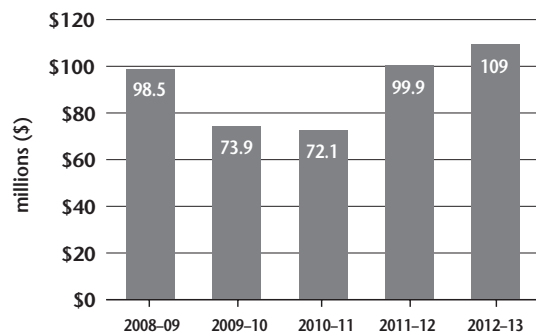
NOTE: 2012/13 events are based on actual events to end of Q3 combined with internal forecast for Q4.
2008/09–2011/12 event and attendance numbers from March 31, 2012, *Annual Report — Business Overview*.

TCL Total Attendance 2009/10 – 2012/13



NOTE: 2012/13 numbers are based on actual to end of Q3 combined with internal forecast for Q4.
2008/09–2011/12 event and attendance numbers from March 31, 2012, *Annual Report — Business Overview*.

TCL Direct Expenditures 2009/10 – 2012/13



Note: 2012/13 numbers are based on actual to end of Q3 combined with internal forecast for Q4.
2008/09–2011/12 event numbers from March 31, 2012, *Annual Report — Business Overview*.

For 2013–14, our goals are to secure at least 800 events for TCL operated facilities with a total attendance target of 750,000, and to generate at least \$100 million in direct expenditures from events hosted.

TCL is committed to addressing the recommendations of the November 2012 Province of Nova Scotia Auditor General's

report and will measure its performance based on completing the activities detailed in its board of directors approved activity plan with respect to this priority.

Growth

A significant focus of the organization will be on sales and marketing activities that are focused on attracting events for the new convention centre. As detailed in the market projections for the new facility, TCL is committed to delivering 142 significant international and national events resulting in over 76,000 attendees in the first three years of operations of the new facility (2016/17–2018/19). TCL has a target of attracting a minimum of 20% of these projected significant international and national events as a result of activities for 2013/14.



Crown Corporation

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

FOR THE FISCAL YEAR 2013–2014

Waterfront Development Corporation Limited

Business Plan 2013–2014

Table of Contents

Message from the Minister	259
Message from the Chair and the President	260
Mission	261
Vision	261
Mandate	261
Planning Context	261
Strategic Goals	262
Core Business Areas and Priorities	263
Human Resource Strategy	268
Marketing Strategy	269
Budget Context	269
Outcomes and Performance Measures	272

Message from the Minister

Building on the strengths of *jobsHere*, Waterfront Development is harnessing the strategic advantage of our harbours. This will strengthen our global connections and attract investment and people to our shores.

In order to maximize the potential of the waterfront, we have asked Waterfront Development to develop and implement a comprehensive vision and development plan for the waterfront lands around the Halifax Harbour. We need to know what opportunities exist, and how to take advantage of them, so we can harness the full strength of this important economic driver for Nova Scotia.

The *jobsHere* strategy sets clear direction for this work. Building upon the opportunities created in shipbuilding, Waterfront Development is implementing public and private sector innovations to achieve environmental and economic goals. New urban developments and growing recreational marine business are increasing business activity on our waterfronts.

In addition to this focused economic strategy work, Waterfront Development is taking the time and effort to incorporate great public-realm improvements into all of its projects. These world-class public spaces – wharves, boardwalks, trails, art, playgrounds, and signature events – not only add value to Nova Scotia waterfront businesses, they create the type of communities in HRM and Lunenburg that are attractive for citizens and visitors alike.

Halifax Harbour is a national asset, the heart of our capital city, and an economic driver for the province. Lunenburg is a UNESCO World Heritage site. Nova Scotians must ensure that we continue to leverage their full potential.

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

Message from the Chair and the President

The *jobsHere* strategy enables WDC to set a clear direction within its property development work. We have identified and accelerated opportunities for development and continue to re-invest money in the public spaces and activities of the waterfront.

These construction projects will create jobs, and they will generate long-term business activity in line with the sectors identified by *jobsHere*.

One sector in particular is set to produce excellent results for Nova Scotia and ocean sector. We are identifying and acting on land opportunities that will enable the province to increase business activity in the oil and gas, shipbuilding, ocean technology, and marine renewable energy sectors. Our waterfront, coupled with our cluster of ocean scientists and technicians, creates the potential to build a strong and vibrant future for Nova Scotia.

The waterfront lands not only harness this economic potential, they also enable us to showcase the best of Nova Scotia to the world. Nothing could have demonstrated this more aptly than Tall Ships Nova Scotia 2012, when with the help of wonderful partners, we welcomed the world to our shores and for which we were awarded North American *Port of the Year* by Tall Ships America.

We believe a vibrant waterfront will make Nova Scotia known as one of the world's greatest places to live and do business, and we are pleased to be able to contribute to this vision.

Colin MacLean
President and CEO

John Holm
Chair

Mission

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

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

Waterfront Development Corporation Limited 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

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

Commitment: 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 with 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

As the last several years have made clear, Nova Scotia's economic performance is deeply influenced by events and the economic health of the world outside its borders. The economic recovery from the "Great Recession" continues to be slower worldwide than many forecasters anticipated as 2012 marked another year that they



reduced forecast growth. Europe has slipped into another recession, and a number of developing economies have growth calming. Uncertainty driven by concerns over sovereign debt in Europe, a slow American recovery with periods of political gridlock, and slower growth in emerging markets serve to act as drag on confidence affecting private sector investment. Although well below pre-recession levels in many measures, the American economy is starting to show some signs of a strengthening recovery. Nova Scotia's immediate outlook is expected to be slower than long-run trends, but in the medium term a number of projects (e.g., naval ships contracts, Nova Centre) will enhance Nova Scotia's growth projections in the future.

Economic growth in Nova Scotia is strongly linked to investment and trade performance. Combine this with the ongoing restructuring of the Nova Scotia economy, and *jobsHere* continues to be very relevant. Learning the right skills for good jobs, growing the economy through innovation, and helping business be more competitive globally, with the common emphasis on improving productivity, are a continuing focus for economic development efforts in Nova Scotia.

At Waterfront Development, we are taking advantage of a strong residential market outlook to accelerate two major developments: Cunard Block in Halifax and WDC-1 in Dartmouth. And we have initiated a strategy to focus on land

development opportunities that will support our growing marine and ocean sector, one that accounts for a significant contribution to Nova Scotia's economy.

Strategic Goals

The longer-term direction of Waterfront Development 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. It 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:** We will be moving forward with the final planning and construction of this \$75 million commercial development with a new private sector partner.
- **WDC-1 Conceptual Design:** Utilizing the feedback received during 2011 public consultations, we will be completing the design and tendering the development opportunity this year within the objective of initiating construction in 2014.
- **Dartmouth Cove Comprehensive Plan:** Working with private landowners and residents in the area, Waterfront Development and HRM will complete 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:** In partnership with the Art Gallery of Nova Scotia, Waterfront Development 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:** Waterfront Development will be working in partnership with community members and HRM to finalize a plan for development of the Bedford waterfront.
- **Provincial Harbour Lands Strategy:** Building on previously completed work, Waterfront Development is engaged in a process to implement a strategy to focus on land development opportunities that will support a growing marine and ocean sector.

2. Infrastructure Development

Waterfront Development's multi-year development projects attract investment 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 Market:** Development and recapitalization of wharves,

boardwalks, and plazas to add business activity to the Halifax waterfront.

- **Foundation Boardwalk:** A recapitalization of this portion of the Halifax Boardwalk to improve the visitor experience and maintain the life of the marine infrastructure.
- **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.
- **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 on the waterfronts of Dartmouth, Bedford, Lunenburg, and Halifax.

3. Property Management

Waterfront Development 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.

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 waterfront places that are 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 means, it is meaningful – that people believe in their waterfront.

As the most visited destination in Nova Scotia, our property team work hard to ensure our waterfronts are *Clean, Green, and Safe*.

Clean

Our property maintenance program continues to improve as our staff focus on identifying and implementing efficiencies in their work, and 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 across our waterfronts.

Green

Our purchasing activities comply with the provincial sustainable procurement policy, meaning we consider footprint and lifecycle costing in our evaluation of best value.

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 travelling to and along the waterfront; as well, we encourage activity on the water, with a new guided kayak tour operator this year. We continue to research emerging green technology and aim to pilot such technology on our waterfronts to learn how we can incorporate it into our operation.

Our successful public spaces recycling program is continuing to expand, with plans to roll out 4-stream recycling depots with solar-powered trash compactors to Bedford, Dartmouth, and Lunenburg, reducing waste volume and trips to collect it, and educating the public on appropriate disposition and separation of waste.

Our achievement of the Blue Flag designation for our marina facilities this year recognizes our compliance with a set of rigorous environmental standards in marina operations. We are the first in Atlantic Canada to be awarded this designation. We are also exploring the implementation of pump-out facilities in Halifax; this would support new regulations that aim to keep our water clean by making it easy for our tenant vessels and visiting recreational boats to be in compliance.



Safe

Continued enhancements to lighting, landscaping to eliminate dark spaces, and a comprehensive security camera program, combined with a strong partnership with our security provider, has resulted in a rigorous, 24/7 security program to ensure that day and night our waterfronts are safe and enjoyable places to be.

We have also made substantial progress on the marine security front through 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. In collaboration with the community, we have plans to build on this success, including these goals for the upcoming year:

- Adoption of the new business plan, which involved substantial community consultation.

- Substantial investment in marine infrastructure, including new services, new floating docks at Zwicker, and recapitalization of Wharf L
- Our partnership with the Lunenburg Board of Trade has resulted in the Lunenburg WiFi project moving forward, including self-guided tours of the Lunenburg waterfront rich with the stories of the Old Town, a UNESCO World Heritage site.
- A tender for the sale/lease and recapitalization of the Zwicker building is expected to attract substantial interest and exciting new waterfront development.
- Work continues to establish a long-term lease of the Shipyard site, with a local boat builder, to continue to leverage the success of the Bluenose II project.
- A business plan for the recapitalization of the Yamaha property is underway, which will be used to attract further investment on the waterfront.
- Connection of the Lunenburg marine services with Halifax will provide efficiencies in operation and better promotion of the connection of these two signature Nova Scotia waterfronts by sea.

4. Business Development

Our waterfronts are among the most visited destinations in the province – must-see attractions for visitors and a source of pride for Nova Scotians. They are an important

platform for business. We work to ensure that this value can be leveraged by Nova Scotia businesses, large and small, to bring their products and services to the world. Their success is how we gauge ours. We work hard to ensure that we build strong relationships as a foundation for economic development and business success.

Commercial Tenancies

Complemented by a new promenade from Lower Water Street with enhanced landscaping and new seating in sunny spots along the lagoon, a new and expanded mix of businesses in the kiosks at Queen's Landing this year will create a destination for high-quality local products. Visitors will be able to dine al fresco at the water's edge, walk along the boardwalk with a fun, local treat, engage with local artists and craftspeople, and learn about our storied history. The Queen's Landing Market promises to become a vibrant local destination. Exciting new businesses at Sands at Salter will promote active recreation – on land and on the water – with bike rentals, kayak tours, Segways, and beach volleyball mixing with food trucks and amazing views.

The Waterfront Warehouse is undergoing a major transformation with a full interior facelift and exterior improvements, including an enhanced patio space with water views, new and improved entrance and open space from Lower Water Street, and improved landscaping throughout the site. Murphy's The Cable Wharf (Tourism

Industry Association of Nova Scotia Business of the Year 2012) is working on plans for an enhanced patio seating area at the end of Cable Wharf.

Children's Precinct

Our new submarine playground is an unqualified hit. The "children's precinct" by the Maritime Museum of the Atlantic will be polished with new seating and cover, lighting, and more ways to play for little people. This, alongside the completion of the Sackville Landing recapitalization and improvements to the Visitor Information Centre, promises another great waterfront destination for young and old.

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 work on a comprehensive marketing plan for marine services that engage other marina stakeholders around the province. A new promotion program will highlight our free daily berthing program and, well beyond our borders, our world-class marina program for visiting overnight or longer-term sailors.

We welcome all ships – small and tall – and look forward to leveraging our beautiful sailing grounds for incredible Nova Scotia boating experiences (and maximum economic impact).



Event Plan

Signature Events: It was literally a sea of incredible events on the waterfronts this year: Tall Ships 2012, TD Halifax JazzFest (*The Coast Award* (silver) winner for Best Festival, Halifax International Buskerfest (*The Coast Award* (gold) winner for Best Festival, The Word on the Street literary festival, FIVB World Junior Volleyball for an unprecedented second time in one city, an incredible Nocturne, Bedford Days, Celtic Mass by the Sea, multiple regattas, a free concert series, wonderful walks and runs benefitting a variety of organizations, a rubber duck derby in support of Alzheimer's, a tugboat tug of war by Awesome Halifax, and the list goes on.

How could we possibly top this lineup in 2013? With the best event organizers around, we are proud that high-quality event partners want to continue to raise the bar every year for the waterfront and for Nova Scotia. A new downtown holiday market is in the planning stages with passionate partners. We are starting the season with a bang (or song) with the 25th anniversary of the East Coast Music Awards main stage at The Waterfront Warehouse.

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 and the free Wireless Waterfront infrastructure, offer tremendous real estate value.

Parking

Parking lots are 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 do it well.

We continue to improve lot operations to ensure easy, efficient transactions and to ensure that the capacity available is well communicated to the public and leveraged to support downtown businesses.

Human Resource Strategy

Waterfront Development is a knowledge-based organization, with specialization in commercial real estate, urban planning, construction, engineering, landscape design, business accounting, and public consultation.

It is vital that we invest in the learning and growth of our people so that we can continuously improve the work we do on behalf of the public.

The human resource priorities are

1. learning plan for our organization
2. review of our compensation practices

Marketing Strategy

The waterfronts of Halifax and Lunenburg are the two most visited destinations in Nova Scotia. With new development projects coming to market, substantial public space enhancements planned and already completed, and a broad collection of activities and events to enjoy, the number of residents living and working and enjoying activities across all of our waterfronts will continue to increase.

All of this leads to business opportunities and the need to engage our stakeholders and publicly communicate the goals and timelines of our work.

We will develop a comprehensive marketing promotions plan that can serve as a touchstone for promoting and communicating our work. We will work toward enhanced collaboration by engaging waterfront stakeholders for more efficient investment and better results.

We will continue to work with partners to offer high-quality events and programming across our waterfronts, investing in events and opportunities that align with our objective of accessible, high-quality entertainment and activities that represent the best of Nova Scotia.

We continue to invest in our website with interactive, informative pages that are enticing and easy to use. Enhanced signage on all of our waterfronts will guide the waterfront experience and provide key partner

information. We will invest in programs that better engage the communities in which we work, including public information sessions, well-publicized consultation on our development projects, and clear channels to capture community feedback. We will measure and evaluate our success.

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.
3. Promote the assets and amenities of our waterfronts to create extraordinary waterfront experiences.

Budget Context

Financial Management

In fiscal 2012–2013 the corporation achieved its breakeven budget while advancing its development plans and continuing its many valuable partnerships with tenants and other stakeholders. These partnerships add vitality and animation to the waterfronts of Halifax Harbour and Lunenburg, which ultimately create long-term economic benefit. The corporation ran a very successful province-wide Tall Ships Festival in July 2012. The



corporation ran a breakeven budget for this well-known event, with the economic benefits accruing to the province and municipalities of the host ports.

The corporation again has a breakeven budget for fiscal 2013–2014, before amortization of assets that were funded by capital grants from the province. WDC adopted Public Sector Accounting Standards, which require capital grants to be recognized as income. The amortization of the funded assets is reflected as an operating expense over their useful life. During the past year, we issued an RFP for a mixed-use development on our Cunard lot. This is the property on the Halifax waterfront between Bishop's Landing and the newly refurbished NS Power building. We anticipate moving this project forward through fiscal 2013–2014, while at the same time advancing plans for other strategic properties that are in varying stages of the planning process. The development of our collective portfolio of properties over time will provide greater financial stability to Waterfront Development through long-term land leases, enhanced economic return to the province and municipalities through job creation and a broadened tax base, and continued public access to great waterfronts.

We have a budget that is, in effect, a transition budget as we get closer to commencing the changeover of strategic properties from interim use as parking lots to exciting developments. This budget is supportive of that goal. We expect over the coming years to

present budgeted revenue that has increased rent and decreased parking. Consistent with creating great public spaces and developments, Waterfront Development traditionally reinvests its cash flow into its infrastructure. This increases the public enjoyment, security, and financial return of our waterfront assets. The corporation will continue this tradition in fiscal 2013–2014.

Budget

	Estimates 2012-13 (\$)	Forecast 2012-13 (\$)	Estimates 2013-14 (\$)
Revenue			
Rents	1,388,000	1,422,800	1,403,000
Parking	2,000,000	1,902,000	2,000,000
Other income	420,000	491,800	433,000
Grant income	283,000	283,000	276,000
Total revenue	4,091,000	4,099,600	4,112,000
Operating expenses			
Insurance	92,400	96,000	100,000
Labour and benefits	210,000	267,350	240,000
Repairs and maintenance	323,800	300,569	306,100
Security	166,500	166,500	166,500
Utilities	151,000	154,734	156,800
Various other	387,900	403,147	381,700
Total operating expenses	1,331,600	1,388,300	1,351,100
Income from property	2,759,400	2,711,300	2,760,900
Program expenses	305,000	153,900	170,000
Tall Ships revenue	2,500,000	2,020,600	—
Provincial grant	310,000	393,200	—
Tall Ships expense	2,810,000	2,410,700	—
Total Tall Ships surplus	0	3,100	0
Lunenburg revenue	225,000	323,600	185,000
Lunenburg grant	374,200	374,200	374,200
Lunenburg expenses	599,200	697,800	559,200
Total Lunenburg	0	0	0
Administration expenses			
Amortization	751,000	755,700	784,000
Interest on long-term debt	25,000	22,600	30,000
Office, consulting, and general	486,400	570,200	550,900
Salaries and contracts	998,000	1,008,000	1,045,000
Staff expenses and benefits	194,000	204,000	181,000
Total administration expenses	2,454,400	2,560,500	2,590,900
Surplus (deficit) before other items	0	0	0
Other items			
Capital grant amortization	—		(106,000)
Capital grant	4,750,000	500,000	0
Annual surplus (deficit)	4,750,000	500,000	(106,000)



Outcomes and Performance Measures

Core Business	Outcome	Measure	Base Year Measure	Target 2013–14	Strategies to Achieve Target
Financial	Strong financial management	Revenue	2012–13: \$3,388,000	\$3,403,000	Financial management strategy
Property management	Clean, safe, well-maintained assets	Percentage public satisfaction*	89%	95%	Property Management priority
Waterfront planning	Priorities for waterfront lands complete	Revenue reinvested in public infrastructure	\$700,000	\$995,000	Waterfront Planning, Infrastructure Development, and Property Management priority
Business development	Learning for Good Jobs	Number of student placements or people trained	3	10	Business Development
Business development	Facilitate business to be more competitive	Number of new tenants and/or expanding operations	3	16	Infrastructure Development Asset Management
Human resources	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)