Nova Scotia Crown Corporation Business Plans

For the fiscal year

2005
2006

NOVA SCOTIA

Printed by order of the House of Assembly

Submitted by
The Honourable Peter G. Christie
Minister of Finance

NOVA SCOTIA

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Crown Corporation Business Plans

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

73 Commencing April 1, 1997, a crown corporation shall annually

(a) submit to the House of Assembly for approval during consideration of the Estimates its business plan and any proposed public financing; and

(b) table in the House of Assembly audited financial statements for the preceding fiscal year

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

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

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

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

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Art Gallery of Nova Scotia
Business Plan 2005–2006

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Mission

To bring the art of the world to Nova Scotia and the art of Nova Scotia to the world.

Planning Context

The Art Gallery of Nova Scotia (AGNS) is the principal art museum of the Province of Nova Scotia and maintains the Queen's art collection on behalf of the people of Nova Scotia. AGNS is the largest, most significant art museum in Atlantic Canada. It performs a leadership function among art institutions in Eastern Canada.

AGNS serves the province and the people of Nova Scotia through the accumulation, creation, and dissemination of knowledge through the visual arts. Distinct from other related public arts institutions, the AGNS has the responsibility to acquire, maintain, conserve, research, publish, and make accessible the Crown's art collection on behalf of the people of Nova Scotia. The principal activities of the AGNS are the acquisition, preservation, and research of arts collections; the creation of knowledge through research; and the dissemination of these resources through exhibitions, publications, public lectures, presentations; and education programs. AGNS provides services to and assists the people of Nova Scotia as well as international researchers by maintaining outstanding publicly accessible study centres, archives, libraries, records, and resources pertaining to the visual arts. AGNS provides this service through two venues—AGNS at Halifax and Yarmouth.

As an agency of the province, the gallery, through its board, reports to the Minister of Tourism, Culture and Heritage. The gallery is overseen by a Board of Governors made up of dedicated volunteers, who accept and hold a public trust and ensure that cultural activity remains in the public domain to the benefit of current and future generations. The AGNS board assumes responsibility, loyalty, and a duty to uphold the integrity of the organization. The role, responsibilities, and functions of a governor must be carried out with a full understanding and appreciation of the organization. The Board of Governors promotes the vitality of the AGNS by accepting and undertaking effective fundraising efforts and providing an advocacy role. AGNS aspires to strengthen its board contingent by assuring that its membership is inclusive and representative of geographic and other demographic considerations. It is imperative that the board take a leadership role in fundraising and strengthening the gallery's financial position.

The advocacy role of the AGNS Board of Governors is paramount in developing community awareness of the gallery's mission, in representing and interpreting the value of AGNS to community, government, foundation, corporate, and other funding agencies.

Challenges and the Economy

For the 2005–2006 fiscal year, AGNS will receive solely 39 per cent of its required revenue from the Province of Nova Scotia. AGNS is keenly aware that it, like other not-for-profit institutions, is facing greater competition for government and public financial support. As well, there are currently very active capital public campaigns in place to raise funds for local organizations: two Halifax hospitals and the Nova Scotia College of Art and Design (NSCAD) University are examples.

Competition for national and regional grant support is increasing every year and will be a challenge for the coming fiscal year. AGNS must communicate clearly the value it offers to provincial, federal, and municipal governments to assist in the delivery of their cultural and public mandates. Evidence of the gallery's success in this area may be found in the Canada Council for the Arts expression of pleasure with substantive quality improvements in contemporary art programming over the past two years and the large donations of artworks exceeding $1 million during 2004–2005.

In 2003–2004, HRM delayed the repayment of a standing capital pledge to AGNS, instead offering instalments over four years. In addition, HRM imposed a moratorium, restricting AGNS from applying for any other program grants during this same time period. Both of these actions have posed additional challenges for the gallery.

Since its expansion to the Provincial Building in 1998, AGNS has managed budgeted costs (mostly fixed and semi-variable) carefully. The gallery's single greatest challenge remains its serious revenue shortfall; and to be successful in 2005–2006, the gallery must increase revenues from all available sources. AGNS intends to do this by delivering exhibitions, programs, and services that will have wide public appeal. AGNS has earned the right and is proud to be hosting three significant international touring exhibitions in 2005–2006—Rodin: A Magnificent Obsession, April Gornik, and Art of the Ancient Mediterranean World. The popular appeal of these exhibits will increase attendance, public awareness of the gallery, and earned revenues.

Halifax Port Authority wishes to develop an "arts district" along the waterfront to provide increased service to incoming cruise ship visitors to Nova Scotia. The Port Authority has partnered with AGNS, which as a service provider, will create extraordinary large-scale exhibitions at Pier 22 and Gateway Park. AGNS aspires to increase services, increase perception of the quality of services, and increase the demonstrable number of individuals who use, benefit from, and value these services. It intends to be a genuine tourist draw, contributing directly to the decision to select Nova Scotia as a place to visit; therefore, AGNS will partner with numerous agencies to create public relations campaigns dedicated to increasing public awareness of the AGNS and increasing attendance at gallery exhibitions and programs.

The decision to open AGNS Yarmouth provides an opportunity for the gallery to act as a gateway for visitors entering Nova Scotia via the Yarmouth ferries. This satellite gallery will increase the number of people served by AGNS and hopefully broaden the opportunity for future grants, sponsorships, and donations.

Regarding capital challenges, AGNS has been hampered by inferior lighting and inadequate security cameras for a number of years; and the situation has become crucial, as it is adversely affecting the gallery's security and environmental conditions. Upgrades to the monitoring and delivery of the air handling system, temperature, and humidity control capacity are also required. The contract with the environmental monitoring company expired several years ago. The current contractor will not invest in new upgrades or expensive alterations with the uncertainty of a contract pending. While funds for these initiatives are not included in the budget 2005–2006, these critical issues must be addressed as soon as possible.

Through its programs and leadership, AGNS contributes to the positive environment that promotes the growth of the arts and artists in Nova Scotia. It aspires to identify, acknowledge, encourage, and support the very finest achievements in the arts; bring these to the public; encourage their growth; and promote awareness of them internationally. At the same time, the gallery recognizes its own fiscal challenges and those of its largest benefactor. AGNS is striving to improve its managerial and governance practices to responsibly and prudently reach its goal of achieving greater degrees of independent sustainability.

Strategic Goals

- Stabilization of operations and increased gallery sustainability
- Implementation of the KPMG Audit Report and AGNS Strategic Plan Imperatives
- Completion of gallery expansion of AGNS Yarmouth
- Continuation of improvements to the Province of Nova Scotia's Collection of Art.

Core Business Areas

1. Public Programming and Exhibitions: The creation of knowledge in the arts

AGNS makes accessible to the public the gallery's collection, art collections from other institutions and patrons, special exhibitions, publications, lectures, films, and events and maintains accessible library, archives and study materials.

2. Collections and Conservation: The accumulation of knowledge in the arts

AGNS acquires artworks for the permanent collection consistent with the mandate of the acquisition policy. The gallery maintains related library, film, video, and resource support materials, along with institutional archival records pertaining to collections, exhibitions, and institutional history. AGNS ensures proper management of the collection through documentation, maintenance of records, and research. The Art Gallery of Nova Scotia ensures 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 practices of research, examination, analysis, and documentation.

3. Development and Auxiliary Services: To financially maintain AGNS and to encourage the public to visit the Art Gallery of Nova Scotia and engage in the visual arts

AGNS creates market awareness by various public relations tools. AGNS promotes membership to the public, generating revenue and, as well, these members become volunteers who assist the gallery in all aspects of its operations including fundraising, governance, and program delivery. The gallery provides auxiliary services that benefit visitors and members while increasing gallery funding. Services include membership, volunteer programs, a Gallery Shop, facility rentals, Art Sales and Rental, and Cheapside Café.

Priorities for 2005–2006

Stabilization of Operations and Increased Sustainability

Increase Revenue

- Increase admission revenues by 121 per cent by exhibiting three world-class exhibitions during the 2005–2006 fiscal year, which will have wide public appeal, and raising admission fee prices
- Launch a membership promotion campaign to increase membership revenue by 27 per cent. Utilize an aggressive direct mail appeal to increase funding by 23 per cent.
- Partner with the Friends of AGNS to deliver several fundraising events including "Artrageous Masquerade" targeted to produce 100 per cent increase in special events fundraising.
- Increase business development (sponsorship) by 83 per cent by establishing an effective committee of knowledgeable community business leaders.
- Undertake ongoing analyses of admissions to better quantify and qualify the composition of patron revenues to identify existing and potential growth opportunities.
- Increase the profitability of ancillary operations such as the Gallery Shop.

Increase Public Awareness of AGNS Exhibitions and Programs

- Create partnerships with a number of media firms and the Chronicle Herald to provide a strong marketing campaign to provide regional and provincial coverage promoting the world-class exhibitions the gallery is displaying.
- Take a leadership role in driving a program to support a network of artists working with school boards throughout the province and by continuing to administer Artsmarts to provide funding for art programming to schools, primarily rural, throughout Nova Scotia.
- Launch a new educational website, *The Age of Sail in Atlantic Canada*.
- Deliver a series of specialty lectures and interpreters to enhance visitor satisfaction with major exhibitions such as Rodin: A Magnificent Obsession, April Gornik, and Art of the Ancient Mediterranean World.

Ongoing Cost Containment

- Recognize the danger of continuing draw down of the gallery's Endowment Fund capital to fund annual operational shortfalls.

Implementation of KPMG Audit and AGNS Strategic Plan Imperatives

- Utilize the proposed new hire project lead position to enhance the effectiveness of gallery management through improved budgeting, planning, and governance processes identified in the strategic plan and the audit to ensure recommendations are aligned where applicable.

Completion of Art Gallery of Nova Scotia Expansion to the Western Region

- Complete the final construction phase of AGNS Yarmouth and feature the exhibition and publication *Paintings of Nova Scotia* to allow the satellite gallery to share these images with visitors and residents to the Western region of the province.
- Provide education programs to service schools and lifelong learning for this area of the province.
- Establish committees made up of individuals from the community and the gallery to promote the gallery in the region and assist in fundraising initiatives.

Continuation of Improvements to the Province's Collection of Art

Make Significant Landmark Acquisitions

- Continue to implement the AGNS collections strategy to add significant works of art to fill gaps in the gallery's regional and national collections, while making complementing, smaller numbers of additions to its international collections. Most of these acquisitions will be by donation, while some key additions will be made by long-term loan.
- Continue to build the value of the AGNS Collection by encouraging support from patrons.
- Work with Public Archives of Nova Scotia to transfer artworks from the archives into the collection of AGNS.

Summary

AGNS will make substantial improvements to the perception of its national and international standing. It will present programs of value to a broad spectrum of art audiences from introductory first-time art museum visitors through dedicated museum goers through to contributions that contribute to scholarship of the highest order. AGNS will make important improvements to the quality, breadth, and value of its permanent collections by attracting first-rate gifts and making key strategic purchases. It will maximize the advantage of its permanent collections through dramatic and attractive new permanent displays and seek complementing, significant long-term loans. AGNS will rededicate itself to attracting and promoting major art events. Yet, it will reduce substantially the total number of smaller support exhibitions, thus affecting a considerable cost saving. It will extend services to AGNS Yarmouth to provide service to citizens in the western region of the province, as well as aspiring to be a major draw for tourist visitation. AGNS will review and realign personnel functions and workload to improve organizational effectiveness. It will concentrate on marketing a positive upbeat message.

Thereby, AGNS aspires to attract larger numbers of self-generated funds through admissions and related sales, increased membership numbers, and reinvigorated sponsorships. With the support of the Department of Tourism, Culture and Heritage, the corporate community, members, visitors, volunteers, and the dedicated professional staff, the AGNS can present a year of exemplary public programs and build steadily upon its regional and national reputation as an arts leader.

Budget Context

Art Gallery of Nova Scotia Operating Budget Fiscal Year 2005–2006

REVENUE

	Estimate 2004–2005 ($)	Forecast 2004–2005 ($)	Estimate 2005–2006 ($)
Provincial Funding			
Allotment	1,180,000	1,180,000	1,198,000
	1,180,000	**1,180,000**	**1,198,000**
Forecast Revenue			
Admissions	150,000	162,600	360,000
Programming Recoveries	70,000	63,400	80,000
Membership	70,000	78,500	100,000
Advertising	8,000	1,400	5,000
Cost Centres- Rent	45,000	42,000	42,000
Rental Space Recoveries	35,000	31,000	32,000
Sobey Art Award - Tour & Admin	30,000	30,000	130,000
Interest	2,000	2,400	1,500
Grants	200,000	391,500	255,000
Salary Recoup - Shop	$74,000	74,000	75,000
Donations/Miscellaneous Income	$30,000	35,400	30,000
	714,000	**912,200**	**1,110,500**
Anticipated Fund Raising			
Direct Mail/Major Gifts	25,000	23,900	27,000
Artsmarts	110,000	110,000	100,000
Early Childhood Education	30,000	30,000	30,000
Yarmouth	10,000	-	25,000
Special Events	30,000	19,800	50,000
Business Development	200,000	147,000	275,000
Total	**405,000**	**330,700**	**507,000**
Projected Revenue	**2,299,000**	**2,422,900**	**2,815,500**

EXPENDITURES

	Estimate 2004–2005 ($)	Forecast 2004–2005 ($)	Estimate 2005–2006 ($)
Salaries & Benefits	985,000	980,000	1,008,000
Building Operations/Administration			
Utilities	210,000	210,000	250,000
Security/Interpreters	185,000	187,000	195,000
Climate Control-HVAC	125,000	125,000	125,000
Yarmouth Gallery	50,000	30,000	110,000
“Bldg Repairs, Maintenance & Cleaning	90,000	110,000	100,000
Insurance	61,000	61,000	70,000
Elevator Maintenance	12,000	9,000	9,000
“Stationery, Postage	42,000	35,000	40,000
Admin Promotional	2,000	1,900	2,000
Telephone	25,000	25,000	27,000
Travel	33,000	35,400	35,000
Professional Fees	20,000	20,000	22,000
Equipment Leases & Maintenance	20,000	17,000	20,000
Memberships -Professional	6,000	6,000	7,000
Delivery & Shipping	1,000	800	1,200
Technology	10,000	11,300	15,000
Staff Development & Training	5,000	3,800	10,000
Bank/Visa Charges	5,000	5,000	7,000
Miscellaneous	1,500	1,000	1,500
Total	**903,500**	**894,200**	**1,046,700**
Programming			
Exhibitions	252,200	482,900	597,800
Education	79,500	79,500	84,500
McConnell Artsmarts	110,000	110,000	100,000
Sobey Art Award	30,000	54,000	10,000
Early Childhood Education	30,000	30,000	30,000
Permanent Collection	10,000	4,500	10,000
Vehicle	5,000	4,200	7,000
Collection Management	4,500	2,500	5,000
Conservation Lab	4,500	4,800	5,000
Workshop Supplies	7,000	7,000	10,000
Total	**532,700**	**779,400**	**859,300**
Development			
Development	**40,000**	**40,000**	**36,000**
Communications			
Communications & Marketing	**102,500**	**140,000**	**124,000**
TOTAL EXPENSES	**2,563,700**	**2,833,600**	**3,074,000**
Net Surplus/(Net Loss)	**(264,700)**	**(410,700)**	**(258,500)**
Transfer From Other Funds			
Endowment Contribution	215,000	386,700	209,000
Gallery Shop	50,000	24,000	50,000
Total	**265,000**	**410,700**	**259,000**
Surplus/(Deficit)	**300**	**---**	**500**

Outcomes and Performance Measures

Core Business Area 1 *Stabilization of Operations and Increased Sustainability; Increase Revenues*

Outcome	Measure	Target	Strategies to Achieve Target
Higher admissions	Fees collected	121%	• Exhibit Rodin and Art of the Ancient Mediterranean World—increase admission fees
Increase membership revenue	Fees collected	21%	• Promotion and public relations campaign • Increase membership fees
Increase direct mail appeal campaign	Donations	23%	• Request letters sent to patrons and members in early fall
Increase in business development	Sponsorships	83%	• Create effective committee with strong business contacts
Increase special events revenue	Tickets sold	100%	• Ticket Chair in place by summer. • Additional events with AGNS Friends
Increase shop revenues	Sales	25%	• Specialty items for Rodin and Art of the Ancient Mediterranean exhibitions

Core Business Area 2 *Increase Public Awareness of AGNS Exhibitions and Programs*

Outcome	Measure	Target	Strategies to Achieve Target
Increased promotional materials	Number of times appearing in media	Weekly	• Partnerships with Chronicle Herald and media firms
More artists working in schools	Number of schools participating		• Providing leadership role
Age of Sail website	Fully operational, number of hits		• Launch of completed website

Core Business Area 3 *Implementation of KPMG Audit and AGNS Strategic Plan Imperatives*

Outcome	Measure	Target	Strategies to Achieve Target
Improved budgeting, planning and governance	Increased effectiveness and efficiency		• Utilize the new project lead to enhance effectiveness

Core Business Area 4 *Completion of Art Gallery of Nova Scotia Yarmouth*

Outcome	Measure	Target	Strategies to Achieve Target
Final phase completed	Opened and exhibiting	Tourist season	• Working with Yarmouth Area Development Corporation to arrange construction completion
Programs delivered	Number of programs	Daily school tours	• Developing and implementing school based programs
Increased revenues	Donations and sponsorships	100%	• Establishing committees to develop strategies to raise funds and awareness

Core Business Area 5 *Continuation of Improvements to Province's Collection of Art Make Significant Landmark Acquisitions*

Outcome	Measure	Target	Strategies to Achieve Target
Key acquisitions	Number of works		• Encouraging patrons to donate artworks
Funds to purchase artworks	Donations	100%	• One-on-one meetings with patrons to encourage cash donations in order for AGNS to purchase artworks
Archives Collection	Number of works	100%	• Work with Nova Scotia Archives to transfer their collection of artworks to AGNS

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Halifax-Dartmouth Bridge Commission
Business Plan 2005–2006

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Mission

To provide safe, convenient, and reliable passage for our patrons at an appropriate cost.

Introduction

The Angus L. Macdonald Bridge, which graciously spans Halifax Harbour, is turning 50 this year. For Nova Scotians, the opening of this bridge on April 2, 1955, ushered in a new era, uniting the twin centres of Halifax and Dartmouth and facilitating for the first time an efficient flow of people, vehicles, and goods 24 hours a day, seven days a week—something that is taken for granted today.

Since its opening, the bridge's impact on Nova Scotia's economy has been tremendous. The expansion of the communities on both sides of the harbour was such that only 15 years later a second crossing, the A. Murray MacKay Bridge, was opened. Today, these bridges rank among the most frequently used toll bridges in North America, on a per capita basis. In 2004, the Macdonald and MacKay Bridges carried approximately 31.7 million vehicle crossings. Total revenue generated in 2004 was approximately $24.7 million.

The bridges themselves have been well maintained through strategic capital investments and a comprehensive maintenance plan that is targeted toward ensuring safety and extending the useful life of the assets. The commission adheres to the principle of strategic investment planning, which focuses resources on construction, operation, and maintenance of the Angus L. Macdonald and the A. Murray MacKay Bridges.

Increasing capacity, improving efficiency, and enhancing safety are primary objectives in the decision-making process. For example, the recent addition of the third lane on the Macdonald Bridge gave the commission 33 per cent more peak period flow capacity, which significantly contributes to the efficient handling of traffic on both bridges.

A key success factor in the commission's strategy to achieve increased efficiencies in operations is its electronic toll collection (ETC) system, marketed under the MACPASS brand. Since its inception, MACPASS has facilitated the conversion of cash and token users to a more efficient toll payment method, which reduces toll plaza congestion. In 2004, MACPASS processed approximately 14.4 million transactions, and by the end of the year, MACPASS accounted for 47.1 per cent of vehicle crossings on the Macdonald and MacKay Bridges. In 2005, the commission will begin the process of upgrading the software application for its ETC system.

For 50 years, the Halifax-Dartmouth Bridge Commission has been operating and maintaining these bridges for patrons, on a financially self-sufficient basis. We look forward to maintaining these high standards in the interest of the travelling public.

Planning Context

Mandate

The Halifax-Dartmouth Bridge Commission was created in 1950 by a statute of the Province of Nova Scotia. With the approval of the Governor in Council, the commission has the power to construct, maintain, and operate bridges and the necessary approaches across Halifax Harbour and the Northwest Arm, or either of them. The commission is a self-supporting entity that operates two toll bridges, the Angus L. Macdonald and the A. Murray MacKay.

Key Programs

The Macdonald and MacKay Bridges rank among the most frequently used toll bridges in North America, on a per capita basis. In 2004, the Macdonald and MacKay Bridges carried approximately 31.7 million vehicle crossings. Total revenue generated in 2004 is estimated at $ 24.7 million.

The commission adheres to the principle of strategic investment planning, which focuses resources on construction, operation, and maintenance of the Angus L. Macdonald and the A. Murray MacKay Bridges. Increasing capacity, improving efficiency, and enhancing safety are primary objectives in the decision-making process.

Successful expansion of the Macdonald Bridge, through the Third Lane Project and construction of the Barrington Street Ramp, represents major capital projects that the commission has undertaken recently. These strategic investments were targeted at increasing capacity and achieving greater efficiencies in traffic flow on the Macdonald Bridge. The ability to reverse the flow of traffic in the third lane to facilitate predominant traffic flow patterns has greatly enhanced the commission's ability to better manage vehicular traffic, particularly during peak periods. Ensuring consistency in alternating the flow pattern in accordance with a fixed schedule contributes to the safe operation of the bridge for its patrons.

A key success factor in the commission's strategy to achieve increased efficiencies in operations is its electronic toll collection (ETC) system, marketed under the MACPASS brand. Since its inception, MACPASS has facilitated the conversion of cash and token users to a more efficient toll payment method, which reduces toll plaza congestion. In 2004, MACPASS processed approximately 14.4 million transactions. By the end of the 2004, MACPASS accounted for 47.1 per cent of vehicle crossings on the Macdonald and MacKay Bridges.

The commission is committed to providing healthy transportation alternatives. Projects undertaken by the commission include creation of a dedicated bicycle lane and separate pedestrian walkway on the Macdonald Bridge. These facilities provide a safer, more efficient, and more aesthetically pleasing experience for both user groups.

Presently, the commission, in conjunction with Halifax Regional Municipality, is undertaking a capacity study to identify access and egress improvements.

In 2005, the commission will undertake a project jointly with the Halifax Port Authority and Canadian Hydrographic Services to install a monitoring system to measure, in real time, the air gap under the Macdonald and MacKay Bridges. Air gap is defined as the clearance measurement from the waterline of the harbour to the lowest point of a bridge's superstructure. Given the industry trend toward ever-larger container ships, the ability to accurately determine the air gap clearance of the bridges is becoming of paramount importance not only to the commission, in terms of ensuring public safety and the integrity of the assets, but also to the port authority for its own long-term strategic planning.

Organizational Structure

The commission has nine board members. The Province of Nova Scotia appoints five members, including the Chairman and Secretary, and Halifax Regional Municipality appoints four of its councillors to the board. Within the board structure, there are standing committees dealing specifically with finance, audit, public relations, and maintenance. The commission employs 30 permanent administrative and maintenance staff, 50 members of the Canadian Corps of Commissionaires on a contract basis, and 37 seasonal painting and 11 gardening staff.

Strengths

The commission's greatest strengths are its proven knowledge of the maintenance and operation of suspension bridges, its 50 years of experience in successfully performing these tasks, and its leadership position in the implementation and operation of electronic toll collection.

Financial self-reliance is another important strength. As a commission of the provincial government, the Halifax-Dartmouth Bridge Commission reports to the Minister of Finance for the Province of Nova Scotia and the Nova Scotia Cabinet approves the commission's financing. As a self-funding user-pay operation, the commission receives no assistance from tax dollars, and its loans are not guaranteed by any level of government. The Nova Scotia Utility and

Review Board approves the commission's toll rates. Favourable growth trends in traffic volumes on the bridges and growth of total revenue are strengths for the commission. The commission has not required a toll increase in more than 10 years.

The bridges themselves have been well maintained by the commission through strategic capital investments and a comprehensive maintenance plan that is targeted toward ensuring safety and extending the useful life of the assets. For example, the addition of the third lane on the Macdonald Bridge gave the commission 33 per cent more peak period flow capacity. This significantly contributes to the efficient handling of traffic on both bridges.

In terms of customer service and response time from the commissionaires, the patron fare indicators that were installed by the commission in 2004 are providing messaging that is proving beneficial to both the patron and the commissionaires in regard to MACPASS account information. This is improving traffic flow through the plazas, particularly during peak periods.

The commission's ability to communicate in an effective, cost-efficient manner with its stakeholders is an important strength. The commission's Traffic Alert System instantly reaches nearly 1,000 subscribers/ stakeholders, via e-mail and text messaging, communicating timely information on the status of travel over the bridges. The commission also participates with Information Radio 97.9 FM messaging and makes use of variable message signs on Highway 118 and on Barrington Street in Halifax and overhead gantry signs on the Macdonald Bridge to disseminate key information. Effective communications assist the commission in fulfilling its mission "to provide safe, convenient and reliable passage for our patrons at an appropriate cost."

Weaknesses

The principal weaknesses faced by the commission relate to the age and structure of the bridges.

The Macdonald Bridge celebrates its 50th anniversary in 2005. Opened in 1970, the MacKay Bridge will be 35 years old this year. As these assets age, the cost of maintaining them will rise.

From a structural perspective, the commission's ability to increase physical capacity is constrained by the bridges themselves, which cannot be increased in size.

Opportunities

While fulfilling the objectives of its mission, the commission remains focused on identifying potential growth opportunities within its core business units.

In 2005, the commission will begin the process of upgrading the software application for its electronic toll collection system. Within Atlantic Canada, the commission is a legitimate leader in the use of ETC technology applications and could potentially use its expertise to explore new opportunities in service reliability and the safe, efficient handling of traffic. The ability to fully develop this potential will require a review of the commission's mandate.

Threats

Severe weather conditions, rising fuel costs, and a downturn in the economy can have a direct negative impact on traffic volumes on the bridges. Each of these factors can directly affect the volume of traffic on the bridges and thus affect the overall financial performance of the commission. In 2004, the severe winter storm dubbed "White Juan" paralysed HRM, grinding traffic to a halt. This storm resulted in a loss of 100,000 vehicle crossings on the bridges.

The world was irrevocably changed on September 11, 2001, with respect to ensuring the safety of the public and public buildings/structures. The commission takes its responsibility very seriously, in this regard.

Strategic Goals

In order to carry out its mission, the commission has defined the following goals as strategic:

- Maintain public and employee safety through ongoing review and implementation of the commission's policies, operations, and initiatives.
- Maintain the bridges and approaches in superior condition through a proactive maintenance program.
- Maintain convenient and reliable passage by working with stakeholders to identify access and egress improvements, which will assist future capacity requirements.
- Continue to market electronic toll collection (MACPASS) in order to decrease traffic congestion and accommodate future traffic growth.
- Ensure the commission's financial stability through efficient financial planning and management.

Core Business Areas

As identified in our mission, "to provide safe, convenient and reliable passage for our patrons at an appropriate cost," safety, maintenance, efficient transportation, and fiscal management are the commission's core businesses:

1. Safety

The safety of the traveling public is protected through a number of ongoing programs and initiatives, including, but not limited to the following:

Continuous monitoring of bridge traffic through video surveillance, patrolling of the bridges and approaches, and providing prompt response to incidents are important tasks, which are performed by the Corps of Commissionaires. The commissionaires conduct enforcement of vehicle infractions that have the potential to impinge on safety. Since 1997, the commission has utilized various speed enforcement tools in an effort to improve safety. These units enable staff to be more proactive with speed enforcement during bridge patrols.

In addition, the commissionaires conduct monthly speed surveys to determine the impact that enforcement has on vehicle speed. Collision summaries are also produced quarterly to determine if the collision ratio is reduced as a result of speed enforcement and/or other factors.

To ensure the safety of bridge patrons, the commission utilizes roadway ice detection systems and maintains 24-hour-a-day maintenance staffing during the winter months. This allows for prompt attention to ice and snow removal on the structures and approaches, as bridges develop ice faster than other roadways.

2. Maintenance

A detailed and attentive maintenance program is essential to ensuring the safety of the travelling public. The commission's maintenance programs and initiatives include, but are not limited to the following.

The commission's staff and consulting engineers conduct ongoing monitoring and thorough annual inspections of the bridges and approaches to identify immediate and long-term requirements. These requirements are incorporated into the commission's maintenance schedule and capital improvements program.

In 2004, for the 11th consecutive year, the commission conducted a major concrete repair program. The commission committed approximately $150,000 to this annual program, in 2004.

Over the past 40 years, the commission has conducted a continuous and comprehensive painting program to protect the steel; this program is a major contributor to the preservation of the structure. A targeted rust prevention program is necessary on an ongoing basis to prevent rusting and corrosion of the steel. It requires 36 painters working from early May to early October every year for three years to complete one program cycle for both bridges.

When opened in 1970, the Mackay Bridge earned international attention as the first use of an orthotropic steel deck in North America. This engineering technique, used for bridge construction, allows a structure to use less steel for the same strength.

During the mid 1980s, upon the recommendation of consultants, 7,000 strengthening plates were added to the underside of the MacKay Bridge deck to stiffen it because of increasing vehicle weights. In 2003, through physical inspection and testing, the commission identified hairline fractures in several places at the location of the strengthening plates on the underside of the deck.

After consultation and computer modelling, it has been determined that the deck will perform better with the strengthening plates removed, so in 2004, the commission commenced the removal and repair process. The majority of the removal program will be conducted in 2005. The total cost of this program is expected to reach $700,000. The integrity of the deck is being maintained, and safety is not an issue. Performance of the deck is routinely monitored as part of the maintenance program.

3. Efficient Transportation

The efficient management of bridge traffic is a constant focus. In recent years, great strides have been made to improve traffic flow on the bridges. The provision of efficient cross-harbour transportation is achieved through programs and initiatives such as the third lane on the Macdonald Bridge, MACPASS, and the constant monitoring of bridge traffic.

Constant monitoring and effective response by the commissionaires to collisions and weather conditions assist in the provision of efficient travel and increase the level of customer service provided by the commission.

During 2005, the commission will explore opportunities to further increase capacity and throughput. A review will be conducted that will include the feasibility of plaza reconfiguration for increased efficiency of toll collection.

Effective communications including Traffic Alert messages, participation with Information Radio 97.9 FM messaging, and use of variable message signs assist the commission in reaching its audience with timely travel information.

4. Fiscal Management

Financial management and fiscal stability are achieved through various policies, programs, and initiatives including, but not limited to the following.

The commission continually reviews, develops and implements policies, plans, and a budgeting process to support annual operational and maintenance costs. The commission's system of internal controls is vital to its successful fiscal management.

Assessing risk and obtaining adequate and appropriate insurance coverage for the protection of its assets and revenue stream are fundamental to sound fiscal management. The commission works to ensure the most effective use of long-term borrowing and investment capabilities.

The commission's dedication to the maintenance of its assets and the effective collection of tolls for almost 32 million vehicles annually significantly contributes to its sound financial position.

Priorities for 2005–2006

1. Safety

The commission's safety priorities for 2005–2006 are as follows:

- Enforce speed limits and reduce collisions to ensure safe passage for bridge patrons.
- Carry out training and ongoing development of the Emergency Response Plan.
- Monitor the implementation of the commission's public safety manual.
- Focus on enhancing security.

2. Maintenance

The commission's maintenance priorities for 2005–2006 are as follows:

- Continue with the concrete refurbishing program on both bridges.
- Continue conversion to use of "pre-wet" salt application to reduce the overall volume of salt required for ice control on the bridges.
- Paint and clean the structural steel on both bridges.
- Coat the suspender cables on the Macdonald Bridge.
- Update the entire ice cast/weather system on the MacKay Bridge to provide greater accessibility and more comprehensive information.
- Continue fatigue analysis and repair program on the MacKay Bridge as it relates to the orthotropic steel plate deck support, troughs, and deck stiffeners.

3. Efficient Transportation

The commission's efficient transportation priorities for 2005–2006 are as follows:

- Renew the electronic toll collection software.
- Test a new transponder for electronic toll collection to determine the feasibility of a more cost-efficient transponder (if available).

- Complete a capacity study of the bridges and identify potential access and egress improvements, jointly with HRM.

4. Fiscal Management

Through its review, development, and implementation of policies, plans, and budgets, the commission will continue carry out the following:

- Effectively collect tolls, both electronically and mechanically.
- Maintain the reliability of internal control systems.
- Meet obligations to bondholders.
- Meet capital project requirements.
- Manage the Operations and Maintenance budgets.
- Use the commission's cash flow for capital expenditures and investment for the reduction of debt.

Budget Context

Financial Management

From a fiscal management perspective, the commission continues to achieve financial stability and meet its obligations to bondholders. In 1997, the commission issued a $100-million Toll Revenue Bond Series 1 (maturing December 4, 2007) at an annual interest rate of 5.95 per cent. At the same time, a $30-million line of credit ($19 million outstanding) was arranged with the province. The Toll Revenue Bond Series 1 is secured by an assignment of the commission's revenues and is not guaranteed by the Province of Nova Scotia. These bonds are rated AA (low) by Dominion Bond Rating Service Limited and A+ by Standard & Poor's Ratings Group.

	Actual 2003–2004 ($,000)	**Forecast 2004–2005 ($,000)**	**Estimate 2005–2006 ($,000)**
Revenue			
Toll revenue	23,002	22,936	23,160
Other rate charges	135	153	150
Investment and sundry income			
Trust fund investments	1,141	1,342	1,481
Other	376	292	235
Total Revenue	24,654	24,723	25,026
Expenses			
Operating	3,597	3,996	4,324
Maintenance	2,702	2,671	3,740
Amortization of capital assets	4,306	4,665	4,500
Amortization of deferred transponder charges	65	65	65
Interest on long-term debt and amortization of deferred financing costs	7,552	7,172	7,133
Total Expenses	18,222	18,569	19,762
Net Operating Income	$ 6,432	$ 6,154	$ 5,264

Outcomes and Performance Measures

Core Business Area 1 *Safety*

Outcome	Measure	Data	Target	Strategies to Achieve Target
Decrease the number of collisions involving personal injury and property damage	Reduction of collisions resulting in personal injury or property loss	Year 2003[1]: .26/100,000 vehicle kilometres travelled (VKTs) Year 2004: .12/100,000 VKTs	Year 2005: .10/100 000 VKTs	• Vigilant speed enforcement policy • Improved signage at the tolls • Enhanced driver education • Vehicle Snow Removal Program
Compliance with the posted speed	Reduction of the average speed as per monthly surveys	Year 2003[2]: MacKay: 78.4 km/hr (posted speed limit 70 km/hr) Macdonald: 62 km/hr (posted speed limit 50 km/hr) Year 2004: MacKay: 79.7 km/hr (posted speed limit 70 km/hr) Macdonald: km 63.6/hr (posted speed limit 50 km/hr)	Year 2005: As close to the posted speed limit as possible	• Maintain speed enforcement policy • Enhanced driver education

Footnotes

1. During 2003, the recording procedure for collisions was changed to reflect only collisions involving personal injury, vehicle damage, or harm to the commission's property. This measure more accurately reflects the number of collisions per 100,000 VKTs.
2. During 2003, the locations where statistics are gathered to provide speed survey data were changed to more accurately reflect areas of jurisdiction.

Core Business Area 2 *Maintenance*

Outcome	Measure	Data	Target	Strategies to Achieve Target
Bridges maintained in superior condition: Main structures (minimize loss of steel on …)	Engineer's annual inspection report	Continuous: Painting is done on a continuous basis. Painting staff take three painting seasons (May to October) to complete one cycle on both bridges. When the cycle is complete, the painters start back at the beginning.	Continuous on a three-year cycle	• Annual painting program • Research new coating systems
Cables maintained (minimal flaking and cracking of the main cable coating)	Engineer's annual inspection report	Year 2004: 10% complete	Year 2005: 30% complete	• Use of cable crawler for painting and inspections
Pier replacement program (elimination of concrete spalling)	Engineer's annual inspection report	Year 1994-2004: 66% complete	Year 2005: 80% complete	• The commission has routinely completed major concrete repairs for the last 11 years and expects this to continue for at least another 2 years.
Improve the performance and maintain the integrity of the orthotropic steel deck on the MacKay Bridge	Engineer's annual inspection report	Year 2004: 6% complete	Year 2005: 100% complete	• Removal of the strengthening plates

Core Business Area 3 *Efficient Transportation*

Outcome	Measure	Data	Target	Strategies to Achieve Target
Increase the efficiency of traffic flow by increasing throughput and reducing congestion	Total number of transponders on the system (annual percentage of MACPASS usage)	Year 2001: 36,027 (32.35%) Year 2002: 46,900 (39.07%) Year 2003: 55,972 (43.33%) Year 2004: 64,874 (47.13%)	Year 2005–06: 71,000 (49%)	• Increased distribution • Protect brand reputation • Provide excellence in customer service

Core Business Area 4 *Fiscal Management*

Outcome	Measure	Data	Target	Strategies to Achieve Target
Reduced net debt	Accumulation of capital and sinking funds	Years 2000–2004: $5 million/year in each of these years	Year 2005: $5 million/year	Maintain… • the bridges in superior condition • efficiency of crossings • effective toll collection • good internal controls • effective budget management • good cash management
Positive cash flow	The number of times the line of credit is utilized	Years 2000–2004: zero	Year 2005: zero	• Sufficient funds to run business—preventing the use of bank line of credit
Meet obligations to bondholders	Continuance of positive bond ratings	Years 1997–2000: Bond ratings AA (low) and A+	Year 2005: Maintain baseline	• Fulfil covenants of the Trust Indenture and meet interest payment requirements

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

InNOVAcorp
Business Plan 2005–2006

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Mission

To enable Nova Scotian companies to accelerate the commercialization of their technologies and increase competitiveness in export markets.

Planning Context

InNOVAcorp's mandate of assisting early-stage technology companies has remained the same since it was established in 1994, yet the method of achieving it has evolved. In recent years, the corporation has developed a High Performance Incubation (HPi) model. While incubation has long been recognized around the world as a proven tool for assisting early-stage enterprises, InNOVAcorp's HPi model augments traditional business incubation facilities and services by offering an additional layer of venture advice and guidance. This model enables Nova Scotian technology companies to accelerate through the early stages of the commercialization process and compete in the global marketplace.

Focusing on companies with unique service offerings and/or proprietary technology, InNOVAcorp works closely with emerging entrepreneurs to provide flexible, imaginative, and cost-effective services to help them through the early growth phases.

Three critical resources are used to address clients' needs:

- InNOVAcorp is an active venture capitalist, managing the Nova Scotia First Fund (NSFF). As the lifeblood of entrepreneurs, venture capital is a vital component of the HPi model. The corporation remains committed to leveraging the NSFF to secure additional capital required to increase early-stage commercialization funds.
- The corporation takes a hands-on approach in assisting unique new business ventures by offering specific advisory services that encompass the knowledge base of InNOVAcorp, its partners, and the business community.
- Through its incubation facilities, InNOVAcorp provides the environment needed to help emerging technology companies mature. These facilities deliver more than office, lab, and industrial space; they also offer a comprehensive blend of business resources, opportunities, and synergies that result in entrepreneurial success.

In addition to working one on one with clients, InNOVAcorp collaborates with public and private partners to further develop the climate—whether it is through policies, programs, or infrastructure—necessary to foster innovation and entrepreneurship.

The Province of Nova Scotia recognizes that innovation drives individual and regional prosperity and therefore, has made stimulating innovation a province-wide priority. The province also understands that innovation means much more than research and development; it is also about increased commercialization—successfully taking products and services to market. By accelerating companies through the commercialization continuum and helping create a climate of entrepreneurship, InNOVAcorp is an integral part of Nova Scotia's innovation system.

Strategic Goals

Three broad strategic goals drive InNOVAcorp's activities:

1. *Collaborate with public and private partners to champion and implement Nova Scotia's innovation strategy by providing leadership on matters related to technology commercialization.*

In the face of an ever-expanding and ever-changing world market, the Government of Nova Scotia understands that innovation drives wealth and is therefore vigorously trying to maximize the impact of innovation across the province. In its 2000 economic growth strategy, *Opportunities for Prosperity*, the provincial government named innovation as a fundamental pillar of our overall economic framework. It also identified one of its key strategies as the growth of five promising sectors: the life sciences, information and communications technology, advanced manufacturing, learning, and energy.

In June 2003, the Premier reinforced the commitment to innovation by unveiling a new policy, Innovative Nova Scotia: An Innovation Policy for the Nova Scotia Economy. Concurrently, a 16-member council was formed to provide government with independent advice on how to stimulate the best conditions for innovation in Nova Scotia and how to implement the innovation policy.

InNOVAcorp continues to support the province's commitment to innovation in part by helping individual companies to commercialize their innovative products and services. Further, the corporation draws on its 10-year history of working with technology entrepreneurs to provide strategic advice to provincial policy and decision makers about how to cultivate innovation, entrepreneurship, and technology commercialization, whether it is through policies, physical infrastructure, or special programs. Also, as a longstanding active partner in activities and initiatives that boost technology sector growth, the corporation aims to improve collaboration among existing commercialization-focused programs and agencies.

2. Enhance the growth of knowledge-based industry sectors by accelerating technology companies through the startup and early development stages of the commercialization process.

Innovation extends beyond researching and developing new or improved products, services, and processes. Rather, the value of innovation comes from commercialization—successfully taking products and services to market.

InNOVAcorp's High Performance Incubation (HPi) model enables Nova Scotian technology companies to accelerate through the commercialization process. Serving the knowledge-based sectors, the corporation uses a network of critical business resources—incubation facilities, mentoring, and investment—to assist entrepreneurs.

Typically InNOVAcorp focuses its resources on helping entrepreneurial companies that are at Stage 2 or Stage 3 of the business growth continuum. These companies are in the process of setting up an operation (startup stage) and developing processes, products, and services (developmental stage). The goal is to move them through these early stages and enable them to compete successfully in export markets. In the context of an increasingly competitive global market, InNOVAcorp's role is more important and relevant than ever before.

3. Build a dynamic and stable entrepreneurial culture by providing the environment where entrepreneurs can grow and prosper through shared experience and strategic relationships.

InNOVAcorp manages two technology incubators. The Technology Innovation Centre in Dartmouth targets companies in the information and communications technology and engineering industries. The BioScience Enterprise Centre in downtown Halifax focuses on companies in the life sciences industry. Both facilities offer a comprehensive mix of products and services that includes flexible leasing of lab, industrial and office space, and shared administrative support.

A third site, the former Nova Scotia Research Foundation at 101 Research Drive in Dartmouth, was recently transformed into a grow-out facility for companies that have progressed beyond early-stage incubation but are still progressing towards commercial sustainability. In late 2004, the facility welcomed its first major tenant.

The value of InNOVAcorp's incubation facilities goes far beyond the space and other tangible infrastructure they provide. The sites help entrepreneurs avoid the failure that sometimes results from being isolated from other entrepreneurs and professionals who could provide valuable advice to the management team. The facilities offer an atmosphere where entrepreneurs can share experiences, knowledge, concerns, successes, and contacts with others who face similar challenges. It is also an environment that encourages collaboration and partnerships among entrepreneurs and with universities, public institutions, and prominent firms.

In addition to supporting specific initiatives of the provincial innovation agenda, InNOVAcorp's strategic goals align with the government priority of "Building Greater Prosperity," as outlined in the *Blueprint for Building a Better Nova Scotia*.

Priorities for 2005–2006

InNOVAcorp's 2005–2006 priorities include the following:

- Support the implementation of Nova Scotia's innovation strategy.

  In 2005–2006, InNOVAcorp will continue to prioritize supporting the province's commitment to maximizing the impact of innovation in Nova Scotia. Our support of this vital strategic direction will take place through assisting individual companies as they strive to transform their innovations into commercial successes and through providing advice to provincial policy makers and the Premier's Advisory Council on Innovation on how to build a culture of innovation in the province. Also, we will continue to collaborate with private and public sector partners on activities and initiatives that create a focused innovation system that builds on the region's strengths and capabilities in research, education, incubation, commercialization, and industry.

  InNOVAcorp's support of the provincial innovation climate in general and our assistance to individual companies in particular will also help fortify Nova Scotia's new Brand Nova Scotia program. The program's goal is to position the province and its products so that we are putting our best foot forward when marketing ourselves abroad and talking about ourselves in Nova Scotia. By enabling commercialization success stories, by partnering with other investors to increase access to venture capital funds, and by helping create an environment where companies and individuals want to come do business, InNOVAcorp will help strengthen the Nova Scotia brand.

- Identify new opportunities for equity investment in Nova Scotia knowledge-based companies in the early stages of commercialization, and make follow-on investments in existing portfolio companies.

  InNOVAcorp manages the Nova Scotia First Fund (NSFF), an early-stage source of capital for promising Nova Scotia companies. When possible, we leverage our investments through alliances with other organizations, financial institutions, and other venture capital investors. These alliances result in extra capital and augmented intellectual resources required during the due diligence process. As we make new and follow-on investments in 2005–2006, we remain committed to finding innovative ways to leverage the NSFF and secure additional investment capital necessary to increase the region's early-stage commercialization funds.

In August 2004, we launched a new venture capital fund, the HPi Micro-Fund, to better address the funding gap that impedes progress of today's promising early-stage technology companies. Micro-Fund investments are smaller than NSFF investments and are intended to support the companies with which our venture advisors work more closely. These features make the Micro-Fund relatively flexible, allowing our investment team to spot growth early and act quickly, investing where it believes growth is going to happen. The investments are tied to a company's achievement of specific performance milestones, so in effect, the investment becomes the first step in the due diligence process for the investee companies as they look for additional investment dollars in the future.

The Micro-Fund positions InNOVAcorp as a natural co-investor with other existing seed and early-stage funds. It also helps supplement funds from private sector investors, who have become increasingly risk-averse in recent years, moving their investments further downstream in a company's continuum of development. For 2005–2006, we predict our Micro-Fund investments, along with our new and follow-on NSFF investments, will encourage new early-stage investors to come to the table and co-invest alongside InNOVAcorp, potentially weaving a stronger network of angel and institutional investors in the region.

- Optimize occupancy within the incubators and grow-out facility.

Incubation facility clients pay market rates for the services we provide and the space they lease from us. The more space leased in the incubation facilities, the higher our revenues, resulting in a larger return on the Province of Nova Scotia's allocation of resources to InNOVAcorp. Securing an anchor tenant for our corporate headquarters at 101 Research Drive is a significant example of garnering a return on provincial physical infrastructure. In that situation, InNOVAcorp turned about 3700 m2

(40,000 sq. ft.) of out-of-date and under-utilized space, in essence a liability for the province, into an asset for the life sciences industry. Further, given that the new resident at 101 was formerly a major tenant at the BioScience Enterprise Centre, the company's departure from that facility presents us with a considerable amount of unoccupied space we can now fill with other life sciences companies.

Of course, revenue generation is not the sole motivation for maintaining a high occupancy rate at our facilities. A high occupancy rate also means we are assisting as many clients as possible, providing them with the environment, services, and other opportunities necessary to accelerate them through the commercialization process.

The priority of optimizing occupancy at our facilities encompasses more than filling space and serving clients, however. The vision is to fill the space with the "right" calibre of clients—"high-growth" companies. "High growth" is difficult to calibrate or define in brief, but examples of criteria that might be used to evaluate prospective clients include: potential for export, ability for patenting, product innovation and uniqueness, qualification for InNOVAcorp's HPi Micro-Fund, management team or entrepreneurial strengths, receptiveness to receiving help from experts, ability to attract outside investment dollars, and having a focus on technology. Some of our existing incubation clients meet the high-growth criteria; we plan to increase the proportion of such companies in our client mix as we recruit new companies in 2005–2006 and beyond.

- Enhance our delivery of tailored business advisory services to entrepreneurs.

Many businesses fail in the early stages of development due to lack of resources to assemble a seasoned and diverse management team. Consequently, the business struggles with developing and implementing strategies to access finance, secure a market position, and manage financial and human resources.

InNOVAcorp's mentoring activities enable entrepreneurs to find a faster and less expensive path to success by leveraging the corporate knowledge base developed by InNOVAcorp and the expertise and experiences of others in the business community.

Every company has its own distinct needs for business assistance. These needs change as the company grows. InNOVAcorp's business advisory services help identify and remove obstacles and bottlenecks and allow entrepreneurs to maintain their focus and move forward.

The help provided is often hands-on, addressing specific facets of the business. From helping an entrepreneur better position his company for potential investors and lenders, to aiding in the development of a business plan and targeted marketing and sales strategy, to assisting with patent searches and filing and licensing technology, to helping with beta trials of a new product or service, the guidance we offer is diverse and unique to each client's individual requirements.

In 2005–2006, we will provide more targeted advice and guidance to an increased number of clients. To do so, we will need to increase the size of our pool of venture advisors, consultants, and mentors, as well as ensure that this group has the expertise in particular science and technology fields relevant to our clients. We will also continue to expand our geographic reach throughout the province. With the 2004 addition of a senior advisor of business ventures at InNOVAcorp's satellite office within the National Research Council facility on the University College of Cape Breton campus in Sydney, we can improve the assistance we provide companies in that region. We will further extend our reach into other areas, particularly rural communities, in part through partnerships with universities and colleges, with private sector groups such as the Nova Scotia Co-Operative Council, and with federal agencies such as the National Research Council and ACOA.

- Assess Nova Scotia's incubation capacity.

InNOVAcorp is the long-time leader of business incubation activities in the province and, in fact, is seen by incubators across the country and beyond as advancing the field. For years, we have been sharing our commercialization and business development expertise with other entities across the province. We will continue these efforts in 2005–2006. This work not only improves the cost-effectiveness of other initiatives and leads them to adopt industry best practices, it also positions us well to help evaluate the provincial incubation capacity, identifying existing gaps and future opportunities.

Our examination of the provincial capacity also implies a thorough assessment of InNOVAcorp's own incubation capacity. As we have done in past years, in 2005–2006 we will answer the questions of how we can better align our business functions, physical and IT infrastructure, and operations so we can work more efficiently, assist our clients better, and increase the province's return on its investment in InNOVAcorp.

Budget Context

	Estimate 2004–2005 ($)	Forecast 2004–2005 ($)	Estimate 2005–2006 ($)
Revenues and Grants			
Operating and Capital Funding	2,195,000	2,195,000	2,295,000
Valuation Allowance Funding			300,000
NS Funding Recognized (deferred) re capital assets acquired	225,000	159,000	411,000
Mentoring	298,400	360,000	300,000
Incubation	1,361,100	1,258,000	1,415,000
Corporate Development	32,400		
Technical Services and Other	359,500	371,000	422,000
	4,471,400	4,342,000	5,143,000
Expenses			
Mentoring	440,000	587,000	578,000
Incubation	1,631,100	1,539,000	1,470,000
Investment	350,000	347,000	408,000
Corporate Development	327,400	177,000	
Technical Services and Other	354,600	345,000	414,000
Corporate Services	1,243,000	1,224,000	1,334,000
	4,346,100	4,220,000	4,204,000
Earnings before undernoted items	125,300	123,000	639,000
Non Operating items			
NSFF Total Return	155,100	41,000	(295,000)
Post Retirement Benefits & Long Service Award		(349,000)	(100,000)
Amortization	(731,100)	(600,000)	(752,000)
Interest income (expense) dividends & capital gains (losses)	(55,200)	88,000	(67,000)
Discontinued Operations		46,000	
	(631,200)	(773,000)	(1,214,000)
Excess of Expenses over Revenues	(506,000)	(650,000)	(275,000)

Outcomes and Performance Measures

Core Business Area 1 ***Collaborate with public and private partners to champion and implement Nova Scotia's innovation strategy by providing leadership on matters related to technology commercialization.***

Outcome	Measure	Data	Target 2005–06	Strategies to Achieve Target
• Improved collaboration among existing commercialization-focused programs and between the agencies that provide these programs • Enhanced innovation infrastructure to support companies in the startup stage and developmental stages of growth	TBD	No baseline available		• Provide input, advice, and recommendations via participation in federal/provincial working groups. • Provide advice to the Premier's Advisory Council on Innovation. • Continue to develop strategic partnerships to create focused innovative systems that link the strengths and capabilities in research, teaching, incubation, commercialization, and industry (e.g., Canadian Commercialization Network, Entrepreneur's Forum, ILO, NRC/ACOA). • Target new growth opportunities (e.g., Acadia incubator, COGS, Research Village).

Core Business Area 2

Enhance the growth of knowledge-based industry sectors by accelerating technology companies through the startup and early development stages of the commercialization process.

Outcome	Measure	Data	Target 2005–06	Strategies to Achieve Target
Increased number of technology-based companies accelerated through the 2nd/3rd stages of growth of the commercialization process	Client companies that exhibit growth	Dec 31/02: 226 jobs in incubated companies, 159 jobs in investment companies Dec 31/03: 85 new employees in incubated companies, 172 jobs in investment companies	Maintain or exceed baseline year	• Provide an integrated approach to clients in growing their businesses.
	Revenue growth of client companies	TBD	Maintain or exceed double-digit revenue growth	• Provide an integrated approach to clients in growing their businesses.
	Number of follow-on investments	2003–2004: 3	Maintain or exceed baseline year	• Continue to fund as opportunity warrants. • Make follow-on capital injections in HPi Micro-Fund/NSFF existing investments.
	Number of new investments	Dec 31/02:19 total Dec 31/03:19 total	Exceed baseline year	• Continue to fund as opportunity warrants. • Maximize the value of investments under management. • Lead and/or participate in syndication of new early-stage and venture capital investments with institutional and angel investors.
	Number of patents filed and/or issued	TBD	Maintain or exceed baseline year	
	Number of licensed Intellectual Property agreements	TBD	Maintain or exceed baseline year	
	Average leverage ratio	2002–2003: 12.9 2003–2004: 13.7	Maintain or exceed baseline year	• Optimize financial leverage.

Core Business Area 3

Build a dynamic and stable entrepreneurial culture by providing the environment where entrepreneurs can grow and prosper through shared experience and strategic relationships.

Outcome	Measure	Data	Target 2005–06	Strategies to Achieve Target
Increased number of technology based companies accelerated through the 2nd/3rd stages of growth of the commercialization process	Number of active HPi client companies	TBD	Exceed baseline year	• Create an environment/network where local companies can thrive and be more competitive. • Position our clients/investments with strategic partners and investors across the province and other jurisdictions in support of Brand Nova Scotia. • Enhance and broaden our pool of advisors, consultants and mentors. • Enhance the physical infrastructure to attract new HPi client companies.
	Number of companies served outside Halifax Metro	TBD	Maintain or exceed baseline year	• Continue to expand geographic reach throughout the province through strategic partnerships.
	Incubation capacity	TBD		• Evaluate incubation capacity and requirements. • Complete the conceptual design phase for the Knowledge Park.
	% leased space	2002–2003: 58.5% 2003–2004: 60%	Increase above baseline	• Maximize occupancy with appropriate client companies.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Business Incorporated
Business Plan 2005–2006

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Mission

To deliver client-focused business solutions that result in sustainable, value-added economic growth for Nova Scotia.

Planning Context

Since its inception, Nova Scotia Business Inc. (NSBI) has aggressively gone after and attained success using Nova Scotia's strong business case: the province is strategically located, acting as a prime gateway serving North American and European markets, and Nova Scotia boasts world-class universities, comprehensive and modern infrastructure, and a skilled, professional workforce. With this business case, NSBI has attracted international companies to locate in Nova Scotia, expanding their global operations. Concurrently, growth-oriented companies already in Nova Scotia have gone further, as NSBI helped them drive more export opportunities in key world markets.

NSBI realized success and met its goals despite economic challenges in fiscal year 2004–2005, including the following:

- a very competitive investment environment
- a rapidly escalating Canadian dollar
- growth challenges for small to medium enterprises (SMEs), including access to capital, profitability constraints, and productivity performance
- business climate issues
- rising competition from high-growth markets such as China and India

These challenges will persist into fiscal year 2005–2006 and will influence NSBI's actions as it strives to deliver on its goals and corporate objectives. NSBI's plans for the upcoming year address some of these specific challenges.

Economic Update

The depreciation of the US dollar and the increased worldwide demand for commodities converged, pushing up the value of the Canadian dollar and other major floating world currencies. During fiscal year 2004–2005, Canada ran large trade surpluses, and internationally China orchestrated a very deliberate program to capture/corner significant chunks of world commodity production to fuel strong consumer demand in China. During the year, the Canadian dollar climbed to values not seen since the early 1990s.

In October, the central bank characterized Canada's economy as having operated at near full capacity, and the overall performance of the Canadian economy was fair throughout 2004.

Nova Scotia exports were up 9.1 per cent (January–August 2004). Natural gas exports were the dominant product by value, but the biggest gains were made in tires, lumber, wood pulp, and frozen crabs. Gasoline production contributed $111 million to date, up dramatically from the previous year. Nova Scotia also saw a resurgence of manufacturing shipments in 2004, which were up 6 per cent compared to 2003 (January through August).

GDP growth in Nova Scotia will come in at about 2.0 per cent for 2004. Growth in 2005 is predicted to be in the mid–2.0 per cent range. What is noteworthy is that every region of the province showed strong employment growth; the seasonally adjusted employment in November was up 2.7 per cent over 2003. Thus, with employment numbers outstripping GDP performance, productivity per unit of labour at Nova Scotian companies will continue to be down. Concurrently, the province's manufacturing sector posted relatively weak capital investment performance during fiscal year 2004–2005, which will perpetuate the productivity challenge going into fiscal year 2005–2006.

Pundits predict that the Canadian dollar will likely hold fast at the 83 cent range right through to the end of 2005. The Bank of Canada has predicted the potential for a dampening effect on demand for Canadian goods and services if exchange rates and other economic and financial factors persist.

Competition for Foreign Direct Investment (FDI)

Global FDI Market

Foreign direct investment (FDI) is an important means by which regions can achieve economic prosperity. By attracting businesses to the province, and the accompanying investment, the province can benefit in a number of ways, including new capital and technology, increased productivity, greater exports, employment opportunities, and increased tax revenues.

The market for global FDI is undergoing considerable transformation. According to the United Nations Conference on Trade and Development (UNCTAD), global FDI inflows continued their downward trend for the third year in a row, declining by 17.6 per cent to US$560 billion in 2003. That is the lowest since 1998. Canada and the US saw steeper declines than most developed countries. FDI inflows to the US plunged by 52 per cent in 2003 to US$30 billion, its lowest level in the past 12 years. For Canada, inflows dropped by 69 per cent to US$6.6 billion, which was about 1 per cent of the world total.

There has also been a shift worldwide from product-based to service-based investments. Service-based investments accounted for 67 per cent of global FDI in 2002, up from 47 per cent in 1990. Developing countries are emerging as major players in this area, and it is predicted that the movement toward greater service-orientated FDI will continue into the foreseeable future. Additionally, the investment projects that are taking place tend to be less commodity based, resulting in higher-paying jobs but fewer positions.

In terms of attracting FDI to Nova Scotia, the province accounts for a very small portion of Canada's total inward FDI flow, approximately 2 per cent.

An overall downward trend of global FDI, developing economies attracting more investment at the expense of developed countries, a shift to more service-oriented FDI, and the province accounting for a small piece of Canada's total, it is against these parameters that Nova Scotia must compete to attract investment. These parameters must be layered against the fact there are more than 2,000 US investment-attraction agencies and more than 160 national and 250 sub-national agencies in Canada working aggressively to attract FDI.

Remaining Competitive

All jurisdictions in North America use incentives to attract investment. In fact, some US jurisdictions go so far as to offer free land, tax holidays, grants and even build new highways to lure new investments to their region. Consider a recent transaction in North Carolina in 2004 where the state announced it would provide Dell Computers with a total incentive package of US$242 million to establish a manufacturing plant in the state. The facility is expected to employ 1,500 by year five, at an average salary of US$28,000 each. This incentive package provides US$161,000 for each newly created position.

Closer to home, in Ontario, Ford Canada recently announced a $1-billion investment in 2004 to upgrade its Oakville production plant. The upgrade is expected to maintain 3,900 existing jobs and create up to 1,000 additional jobs. The federal government committed $100 million towards the project, with the Ontario government expected to contribute another $100 million. This commitment equals approximately $40,800 for each new and retained job.

Incentives are part of the overall package that helps companies in their decision-making process for relocation. The complete package includes such things as skilled workforce, proximity to market, and cost efficiencies. That being said, experience suggests that incentives do not make a deal, but they can certainly break it—particularly at the latter stages of the site-selection process when the number of competing jurisdictions is very small.

Strategic Goals

The concept of Nova Scotia Business Inc., a private-sector led business development agency, was first introduced in 2000, with the release of *Opportunities for Prosperity*, the province's economic growth strategy. In November 2001, NSBI became fully operational and officially embarked on its first five-year mission to help existing businesses expand and attract new investment to Nova Scotia. NSBI's strategy has been to act on new opportunities, while it continues to push long-term, sustainable growth. With these approaches, NSBI has progressed in its role as the go-to-agency for business-focused solutions.

NSBI prides itself on generating a return on investment for Nova Scotia taxpayers by investing wisely in businesses that are export- and growth-oriented, innovative, and sustainable. Also, NSBI maximizes impact by partnering with financial institutions, economic development organizations, and stakeholders to leverage optimal results for its clients. Those clients include companies in foundation (traditional) industries, and NSBI is focused on the key strategic sectors of life sciences, IT, energy, manufacturing, and learning industries. In *Opportunities for Prosperity*, these strategic sectors were identified as offering the greatest potential for further economic growth.

Five broad strategic goals drive the organization's business activity:

- Enable new and existing businesses in Nova Scotia to exploit business opportunities in local and export markets.
- Attract leading edge, sustainable business investment to Nova Scotia that will provide immediate and long-term economic benefits to the province.
- Provide access to capital for new/existing businesses in Nova Scotia, to enhance value-added growth for the province's economy.
- Increase the visibility and recognition of Nova Scotia—its business climate, advantages, and capabilities—at home and abroad.
- Develop an action-oriented, client-focused organizational culture that encourages, empowers, and supports high performance, entrepreneurial thinking, and professionalism.

NSBI will continue to focus its attention and resources on successfully achieving these goals during fiscal year 2005–2006.

Core Business Areas

NSBI's core business areas are business attraction, business growth, and financial services. As a customer-facing organization, NSBI works to continue the growth of companies within Nova Scotia, and it attracts companies from other jurisdictions to invest in the province.

Business Attraction

Increasing foreign direct investment in Nova Scotia, by bringing new, sustainable, and value-added businesses and/or investment from other jurisdictions to this province is the main objective of business attraction. In a global competition for FDI, where jurisdictions vie for opportunities that generate economic growth and employment, NSBI has established a focused and aggressive approach. Targeting prospects and attracting businesses that have a strong "fit" with Nova Scotia's assets provides the greatest opportunity for success and long-term sustainability.

For companies considering Nova Scotia as an option for relocation or expansion for all or part of their business, NSBI is the first point of contact—the go-to agency for business development in the province of Nova Scotia. NSBI presents and promotes, to strong prospects, the competitive advantages of doing business from Nova Scotia to address an international client base. NSBI provides a seamless solution. It covers all the needs a company may have, from labour information to real estate. Collaborating and partnering with numerous public and private-sector organizations accomplishes this seamless delivery.

NSBI uses incentives, through Strategic Investment Funds (SIF), to facilitate companies' expansions in the province. These incentives help offset a portion of the costs through a performance-based investment that is paid to companies that achieve predetermined milestones. The SIF investments continue to generate a positive return on investment (ROI), and have proven to be a fiscally responsible way to support Nova Scotia's existing strong business case.

Business Growth

With over 30,000 firms in Nova Scotia, the opportunity for growth from within the province is substantial. These firms are diverse and vary considerably in size, needs, location and distribution, sector focus, and type of business. NSBI's focus is on small to medium-size businesses (fewer than 500 employees) that are concentrating on sustainable, competitive growth.

Export development and business advisory "recognize and referral" services are the NSBI solutions available to companies in Nova Scotia that are striving for growth. These provide in-market prospecting support and services to enhance the productivity/competitiveness of Nova Scotia companies. The rapid rise of the Canadian dollar over the past year has made this exercise particularly crucial, and it has accelerated the need for these service offerings. Cost-effective labour and reliance on a favourable exchange rate is no longer enough to create a competitive advantage for Nova Scotia firms; therefore, many of the small to medium-size product and/or services companies are starting to look at new markets, many outside of the US.

Financial Services

Capital is an essential ingredient of business growth and competitiveness. NSBI works to improve access to capital for businesses in the province, and it understands that businesses require different types of funding vehicles (equity, subordinated debt, term debt, or working capital), depending on their stage of growth. Thus, NSBI customizes financial solutions to meet clients' needs, while filling financing gaps in the marketplace—often in partnership with other financial institutions. NSBI obtains the capital it invests in companies through two funding sources: the Nova Scotia Business Fund (an annual provincial allocation plus reinvested capital generated from NSBI's portfolio), and Strategic Investment Funds (customized financial assistance based on projected tax returns to the province and a positive return on investment).

The organization targets businesses operating in strategic and traditional industry sectors with strong growth prospects, a solid management team, and a significant financial commitment by the owners. This approach ensures that the businesses that receive financing offer the greatest opportunity for generating a positive return on investment for the province.

NSBI also takes a partnership approach in its financing activities, collaborating regularly with other financial institutions in order to ensure that provincial resources provide leverage, attracting further financing to support business growth and development.

Equity clients must demonstrate a sustainable competitive advantage, exceptional market potential, experienced and competent management, and a financial commitment from the founders and/or principals. A realistic exit strategy and appropriate valuation are key considerations.

Priorities for 2005–2006

NSBI will continue to adopt an aggressive business-development strategy to deliver on its objectives. Priority areas include the following:

- creating more opportunities in investment attraction by further developing sector strategies and plans that build on provincial strengths, produce high-value jobs, and result in incremental growth throughout the province
- enhancing the business growth service offerings for Nova Scotia companies by gaining a better understanding of the addressable market and implementing productivity-related services and export
- building stronger relationships with key stakeholders and partners
- expanding the capabilities of the Nova Scotia Business Fund to address market needs, such as productivity enhancements and higher risk acceptance
- streamlining the SIF process to provide better solutions to clients

Business Attraction

NSBI has implemented a targeted, aggressive approach to business attraction based on the characteristics of a successful, competitive business: flexible, creative, responsive, professional, targeted, client focused, and proactive. Priorities over the next fiscal year are as follows:

- Aggressively target potential clients and opportunities within key industries.
- Continue to define and refine strategic growth sectors.
- Develop sales and marketing plans to leverage relationships with Nova Scotia companies to identify new opportunities within these companies, their partners, contacts, and industries.
- Increase the level of investment in Nova Scotia.
- Continue to build relationships with private and public-sector partners throughout the province to provide investment leads, develop investment tools, and help deliver a seamless business solution to clients.
- Continue to niche the Nova Scotia business case to make it more relevant to individual businesses

Lead generation continues to be of great importance, and NSBI will continue to use the best sources (e.g., industry-specific in-market experts and consultants, public-sector partners such as the Investment Partnerships Branch (IPB), US and European consulates, ACOA, RDAs, GHP, and private-sector organizations such as Nova Scotia companies and industry associations) to generate targeted leads.

Nova Scotia has a fairly diversified economy. Diversification tends to provide stability in an economy, but it can also make it difficult to map the assets in the province that would be attractive to a target sector. However, clearly understanding the province's assets, and determining which assets are important to the opportunities that exist globally, is critical for finding good investment opportunities. It is an ongoing exercise and requires continuous updating, refining, and revisiting.

Over the coming year NSBI will continue to refine and understand these assets and will engage partner organizations to help in the research and analysis that is required. Matching these assets with opportunities will help to define the niche target sectors that NSBI will proactively target. In the past year, most effort was concentrated in the US and western Europe. The upcoming year will continue to see effort focused on these areas, but will also include the rest of Canada and will investigate Asia. While NSBI's plan is to continue to take a focused approach to investment attraction, it will also continue to be opportunistic. Investment prospects with a strong ROI, representing a substantive benefit to Nova Scotia, will be actively pursued. Initial work shows that the following sector areas will be important to NSBI over the coming year.

IT Sector

Over the past year NSBI has been focused on pursuing opportunities in the IT sector in the area of nearshore outsourcing—IT service companies that provide application development services to clients around the world (e.g., CGI). This focus has been successful and will continue to bring in more investment as outsourcing is expected to grow annually at 8–10 per cent over the next few years. Nova Scotia is perfectly positioned to take advantage of this trend because of its strong value proposition. A nearshore marketing campaign implemented last year will continue to build awareness around Nova Scotia nearshore advantages and will continue to bring opportunities and leads in the upcoming year.

Some Global 1000 companies are not interested in outsourcing areas that are close to their core business. They are still looking for ways to deliver a better service, but they want to keep it internal to their organizations. Such companies are looking for insourcing solutions and are setting up groups in locations that enable them to do this in a cost-effective manner, yet still have access to the resources they need. This provides another area of opportunity for Nova Scotia over the next year, in particular for health, finance, and insurance companies. NSBI will pursue these types of opportunities as well.

For largely the same reasons that global IT services companies find Nova Scotia attractive, innovative product companies (building software for the enterprise, security, and wireless markets) do as well. NSBI will also be targeting product-oriented small and medium-size software companies from the US and Europe, providing them with a time zone advantage (i.e., halfway between California and the UK means that the working day in Nova Scotia crosses over with the two locations).

Life Sciences

NSBI has identified specific business-attraction opportunities that capitalize on the province's inherent strengths in the fields of medicine, marine bioscience, and neutraceuticals.

The global nutraceutical market, currently at $7.1 billion, is expected to grow 6.1 per cent annually through 2008. With the highest concentration of marine scientists in the world and a strong marine heritage, Nova Scotia has the experience and knowledge to enable the region to be a leader in the production of marine-related ingredients and products to meet the increasing consumer demand for natural health supplements and foods. Ocean Nutrition Canada is one of the best-known company success stories in this field. From an agri-food perspective, Nova Scotia has a strong history in the production of crops such as blueberries, cranberries, and apples (in fact, it is the second largest producer of wild blueberries in the world). As the nutraceutical and functional foods industries grow, these crops, with their potent antioxidant properties, provide great potential.

The global medical technology products market, estimated at $130 billion last year, is forecast to expand by 7 per cent annually over the next three years. The life sciences community in Nova Scotia is built on a tradition of excellence in medical research. Attracting more than $90 million annually, researchers in Halifax are advancing work in the areas of neuroscience and brain repair, cardiovascular health, cancer, and infectious disease. All these areas form the building blocks for a strong medical device sector.

Contract manufacturing for pharmaceutical production is expected to expand rapidly over the next few years. Nova Scotia is well positioned for manufacturing in these mature product sectors, as pharmaceutical companies are looking for more cost-effective solutions for drug production and are stepping up their outsourcing contracts.

All these areas in life sciences will provide strong opportunities for investment attraction over the upcoming year, and NSBI will be focusing lead generation and marketing activities in these target sectors. A marketing campaign will be designed and implemented specifically to target prospects in these areas over the upcoming year.

Manufacturing

Manufacturing continues to be an area for strong competition for investment projects. This is for a number or reasons: the number of projects worldwide has decreased, many firms have and continue to move projects to extremely low-cost areas such as China, large incentive packages from several US states and European countries have increased the incentive expectations for green-field or brown-field manufacturing projects, and the relative attractiveness of such projects has risen substantially because they are capital intensive and therefore long term.

Hence, NSBI is engaged in efforts to attract manufacturing facilities that will take best advantage of the skill sets, infrastructure, and resources that Nova Scotia has to offer. This translates into building upon the manufacturing sectors that are already active and strong in the province, but it also offers global expansion opportunities. This will mean expanding on sectors such as automotive, aerospace, energy, and food processing while also concentrating on value-added products from traditional foundation and resource sectors, such as agriculture and fishing.

The success of the liquefied natural gas (LNG) project will provide a long-term, stable supply of gas for large industrial users. The $450-million Bear Head LNG terminal will receive super-cooled natural gas at the Strait of Canso, then distribute the gas to market, namely the northeast US. Demand is already strong and is forecast to stay that way for several years. NSBI will continue to identify complementary operations that could take advantage of the additional supply of gas and the output from LNG activities.

Contact Centres

Contact centres are changing. They started out largely as telemarketing centres, but the level of service and sophistication has evolved and has moved to more customer care and in-bound, high-end service offerings. In Nova Scotia, the majority of contact centres engage in these higher-level activities. The next evolution and opportunity is in business process insourcing (BPI) and outsourcing (BPO). This step in the value chain provides a more complex and higher-end service offering and hence requires higher-skilled labour and typically pays higher wages. The labour requirement can be very specialized (e.g., accountants, HR professionals).

NSBI plans to target Global 1000 (US and European) firms that are either using BPO organizations or are setting up their own internal BPI units that require a cost-effective location that has access to skilled resources. NSBI will also target small to medium-size contact centres that are willing to be in rural locations and are providing customer (inbound) care. Furthermore, to build on the existing contact centres in the province, NSBI will be implementing a retention and growth strategy that will create incremental payroll from the centres that have already committed to the province.

Business Growth

With the Canadian dollar rising relative to the US currency, the profits of many exporters throughout Nova Scotia and Canada are being squeezed, after having capitalized on the difference in the exchange for almost 10 years. Companies are now forced to become more competitive in other ways to grow and be profitable (e.g., improving productivity, differentiating products and services on factors other than price, diversifying to new markets such as Europe and Asia). NSBI will offer services that help to address growth issues that small and medium-size companies in Nova Scotia will face during the coming year. Business growth initiatives are focused on helping Nova Scotia companies grow within the province, with a concentration on increasing their exports and global focus.

During the past year NSBI focused on delivering export development initiatives, including Export Prospector, Prospector Plus, and Export Development 101. These service offerings will continue for fiscal year 2005–2006, since they provide the basis for exporting and provide in-market services for companies expanding or entering new export markets.

- **Export Prospector**—designed to help Nova Scotia companies enter new export markets. The program's specific intent is to generate leads and open doors in-market for companies and get them in front of potential customers or distributors. The process provides the company with the opportunity to meet qualified leads within a structured format in the new export market of the client's choice.
- **Prospector Plus**—provides six targeted, in-market sales calls for each company in the prospector group. A prospector group typically consists of four to five Nova Scotia companies targeting the same geographic market. This offers a no-frills approach to the trade mission experience, in combination with the Export Prospector focused approach to matchmaking.
- **Export Development 101 Pilot**—provides, in a seminar format, basic information for new exporters detailing the benefits and a practical approach for small companies that are starting to look at exporting their products or services.

NSBI plays a central role in advancing and coordinating export development in Nova Scotia. Its work in the upcoming year will be guided by a new, collaborative provincial trade strategy, aimed at vigorously promoting trade and focusing limited resources to best advantage. The

"Provincial Trade Committee"—comprised of representatives of the various provincial government departments and agencies with trade responsibilities and chaired by NSBI—was the forum through which this strategy was developed. It will provide the overall context for NSBI's activities in export development in concert with its provincial partners. In the coming year, NSBI will make significant contributions to many of the specific activities set out in the strategy and will also promote further enhancements through this important coordinating mechanism.

Using the provincial trade strategy, current successful NSBI service offerings, and the driving need for companies to improve their competitiveness through productivity and product differentiation, NSBI will focus on service offerings that fall within the following priorities:

- **Market Awareness:** NSBI's principal objective is to help forge new business opportunities for Nova Scotia exporters in markets of their choice. The essential first steps in this process are to create awareness, stimulate interest in market development, and provide sufficient information to support a market-entry decision by a small business. To do so, NSBI will stage a series of "Doing Business in ..." information sessions aimed at strategic geographic targets, striving for a balance of traditional US markets and those offering potential diversification opportunities in Western Europe, the Caribbean, and the new emerging economies. This will include continuing to link export clients with available resources to help them research and evaluate markets for their products or services and continuing to collaborate on export promotion through a new Provincial Trade Strategy and the member organizations of Trade Team Nova Scotia. Ongoing one-on-one support will continue to be the most effective tool for helping Nova Scotia firms expand into global markets. For the upcoming year, financing is required to operationalize the provincial export strategy and NSBI's market-awareness initiatives and is reflected in NSBI's fiscal year 2005–2006 operating budget.
- **Market Penetration and Development:** The fundamental objective remains the same as in fiscal year 2004–2005: getting Nova Scotia companies to markets of their choice for business-to-business meetings with targeted, prequalified prospects. The successful Export Prospector and Prospector Plus programs will continue to be the principal tools for this area of focus. Coordination of Team Canada Atlantic and other trade missions will be important in 2005–2006, with two major missions planned for Chicago. Trade show participation and other activities will again be funded through a new four-year, $10-million extension to the International Business

Development Agreement (IBDA). Service exporters will be assisted in their marketing efforts through a new provincial fund administered by NSBI. All of these initiatives are directed at effecting measurable short- and long-term outcomes for our clients: new market entry, greater market penetration, distribution arrangements, partnering agreements, and incremental sales.

- **New Exporter Development:** The relatively small base of actively exporting firms in Nova Scotia (fewer than 1000) is a constraint to growth in the value and diversity of our exports. NSBI will more systematically apply efforts to begin to increase the number of businesses that sell products or services outside of the province. As a starting point, high-potential new exporters will be identified, categorized, and evaluated. These activities will help to build a database and provide an understanding of the types of export-potential companies and their current stage of development. The success of small-group training and education sessions piloted in 2004 will be extended to other regions of the province, with a focus on practical instruction in the fundamentals of exporting (Export Development 101) and its benefits to small business. This "new exporter" area of focus is a new direction for NSBI and will require additional funding. That funding is reflected in the fiscal year 2005–2006 operating budget.

- **Business Advisory—Recognize and Referral:** NSBI will, over the next year, focus on leveraging NSBI's regional networks throughout the province to provide a first point of contact for Nova Scotia companies looking for information and advice on how to expand and grow their business. This will provide NSBI with a better appreciation and understanding of the issues that inhibit the growth of local companies but also the factors needed for these companies to succeed. Some of these issues may be addressed through NSBI's export development services and/or financial services; however, others are better handled by NSBI partner organizations and are therefore referred to the appropriate agencies or government departments. This "recognize and referral" service is a critical component of NSBI business development activities, as it takes the "temperature" of the business community and provides awareness of NSBI and the services offerings of partner organizations. This is facilitated by the use of the company-wide customer relationship management (CRM), allowing for a better understanding and facilitation of relationships and interactions with existing and new clients.

- **Productivity Enhancements:** With the increasing competitive pressures on small companies in Nova Scotia today, there is a need for improvement in productivity (e.g., generation of more volume per employee). Canada's productivity is approximately 20 per cent of the US, and Nova Scotia has one of the lowest productivity rates of all the provinces in Canada. The approach to start to change this situation and improve companies' competitiveness is a tailored approach, working one on one with companies to help them find process efficiencies, implement new operating systems, and so on. This will be accomplished through the engagement of process consultants and efficiency experts to access each company, individually, looking for specific improvement areas within the company's operating processes. Additional funding over and above last year's operating budget is required and will be critical for the success of these productivity-enhancement initiatives.

All of the priority areas and service offerings indicated above provide NSBI with focus that starts to address the issues restricting company competitiveness and growth. NSBI will expand on these priority areas and continue to work closely with companies that have sustainable growth potential.

NSBI has identified a number of sectors that require various business growth services, including IT, life sciences, manufacturing (such as plastics), building products, aerospace, and traditional industries such as agriculture and forestry, which are evolving to provide value-added products and services.

NSBI will also continue to internally develop a business development focus throughout the organization. This focus has found, and will continue to find, opportunities for expansion and growth, new market development, company financial needs, retention of strong businesses, and improved productivity.

Financial Services

Financial resources for NSBI's lending and investment activities are provided through the Nova Scotia Business Fund on an annual basis. The existing portfolio of 140 companies totals $133 million outstanding, and reflects financing commitments in communities throughout the province and in diverse industry sectors.

Nova Scotia Business Fund

During the previous planning period, a framework was developed to provide guidelines for investment decisions and the composition of the portfolio:

- Annual sector investment targets:
  - Foundation 18%
  - Knowledge-based (IT & life sciences) 20%
  - Manufacturing 48%
  - Energy 9%
  - Other 5%
- $15 million maximum per company.
- 25% maximum available for working capital/equity investments.
- Borrowing rates are established based on risk, term, amortization, and optionality (e.g., interest capitalization, extended amortization).

Currently, the net new capital available for NSBI to continue to meet the financing needs of Nova Scotia businesses is $20 million. Repayments of current investments will be $10 million to $15 million from the existing portfolio, which is reinvested into the fund for a total estimated capital pool of between $30 million and $35 million for fiscal year 2005–2006.

The first two and one half years of NSBI's operations have been devoted to defining market focus and establishing the necessary operational underpinnings to enable the execution of the company's mandate. Policy development has been wide ranging, including the introduction of risk rating and pricing models; credit correspondence standards; improved portfolio management techniques; implementation of new software-based analytical tools; and the growth of the team's skill sets to include additional professional expertise in the areas of venture capital, loan workouts, and financial analysis. The foundation is firmly in place; it is built on the best practices of NSBI and its predecessor.

Going forward, NSBI will be focused on improving operational efficiency, enhancing business development and lead generation, and delivering flexible services to meet client needs. NSBI will accomplish this in the following ways.

Improvement of Operational Efficiency

The areas for improvement are as follows:

- Cycle times. The delegation of approval limits to management is an important first step. An improved process to ensure early alignment on transactions will be considered.
- Ability to fund equity investments must be enhanced. At present, equity investments are matched on the asset side of the balance sheet with debt instruments from the Department of Finance on the liability side. There are numerous avenues available to address this issue, including the creation of a separate equity fund, as referenced in NSBI's fiscal year 2004–2005 plan. Several Crown corporations have been accorded a funding mechanism that allows obligations to be properly matched with cash flows. Alternatively, the current mechanism on repayments

to the Nova Scotia Fund (currently 80 per cent of what is collected is paid to the province) could be amended to free up additional capital for the purposes of equity investment. Over the course of fiscal year 2005–2006, NSBI will investigate these options.

- Unity of purpose. NSBI will focus on integration within the company and with partner organizations. In the past, NSBI has developed its relationships with partners and stakeholders to leverage resources and options for NSBI clients. In the upcoming year, NSBI will continue to build stronger relationships, and NSBI will improve its internal integration to ensure a seamless solution for clients.

Business Development and Lead Generation

NSBI's level of visibility has increased; however, the pipeline of potential opportunities has not expanded correspondingly. NSBI has begun to refine its approach and will continue to do so.

- The advertised visit program will continue. NSBI will have its lending personnel in a different community one day each week, calling on targeted companies. To increase levels of qualified referrals, NSBI will invest additional time in developing local referral networks with key contacts in each community. These will include, but will not be limited to, lawyers, accountants, RDAs, Boards of Trade, and other financial institutions. The company will build mutually beneficial relationships with other financial institutions and intermediaries. Many financial institutions have unique product offerings that can be brought to bear on a particular client's situation. The more aware NSBI is of what others can do, and vice versa, the more effective result for the clients. Adding value with each client interaction, whether NSBI directly provides service or via qualified referral, the end goal is to satisfy the client's need.
- NSBI will communicate its unique selling proposition to clients, prospects, and referral sources. NSBI can offer a level of flexibility unmatched by any other single financial institution. From term debt to venture capital, working capital to patient capital, the company is unique and will work to ensure that the market understands this.
- NSBI will formalize relationships with other institutions that will allow sharing of resources and risk. Examples include a partnership with Community Business Development Corporations to extend our collective reach in small business lending and risk sharing with other term lenders on transactions of mutual interest.

Client-facing Services

Understanding client needs and working to satisfy those needs, with a sense of urgency, is NSBI's abiding preoccupation. In order to facilitate this, the operational issues identified are critical. Beyond this, the following service offerings will be explored and implemented where it is sensible to do so.

- **Productivity:** In fiscal year 2004–2005, NSBI approached this issue on a case-by-case basis, offering financial support for productivity enhancements as the need was identified for individual clients. Efforts were largely directed to financing for consulting services in the area of lean manufacturing. In fiscal year 2005–2006, NSBI will develop an incentive program available to home-grown business. While parameters are to be determined, the very successful Export Prospector model is one that is being given consideration. As indicated in the discussion of business growth, NSBI will use funding support as one mechanism to assist our clients in dealing with their productivity challenges.
- **Promoting small business:** There are a large number of small businesses in the province, many employing fewer than five people. To help them, NSBI intends to explore programs directed at helping improve organizational effectiveness. Taking the approach of assisting clients one at a time, NSBI will have the effect of raising the level of prosperity throughout the province. During fiscal year 2005–2006, the company will assess options, such as the use of independent advisors who can help identify areas where growth opportunities exist. This may be an export opportunity, a new market, or an operational efficiency.
- **Risk mitigation:** NSBI will explore risk-mitigation products that may encourage other institutions to take on risks that they currently are not prepared to take (e.g., the development of a product that would be an incentive for the chartered banks to extend amortization periods or venture into rural locations to a greater extent than they are prepared to today).
- **Service sector:** NSBI will revisit its corporate position on this sector to determine if a change in our approach is warranted. Currently, the result of regulation is that NSBI is effectively not able to finance this type of operation; therefore, NSBI has not been engaged as a creditor or investor in this sector.
- **Foundation industries:** Ocean- and land-based resource industries, agriculture, tourism, and culture, all form a vital part of the underpinning of Nova Scotia's economy. While collective efforts toward economic diversification continue, NSBI will remain cognizant of these foundation industries.

Strategic Investment Funds

NSBI uses Strategic Investment Funds (SIFs) to attract businesses and foreign-direct investment (FDI) to the province and to retain existing Nova Scotia–based businesses through the use of innovative financing. The SIFs are a performance-based form of assistance that take account of the direct and indirect tax returns to the Province of Nova Scotia. These strategic investments provide concrete returns as clients create more direct taxes than are paid to them through the investment.

SIFs are subject to scrutiny to ensure a positive return on investment (ROI), demonstrated incrementality (e.g., new job creation), and a net economic benefit to the province. Last year through NSBI efforts, approximately $20 million of additional direct provincial tax revenues were generated. Due diligence is undertaken for each proposed project to ensure that it provides a positive return to the province and results in business growth. By adhering to these principles, NSBI is able to demonstrate strong accountability to its shareholders and at the same time provide flexibility to meet each client's unique business needs.

The payroll rebate is the financing tool available under the SIF. It is a performance-based incentive vehicle, by which a percentage of the new payroll generated by a project is rebated to a company. The money—rebated from taxes paid by the company's new employees in Nova Scotia—is dispersed after predetermined milestones are met (e.g., new jobs created) over a defined period of time (e.g., three to seven years).

In the coming year, NSBI will continue to focus on business opportunities that demonstrate a positive ROI for the province and will look to streamline the SIF approval process to provide better solutions to clients.

For fiscal year 2005–2006, NSBI forecasts a budget of $19.4 million for the SIF.

Strategic Investment Funds Forecasted Payments

Status	Current Fiscal Year 2004–2005 ($) millions	Estimate 2005–2006 ($) millions
Forecast Existing Commitments	14.5	16.2
Forecast Incremental Commitments	–	3.2
Total SIF Payouts	**14.5**	**19.4**

Marketing and Communications

Planned and focused marketing/ communications activities will support NSBI's programs, services, and initiatives while positioning NSBI, the company, as an effective business solutions provider for companies considering investment or expanded operations in Nova Scotia.

NSBI will seek to build further awareness among businesses, client groups, partners, stakeholders, government, and the general public about the efficacy of its approach to growing the provincial economy. The company's products, services, and initiatives will be framed as vehicles to facilitate growth in companies possessing a strong business case and/or within strategic sectors. Communication materials and services will be developed in close consultation with staff in the NSBI's three core business areas: business attraction, business growth, and financial services. NSBI will develop and execute strategies designed to increase knowledge about the province's competitive strengths in key markets.

In its third full year of operation, NSBI will seek to leverage its positive track record of producing results and new growth/ employment in strategic sectors as evidence of how we can assist companies to expand and/or relocate in Nova Scotia. Materials and activities will emphasize the value of competitive advantages, partnerships, confidence, market development, and return on investment to the province.

Corporate initiatives will continue to include strategic communications, media relations, event management, and government relations. Enhanced web-based communications and an evolution of Nova Scotia's image as a business destination will also be charted. Goals and objectives include the following:

- Develop new marketing vehicles leveraging a redesigned website and information technologies
  - develop a strategy and execution plan to revamp the website as a marketing, networking, and market development tool
  - develop a redesigned website to create a higher level of usability and functionality through the introduction of an interactive business portal with web-based tools, reporting resources, and multimedia capability to improve presentations and learning capabilities
  - assess and implement, where appropriate, opportunities to use web-based technologies to improve presentations and reporting requirements, as well as to motivate clients by leading by example
- Create and enhance sector-specific and general marketing plans, tools, communication materials, events, and programs to help build sales opportunities and conversions for Nova Scotia and its business community:

- develop strategic marketing plans for each NSBI core business area
- develop and stage compelling presentations/events in support of business development activities in key markets
- develop tools to increase activities and lead generation contributions from business advisory councils in Boston and Toronto

• Increase the visibility and positive awareness of Nova Scotia as a business destination in key domestic and international markets through

— a proactive media relations campaign to enhance NSBI's position as a thought leader through editorials, issue identification, third party endorsements, partnerships, news releases, website improvements, and other activities

— sponsorship planning and implementation characterized by more targeted approach that maximizes leveraging possibilities with partners and business areas

— increased targeting of consulate offices in key markets

— a grassroots outreach and awareness program to elicit higher frequency of third-party endorsements; activities will include recognition of community players supporting NSBI-related activities

• Provide corporate marketing and communications support:

— evaluate integrity of existing NSBI brand in light of evolving priorities and next stage of corporate development with Nova Scotia as a business destination as a key theme

— stage and support successful events such as a business development conference and the Export Achievement Awards

— support the development and maintenance of a healthy and motivating workplace through activities such as the production and distribution of internal newsletters and increased awareness of professional development opportunities

— adopt procedures to create more effective project management, tracking, and analysis

Partners

Partnership development is a critical component of NSBI's business development strategy. It requires co-operation with companies and organizations, both internal and external to the province. Partnerships expand NSBI's capabilities and help promote Nova Scotia and its business strengths among key target audiences: potential clients, business leaders, industry associations, and key federal, provincial, and municipal organizations.

As the lead business development agency for the province, NSBI's areas of responsibility include attracting new business to the province and supporting the growth and expansion of existing Nova Scotia businesses. NSBI is able to achieve this only through the effective use of its partner network. Working with its partners, NSBI is much more capable of meeting clients' needs; NSBI is able to offer its clients more choices, best-in-class tools, and strong customer service.

Over the planning period, NSBI will work closely with key partners to extend and build upon existing relationships. This has been identified as a priority area for NSBI in the upcoming year.

Organization

Employees are NSBI's most valuable asset. NSBI continues to build a professional, experienced, and proactive team. The company remains committed to creating a results-oriented corporate culture where employees feel challenged and supported on both a professional and a personal level. The employee performance management process is linked to the Corporate Balanced Scorecard, focusing on the achievement of corporate, team, and individual goals. Regular interim and annual performance evaluations continue to provide employees with feedback on contribution at the individual, unit, and corporate level.

NSBI recognizes the need to make appropriate investments in employee professional development and training. The corporation will continue to help employees create development plans that strike a balance between the specific skills and the broader knowledge necessary to enhance their short-term performance and their long-term career potential.

NSBI continues to reach out to its employees to gather feedback on the work environment. This is done through regular dialogue with supervisors, surveys, suggestion boxes, and confidential interviews. Internal communication remains a priority and is being facilitated through a variety of means, including an employee intranet and corporate and unit-specific staff meetings. An Organizational Action Team has been formed and will continue on a perpetual basis. With members drawn from various parts of the organization, the committee exists to promote continuous improvement in our work environment. The committee meets regularly to identify issues of concern, making regular recommendations to management for corrective action.

The health and wellness of employees are of prime importance. With the continued promotion of established programs for employee assistance, wellness, and occupational health and safety, NSBI's commitment is clear and ongoing.

Budget Context

Budget Summary

	Estimates 2005–2006 ($)	Forecast 2004–2005 ($)	Change from Current Budget ($)
Operating Expenses	8,981,000	7,200,000	1,781,000
Loan Valuation Allowance	1,600,000	1,600,000	0
Strategic Investment Funds	19,412,000	16,200,000	3,212,000
Overall Total	**29,993,000**	**25,000,000**	**4,993,000**

Outcomes and Performance Measures

This section outlines the planned outcomes for April 1, 2005–March 31, 2006, with an indication of the strategies used to achieve these outcomes. Measures to gauge how well each goal is being met are indicated with a fiscal year 2003–2004 as a base. The outcomes and measures for the upcoming year reflect NSBI's commitment to measuring results that directly lead to the objectives and goals of the organization.

NSBI holds itself to the highest standards of corporate governance and accountability. Corporate performance is measured, and the organization is committed to delivering a return on investment for shareholders. The corporate outcome measures have been enhanced for the fiscal period to reflect the growing impact NSBI clients are having on the economic growth and prosperity of the province. Their success translates into more tax revenues for the province, which is a source of funding for government priorities.

Following are total requirements to enable NSBI to continue existing activity and introduce new services that address critical gaps in the marketplace for existing and potential clients:

1. Operating Budget	$8,981,000
2. Strategic Investment Funds	$19,412,000
3. Loan Valuation Allowance	$1,600,000
	$29,993,000
4. Capital Allocation	$20,000,000

Outcomes and Performance Measures

Goal	Indicator	Measure	Base Year 2003–04	Targets 2004–05	Targets 2005–06	Strategies to Achieve Target
1. Promote the growth of new and existing businesses in Nova Scotia by enabling them to succeed with business opportunities in both local and export markets * Moved to measuring qualified leads in 2004–2005	Nova Scotia companies expand business within Nova Scotia	Number of qualified referrals for export development, investment, or financing	240* (unqualified leads)	144	144	• Proactive business meetings • Continue to build awareness of NSBI in regional NS
	Volume and diversity of exports	Number of companies introduced to new markets/further advanced in existing markets	80 clients	100 clients	100 clients	• Delivery of tailored export development services including Export Prospector, Prospector Plus
2. Attract leading-edge, sustainable business investment to Nova Scotia	FDI in Nova Scotia	Number of companies that relocate part or all of their operations in Nova Scotia	8 companies	10 companies	15 companies	• Seek new sustainable businesses to relocate or expand in Nova Scotia
	Economic benefit to Nova Scotia	Average gross salary of new jobs created through business attraction and reinvestment	$25,000	$30,000	$32,500	• Develop new FDI strategies based on innovation to offset from cost based companies
	Fiscally prudent financing	Average portfolio return on investments utilizing SIFs	40–50%	40–50%	40–50%	• Strategic utilization of SIFs to establish growth industries • Sector-specific tactical plans

Goal	Indicator	Measure	Base Year 2003–04	Targets 2004–05	Targets 2005–06	Strategies to Achieve Target
3. Provide access to capital for new/existing businesses in Nova Scotia, with the intent of enhancing value-added growth for the province's economy	Incremental value investment projects	Number of financings with new/existing companies (80% in strategic growth sectors) utilizing Nova Scotia Business Fund	20 financings	32 financings	20 financings	• New product offerings • Sharpened business development focus
	Flexible financing arrangement	% Nova Scotia Business Fund used for equity/working capital deals	Range between 20% and 25%	Range between 20% and 25%	Range between 20% and 25%	• Maintain share of financing to companies in strategic growth sectors
	Partner for financing solutions	Leverage ratio of partner: NSBI	Ratio of 1:1	Ratio of 1:1	Ratio of 1:1	• Maintain co-investment philosophy
4. Increase the visibility and recognition of Nova Scotia—its business climate, advantages, and capabilities.	Awareness of NSBI's role in Nova Scotia	Percentage increase over base measure of awareness of NSBI	Business 30% Public 23%	2% 2%	2% 2%	• Business and community events, e.g., Export Achievement Awards • Communication tools, e.g., website, articles, advertising

Goal	Indicator	Measure	Base Year 2003–04	Targets 2004–05	Targets 2005–06	Strategies to Achieve Target
5. Develop an action-oriented, client-focused organizational culture that encourages, empowers, and supports high performance.	Employee training and development	Percentage of employees participating in training and development programs	50% of employees	80% of employees	80% of employees	• Provide and promote training and educational programs
	Business culture—deliver results within cost management	Operate within annual budget	$6.815 million	$7.2 million	$8.89 million	• Maximize operating efficiency and cost effectiveness
Overall performance	Jobs within Nova Scotia	Number of jobs retained and created by clients	3,700 maintained and new	3,700 maintained and new	3,700 maintained and new	• Attract companies to Nova Scotia • Help existing companies within Nova Scotia grow • Provide financial solutions • 5-year cumulative target of 18,000
	Export sales	Incremental export sales of NSBI clients	TBD	TBD	$25 million	• Attract companies to Nova Scotia • Help existing companies within Nova Scotia grow • Provide financial solutions • 5-year cumulative target of 18,000
	Total payroll	Total payroll impact of NSBI clients	TBD	$111 million	$120 million	• Attract companies to Nova Scotia • Help existing companies within Nova Scotia grow • Provide financial solutions • 5-year cumulative target of 18,000

Crown Corporation
B U S I N E S S   P L A N S
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Crop and Livestock Insurance Commission
Business Plan 2005–2006

Table of Contents

Mission

To provide Nova Scotia farm managers with insurance products with which they can manage the financial risk associated with reduced crop or animal production losses due to insurable perils.

Introduction

The Crop and Livestock Insurance Commission's business plan for 2005–2006 outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses.

The production insurance product line continues to expand the opportunities for risk transfer in the production of agricultural products. Production insurance will offer increased benefits, lower premiums, and more types of insurance products for a greater number of commodities. These products will be developed and tested in Nova Scotia for Nova Scotia's unique agronomic mix and business needs.

The commission continues to move forward with plans to overhaul its information management system. Development of a more robust system is a key factor in meeting the province's commitment to improve customer services and program options under the Production Insurance platform.

Planning Context

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

The commission reports to the Minister of Agriculture and Fisheries and is a key component of the business risk management services that the department offers to the industry. It administers 14 crop insurance plans and a dairy livestock insurance plan. Effective April 1, 2003, the Canada–Nova Scotia Implementation Agreement associated with the National Agricultural Policy Framework (APF) established the Production Insurance platform. The agreement outlines cost-sharing arrangements and administrative requirements that govern the design and delivery of production insurance programs.

Federal and provincial ministers have indicated their desire to expand and strengthen the role of the program to offer more coverage to commercially grown crops and livestock species. In that context, the commission is developing products for crops and/or production systems that have not traditionally been covered under crop insurance. The commission will also examine new performance measures and implement new administrative practices to ensure that the province maintains its federal-provincial cost-sharing arrangements.

In late 2003 an outbreak of infectious laryngotracheitis occurred in a commercial broiler breeder flock, resulting in eradication of the flock. The Minister of the day provided assistance to the affected farm and asked the commission to develop a risk management solution to deal with future outbreaks. The commission has worked closely with the industry to complete an insurance product, which will be introduced in 2005–2006.

The commission's information management systems have been in need of a major overhaul for some time. The backbone of its information management capabilities is a DOS-based relational database, circa 1988. The present system does not provide the functionality required to offer the program enhancements expected under the APF. The commission is exploring data management options and expects to identify and begin implementing a solution within the year.

Strategic Goals

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

Core Business Areas

The core business of the Crop and Livestock Insurance Commission is the delivery of insurance products for production agriculture. Its business is conducted pursuant to federal and provincial regulations and in accordance with the Business Risk Management chapter of the Canadian Agricultural Policy Framework.

Priorities for 2005–2006

The commission priority is to increase the number of farmers actively using insurance products to manage production risks. In support of government's goal of developing 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 the following.

Program Expansion/Enhancements

- Weather derivative insurance products will be developed that will allow more flexibility in valuing underlying assets and in dealing directly with the weather events that cause crop losses.
- The Dairy Livestock Insurance Plan will be prepared for full cost sharing under the APF. This will allow producers to take advantage of the 60 per cent government cost sharing on premiums.
- Poultry Insurance Livestock insurance plans will be developed in consultation with commodity groups and in compliance with national guidelines.
- Acreage loss insurance options that are based on the dollar value per acre rather than the tonnage produced will be developed.
- A whole farm coverage option will be developed whereby producers will be offered premium discounts in exchange for yield offsetting between crops.

Information Technology

- In an effort to improve customer service and administrative efficiency and to reduce response time to stakeholder inquiries, the commission will replace its database platform. The current software is no longer supported by IT-CSU, and private-sector support is not readily available. Program enhancements/ improvements cannot be facilitated within the current software architecture. A search for a replacement has been under way throughout 2004, and the commission expects to move forward with the replacement in 2005.

Red Tape Reduction

- The commission will continue to pursue a streamlined regulatory process that will allow more timely responses to client's product and service requests.
- In the February 2005 the Crop Insurance Act was amended to allow a more streamlined process for the approval of premium rates and unit prices. The commission will update its regulations to reflect the approach envisioned in the amended act.

Budget Context

The commission's budget is included in the budget estimates of the Department of Agriculture and Fisheries. The Implementation Agreement under the APF provides for reimbursement of 60 per cent of the administrative costs relative to production insurance. Premiums paid by clients and by the federal government are not included in the budget figures.

Operational priorities outlined above have been costed and included in the budget estimate.

Estimate of Income and Fund Balances

	Forecast 2004–05 ($,000)	Estimate 2005–06 ($,000)
Revenues		
Insurance Premiums Paid by Clients	328	295
Insurance Premiums Contributed by Govt (Federal)	295	262
Insurance Premiums Contributed by Govt (Provincial)	197	175
Interest Income	210	200
Total Revenues	1,030	932
Expenses		
Indemnity Claims	530	1,000
Reinsurance Premiums		
Bad Debt Expense	5	5
Total Expenses	535	1,005
Net Income From Insurance Activities	495	(73)
Crop and Livestock Insurance Fund Balance		
Beginning of Year	6,298	6,793
End of Year	6,793	6,720
Administrative Expenses		
Government Contributions (Canada)	445	501
Government Contributions (Nova Scotia)	305	354
Total Administrative Expenses	750	855
Net Govt Expenditure		
Canada (Premium + Administration)	740	763
Nova Scotia (Premium + Administration)	502	529
Total Program Expenditure	**1,242**	**1,292**

Outcomes and Performance Measures

Core Business Area ***Delivery of insurance products for production agriculture***

Outcome	Measure	Data Base Year (2001–02)	Target 2005–2006	Target 2006–07	Strategies to Achieve Target
Increased stability of farm businesses	Number of farms using crop insurance	500	520	560	• Improve program effectiveness through introduction of non-production–based plans
	$ value of coverage	$14.1 million	$18.1 million	$20 million	• More insurance programs, higher unit prices and coverage options
	Aggregate coverage level for program	76%	81%	83%	• Promote higher coverage options for crop plans
	Number of insurance products available	12	15	17	• Introduce a weather derivative product for forage and poultry insurance plan
	Months elapsed from commission approval to program implementation	12–18	6	4	• Replace Information Management software to allow in-house program modification • Work with Regulation and Compliance Branch and the Department of Justice to speed up the review of regulations

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Farm Loan Board
Business Plan 2005–2006

Contents

Mission

To advance, encourage, and support the development of agricultural and timber businesses in Nova Scotia.

Introduction

The Nova Scotia Farm Loan Board operates as a corporation of the Crown under the authority of the Agriculture and Rural Credit Act (Revised Statutes of Nova Scotia 1989, Chapter 7). This act emphasizes rural development and the effective use of credit to develop rural Nova Scotia.

The Timber Loan Board's authority is from regulations made pursuant to the Forest Act (Revised Statutes of Nova Scotia, 1989, Chapter 179, Section 20). This act provides for credit to acquire forested land for forest product mills.

Five board members, with successful careers in agriculture and business, govern policies, receive reports on operations and clients, and provide strategic direction for the board. Board members are appointed for terms of up to five years by the Governor in Council and are accountable to the Minister of Agriculture and Fisheries. Day-to-day loan operations are delegated to staff, who are responsible to ensure that conduct, management, and operations meet board and provincial requirements.

Active for more than 72 years, the Nova Scotia Farm Loan Board is an agricultural development agency acting to build greater prosperity by supporting agricultural and rural business development by providing long-term loans at fixed interest rates and through financial counselling services. A corporation of the Crown, the board collaborates with the Nova Scotia Department of Agriculture and Fisheries and also operates as the Timber Loan Board.

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

Operations and interest rates are managed so as to cover all direct costs of operation and provide a modest net income, which offsets indirect costs of services provided by government to the board and provides resources for maintenance of systems and operations. At last year-end (March 31, 2004), the board's net farm loan portfolio totalled $162 million in 1,121 loans. Including lease property accounts, total lending to agriculture represents approximately 29 per cent of the debt capital of Nova Scotia farmers. Timber loans provided to forest mills to ensure a sustainable wood supply totalled $1.4 million to a total of 16 accounts.

Primary stakeholders in board operations include individual and potential borrowers, and the Province of Nova Scotia, in particular the Departments of Agriculture and Fisheries, 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 within rural areas.

Planning Context

External Context

The agricultural industry is affected by local weather and other conditions affecting production, and by conditions in competing regions that 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. For the most part, general climatic conditions were favourable in Nova Scotia during the past year. Weather conditions and any change in expected patterns present an obvious concern to agriculture.

Beef producers continue to deal with the impact of the US border closure as the result of the bovine spongiform encephalopathy (BSE) case in western Canada. Although insurance and government compensation have helped, some clients have arranged deferral of loan payments, and others may need to pursue other options to refinance their operations.

Interest rates remain low since declines during the previous three fiscal years. The Bank of Canada overnight rate has remained relatively low during the year, beginning the year at 2.25 per cent and ending at 2.50 per cent. Lending rates remain low relative to historical rates. US rates remain low but have begun to move upwards from 1.00 per cent beginning the year to 2.50 per cent by March 31, 2005. The interest rate situation presents an opportunity for those requiring long-term financing, and will tend to support acceleration of capital investment and the trend towards greater reliance on technology. Rates for short-term and variable-rate loans remain significantly below long-term rates such as those generally provided by the board, although the gap has narrowed somewhat.

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 offers only fixed-interest loans with rates fixed for the full amortization period of the loan. Variable rates or term lengths of less than the amortization period are not offered, because it is felt that those alternatives increase the risk that clients will be unable to meet future loan payments if rates increase. Rates are generally established on a quarterly basis for 1–5, 6–14, 15–19, and 20–24 year periods.

Short-term rates did not rise as much as expected during the past fiscal year. Some clients still show a preference for short-term or variable rates offered by commercial lenders. It is anticipated that the board will advance $20 million in the current fiscal year for a net decrease in the loan portfolio of $1 million. It is felt that demand for the board's type of long-term funding has been deferred as a result of the interest rate situation and that this demand will build quickly when short-term rates rise. Lending system changes being implemented during 2004–2005 have limited the board's flexibility in this fiscal year but will tend to increase it in future. Requirement for board funding is expected to increase to approximately $30 million in 2005–2006.

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. Larger operations present greater difficulties in providing for inter-generational transfer of family businesses, which must be addressed.

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

The board will seek to operate on a cost-effective basis and present a positive net income on lending operations.

Interest Rates Offered by the Board during the Year

Term	April 1, 2004–June 30, 2004	July 1, 2004–Sept. 30, 2004	Oct. 1, 2004–Dec. 31, 2004	Jan. 1, 2005–Mar. 31, 2005
1 to 5 years	4.65%	5.65 %	5.45 %	5.10 %
6 to 14 years	5.55 %	6.20 %	6.20 %	6.85 %
15 to 19 years	6.15 %	6.70 %	6.55 %	6.40 %
20 to 24 years	6.60 %	6.90 %	6.85 %	6.80 %

Ongoing Planning Focus

Through its ongoing operations the board will continue to counsel clients and assess new proposals by applicants as part of the service provided by loan officers during contact with clients and potential clients.

The board recognizes that training and development are an ongoing requirement in order to understand client issues, identify and use best lending and administrative practices, and maintain a professional staff. Organizational practices must be maintained to operate as efficiently as possible and must provide a level of service comparable with industry standards.

Sound environmental and business planning practices and procedures will continue to be recognized as basic criteria for funding proposals and in general recommendations to clients, in order to support industry and individual growth and sustainability.

Professional staff, knowledgeable about the industry, will provide business counselling services to clients, especially new entrants, to ensure that support is maintained, learning continues, and stronger businesses are developed. Additional options to reduce risk for beginning farmers will be investigated as identified during this process.

A new loan management and accounting module (SAP) has been adapted to board requirements in concert with the Fisheries and Aquaculture Loan Board and will be implemented March 2005. Client service gains and improved efficiencies are intended benefits beginning in the 2005–2006 fiscal year.

Strategic Goals

The Nova Scotia Farm Loan Board contributes directly to achievement of the goals of the Department of Agriculture and Fisheries through its own goals, which are as follows:

- Ensure industry access to stable, cost-effective, long-term developmental credit.
  - to create conditions that help the rural economy grow, support sustainable and environmentally responsible development of agricultural industries, and support development of a competitive business climate to support economic growth and increase jobs in rural communities
- Assist in identification and analysis of growth opportunities for rural industries by promoting the use of financially sound business principles.
  - to meet industry needs through provision of training and counselling to clients and sponsoring and promoting learning opportunities within the agricultural community

- Demonstrate sound financial administration, efficiency, responsibility in administration of public funds, and accountability in the board's own operations.
  - to generate a positive net income as reported in published audited financial statements
  - to administer programs within guidelines and budgets
  - to measure and report on key success factors

Core Business Areas

1. Lending

Providing long-term credit for development of agricultural and timber businesses is the primary mandate of the Farm Loan Board. This includes loan service development, client service and administration, and efficient and responsible financial management, as well as the distinct but closely integrated area of financial counselling.

The financial counselling function is provided by loan officers in conjunction with meetings with clients and potential clients and includes assessment of projects under consideration. Loan officers assist in sourcing the best available credit, as well as promoting and participating in industry seminars and workshops.

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

2. Programs Administration

Programs administration involves the development and implementation of departmental loan-based assistance programs in areas related to the board's financial operations and expertise such as the New Entrants to Agriculture Program and the Ruminant Loan Support Program and Ruminant Support Interest Grant.

Priorities for 2005–2006

1. Lending

- Provide $30 million of new loan capital to the agricultural and timber industries in the 2005–2006 fiscal year.

  The focus is on development and long-term stability. Projections indicate that loans advanced will total $20 million and principal repayments $21 million in 2004–2005. It is expected that demand will increase when short-term interest rates rise. In addition, development of the new lending system, which consumed considerable staff resources during the 2004–2005 fiscal year, will provide flexibility for new loan products and improve client service.

While mortgage rates of similar terms are comparable, commercial lenders continue to offer short-term and variable-rate loans at rates significantly below board loan rates. It is believed that the financing requirements met temporarily by short-term loans have simply deferred demand rather than eliminated the need for long-term financing. Increases in short-term rates had been anticipated during the past fiscal year, but for the most part substantial increase has been delayed. High requirements are expected as short-term rates move closer to long-term rates in the future.

Total farm debt required by Nova Scotia farms grew by more than 50 per cent between 1998 and 2003. Given the historical rates of growth in agricultural capital requirements, $30 million of new loans will result in the board providing approximately 28 per cent of total agricultural lending in Nova Scotia.

- Continue to work with the Department of Natural Resources to enhance services to modify products and services to meet needs for growth and development within this industry.
- Enhance client service and administrative efficiency by implementing new technology and systems.

Beginning in the new fiscal year, clients will see the impact of a new loan management system, which replaces the existing network of DOS-based applications, spreadsheets, manual functions, and in-house database applications now required. This will improve service to clients, increase efficiency and reliability, and provide flexibility for the board to offer new loan products over the course of the year.

- Manage accounts such that write-offs and arrears remain stable in relation to the portfolio size while maintaining a "patient lender" approach by supporting industries through cyclical downturns.

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 that are able to provide 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, or referral to other relevant services.

- Red tape reduction priorities

  Board regulations are in place to permit the activities of the board rather than to regulate businesses. Clients have been encouraged to make payment by pre-authorised payment in order to facilitate electronic processing. System changes noted above will give the board greater capacity to provide clients direct access to their own information. Direct access will be a future development.

2. Program Administration

- Administer a New Entrants Program in concert with the Nova Scotia Department of Agriculture and Fisheries.

  This program, now in its fourth year, provides assistance with loan interest. It is intended to assist approximately 50 new entrants to agriculture, including approximately 25 inter-generational transfers in order to provide long-term stability and renewal of farm ownership.

- Explore flexible loan programs and continue to review the needs and potential for expansion and development of industry sectors in collaboration with the Department of Agriculture and Fisheries and the Nova Scotia Federation of Agriculture.

  This will require consultation with industry representatives as well as representatives of other departments. Additional avenues for support include further development of the New Opportunities Loan Program for other sectors (now available to beef producers), the Hog Loan Support Program, and the Ruminant Support Loan Program introduced during 2004–2005 to assist producers affected by the BSE situation. No additional budget funding would be required for this type of program as these loans can be managed through the existing process.

Budget Context

Core Business 1: Lending:

The board funds loans by arranging financing through the Department of Finance for terms similar to loans issued on a quarterly basis under an arrangement established in 1997. This arrangement allows the board to track and report an interest cost that is directly related to the revenue generated and to report a net income including interest margins.

The funding arrangement has allowed the board to move from net losses, prior to the arrangement, to a net income position. The board reported a net income of $3.3 million in the fiscal year 2003–2004. Forecasts indicate positive returns to the province for the current 2004–2005.

Significant portions of the board's expenses, most notably insurance costs under the board's life insurance program and bad debt expense, are somewhat unpredictable and beyond short-term control. Following the first known loss on the self-administered group life insurance program offered by the board during 2003–2004 as the result of higher-than-usual death claims, a similar loss is projected for the 2004–2005 fiscal year. Actuarial advice is to expect variations in results of this program from year to year.

Operational Income Statement

Actual 2002–2003 ($ 000)	Actual 2003–2004 ($ 000)	Forecast 2004–2005 ($ 000)	Description	Estimate 2005–2006 ($ 000)
$12,203	$11,874	$11,174	Interest	$11,100
159	(232)	(172)	Insurance Operations	190
630	572	561	Fee Revenue/Recoveries	375
$12,992	$12,214	$11,563	Total Revenue	$11,665
($10,420)	($9,914)	($9,309)	Interest	($9,800)
(1,105)	(1,161)	(1,264)	Operating Expenses	(1,207)
(595)	1,055	(950)	Bad Debt Expense	(530)
($12,120)	($10,020)	($11,523)	Total Expenses	($11,537)
$872	$2,194	$40	Income before Govt. Contribution	$128
13,225	11,181	12,787	Government Contribution	12,744
$14,097	$13,375	$12,827	Net Income	$12,872

Note: See Year-end Financial Statements for complete financial information and notes.

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

Actual 2002–2003 ($ 000)	Actual 2003–2004 ($ 000)	Forecast 2004–2005 ($ 000)	Description	Estimate 2005–2006 ($ 000)
Capital Funds				
$172,782	$171,307	$174,674	Opening Principal	$172,495
22,409	25,927	20,000	Add Loan Advances	30,000
(23,690)	(22,238)	(21,000)	Less Repayments	(18,000)
(194)	(322)	(1,179)	Less Accounts Written Off	(500)
$171,307	$174,674	$172,495	Closing Principal	$183,995
Allowance for Doubtful Accounts				
$7,506	$7,893	$6,543	Opening Allowance	$6,314
(194)	(322)	(1,179)	Less Accounts Written Off	(500)
581	(1,028)	950	Additions (Bad Debt Expense)	530
$7,893	$6,543	$6,314	Closing Allowance	$6,344
$163,414	$168,131	$166,181	Net Portfolio at Year End	$177,651

Core Business 2: Program Administration

Actual 2002–2003 ($ 000)	Actual 2003–2004 ($ 000)	Forecast 2004–2005 ($ 000)	Description	Estimate 2005–2006 ($ 000)
$872	$617	$555	New Entrants to Agriculture Program	$600
Total Staff				
19.3	19.3	19.3	Staff—FTEs	19.3

Outcomes and Performance Measures

Core Business Area 1 *Lending*

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Efficient program delivery	Net income (before government contribution) as a % of the average active loan balance	Base: 98–99: 0.1% 99–00: 0.9% 00–01: 1.1% 01–02: 0.7% 02–03: 0.5% 03–04: 0.6%[1] Forecast 04–05: 0.2%	0.5% or above (after adjustment for unusual items)	0.5% or above (after adjustment for unusual items)	• 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. • Minimize operating expenses by efficient operating structure, practices, training, and electronic systems. • Income has been affected by uncontrollable changes in life insurance recoveries and adjustments to the provision for impairment resulting in unusual changes in this measure.
Stable, long-term credit available	FLB loans as a percentage of total Nova Scotia farm debt (based on calendar year data)	Base 2000: 37.5% 2001: 34.8%[2] 2002: 31.8% 2003: 29.0% Projected 2004: 27.7%	Original 37% 2004 Adj. 30.0%[3]	Original 37% 2004 Adj. 30.0%[3]	• Reasonable long-term interest rates. • Trained professional staff available to identify meet needs for financial counselling and loan assistance. • $30 million in new capital support to the industry. • Explore additional opportunities and loan products (e.g., New Market Opportunity Loans). • Facilitate transfer of Landbank and ARDA lease program properties to industry ownership. • Long-term approach; as short-term interest rates become less attractive Farm Loan board funding is expected become more in demand.

[1] 2003–04: 0.6% is after adjustment to remove unusual items (recovery on impairment provision and life insurance adjustments); before adjustment it would be 1.3%

[2] Revised downward from 37.0% to reflect corrections to data and exclusion of Timber loans.

[3] Originally targeted at 37%, targets for this measure are now reduced from 34.5% and 36.5% respectively presented last year in light of continued low short-term interest rates and growth in loans provided by commercial lenders.

Core Business Area 1 *Lending*

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Successful clients (as indicated by the proportion of accounts in difficulty)	Arrears (>$100) as percentage of value of all accounts	Base 00–01: 2.1% 01–02: 2.5% 02–03: 2.4% 03–04: 2.8% Projected 04–05: 2.6%	2.5% or less	2.5% or less	• Implement follow-up visit policies and track and monitor follow-up visits. • Monitor arrears. • Refer clients to other industry resources.
	Defaulted accounts held as real estate as percentage of total of all accounts	Base 00–01: 2.2% 01–02: 3.3% 02–03: 3.5% 03–04: 3.7% Projected 04–05: 3.5%	Original 2.5% or less 2004 Adj. 3.1% or less[1]	Original 2.5% or less 2004 Adj. 3.1% or less	• Clear up existing accounts in process for recovery.
Client satisfaction	Combined courtesy, promptness, knowledge, commitment on client survey	Base 00–01: 92% 01–02: 92% 02–03: 96% 03–04: 94% Projected 04–05: 94%	90% or above	90% or above	• Monitor survey results. • Review procedures for efficiency gains. • Compare service results with commercial lenders to identify priorities for improvement.

[1] Increased from 2.5% or less in light of high current value now held as real estate for recovery.

Core Business Area 2 *Programs Administration - New Entrant's Program*

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Prudent financial management	Total program expenditures as compared to budget	($ 000)	($ 000)	($ 000)	• Monitor programs in comparison to budget monthly.
		Base 00–01 Expended: 706 Budget: 600 + 106 = 706 01–02: Expended: 856 Budget: 600 + 256 = 856 02–03: Expended: 611 Budget: 600+11 03–04: Expended: $398 Budget: $600 04–05 Projection: Expended: $550 Budget: $600	600	600	• Identify additional funding sources through development and application of federal/provincial funding agreements.

Core Business Area 2 *Programs Administration - New Entrant's Program*

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
New entrances facilitated	Number of approved applications	Base 00–01: 48 01–02: 55 02–03: 50 03–04: 30 Projected 03–04: 45	50	50	• Counselling by professional loan officers. • Industry awareness and monitoring suitability through consultation with industry organizations and representatives. • Identify appropriate modifications to existing programs • Identify additional funding and support mechanisms.
Increased interest in farm ownership	Number of new entrants' remaining in farming after 5 years as a percentage of those who started	N/A	N/A	80%	• Program provides interest rate assistance for first two years on loans acceptable to a lending agency with expectation of repayment. • Requirement for business plan
More farms remain in family hands, succession planning is encouraged, and pace of consolidation reduced	Number of transfers to younger family members using this program	00–01: 29 01–02: 18 02–03: 18 03–04: Projected 04–05: 20	25	25	• Counselling family farm enterprises. • Support for industry succession management workshops • Economic conditions have reduced the number of new entrant applications. In the longer term, applications are expected to return to targeted levels

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Film Development Corporation
Business Plan 2005–2006

Contents

Mission

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

Introduction

Following a study evaluating the economic potential of the film and television industry in Nova Scotia, the Nova Scotia Film Development Corporation (NSFDC) was created in 1990 under the Film Development Corporation Act as a provincial Crown corporation. The corporation reports to the Minister of Economic Development.

A board 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 administration of the corporation and its programs and the implementation of the board's decisions are carried out by the Chief Executive Officer assisted by full-time staff including a Director of Finance, a Program Administrator, a Locations Officer, a Communications and Locations Assistant, a Finance Assistant, and an Office Administrator. The Chief Executive Officer reports to the board and has chief responsibility for all programs administered by the corporation.

Legislation and By-laws

Nova Scotia Film Development Corporation Act—Bill No. 42

By-laws of the Nova Scotia Film Development Corporation

Nova Scotia Film Industry Tax Credit

Role

The corporation provides financial, development, and marketing programs to the local film industry. Its financial programs provide first-in funding, which is then used to leverage funds available through federal programs such as Telefilm Canada and the Canadian Television Fund and private sources such as broadcasters, distributors, and investment funds.

The corporation's investment funds are used to generate production, which results in job creation and supply consumption. Its development programs are of a product nature as well as training and development. The marketing programs are designed to raise the profile of Nova Scotia's film industry, create access to decision makers for local producers, and market the province to foreign studios, broadcasters, distributors, and producers.

The NSFDC is also the "go to" resource for both local and foreign production communities. It provides liaison services between industry and government, where necessary, and networks producers with one another.

As a result of market conditions over the past several years there has been significant decline in film production activity across the country. Until 2002–2003, Nova Scotia's industry had been relatively unaffected by these conditions, and production levels remained healthy with some degree of fluctuation. In 2003–2004, production activity decreased to $113 million from a high of $137 million in 2001–2002.

In an effort to address this development, an impact analysis and long-term strategy for the film, television, and new media industry was completed by a third-party consultant. The industry-wide strategy for the film industry involved a broad stakeholder group to ensure that all aspects of the industry were covered. The coordinated effort among all stakeholders of the industry will enable the film industry to move forward on a directed path with all efforts working in unison to the benefit of the community at large. The next stage will be the implementation of the five-year strategy, which will be led by the Nova Scotia Film Industry Stakeholders Taskforce. The taskforce has representation from a cross-section of industry groups and government, including representatives from each of NSFDC, Office of Economic Development, Department of Finance, Atlantic Canada Opportunities Agency (ACOA), Stewart McKelvey Stirling Scales, NSCAD University, indigenous producers, CBC Television, Atlantic Filmmakers Cooperative, Film Advisory Committee, Telefilm Canada—Atlantic Region, CTV Television, Independent Film Channel, RBC Financial Group, Nova Scotia Community College, and, representing the unions, ACTRA and IATSE 849.

Planning Context

The Nova Scotia Film Development Corporation has two interrelated approaches to development of the film industry in Nova Scotia. The corporation's financial programs are aimed at indigenous filmmakers, and they include equity investments, development loans, new media equity investments, feature film distribution assistance, CBC/NSFDC Bridge Award, sponsorship and training awards, and travel/market assistance. Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit program. The corporation strives to administer the public funds that it is entrusted with in an effective and efficient manner. At the same time, providing excellent quality service and creating a film-friendly environment are at the forefront of all its activities.

The corporation makes its investment decisions with the following outcomes in mind: employing Nova Scotians, spending funds in the province, promoting the province internationally with positive spin-offs resulting in other areas such as tourism, allowing Nova Scotians to tell their unique cultural stories, and demonstrating an opportunity for the corporation to recoup some or all of its investment.

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

The Programs Department works closely with producers, providing ongoing coaching and support in the areas of development and production financing.

The second category of programs involves a Locations Department, which markets the province as a place to film. The efforts of the Locations Department result in attracting fully financed films and co-productions to Nova Scotia. The Locations Department maintains an extensive library of photographs representing the entire province, and the corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available, locations photographs, and the *Nova Scotia Film and Television Production Guide*. The corporation produces this high-quality informative guide to film and television production in the province, which is a key tool used by producers and production companies when considering shooting in Nova Scotia.

The Locations Department is responsible for fostering strong community relationships with the various regions throughout Nova Scotia (primarily through regional development authorities), as well as organizations that have or could have involvement in the film industry, typically through locations. These include, but are not limited to, federal, provincial and municipal government departments. The primary purpose of these relationships is to educate target audiences about the economic benefit that film production will bring to their communities/organizations; promote, collectively, the various regions of the province in an effort to attract production; ensure that communities, organizations, and individuals are familiar with filming procedures so they are prepared to handle productions prior to and upon their arrival; ensure fair and equitable treatment both for communities/organizations and the productions themselves and to mediate any concerns that may arise; and ensure that the corporation is aware of policies, guidelines, and applications that exist so that its clients' questions can be effectively answered.

The Locations Department is responsible for fostering strong relationships with the various industry organizations that represent personnel involved in production activity. This includes, but is not limited to, ACTRA, IATSE 849, IATSE 667, and the DGC. The primary purpose of these relationships is to solicit input from the private sector on best approaches for marketing and promoting the province, give and receive feedback on industry issues and past production activity, work together in securing productions for the province, and update the respective stakeholders on current production interest and activity.

The Finance Department strives to process tax credit applications in a timely manner in order to meet producers' expectations. The Film Industry Tax Credit is a crucial financing tool used by both local and guest filmmakers. Ensuring that the tax credit remains competitive with other provinces will be a priority of the corporation.

Investing in both local filmmakers and locations marketing contributes to the development of a stable film industry in Nova Scotia.

The film, television, and new media industry is vibrant and ever-changing. Nova Scotia's industry is affected by many external environmental factors. Some of the major factors include the emergence of "reality television" as the dominant format in primetime; the heightened awareness of the negative aspects of moving production outside of the United States due to the recent downturn in the American industry; the strengthening of the Canadian dollar against the American dollar over the last two years; and other jurisdictions, both nationally and internationally, which have become more competitive in recruiting guest productions.

The corporation strives to stay on top of these challenges by designing appropriate strategies and solutions to deal with them.

Performance in 2003–2005

Local Production

In 2003–2004, the corporation had $2.6 million available for industry investment activities. During the year, the corporation financially supported 42 local projects, which in turn generated $35.3 million of production activity in the province; and 17 local projects, with combined budgets of $26.7 million, were supported by tax credit only, for a total of $62 million.

Partnerships

The corporation partnered with CBC Television, Atlantic Region, to provide the CBC/NSFDC Bridge Award for two emerging producers. This juried program is designed to assist emerging producers to enter the industry. Emerging film producers Sonya Jampolsky and Jay Dahl were each awarded a $30,000 Bridge Award. Ms. Jampolsky produced *Chamberpiece*, a half-hour drama, and Mr. Dahl produced the half-hour documentary *After Frank*.

The corporation partnered with Atlantic Canada Film Partners to increase the international profile of Atlantic Canada's film and television industry and provide financial assistance to local filmmakers to attend markets and festivals. In 2003–2004, the corporation provided financial assistance to 42 producers to attend relevant markets and festivals. Atlantic Canada Film Partners is funded by the Atlantic Canada Opportunities Agency on a cost-shared basis.

The corporation invests in the continued professional development of Nova Scotia filmmakers through non-profit organizations dedicated to training and development.

Through investment in the Centre for Art Tapes' NextDoc Training and Production Program, emerging Nova Scotia producers, production managers, writers, and directors gained access to intensive skill development workshops and the opportunity to produce a half-hour documentary video project.

Investment in the Centre for Art Tapes' Scholarship/Mentorship Program and Moving Images Group's Film and Television Professional Development program resulted in the introduction of a series of interdisciplinary learning events, as well as more traditional skill-building opportunities.

The corporation supported the participation of a Nova Scotia producer and writer team in the National Screen Institute's Totally Television Program, an intensive and individualized professional development program designed to train aspiring television writer/producer teams through the development of their own television series proposal.

The corporation continued to partner with Empire Theatres for regular screening nights at the Oxford Theatre where several Nova Scotia–produced productions were screened.

Sponsorships

The Atlantic Film Festival hosts public screenings of current films for adults and children, competitions, workshops, and seminars that assist in the development of the industry. This offers local audiences an opportunity to see original films by the region's up-and-coming talent.

Industry Seminars

The corporation offered the annual Broadcaster/Distributor Forum in November, bringing in several broadcasters and distributors to meet with Nova Scotia producers. In addition, the annual Business Issues seminar focused on the nuts and bolts of filmmaking and was well attended by local producers.

Locations and Marketing

Through targeted marketing activities, Nova Scotia's key film and television markets are discovering all that Nova Scotia has to offer through diversity of landscapes, crew, infrastructure, and incentives. Marketing activities included advertising, attendance at festivals and markets, business trips to key markets such as Los Angeles and New York, familiarization tours (MGM in September 2003) and direct selling. The corporation continues to publish the *Nova Scotia Film and Television Production Guide* and in late 2003 made it available online, for the first time, through the corporation's website.

These activities generated over 200 inquiries about filming in the province, with 41 requests requiring project-specific information. Fifteen companies scouted the province during that period. Six movies of the week, one television mini-series, and one animated television series filmed in the province in 2003–2004, resulting in $51 million in guest production activity.

In June 2003, the corporation invested in new software that enables the maintenance of a digital location library and production tracking. The Film Industry Location Manager (FILM) allows the Locations Department to maintain detailed information on locations around the province, as well as numerous digital pictures of these locations. When providing a location package to prospective clients, the department may now respond by creating client-specific websites or in the traditional printed format.

The Film Advisory Committee (FAC) continued meeting throughout the year with members from IATSE 849, IATSE 667, ACTRA, DGC, NSFDC, HRM Film Office, and other private-sector members. The committee is a formal vehicle through which government and industry can grow guest production and address issues facing the industry as a whole.

The FAC launched the Thank You HRM, Thank You Nova Scotia campaign in September 2003. This successful campaign sought to acknowledge residents of the Halifax Regional Municipality and Nova Scotia for their support of the film industry through hosting film production in their homes, businesses and neighborhoods.

Film Industry Tax Credit

The Film Industry Tax Credit process was streamlined by hiring an additional person to work exclusively on tax credits. This step decreased processing time considerably. In 2003–2004, 74 tax credit certificates, for a total of $15 million, were issued for 71 projects.

The total production activity for 2003–2004 was $113 million, which resulted in approximately 2100 full-time equivalent jobs in Nova Scotia.

To date in 2004–2005, 30 projects have been supported, which include equity investments in one feature film, 10 television series, one television mini-series, six television specials, and 12 development projects. Documentary, drama, children's, comedy, lifestyle, and music variety genres are represented by these projects, resulting in $26.5 million in production activity for local companies. The corporation has also supported two major sponsorships and four partnerships in training with total budgets of $1.8 million.

The corporation partnered with CBC Television, Atlantic Region, to sponsor the CBC/NSFDC Bridge Award for two emerging producers. Emerging producer Paul McNeill and the producer team of Sean Doyle, Chris Fost, and Tom Ryan were each awarded a $30,000 Bridge Award.

To date, the corporation has supported Film 5, Film Training and Production Program (Atlantic Filmmakers Cooperative), Moving Images 04–05 Production Workshop (Moving Images Group), Scholarship/Mentorship Program (Centre for Art Tapes), NSI ZeD Drama Prize Program (National Screen Institute-Canada), and AFCOOP's 30th Anniversary Project (Atlantic Filmmakers Cooperative).

The corporation sponsored the 24th Atlantic Film Festival held in September 2004.

The corporation will continue the Empire Theatres screening nights. The screening nights are open to the public and provide an opportunity for Nova Scotia filmmakers to discuss their works and showcase them to the local community.

One of the major challenges faced by Nova Scotia's filmmakers is the distance between them and the broadcasters and distributors, which are located in Toronto or Montreal. As a service to Nova Scotia filmmakers, the corporation hosts an annual Broadcaster/Distributor Forum where key decision makers from each of the major broadcasters and distributors are brought to Halifax for two days. During these two days the broadcasters and distributors meet with Nova Scotia producers and allow them to pitch television show proposals. These forums have been very successful and, without exception, Nova Scotia producers have been able to access licence fees or development monies as a result. The most recent forum was held in November 2004.

The corporation, through industry consultation, also identifies gaps in the industry and organizes and hosts a two-day Business Issues seminar each December. This entrepreneurship training assists Nova Scotia producers in competing in the global film industry. The fifth annual Business Issues seminar was offered in December 2004 and focused on business planning and market development.

The corporation expects to fill over 200 location requests during the 2004–2005 fiscal year. To date, 63 requests have been filled, and six guest productions have shot in Nova Scotia. These productions have contributed $32.8 million in production activity.

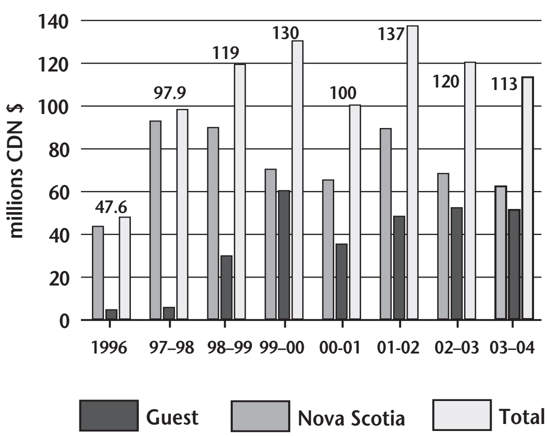
The corporation will continue to provide the *Nova Scotia Film and Television Production Guide* in both print and online formats.

The Film Advisory Committee continues to meet and ran the Thank You HRM, Thank You Nova Scotia campaign again in September 2004.

The corporation will continue to implement its marketing plan, which outlines activities aimed at generating business from the province's key markets of Los Angeles and New York. Activities include advertising, familiarization tours, trade show and market attendance, business trips, lead generation, and direct sales. The VP, Production and Business Affairs, for LA-based Once Upon a Time Films participated in a successful familiarization tour of the province in June 2004. In addition, the corporation hosted a representative from Sony Pictures Television, which filmed a movie of the week, *Stone Cold*, this past year.

The corporation participated in a four-day trade mission to Los Angeles, led by Premier Hamm, targeting the film, television, music, visual arts, and cultural and life sciences sectors. The corporation, as well as

Film Production Activity Chart 1996 – 2004



	NS	vs.	Guest*
	(millions CDN $)		
1996:	43.3	vs.	4.3
97–98:	92.5	vs.	5.4
98–99:	89.5	vs.	29.5
99–00:	70	vs.	60
00–01:	65	vs.	35
01–02:	89	vs.	48
02–03:	68	vs.	52
03–04:	62	vs.	51

Source: Nova Scotia Film Development Corporation

* Please note that "Guest" production refers to non-Nova Scotia projects filmed in Nova Scotia.
Note: Actual results may vary as these figures are based on budget amounts.

the Premier, met with LA-based producers to highlight the advantage of Nova Scotia locations. As a direct result of the trade mission, in July 2004 a familiarization tour was organized for Montecito Picture Company.

The corporation will further promote a film-friendly environment through the development of a policy for filming on government-owned property and the establishment of location fee guidelines.

To date, the corporation has registered 21 eligible productions for the Nova Scotia Film Industry Tax Credit (Part A), and 47 final tax credit certificates (Part B) have been issued, for a total of $12.3 million.

Strategic Goals

- Cultivate the economic and export potential of Nova Scotia's film, television, and new media industry.
- Provide or support mechanisms for the advancement of Nova Scotia's film, television, and new media industry.

Core Business Areas

1. Economic and Export Potential

Develop Nova Scotia's film, television and new media industry, with priorities including the following:

Investment Programs

Equity Investments, Development Loans, and New Media

The corporation will invest in a qualifying Nova Scotia film production up to 40 per cent of the production budget spent in the province to a maximum dollar participation of $250,000 per project. This investment triggers other sources of financing and enables producers to make their films while employing Nova Scotians.

The corporation provides development loans up to $15,000 per project to a maximum of 33 per cent of the budget spent in the province. These loans enable producers to develop their ideas to a stage where they can be pitched to investors.

The corporation provides equity investment up to $30,000 per new media project to a maximum of 33 per cent of the budget spent in the province for projects such as CD-ROM, DVD, and Internet-delivered programs that are related to feature film or television projects in which the corporation has an equity investment. In cases where the corporation is not involved in the original feature film or television project, it must be demonstrated that the project has a stand-alone recoupment and financial structure separate from the underlying feature film or television property.

The recent strategy work identified these investment programs as "very important" for attracting other financing required to complete films.

Bridge Award
The corporation partners with CBC Television, Atlantic Region, to provide the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers to enter the industry. Successful applicants receive a $10,000 CBC broadcast licence, a $20,000 NSFDC equity investment, and $10,000 in services from the CBC. Up to two awards are offered in February each year.

Feature Film Distribution Assistance Program
The corporation offers a Feature Film Distribution Assistance Program. The program supports the theatrical release costs of a Nova Scotia–produced dramatic, documentary, or animated feature film in which the corporation has an equity investment. The goal of the program is to enhance the marketing campaign for the feature films and increase the Canadian box office returns.

Broadcaster/Distributor Forum
The corporation 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.

Travel Assistance for Market Development
The corporation provides assistance for local producers to attend markets and festivals with the goal of selling completed works, attracting co-production partners for projects in the development stage, and raising the profile of Nova Scotia production companies.

Locations and Marketing Programs

The corporation will implement the 2005–2006 Marketing Plan primarily targeting established markets such as the American entertainment centres of Los Angeles and New York, as well as Europe, through a variety of activities including trade missions, participation at festivals and markets, advertising, website, and familiarization tours. In addition, the corporation will research emerging markets such as Australia to identify opportunities.

Script Breakdown/Locations Library
The corporation provides complete script breakdown services for features, movies of the week, television series, and pilots utilizing photos from its extensive library of locations from across the province. Image packages can be sent to producers by courier or digitally via e-mail, and project-specific websites can be created.

Scouting
The corporation provides the services of experienced and qualified location scouts to producers and directors who visit the province in search of suitable filming locations.

Community Liaison and Ongoing Support
The corporation provides assistance with ongoing location research, information, and support as required. The corporation will connect producers to local unions,

guilds, production personnel, and other contacts throughout the province. In addition, the corporation will act as ombudsman and mediator for the industry and the general public.

Film Industry Tax Credit

The Film Industry Tax Credit (FITC) is a labour-based tax credit of 30–35 per cent of eligible Nova Scotia labour capped at 15–17.5 per cent of the total production budget, depending on where the production is shot. The tax credit is a key financing tool used by producers to complete their film and television projects and can be accessed by both local and guest producers. The corporation will undertake the necessary research and reporting to ensure that the FITC remains competitive. In particular, the recommendations identified in the strategy—increasing the base rate from 30 per cent to 35 per cent, maintaining the regional bonus of 5 per cent, and introducing a frequent filming bonus of 5 per cent—will be pursued.

Partnerships

Industry Strategy

The corporation will continue to participate in the Nova Scotia Film Industry Stakeholders Taskforce, which will guide the implementation of the five-year industry strategy. The taskforce was organized to oversee the creation of a strategy by a third-party consultant, which would guide the development of the industry over the next five years as well as outline the economic benefits of the film industry to the province.

Atlantic Canada Film Partners (ACFP)

The ACFP is a partnership of Nova Scotia, Newfoundland and Labrador, New Brunswick and Prince Edward Island formed to increase the profile of the Atlantic Canadian film industry in international markets. This results in increased film and television production activity in the region thereby generating more jobs in the industry. Through ACFP, producers have access to international marketplaces, strategic professional development, business planning services and industrial research. ACFP is financially supported by the Atlantic Canada Opportunities Agency.

Strategic Partners

The corporation partners with the Atlantic Film Festival to sponsor Strategic Partners, an international co-production and co-venture conference. Strategic Partners provides an opportunity for local industry members to explore international partnership opportunities for television and feature film projects.

Film Advisory Committee

The purpose of the Film Advisory Committee is to provide a mechanism through which government and industry can work collectively to promote and grow the guest production segment of Nova Scotia's film industry and address opportunities and issues with regard to location shooting, to the benefit of Nova Scotia and the industry as a whole.

2. Industry Support

Optimize resources by partnering with government, private sector, and industry stakeholders to provide professional development opportunities aimed at advancing producers and personnel in Nova Scotia's film, television, and new media industry.

Professional Development

The corporation optimizes financial and human resources by partnering with government, private sector, and industry stakeholders to provide professional development opportunities, which supports the advancement of Nova Scotia's film industry in global markets.

The corporation invests in the continued professional development of Nova Scotia filmmakers through organizations such as the Atlantic Filmmakers Cooperative, the Centre for Art Tapes, the Atlantic Film Festival, and the National Screen Institute.

The corporation offers an annual Business Issues seminar, bringing relevant industry expertise to Nova Scotia producers, and other pitching, market-readiness, and business development events.

The FirstWorks Program is a hands-on film and video production curriculum, which is available as a turnkey package for licensing by interested groups or organizations. The goal of the program is to open the doors of the film industry to youth participants, many of whom obtain employment or advance to further training programs in the film and television industry after completing the program.

The corporation will continue to participate in the Nova Scotia Film Industry Stakeholders Taskforce, which will guide the implementation of the industry strategy. The industry strategy recommendations include fostering an entrepreneurial culture among producers, developing skills among production companies in the area of business development, and promoting a distribution-driven rather than a production-driven model.

In partnership with ACFP, the corporation sponsors annual attendance by a local producer at the Alliance Atlantis Banff Television Executive Program or other recognized professional development programs.

Priorities for 2005–2006

Nova Scotia's film, television, and new media industry uses government assistance to attract incremental investment and create employment. This practice occurs throughout Canada, Europe, Australia, and most other areas, including the United

States. Recently, the federal, several state, and local governments in the United States have introduced new and enhanced incentives to the industry. Canada does not have the population base or viewers required to maintain a self-sufficient industry under the current business model.

There are other valid reasons for supporting the film, television, and new media industry, which include social, cultural, and national sovereignty benefits. The industry is a key element in a more broadly based, creative workforce, it is labour intensive, environmentally friendly, and appealing to our youth. The industry provides employment to individuals with various education levels and a range of occupations from carpenters and drivers to lawyers and chief financial officers. Along with being a multi-million dollar industry, it allows Nova Scotians to preserve their culture and display their talent with pride internationally.

Nova Scotia Film Development Corporation's 2005–2006 Business Plan recognizes Nova Scotia's film, television, and new media industry as being at a crucial development stage. During 2005–2006, the corporation, along with members of the taskforce, will begin the process of implementing the five-year strategy for the film, television, and new media industry in Nova Scotia. The goal will be to maintain the leadership position of Nova Scotia as Canada's fourth-largest production centre and the first among "regional" production centres.

The most important tool in maintaining this position is a competitive Film Industry Tax Credit (FITC), which is crucial to the growth of the local industry as well as to attracting guest productions to the province. With this in mind, the corporation is recommending that the Province of Nova Scotia take the following actions:

- enhance the FITC by increasing the base rate in the Halifax area from 30 per cent to 35 per cent in order to maintain its competitiveness with other jurisdictions
- maintain the regional bonus of 5 per cent
- introduce a frequent filming bonus of 5 per cent to any producer who shoots two films in the province over a two-year period
- make these enhancements effective January 1, 2005
- extend the FITC for an additional 10 years

The industry strategy estimated that the above FITC enhancements would cost the Department of Finance approximately $1.5 million.

In addition to recommending the above enhancements to the FITC, the industry strategy also recommended an increase in the corporation's core budget to provide additional program funds. The corporation is recommending an increase in its core budget to $3.1 million, which would allow an additional $578,000 in program funding. The increase in the core budget would be an additional cost to the Office of Economic Development of $600,000.

The corporation will implement the 2005–2006 marketing plan targeting Los Angeles and New York, as well as Europe, through a variety of activities including trade missions and familiarization tours. Sponsorship of booths at key markets, including the Cannes Film Festival, MIPTV, AFM, NAPTE, and MIPCOM, will continue to play a major role in marketing Nova Scotia's film industry. The corporation will also sponsor ShowCanada 2005, which provides Canadian filmmakers with an opportunity to have their films seen by members of the Motion Picture Theatre Associations of Canada. The corporation will continue to monitor global trends that could affect the local industry and assess all programs and services to ensure that they are responsive to stakeholder and client requirements as well as to the external environment.

With the recommended enhancements to the Film Industry Tax Credit and the increase in the corporation's core budget, Nova Scotia's film industry would once again be competitive.

With the assistance of the province, the corporation's goal is to restore the levels of local production and continue growing this vibrant and environmentally friendly industry. The province's investment will be able to lever multi millions of dollars of funds from sources outside the province.

Budget Context

In 2004–2005, the Nova Scotia Film Development Corporation's budget appropriation was $2.5 million. The corporation's funding acts as seed money for production companies. These funds are "first in" funds, which trigger investment from the private industry and federal programs. Real opportunity costs are associated with reduced levels of funding, which include out-of-work Nova Scotians, companies ceasing to operate, and new trainees not being hired.

The film and television industry makes a significant contribution to the province's economy. For each dollar that the province invests in the film industry, including tax credit registrations and the Nova Scotia Film Development Corporation programs, in excess of $15 are attracted to the province from private investors and the federal government. On their own, the NSFDC's development loan, equity investment, and other programs attract $25 to $29 for every dollar expended, placing the corporation's programs in the position of providing high value programs at a low cost to the province.

The following budget reflects an appropriation of $3.1 million.

Budget Context

	Estimate 2004–2005 ($)	Forecast 2004–2005 ($)	Estimate 2005–2006 ($)
Contributions			
Nova Scotia Government	2,508,700	2,508,700	3,108,700
Recovery of Equity Investments and Development Loans	150,000	200,000	150,000
Strategy Income	50,000	41,250	0
Atlantic Canada Film Partners	0	18,833	37,500
Other Income	40,000	93,492	40,000
Interest Income	25,000	25,000	25,000
Total Revenue	2,773,700	2,887,275	3,361,200
Disbursements			
Programming	2,114,700	2,194,309	2,618,200
Atlantic Canada Film Partners	0	37,666	75,000
Administrative	477,000	460,536	447,500
Advertising and Marketing	182,000	198,464	220,500
Total Expenses	2,773,700	2,890,975	3,361,200
Surplus/(Deficit)	---	3,700	---
Administrative Expenses:			
Salaries and Benefits	310,000	303,500	344,000
Telephone and Fax	6,300	6,300	6,300
Staff Training	5,000	5,000	7,500
Bank Charges	2,500	2,300	2,500
Consultants	75,000	68,000	10,000
Courier	2,500	1,236	2,500
Dues and Fees	6,500	6,600	7,000
Insurance	2,200	2,600	2,200
Conferences and Marketing	5,000	5,000	3,500
Board	20,000	18,000	20,000
Repairs and Maintenance	2,400	2,400	2,400
Amortization	7,000	7,000	7,000
Office	16,000	16,000	16,000
Copier and Fax Rental	4,400	4,400	4,400
Postage	5,600	5,600	5,600
Professional Fees	6,600	6,600	6,600
Total Administrative	477,000	460,536	447,500

	Estimate 2004–2005 ($)	Forecast 2004–2005 ($)	Estimate 2005–2006 ($)
Advertising and Marketing:			
Business Travel	40,000	40,000	40,000
Locations Salaries and Benefits	67,000	84,000	97,000
Advertising and Marketing	35,000	28,200	35,000
Amortization	0	6,500	6,500
Familiarization Tour and Marketing Materials	13,500	15,400	15,000
Annual Report	5,000	2,600	5,000
Location Scouts	9,000	9,000	9,000
Library update	2,000	9,820	2,000
Photos and Location Services	10,500	11,500	11,000
Production Guide	0	(8,556)	0
Total Advertising and Marketing	182,000	198,464	220,500

Outcomes and Performance Measures

Core Business Area 1 *Economic and Export Potential*

Outcome	Measure	Base Year 2003–04	Target 2004–05	Data 2005–06	Data 2006–07	Strategies to Achieve Target
Contribute to Nova Scotia's economy by maximizing, with the resources available, the economic potential of the film, television, and new media industry	Production activity	$113 million	$120 million Forecast: $95 million (1)	(1)	(1)	• Commence implementation of the industry strategy in conjunction with all stakeholders • Implement the marketing plan • Extend the Nova Scotia Film Industry Tax Credit with enhancements, including –increase in base rate to 35% –maintain regional bonus of 5% –introduce frequent filming bonus of 5% –extend the FITC for an additional 10 years • Continue investment programs • Keep abreast of changes in the industry and ensure that programs continue to meet the requirements of stakeholders and clients • Provide film commission services for guest productions

1 Not realistic given state of tax credit and level of budget

Core Business Area 2 *Industry Support*

Outcome	Measure	Base Year 2003–04	Target 2004–05	Data 2005–06	Data 2006–07	Strategies to Achieve Target
To assist and promote the development of the film, television, and new media industry producers and personnel in Nova Scotia	Level of stakeholder participation	Development of strategy	Completion and implementation of strategy	Implementation of strategy	Implementation of strategy	• Commence implementation of strategy in conjunction with all stakeholders
	Client feedback.	Strategic professional development opportunities addressing industry needs	See 2003–04	See 2003–04	See 2003–04	• Carry out ongoing research into gaps/overlap in industry and identify solutions • Offer and support professional development initiatives

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Fisheries and Aquaculture Loan Board
Business Plan 2005–2006

Contents

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.

Introduction

The Nova Scotia Fisheries and Aquaculture Loan Board has served the province and the fishing industry since 1936 by providing long-term stable development funding. The Fisheries and Aquaculture Loan Board, since 1944, has lent $537 million to the harvesting and aquaculture sectors of the fishery in Nova Scotia, thereby enabling fishers and aquaculturists to take advantage of economic opportunities at home, creating jobs in coastal communities and growing the economy.

This business plan reflects the loan board's objectives and focus for the upcoming year.

Planning Context

Nova Scotia is the leading fishing province in Canada, a nation that is known as a world fishing power. We are fortunate to have a diversified industry, which can survive and prosper on its strengths while various segments suffer cyclical downturns. Our commercial fishery alone has an annual landed value of approximately $752 million and a market value of approximately $1.1 billion, and our aquaculture and recreational fishery sectors generate $130 million more. The industry is the main employer in many regions of the province and drives the economies of our coastal communities.

As our fishery moves into the 21st century, we must maintain and enhance the traditional components of the industry, which over time have provided us with success. We must build on these segments, seeking out and developing new opportunities in aquaculture, the recreational fishery, coastal zone management, under-utilized species, and the processing sector. Whether it be with areas of provincial jurisdiction or with the marine fisheries, which are administered federally, personnel from the Nova Scotia Fisheries and Aquaculture Loan Board must play an active role to ensure that fisheries policies and management strategies are good for Nova Scotia and the industry in this province. Our fishery is more than a way of life, it is a successful business; we must strive to keep it productive and internationally competitive.

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

Diversification and technological advancements in the fishing industry continue to create a demand for newer, larger, and efficient vessels. Existing clients will take advantage of this new technology to improve and upgrade their vessels. This will also result in maintaining a high level of boatbuilding activity.

Through a co-operative agreement between the Fisheries and Aquaculture Loan Board and the Department of Finance, the interest rate of borrowed funds is increased to ensure that the province is continually in a surplus position. For the fiscal year ending March 31, 2004, the loan board surplus was $2.7 million, according to the Office of the Auditor General. With this financial arrangement in place, the loan board can fulfil the expectations and service needs of the fishing and aquaculture industry by providing long-term stable development funding, which will enable the fishers and aquaculturists of Nova Scotia to take advantage of economic opportunities to maximize jobs and growth.

Core Business Areas

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

1. *Providing long-term fixed-rate loans for the development of the harvesting and aquaculture sectors of the fishing industry.*

- Government developmental financing is required for the harvesting sector as the chartered banks consider lending to this sector to be high risk. Aquaculture financing is also necessary as this sector is a developing industry, which the banks believe to be very high risk.

2. *Maintaining a vessel inspection program for all new construction, used vessel purchases, modification, and engine/equipment loans.*

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

3. *Maintaining a loan collection program on a monthly basis to keep loan arrears to a minimum.*

- Every lending institution must have an effective collection program to reduce arrears and keep write-offs to a minimum.

4. *Providing financial counselling and assessments for proposed projects.*

- Financial counselling ensures that customers manage their income and resources wisely and assists the loan board's repayment record. Project assessments help the industry to be successful and also reduce the potential of delinquent accounts.

Priorities for 2005–2006

In keeping with the goals for the board, Department of Agriculture and Fisheries, and government, the following represent the board's priorities for 2005–2006.

1. *Providing long-term fixed-rate loans for the development of the fish harvesting and aquaculture industries.* (The board reviewed 163 loan applications during the 2003–2004 fiscal year.)

- Provide $25 million of developmental funding to the fishing and aquaculture industries.
- Continue to assess new loan proposals by applicants.
- Continue to review the loan approval process, by adjusting the loan approval limits and the time of approval.
- Review loan approval conditions to streamline the loan process.
- Facilitate the replacement and upgrading of older vessels in each fleet.

2. *Maintaining a vessel inspection program for all new construction, used vessel purchases, modification and engine/equipment loans.* (The board carried out 531 new vessel inspections and 633 inspections of another nature during the 2003–2004 fiscal year.)

- Each new vessel is inspected biweekly during construction to ensure that it is built to rigid loan board standards.

- All used vessels financed by the loan board, as well as vessels for modification and engine/equipment applications, are inspected to ensure that they are built to loan board standards. Inspections also guarantee that the funds lent by the loan board are secure in the value of the boat.

- Carry out annual maintenance inspections on loan board–financed vessels to ensure continued loan security and equity.
- Approve builder construction plans and boat specifications to ensure that they meet loan board standards.
- Assist boatbuilders by giving technical advice relating to the preparation of plans and drawings; also provide technical assistance relating to the construction of new vessels and modification of vessels.

3. Maintaining a loan collection program on a monthly basis to keep loan arrears to a minimum.

(The arrears percentage has been reduced to 1.27 per cent as of March 31, 2004, from 1.80 per cent on March 31, 2003.)

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

4. Providing financial counselling and assessments for proposed projects.

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

Budget Context

Estimated Budget Expenditures

	Forecast 2004–2005 ($ 000)	Estimate 2005–2006 ($ 000)
Total Program Expenses Gross Current	$537	$629
Net Program Expenses Net of Recoveries	$483	$523
Salaries and Benefits	$474	$506
Funded Staff (FTEs)	10.0	9.0

	Budget Year Ending March 31, 2006 ($ million)	Forecast Year Ending March 31, 2005 ($ million)	Actual Year Ending March 31, 2004 ($ million)
Advances	$25.0	$25.0	$22.0
Principal Payments	$14.0	$13.4	$18.1
Interest Payments	$ 6.1	$ 5.6	$ 5.3
Loans Receivable	$89.0	$81.0	$71.7
Doubtful Accounts	$ 7.5	$ .7	$.9
Interest Expense	$ 4.1	$ 3.6	$2.8
Net Income	$ 2.1	$ 2.0	$ 2.7

Outcomes and Performance Measures

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

Outcome	Measures	Data 2000–01	Targets 2005–06	Strategies to Achieve Target
Sustainable fishery and aquaculture industries	Industry income	Industry income ($648. million) (base)	Industry stability	• Continued interaction with the industry and government. • Industry income in 2003–2004 was $841 million.
Maintain lobster landings and sales	Average individual fishers income (lobster)	Individual fisher's income ($83,478) Average lobster income (base)	Maintain average income levels (lobster) per year	• Lending to meet industry needs. • Development of new lending programs. • Implementation of revised payment schedules. • Individual lobster fisher's average income now $122,670.
Development new fishery enterprises	Loan advances	Loan advances ($18.5 million) (base)	Increased annual advances	• Working with industry and government. • Provide financing for the harvesting of under-utilized species. • Loan advances as of March 31, 2004 were $22.0 million.
Maintain and create jobs in Nova Scotia	Creation and maintenance of jobs	Creation and maintenance of jobs (7,992) direct and indirect (base)	Maintain and create jobs in Nova Scotia	• Provide long-term fixed-rate loans. • Support new industry initiatives. • Estimate now 8,977 jobs.
Improve lending programs for the fishing and aquaculture industries	Increase in loan portfolio	Increase in loan portfolio ($53. million) (base)	Annual increase in loan portfolio	• Support financially viable operations. • As of March 31, 2004 the loan portfolio was $71.8 million

Core Business Area 2 *Maintaining a vessel inspection program for all new construction, used vessel purchases and engine and equipment loans.*

Outcome	Measures	Data 2000–2001	Target 2005–06	Strategies to Achieve Target
Inspect each new vessel under construction biweekly	Number of new vessels inspected biweekly	Number of new vessels inspected biweekly (511 annually) (base)	All new vessels under construction to be inspected biweekly	• Adequate operating budget • Biweekly inspection report • Biweekly progress payments to boatbuilders
Inspect each vessel that is financed by the board on a yearly basis	Number of vessels inspected	Number of vessels inspected (523 annually) (base)	All vessels to be inspected annually	• Adequate operating budget to inspect each vessel yearly • Annual completed survey report on each vessel. • Maintain an equity position in each vessel financed by the loan board
Ensure that vessels related to used boat, modification, and engine/equipment applications are appraised biweekly	Number of vessels inspected	Number of vessels inspected (106 annually) (base)	Biweekly inspections	• Adequate operating budget to inspect on a biweekly basis • An inspection report to be completed

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

Outcome	Measures	Data 2000–01	Target 2005–06	Strategies to Achieve Target
Frequent collection activity	Percentage of accounts in arrears	Percentage of accounts in arrears (4.1%) (base)	3% arrears level	• Adequate operating budget to collect via monthly field visits • As of March 31, 2004 1.27% of accounts were in arrears • Sufficient staff to collect monthly
Decrease in arrears level	Percentage of accounts in arrears	Percentage of accounts in arrears (4.1%) (base)	3% arrears level	• Fisheries Loan Board loans secure in the value of the boat • Loan balances reducing as per repayment schedule • As of March 31, 2004 1.27% of accounts were in arrears

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

Outcome	Measures	Data 2000–01	Target 2005–06	Strategies to Achieve Target
Harvesters successfully expand their operations	Maintain or increase in fishers income	Increase in fishers' income (base)	Maintain or increase in fishers' gross stock	• Suitable lending programs • Well-trained staff • Landed value increased from $753 million to $841 million
	Percentage of annual write-offs	Percentage of annual write-offs (0.25%) (base)	No increase in write-off amounts as a percentage of loan portfolio	• Patient lending • Regular client visits • Counselling for fishers and aquaculturists • As of March 31, 2004 write-offs stayed within this range

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Gaming Corporation
Business Plan 2005–2006

Contents

Mission

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

Planning Context

Significant effort and action have been undertaken by the Nova Scotia Gaming Corporation (NSGC) over the past three years to advance its Responsible Gaming Strategy and to support an economically sustainable gaming environment. In addition, it is known that Nova Scotia has the lowest problem gambling prevalence rate in Canada and is recognized by numerous gambling experts around the world as a leader in the development of responsible gaming programs. Within this context, NSGC sees 2005–2006 as an opportunity to build on its measurable progress and successes to create an even stronger responsible gaming environment for the benefit of all Nova Scotians.

NSGC's strategies and supporting initiatives in 2005–2006 directly align with the province's recently released Gaming Strategy. This corporate strategy reflects a comprehensive and integrated model that incorporates the following functions within the gaming/gambling sector: operations, regulation, research, distribution of economic return, and the prevention, early intervention, and treatment of problem gambling. The strategy will result in a number of enhancements and has formalized a number of guiding principles intended to direct the future of the gaming industry, including the following:

- Revenues from gaming will be derived in a socially responsible manner.
- Gaming will be offered in a manner that is focused on the responsible design, delivery, promotion, and use of products.
- Gaming decisions will be supported by well-founded, objective analysis and/or research.
- Gaming will be conducted in an open, transparent, and accountable manner.
- Nova Scotia will have first-class prevention, treatment, and research programs that address the adverse health and social consequences of problem gambling.

Strategic Goals

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

1. To pursue an economically sustainable gaming industry

NSGC will ensure responsible and positive economic return to the province by:

- Accruing direct financial benefits to government, the shareholder of NSGC.
- Utilizing sustainable business models and making supported decisions that incorporate responsible gaming in the design, delivery, promotion, and use of its products.
- Optimizing indirect economic benefits to communities, businesses, organizations, and individuals across the province.

2. To foster social responsibility in all aspects of NSGC's operations and business decisions

NSGC will advance its social responsibility agenda by:

- Leading responsible gaming initiatives to provide players with the information required to make responsible play decisions.
- Contributing to the well-being of communities across the province.
- Being an excellent employer for the staff of NSGC.

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

NSGC will provide strong management and accountability by:

- Ensuring timely and complete communication to the public and stakeholders.
- Managing the business of gaming in an efficient and effective manner.
- Making responsible, informed decisions.

Core Business Areas

NSGC's core business functions are as follows:

- Develop social and economic strategies that align with the province's Gaming Strategy and support the achievement of identified goals and outcomes.
- Oversee the operations of its operators, the Atlantic Lottery Corporation (ALC) and Casino Nova Scotia (CNS), as well as implement responsible gaming programs for Nova Scotia.
- Build strong communications with key relationships, including the shareholder, stakeholders, and the public.

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

1. Responsible Industry Development

NSGC has consistently invested in initiatives that directly align with its three strategic goals and, in particular, support a responsible gaming industry. There are three aspects to this activity:

- Planning and Policy Development: NSGC has, and will, continue to explore new opportunities through planning and thorough policy development. The main focus of this element is to create an environment that is conducive to a sustainable and socially responsible gaming industry in Nova Scotia, and aligns with the province's Gaming Strategy.
- Responsible Product Implementation: NSGC is committed to continuing to make informed decisions in assessing changes to the current product and gaming environments and utilizing responsible gaming and problem gambling experts to assist in this process.
- Social Responsibility: NSGC is a leader in responsible gaming and pursues efforts that allow communities to benefit from gaming. NSGC will continue to dedicate significant resources to the research, development, and implementation of new responsible gaming initiatives; focused consultation with gaming sector stakeholders and responsible gaming experts; the sharing of information; and management of ongoing responsible gaming projects.

2. Operations Management

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

- Operator Management: This includes the management of and support to NSGC's operators to ensure optimal operational performance and commitment to social responsibility.
- Risk Management and Quality Control: This involves proactive risk management and effective quality control within a business environment.
- Compliance Management: Compliance management is a key component of a well-run gaming industry. NSGC ensures that all its businesses conform to applicable legislation, regulations, contracts, and policies.

3. Public and Stakeholder Communications

- This involves the complete and timely communication of relevant gaming information to these groups to ensure they are well-informed of all aspects of the industry to meet a high standard of accountability and transparency.

Priorities for 2005–2006

1. Balancing Economic Sustainability and Social Responsibility

NSGC is committed to the continual evolution of a socially responsible gaming environment, which achieves responsible revenues and fulfils the entertainment needs of Nova Scotians, while mitigating the risks associated with problem gambling, where possible. Changes in the product or gaming environments will be implemented based upon a thorough economic and social assessment and will be supported by all available research and expert reviews in the responsible gaming and problem gambling fields.

In striving to generate responsible economic return, NSGC will continue to explore new ways of doing business and, in particular, will focus its attention on the following priorities in 2005–2006:

- Casino: The casino operations will continue to enhance its targeted promotional programs in order to provide an entertainment experience in a secure environment for Nova Scotians and tourists. In addition, further integration of responsible gaming efforts will take place, including distribution of various responsible gaming materials.
- Ticket Lottery: For the ticket lottery business line, 2005–2006 will see further game diversification and product development. It will also continue to focus on customer convenience with respect to access of the products.
- Video Lottery: Significant resources will be apportioned to the video lottery program in 2005–2006 in an effort to minimize the negative social impacts. As outlined in the province's Gaming Strategy, specific 2005–2006 efforts will see NSGC initiate the removal of 800 video lottery terminals from profit retail locations in the province in November 2005. This initial reduction will be supplemented by removal of an additional 200 machines through attrition over the next three to four years. The total of 1,000 machines represents 30 per cent of the current number of VLTs under NSGC's management.

NSGC will also be reducing operating hours of VLTs effective July 2005 by eliminating the 12 midnight to close timeframe, during which there are a disproportionate number of high-risk and problem gamblers playing VLTs.

In addition to the above efforts to reduce accessibility and availability of VLTs, product changes will be made to machines in January 2006 to slow down the speed in which a player plays, thereby mitigating the risks associated with faster play. Specifically, the "stop" button/feature will be removed, and the speed of VLT games will be reduced by 30 per cent. The initial 2005–06 net income budget for the video lottery business line was approximately $138.6 million. This represents a 5 per cent growth over the 2004–05 forecast, a growth level consistent with prior years. As a result of measures contained in the province's Gaming Strategy, the proposed 2005–06 video lottery budget has been revised from $138.6 million to $119.6 million, reflecting a $19 million reduction in net income.

2. Advancing the Responsible Gaming Agenda

Operating gaming in a socially responsible manner is critical to ensuring that Nova Scotians enjoy an overall benefit from gaming and, in meeting Nova Scotians' expectations, that gaming will be run in a manner that will minimize adverse social consequences. In furthering this mandate, NSGC will continue its commitment to:

- Provide gaming consumers with information that will allow them to make informed choices about gaming.
- Raise awareness and educate the public and players as to the importance of responsible play.
- Provide an efficient and effective conduit to problem gambling resources.

In addition to the VLT program changes outlined above, one of NSGC's most exciting responsible gaming initiatives planned for 2005–2006 is the testing of a responsible gaming device for VLTs. This card-based feature is intended to provide players with detailed information about their gaming activities and allow players to set limits with respect to their gambling. This card-based feature has received support from responsible gaming experts, and the pilot is considered to be a leading-edge responsible gaming initiative.

Another initiative planned for the 2005–2006 fiscal year is the introduction of a new central system that will govern and monitor VLT operations. This new system will offer expanded potential to integrate heightened responsibility into the play of VLTs.

NSGC will also be conducting its fourth annual Responsible Gaming Awareness Week (RGAW) in 2005. This Nova Scotia–created program has been copied by numerous jurisdictions across Canada and has been praised by responsible gaming experts. The 2005 RGAW will continue to focus on province-wide public and player education about the importance of responsible play.

Based on the success of Nova Scotia's RGAW, NSGC will enhance its efforts to educate the public by conducting a year-round Community Outreach Program to provide Nova Scotians with important information on responsible gaming. The program will consist of speaking engagements, mall displays, targeted communications, as well as the delivery of the Know the Score Program in many of the post-secondary institutions in these communities.

In addition to the above programs, delivery of the Know the Score program and the Caught in the Game play (outlined in the 2004–2005 Performance section) will continue in 2005–2006 and will be extended to additional sites in order to reach a broader segment of the target audiences.

3. Ensuring Accountability

Gaming in Nova Scotia produces significant direct benefits for Nova Scotians, including the direct employment of over 1,000 residents and the injection of approximately $49 million in retail commissions to local Nova Scotia businesses. NSGC's contribution will also provide $178 million to fund provincial programs in areas such as health care and education. Given that the direct benefits of gaming are significant, NSGC must ensure that gaming is run in an effective and efficient manner.

As NSGC is a public company, its operations must be transparent, with timely and open communications to the public. In addition to building on its extensive public reporting and consultation in the 2004–2005 fiscal year, NSGC will greatly enhance its website so as to serve as an important interactive resource for those looking for information about responsible gaming and any changes to the gaming industry.

Performance 2004–2005

1. Balancing Economic Sustainability and Social Responsibility

Ticket lottery is the most mature business line in NSGC's portfolio. In addition, it is viewed as a socially responsible product by experts around the world. In order to support the sustainability of this product line, significant effort was placed on enhancing its performance, with specific efforts including the introduction of new ticket lottery games Atlantic Payday, Atlantic 6/49, and TAG. Additional sports were also added to the Proline game, including golf, hockey's World Cup, and tennis.

The casinos also made some significant enhancements, including the implementation of a new gaming system, launch of a new customer-friendly website, greater focus on the Stay-and-Play program, the opening of a new restaurant in the Halifax Casino (Governor's Grill), and the replacement of about 100 slot machines.

Although NSGC's video lottery product line did not see any major operational revisions in 2004–2005, a significant amount of its efforts were focused on the video lottery program. In addition to the development of the Gaming Strategy–related VLT initiatives (as set out above), NSGC conducted research on additional responsible gaming features for VLTs and tested the validity of a VLT self-exclusion program.

In November 2004, NSGC released results from a pilot study on the effectiveness of six enhanced responsible gaming features. Although the new research showed that the enhanced features had little additional benefit over existing responsible gaming features, the pilot was worthwhile in affirming the validity of the existing responsible gaming features. In addition, the report recommended that responsible gaming resources be focused on a card-based solution that will allow players to keep track of the amount of money they spend. This recommendation fully supports the card-based initiative that NSGC has been actively pursuing over the last year in conjunction with Techlink Entertainment Ltd.

NSGC led the research effort related to a self-exclusion program for video lottery players. NSGC worked with a number of stakeholders in testing the self-exclusion program, including the Office of Health Promotion, video lottery retailers, district health authorities, Focal Research Consultants, Atlantic Lottery Corporation, Nova Scotia Gaming Foundation (NSGF), and VOLTS (Video Online Lottery Terminators Society) to pilot this program. The findings of this collaborative effort showed that a self-exclusion program under the existing distribution model that relies on third parties for identification of self-excluded gamblers would not be efficient or effective and, therefore, is not being pursued at this time. On the basis of the results, it was recommended that card-based technology be pursued, which is reflected in the planned testing of the responsible gaming device referenced above.

2. Advancing the Responsible Gaming Agenda

In 2004–2005 NSGC continued its focus on social responsibility and building on its commitment to responsible gaming. Several key initiatives were completed and many others started that will come to fruition in 2005–2006 and beyond. Highlights include the following efforts:

Nova Scotia's third Responsible Gaming Awareness Week was held October 10–16 and was more broad reaching than the previous year. This campaign saw expansion from two to five communities (Halifax Regional Municipality, Cape Breton Regional Municipality, Truro, Kentville, and Bridgewater), which enabled 60 per cent of Nova Scotians to have easy access to important responsible gaming information. The theme selected for 2004's program was Everyone Needs a Game Plan, which emphasized the need for education, informed decisions, and planning in all responsible choices related to gaming. More than 3,100 people either attended awareness sessions or received information from mall displays throughout the province about what it means to play gaming products responsibly. The tremendous efforts of those involved in 2004's RGAW resulted in 65 per cent of the public in target communities being aware of specific responsible gaming initiatives and 87 per cent of Nova Scotians supporting an annual Responsible Gaming Awareness Week.

Know the Score, an interactive, peer-led program, was introduced in October of 2004 and was designed to give people aged 19–24 the facts about gambling. It was piloted at Dalhousie University and at the University College of Cape Breton in Sydney. Successfully introduced in Ontario by the Responsible Gambling Council, Nova Scotia is the second province in Canada to adopt this proven program. The October pilot was very well received, with over 2,200 visitors to the interactive booths, and a number of results reflected a successful outcome, including 82 per cent of the survey respondents indicating that their awareness of the risks associated with gambling increased and 88 per cent gaining awareness of where to go should they require help to control their gambling. Therefore, due to this success, it was expanded to six post-secondary campuses in January/February 2005.

NSGC spearheaded the delivery of Caught in the Game, a play targeted at high school students in order to educate and raise awareness of responsible gaming and problem gambling. Piloted at two high schools in February 2005 to over 500 students, the program achieved very high results: over 90 per cent of the respondents found the play informative and an effective means to convey messages about problem gambling, and they are now more aware of where people can get help for a gambling problem. Based upon these results, the program will be offered in other schools during the 2005–2006 year.

Play By Play, a program designed to give no-, low- and moderate-risk VLT players (as categorized by the Canadian Problem Gambling Index) information and tools that encourage and support responsible decisions related to their gaming, was also launched. The program is delivered through a series of brochures at all 480 video lottery retail sites and is intended to dispel myths about gaming and offer tools and tips to encourage and facilitate responsible gaming choices. Play By Play is the first program of its kind worldwide. NSGC licensed the program and adapted it for use by Nova Scotia players. All materials were also tested by VLT players through a series of focus group sessions and will be evaluated in the spring of 2005.

NSGC signed a Cooperation Agreement with Techlink Entertainment Ltd. to conduct a pilot test of its Responsible Gaming Device (RGD). Techlink's RGD is an individual console that can be attached to an electronic gaming machine—such as a video lottery terminal (VLT)—and incorporates the use of a card to provide players with responsible gaming features such as setting spending limits, reviewing historical spending, and specifying times when the player wants to be limited from playing/gaming. The pilot test will begin in the spring 2005 and will run for most of the 2005–2006 fiscal year, with the appropriate monitoring and evaluation mechanisms in place to support the determination of the effectiveness of the features and related technology.

3. Ensuring Accountability

There is continued emphasis on NSGC's responsibility to report to its shareholder, the Government of Nova Scotia, and to inform the public on the activities of the gaming industry. Over the last year, many of NSGC staff met with key stakeholders in the gaming sector to ensure a reciprocal understanding of the gaming industry's challenges and opportunities. NSGC also provided written correspondence on a number of initiatives to relevant municipalities, chambers, and other gaming jurisdictions to provide information deemed relevant and timely on responsible gaming initiatives and business-related updates.

NSGC also met with senior representatives of its operators, Atlantic Lottery Corporation and Casino Nova Scotia, on a monthly basis in order to monitor activities and ensure compliance with regulation, responsible gaming activities, and their respective 2004–2005 business plans.

In 2004–2005, NSGC also responded to more than 40 media/public inquiries, encompassing various topics and issues.

In addition to the release of its annual and quarterly reports, two of NSGC's most significant communication efforts included the provincial Gaming Strategy process and the 2004–2005 RGAW. The Gaming Strategy effort involved the physical distribution of over 2,300 Gaming Strategy–related documents and associated input forms to gaming sector stakeholders around the province; and over 90 individuals and/or organizations participated in sessions to discuss the future direction of gaming in the province. In addition, communications to the public consisted of a series of print ads, Internet access though the government's main homepage, a government 1-800 number, and additional distribution of the discussion paper through Access Nova Scotia sites located around the province. As a result of these efforts to engage Nova Scotians, approximately 150 written submissions were received, and 37 stakeholder sessions were conducted. This feedback represented the views of over 1,000 Nova Scotians on this important initiative.

Budget Context

	Forecast 2004–2005 ($,000)	Estimate 2005–2006 ($,000)
Revenues		
Atlantic Lottery Corporation		
Ticket lottery	199,900	214,500
Video lottery	200,200	180,100
Halifax Casino Nova Scotia		
Casino	65,700	68,600
Beverage, food and other	7,800	7,500
Sydney Casino Nova Scotia		
Casino	18,800	18,800
Beverage, food and other	1,800	1,900
Interest income	200	0
	494,400	491,400
Expenses		
Atlantic Lottery Corporation		
Ticket lottery		
–Prize expense	109,600	114,800
–Retailer commissions	13,800	14,300
–Operating and other	40,700	43,900
Video lottery		
–Retailer commissions	41,400	34,600
–Operating and other	26,700	25,900
Halifax Casino Nova Scotia		
Casino win tax	13,200	13,700
Operating	52,600	51,600
Capital replacement reserve	1,100	1,100
Sydney Casino Nova Scotia		
Casino win tax	3,800	3,800
Operating	12,700	12,650
Capital replacement reserve	1,100	1,800
Payments to operator	1,100	1,100
Responsible Gaming contributions and programs	3,000	4,600
Special Payments		
Harness Racing Fund	750	750
Office of Health Promotion	100	3,100
Department of Agriculture and Fisheries	50	50
Department of Education	50	50
NSGC management expenses	2,900	2,700
	324,650	330,500
Net Income	169,750	160,900
Total Payments to Province of Nova Scotia		
NSGC net income	**169,750**	**160,900**
Casino win tax	16,900	17,500
	186,650	178,400

Outcomes and Performance Measures

Outcome	Indicator	Measure	Base Year Measure	Target 2005–06	2005–06 Strategies to Achieve Target
Economic Sustainability	• Total payment to province	• Actual to Budget	• $186.7 million (+/-10% of budget)	• $178.4 million (+/-10% of budget)	• Monitoring of operators to ensure compliance to business plans
	• VL as percentage of total net income	• Reduction in percentage of total net income	• 78%	• 74%	• Introduction of new ticket lottery products
	• Commissions to retailers	• $ amount	• $55.2 million	• $48.9 million	• Reduced access to VLTs • Improvements to VL and Casino environment • Introduction of VL central operating system
Social Responsibility	• Awareness of responsible gaming activities	• Percentage of public aware of responsible gaming activities	• 59%	• 65%	• Expansion of Responsible Gaming Awareness Week
	• Player awareness of responsible gaming features	• Percentage of VL players aware of responsible gaming features	• 80%	• 80%	• Introduction of community outreach program
	• Implementation of responsible gaming programs	• Number of effective/ researched responsible gaming programs introduced	• 2 per year	• 3 per year	• Launch of responsible gaming programs for high risk populations
Accountability	• Response to routine access requests for information	• Percentage response within two business days	• 90%	• 95%	• Sound operations management
	• Reports submitted on or prior to legislated deadlines	• Percentage of NSGC and operator reports provided before due date	• 90%	• 95%	• Targets to be incorporated into employee personal performance plans
	• Introduction of socially responsible products	• Number of products introduced with social responsibility assessment	• 100%	• 100%	• Corporate commitment to social impact analysis • Completion of card-based pilot

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

FOR THE FISCAL YEAR 2005–2006

Nova Scotia Government Fund Limited

Business Plan 2005–2006

Contents

Mission

To fund alternative delivery initiatives for government.

Planning Context

The Nova Scotia Government Fund Limited (NSGF) was incorporated on December 16, 1994, under the Companies Act (Nova Scotia). It was approved as a government-administered venture capital fund pursuant to the regulations issued under the Immigration Act.

The January 4, 1996 offering memorandum contains investment restrictions that make it difficult to find qualifying projects. The offering states, "The Fund will be restricted to making investments directed to the privatization of public services and may include operation of food services in hospitals, laboratory services to health care facilities and other projects that will result in economic benefit to Nova Scotia."

NSGF has continued to actively look for appropriate investments within the limitations of the offering memorandum. The opportunities for investment have been hampered by the significantly low interest rates available from other sources that have decreased the attractiveness of the NSGF funds for investment.

Nonetheless, the NSGF has been able to identify the two investment projects required to meet the federal program requirements. Funds, when not invested in projects, have been safely placed where they could be accessed as qualified investment opportunities occur.

NSGF will primarily confine its efforts to adhering to the policies of the federal legislation relating to the fund and ensuring that the funds are invested in appropriate projects that meet the objectives of the fund.

Strategic Goals

Federal and provincial investment criteria have limited suitable investment opportunities. In light of this the goals of the NSGF for the fiscal year 2005–2006 are

1. To ensure that the funds of all investors are safely invested.
2. To direct the Nova Scotia Department of Finance to continue to invest any funds not invested in qualified projects in liquid Canadian securities until such time as the investors' promissory notes come due.
3. To continue to facilitate funding to investors when their notes become due.

4. To prepare for repayment of matured notes as the federal requirements are met and to prepare for wind-up of the fund following repayment of notes.

Core Business Area

The core business area of the NSGF is to invest the funds already raised through the offering memorandum in qualified investments as outlined by both Citizenship and Immigration Canada and the offering memorandum.

Priorities 2005–2006

- To ensure that the funds belonging to the investors are safely and soundly invested.
- To satisfy the requirements of the federal regulations relating to the program.

Budget Context

Expenses incurred by the NSGF are offset against interest earned by investments.

Outcomes and Performance Measures

NSGF is a mature government-administered venture capital fund approved pursuant to the regulations issued under the Immigration Act. Through the Board of Directors of NSGF, the prime emphasis with the fund is to ensure that it is properly invested in safe investments that meet the requirements of the offering memorandum. At this stage in the fund's existence the prime job is to maintain proper monitoring of the assets and investments.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Harness Racing Incorporated
Business Plan 2005–2006

Contents

Mission

The Nova Scotia Harness Racing Advisory Committee is responsible for evaluating how best to invest the government funding provided while moving the harness racing industry to a more competitive, self-sufficient funding position.

Performance in 2004–2005

During the 2004–2005 fiscal year, a total of 112 live race dates were achieved with the assistance provided by the Government of Nova Scotia, and this assistance was also responsible for the successful Atlantic Sire Stakes races.

Business ran smoothly between horse owners and track management at all three tracks in 2004–2005. This helped drive the total wager up for the year. Prince Edward Island and the Atlantic Lottery Corporation announced intentions to create two racino facilities (Charlottetown and Summerside). In Nova Scotia there is a casino contract, and a limit on the number of VLT's prevents developing a racino format in the province. The industry continues to be hopeful that the funding format for the harness horse industry in Nova Scotia will be changed.

The Liaison Officer divided his time between carrying out tasks for the Nova Scotia Harness Racing Industry and the Maritime initiative.

2004–2005	**Processed Claims**
Special Stakes Races, Inverness, Truro, Tartan Downs	$ 20,000
Atlantic Sire Stakes	218,310*
Purse Subsidy Reimbursement	358,500
Matinee Tracks & 4H	5,000
Maritime Provinces Harness Racing Commission	97,000 *
Operational Costs (meeting expenses)	1,190 *
Liaison Officer	$ 50,000
Projected Total For 2004–2005 Fiscal Year	$ 750,000

* Projected Expenditures

Strategic Goals

- Strive to improve the product, namely live harness racing, to be competitive in the entertainment market.
- Improve relationships between racetrack management and the horsemen to treat each other as partners rather than adversaries.
- Secure adequate long-term funding through government liaison and corporate sponsorships.
- Improve media coverage of both live racing events and the industry generally.
- Encourage continuing quality in the Standardbred horse for the harness racing industry.
- Use the Nova Scotia Harness Racing Industry Association to provide leadership of the industry in Nova Scotia.
- Work towards expanding the product into additional fields beyond live racing events and offer alternative forms of gaming and sports to generate interest and income through improved "entertainment centres."

Core Business Areas

Entertainment and Standardbred horse genetics have been the core businesses of Nova Scotia Harness Racing Inc.

Entertainment

The entertainment aspect is comprised of three components:

1. live racing events/pari-mutuel wagering
2. simulcast wagering/telephone account wagering
3. gaming/video lottery terminals

There is a need to grow the business in each component so that more funds are available for harness horse owners. Greater incomes will peak interest in investing in the genetics aspects of the industry and drive values of breeding stock upwards.

Pari-mutuel betting is a fundamental source of funding of the live racing events and a key attraction for those keenly interested in the gaming aspect of live harness racing.

All three tracks had agreements in place between track management and horse owners, so there were more live racing events for the province in total. The purses at live racing events are very dependent on government funding support. Funding was maintained at the 2003–2004 level, but the funds had to be divided by three tracks rather than two, and officiating costs were projected to be higher. There were fewer funds available for purse pools, but the Atlantic Sire Stakes was maintained at the $200,000 level.

Simulcasting of racing events beyond the local racetracks continues to be a major supporting funding source for the industry, making up 88 per cent of wager income. A new teletheatre site was set up at Smitty's Restaurant in Port Hastings for the Inverness Racetrack, and a new teletheatre site was set up at the Athletic Club in Glace Bay for Tartan Downs Racetrack. The Canadian Pari-Mutuel Agency reduced its requirements for racetracks to be eligible to establish teletheatres to fewer than 50 race dates, and they have to be approved by the Maritime Provinces Harness Racing Commission. Smaller racetracks such as Inverness and Tartan Downs can now negotiate sites within their market areas.

Genetics

Maritime-bred horses competing outside of the region in 2004 earned $3,374,690. The Atlantic Breeders Crown, which showcases the best of Maritime breeding, was held in Truro in 2004 and was well attended. Standardbred horses represent a rural economic development opportunity. Horse production facilities can be established on sites where other forms of agriculture cannot exist because horses have an aesthetic appeal. The breeding, rearing, and training of the Standardbred horse are key activities for both the farming communities of Nova Scotia and the live racing events at the province's three raceways.

Budget Context

Revenues	Actual 2003-04 ($)	Forecast 2004-05 ($)	Estimate 2005-06 ($)
NS Funding (Nova Scotia Gaming Corp.)	750,000	750,000	750,000
Total Revenues	750,000	750,000	750,000
Expenditures			
Special Stakes	30,000	20,000	30,000
Atlantic Sire Stakes	200,000	218,310	200,000
Purse Subsidy Reimbursement	372,144	358,500	348,500
Maritime Provinces Harness Racing Commission	96,889	97,000	115,000
Operational Costs—Meeting Expenses	921	1,190	1,500
4-H and Matinee Tracks	4,091	5,000	5,000
Liaison Officer Position (includes participation on Maritime HR Development Council)	45,888	50,000	50,000
Total Expenses	749,934	750,000	750,000

With all three tracks providing live racing, there were 112 live race dates. It is no surprise that officiating costs are projected to grow to accommodate the increased number of race dates. The liaison officer position utilized the full amount budgeted in 2004–2005 with fewer dollars left to go toward the purse pool. It was reduced by $20,000 and had to be divided between three tracks rather than two. However, even with the reduced government funds to go toward purse pools, the horse owners at the Tartan Downs and Truro locations enjoyed a good year for race purses.

Inverness found it difficult, at times, to provide race purses that would attract horses from away and, in the end, raced fewer dates than were planned. The balance in their horsemen's purse pool would not allow them to race the full schedule of dates.

Operating costs: Meeting expenses (exclusive of administration costs) to manage the fund will come in below allocation and are projected to be $1,190. The 4-H and matinee track fund was maintained at $5,000.

Outcomes and Performance Measures

Core Business Area 1 *Entertainment*

Outcome	Measure	Base Year	Target 2004	Target 2008 Measure	Strategies to Achieve Target
More live races	Increase in live race events	2002: 100 race dates	112	Increase live race events	• Long-term agreements
More horse owners	Number of owners	2002: 403 owners	480	Minimum purse $1000 to $2000	• Improved income for horse owners
Increased bet	Amount of bet	2001: Gross bet $12.8 million	Total wager $13.3 million	Increase gross bet by 10%	• Attract patrons
More entertainment options	Attendance	2001: 70,000	95,000	Higher attendance	• Market existing and new additions

Genetics

Outcome	Measure	Base Year	2004	Target 2008 Measure	Strategies to Achieve Target
More horses in race cards	Horse population	2001: 480 Standardbreds	510	Adequate minimum 60 horses per race event	• Invest in breeding stock and property race card
Greater interest in horse ownership	Average sales value	2001: $4400	$4,508 Row 1	Increased prices for NS-bred horses	• Promote the horse race by 10%

- The fall sale was down an average of $900 per animal. This could reflect an erosion of the genetic base within the region and emphasizes the need for the industry to access a new funding methodology.
- The long-range strategic plan for the industry is still valid.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Housing Development Corporation
Business Plan 2005–2006

Contents

Mission

To be a partner to Nova Scotians in fostering healthy communities through housing.

Introduction

The Nova Scotia Housing Development corporation plays an important role in supporting the government's commitment to helping Nova Scotians access safe and affordable housing and maintain their homes.

The corporation had a successful year in 2004–2005, with a number of projects under way across the province. Under the Affordable Housing Agreement, over $14.4 million has been committed to date for the construction or renovation of more than 300 units. The corporation was also successful in securing a funding for a second phase of the agreement. This will result in an additional federal/provincial investment of $18.9 million. Combined, the two phases of the Affordable Housing Agreement represent a total federal-provincial investment of over $56 million in affordable housing options for Nova Scotians.

We look forward to a busy year ahead, working with our partners to develop affordable and sustainable housing solutions that will help meet the changing needs of Nova Scotians.

Planning Context

The Nova Scotia Housing Development Corporation was created in 1986 to provide financing for the government's social housing programs. It is responsible for holding the province's social housing assets and consolidating the revenues and expenditures associated with operating these assets. It is governed by the Nova Scotia Housing Development Corporation Act.

The Minister of Community Services is the corporation's Chairperson, and the Deputy Minister is the President. The corporation has no employees; staff of the Department of Community Services carry out the management and administration functions of the corporation but are not direct employees and receive no remuneration from the corporation. Direct service delivery, including functions such as tenant and property management, is carried out by seven regional housing authorities (RHAs) and their employees.

The corporation supports the province's housing initiatives to provide safe, affordable, appropriate, and sustainable housing to low- and modest-income Nova Scotians by managing the province's social housing assets, negotiating funding agreements, and providing financing tools for a variety of housing solutions.

In carrying out its business, the corporation and its agents perform a number of roles, including those of land owner, landlord, administrator, and developer. For example, the corporation is the largest residential landlord in the province, owning 11,659 senior and family public housing units. These units are administered and managed by the RHAs. The authorities also administer the Rent Supplement Program (approximately 800 units) and the Rural and Native Housing Program (approximately 630 rental units and 680 homeowner units). Combined, these programs provide housing to approximately 30,000 Nova Scotians.

Three federal-provincial agreements form the cornerstone of the corporation's operations. They are the Social Housing Agreement (SHA, 1997), the Affordable Housing Agreement (2002, 2005), and the Housing Renovation Programs Agreement (2003).

Under the Social Housing Agreement, the corporation assumed the administration of approximately 220 third-party operating agreements with 156 different co-operative and non-profit housing organizations. Under the terms of the respective operating agreements, the department provides annual subsidies to 220 housing projects. These housing projects involve approximately 7,000 dwelling units and are located throughout the province.

In accordance with the terms of the SHA, Nova Scotia's annual federal funding for federal/provincial social housing programs was capped at the 1995–96 funding level. As individual housing project agreements expire and their mortgages mature, the level of federal funding declines. Based on the current agreement and mortgages outstanding, projections are that federal contributions will cease by 2035.

Other corporation activities include administration of the Canada Mortgage and Housing Corporation's (CMHC) mortgage/loan portfolio for Nova Scotia and working with other program units within Community Services and with the Department of Finance to provide direct lending to housing-related projects for long-term interest rate risk reduction.

Challenges

Challenges facing the corporation include the following:

- The province's private and public housing stock is aging. One in three public housing units (3,788) is at least 30 years old. Another 3,451 units were built 25–29 years ago. These units require more ongoing maintenance and capital improvements than those built within the past 20 years. In 2003–2004, $24.2 million was spent on capital improvements and maintenance.

- Housing needs are changing, as evidenced by a growing demand for affordable rental accommodations for non-elderly single households. At the same time, Nova Scotia is experiencing a marked shift in the population from rural to urban centres. As a result, some public housing projects, built over 20–30 years ago, are located in communities where there is no longer a high demand for public housing .
- The annual operating expenses for the approximately 12,000 public housing rental units are increasing. Though directly affected by rising prices in such areas as utilities, home heating fuel, building materials, and wages, as a public housing landlord, the corporation does not have the flexibility to pass rising costs on to tenants.
- Annual federal subsidies provided under the Social Housing Agreement are declining and will continue to decline, which will necessitate consideration of alternative funding or renewed federal funding.

Opportunities and Initiatives

To help address these challenges, the corporation is continually pursuing additional funding opportunities and exploring ways to promote effective and effective management of operations, both for today and the future.

The corporation has been active in securing new funding agreements and has engaged in a number of major initiatives.

- In 2002, Nova Scotia signed the Canada–Nova Scotia Affordable Housing Agreement. The purpose of the agreement is to improve the supply of affordable housing in Nova Scotia. Under the agreement, the Government of Canada and the Province of Nova Scotia each committed to $18.63 million in funding for the development of affordable housing options. Four programs were developed to deliver the funding: New Rental Housing Initiative, Rental Housing Preservation, New Home Purchase Program, and Home Ownership Preservation.

  This agreement was an important step in support of Nova Scotians in need of affordable housing, and it is an important piece of the province's housing strategy. By the end of the 2004–2005 fiscal year, the federal and provincial governments had committed approximately $14 million of the total $37.26 million, involving approximately 340 affordable housing units.

- The corporation anticipates, in response to a request for proposals issued in December 2004, that in 2005–2006 it will be in a position to approve another series of rental projects, which will add to the existing stock of affordable housing units in the province.

- In November 2003, the three-year Canada–Nova Scotia Renovation Programs Agreement was signed. Through this agreement, the province spent approximately $8.79 million in 2003–2004 and assisted more than 900 households. This included assistance provided under the array of RRAP (Residential Rehabilitation Assistance Program) programs.

  The 2004–2005 budget for the Renovation Programs was $9.28 million. Every year the corporation commits 100 per cent of the funds available. It is anticipated that approximately the same level of activity achieved in 2004–2005 will be maintained.

- In March 2005, the Canada–Nova Scotia Affordable Housing Agreement was amended to encompass $18.9 million in additional federal/provincial funding for Phase II of the Affordable Housing Initiative. This will enable the province to continue to either create or renovate affordable housing units for Nova Scotians.

Strategic Goals

The goals of the corporation are to

- Foster healthy communities through innovative housing solutions
- Ensure access to a supply of safe, appropriate, affordable, and sustainable housing

One of the key determinants of health is a safe and secure physical environment. Safe, adequate, and affordable housing is fundamental to personal well-being and the base upon which to build healthy and sustainable communities. Adequate housing provides a physically and environmentally safe place in which to live and raise children and enables participation in the social and economic life of the province.

As such, the goals of the corporation are consistent with and support the priorities of the Government of Nova Scotia in supporting individuals and families to access affordable and sustainable housing in their communities, fostering healthier Nova Scotians, enabling learning, and contributing to prosperity.

Core Business Areas

The corporation's core businesses are

- Managing the province's social housing funds and assets
- Providing mortgage guarantees and/or financing to qualifying housing projects
- Enabling the delivery of housing programs through funding agreements such as the Social Agreement, the Canada–Nova Scotia Affordable Housing Agreement, and the Canada– Nova Scotia Housing Renovation Programs Agreement

These activities enable the province to provide safe, adequate, affordable options for Nova Scotians.

Priorities for 2005–2006

The following are the corporation's priorities for the 2005–2006 fiscal year.

1. Evaluate the federal social housing programs encompassed under the Canada–Nova Scotia Social Housing Agreement, using the evaluation framework developed in 2004–2005.

Under the terms of the Canada–Nova Scotia Social Housing Agreement signed in 1997, an evaluation of the social housing programs is required every five years. In October 2004, work began on the development of an evaluation framework. The framework includes the Public Housing Program, the Rural and Native Program, the Rent Supplement Program, the Urban Native Program, and the Non-Profit Housing Programs. Staff of the department and the seven regional housing authorities as well as other social housing stakeholders were consulted during the development of the framework.

With the evaluation framework in place, the programs will be evaluated in 2005–2006. These evaluations will provide information on the performance, results, and cost-effectiveness of the federal social housing programs covered by the agreement.

2. Decentralize the administration of the Rural and Native Housing Program.

In 2003, the third-party management agreement for the 1470 Rural and Native housing portfolio expired. Since that time, as an interim approach, the property management functions for 630 rental properties have been provided by the Cobequid Regional Housing Authority, and the mortgage administration for 680 ownership units has been provided by head office. In 2005–2006, the property management and mortgage administration functions will be decentralized to the appropriate regional operations and regional authorities and integrated into their regular business.

3. Continue to implement the Affordable Housing Program

During 2004–2005, a variety of affordable housing projects, located throughout the province, were approved:

- Sydney Mines (20 rental units for seniors and non-elderly singles)
- Halifax (66 rental units for seniors)
- Truro (24 rental units for singles, families, and seniors)
- Westville (4 rental units for persons with disabilities)
- New Minas (24 rental units for seniors)
- Debert (24 rental units for singles, families, and seniors)
- Chester (16 units for seniors)

In addition, approximately $2.4 million was committed in 2004–2005 for the Home Preservation Program. This commitment has enabled approximately 110 homeowners to undertake major repairs to their homes.

In December 2004, the second request for proposals for new affordable rental housing for singles, families, seniors, and people with disabilities was issued. The closing date was February 16, 2005. It is anticipated that the province will be in a position in 2005–2006 to approve another series of affordable rental projects from the proposals submitted as a result of the December request. By March 31, 2005, approximately $14 million of the Phase I funding of $37.26 million will be committed, and a total of 340 affordable housing units created and/or renovated.

In March 2005, the province and the federal government entered into an amendment to the original Canada–Nova Scotia Affordable Housing Agreement signed in 2002. The amendment dealt with funding for a Phase II of the agreement, which involves approximately $18.9 million in additional funding, to be committed by March 2008.

In 2005–2006, the corporation will continue implementation of the Affordable Housing Agreements, working with community agencies, non-profit organizations, and the private sector to develop affordable housing options for Nova Scotians. A plan for implementing phase II is expected to be ready by summer 2005.

4. Develop a long-term housing approach for government

Safe affordable housing is fundamental to personal well-being and the base upon which to build healthy and safe communities. In 2005–2006, the role of housing will be reviewed, addressing the challenges and issues the province will face and suggesting approaches that will help Nova Scotia grow, prosper, and thrive.

Budget Context

The following two tables provide information on the corporation's funding and expenditures ($ thousands).

Table 1. Nova Scotia Housing Development Corporation Funding

Funding Source	Actual 2003–04 ($,000)	Forecast 2004–05 ($,000)	Estimate 2005–06 ($,000)
Revenue from Government Sources	83,500	97,250	96,300
Revenue from Rents	49,500	49,500	49,000
Interest, Revenue from Land Sales and Other Revenue	3,000	5,500	2,500
Total Funding	136,000	152,250	147,800

Table 2. Nova Scotia Housing Development Corporation Expenditures

Expenditure Source	Actual 2003–04 ($,000)	Forecast 2004–05 ($,000)	Estimate 2005–06 ($,000)
Interest on Long-Term Debt	28,900	28,400	27,900
Property Management and Operations	44,700	45,000	45,000
Maintenance and Capital Improvements	24,200	24,600	23,700
Transfer to Housing Services*	24,700	40,250	37,700
Amortization of Investment in Social Housing	10,000	10,500	11,000
Administration Fee and Cost of Land Sold	3,500	3,500	2,500
Total Expenditures	136,000	152,250	147,800

* Under the terms of the Canada–Nova Scotia Social Housing Agreement, CMHC transfers the federal subsidies to the corporation monthly. A portion of this funding is then transferred to the Programs Division of the Department of Community Services for Social Housing Program subsidies. In addition, gross program expenditures under the Affordable Housing Agreement and The New Home Renovation Agreement are included in the forecast and estimate amounts.

Outcomes and Performance Measures

Core Business Area 1 ***Manage the province's social housing funds and assets***

Outcome	Measure	Data	Target	Strategies to Achieve Target
The corporation's ability to meet its program obligations under the Canada–Nova Scotia Social Housing Agreement, assuming no modification to the existing arrangements in the agreement, which ends in 2035	Projection of the financial resources available to meet anticipated Canada–Nova Scotia Social Housing Agreement Expenditures	The corporation's expenditures increased in 2003–04, while maintaining a positive balance in reserves necessary to protect the corporation's financial position.	Ensure that existing programs operate within the annual funding available; the challenge for the corporation is managing in an environment in which operating costs are increasing and opportunities to increase rents are limited	• Continue to monitor and pursue opportunities to improve operations and generate new revenues • Develop a long-term housing approach for government that better positions the corporation to maximize its resources and the department to address the long-term housing needs of Nova Scotians • Conduct an evaluation of the housing programs under the 1997 Canada–Nova Scotia Social Housing Agreement.
Co-operative and non-profit housing organizations' ability to provide, safe, affordable, and sustainable housing	Percentage of co-operative and non-profit housing organizations that have adequately funded reserves	In 2003–04, 71% of the non-profit and co-operative housing had adequately funded reserves, up from 62.5%, in 2000–01 (the base year).	75% of non-profit and co-operative housing have adequately funded reserves	• Continue to work with others to provide training; to develop a co-operative network to build capacity; to increase opportunities for information exchange; and to work with individual organizations to assist and train management.

Core Business Area 2 *Provide mortgage guarantees and/or financing to qualifying housing projects.*

Outcome	Measure	Data	Target	Strategies to Achieve Target
Safe and adequate housing through mortgage guarantees and/or financial assistance	Number of qualifying housing projects receiving mortgage guarantees and/or financing assistance	2001–02 (base year): 1 project 2002–03: 6 projects 2003–04: 9 projects The corporation provided approximately $11.8 million in financial assistance in 2003–04. Projects assisted included renovations to an existing nursing home; a 30-unit assisted living pilot project; a 15-bed overnight stay facility for people with relatives in a hospital; and two leased properties for the Community Supports for Adults Program.	Assist a minimum of three housing projects per year. This target has been reached in each of the past two years.	The corporation will continue to foster and pursue partnering opportunities with other departments and government agencies.

Core Business Area 3 *Enable the delivery of social housing programs through the Canada–Nova Scotia Affordable Housing Agreements.*

Outcome	Measure	Data	Target	Strategies to Achieve Target
Safe, adequate, affordable housing options	Affordable Housing Agreement funds committed to date on creating and renovating housing units	The initial Affordable Housing agreement signed in 2002 required commitment of the original $37.26 million in funding by the end of March 2005. As part of the Phase II agreement, the federal government has agreed to provide the provinces some flexibility with respect to project development and funding commitment for both Phase I and Phase II.	To commit all funds available under Phase I and Phase II of the Affordable Housing Agreement: Phase I: $37.26 million; Phase II: $18.9 million	• Determine how best to maximize the benefits under each phase and develop an approach that enables full commitment of funds by the end of March 2008. • Continue to develop partnerships with community-based organizations, municipalities, and the private sector to create or renovate housing units. • Develop a strategic housing policy that better positions the corporation to maximize its resources and the department to address long-term housing needs. • In December 2004, another request for proposals for affordable rental housing projects was issued. It is anticipated that this request will be as successful as the initiative in February 2004, which resulted in 7 approved housing projects, involving the creation of 178 affordable rental units.

Core Business Area 4 *Enable the delivery of social housing programs through the Canada–Nova Scotia Housing Renovation Programs Agreement*

Outcome	Measure	Data	Target	Strategies to Achieve target
Safe, adequate, affordable housing options	Number of households assisted through funding made available under the Housing Renovation Programs Agreement	In 2003-04, funding was provided for 919 units, and 68 beds. This includes all the units and beds improved under the renovation programs, the suite of Residential Rehabilitation Assistance (RRAP)—RRAP for Homeowners, RRAP for Individuals with Disabilities, Emergency Repair, the Home Adaptation for Seniors Independence (HASI), RRAP for Rental and Rooming Houses, Conversion RRAP, and the Shelter Enhancement Program for emergency shelters. Historically, all available funds have been used each year, and this trend is expected to continue.	Continue to maximize the benefits associated with housing repairs for those most in need, based on the funds available in each fiscal year.	• Utilize the full annual funding available in 2005–06 for renovation programs.

Crown Corporation
B U S I N E S S   P L A N S
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Liquor Corporation
Business Plan 2005–2006

Contents

Purpose

Bringing a world of beverage enjoyment to Nova Scotia.

Mandate

The NSLC has developed a new statement of purpose, based on its legislated mandate, to describe its focus over the coming years.

We aspire to this purpose through our vision:

- To be recognized as a superb retailer—known for our business performance, customer focus, and vibrant shopping experience, eliciting the pride and enthusiasm of Nova Scotians.

Living our purpose and vision entails a culture

- that encourages innovation and creativity
- that engages employees in achieving success
- that is driven by customer needs
- that demonstrates respect and dignity in all we do
- that is a fun place to work
- that advocates intelligent consumption

Planning Context

The NSLC is competing in a retail marketplace that is rapidly changing to meet increasingly sophisticated and demanding consumer needs. Retailers are constantly evolving to provide a more customer-sensitive environment in order to maintain and increase earnings. The NSLC is competing directly for a share of the customer's discretionary income. In this changing environment technology, convenience, service, and product selection are key to modern retailing.

The NSLC's future success depends on its ability to respond to these realities and provide shoppers with a retailing experience that meets and exceeds their rapidly evolving needs. The long-term earnings growth resulting from focusing on customer expectations will be achieved through ongoing investments in all aspects of the business.

Customer Base

The population base of Nova Scotia is expected to remain relatively stable, with no major increase or decrease in population expected over the period of this business plan. However, there are significant changes occurring within the population of the province that impact current and future business practices of the NSLC. Population shifts, in particular, urban/rural shifts and changes to the age of the population, impact the delivery of our retail offering. According to Statistics Canada, Nova Scotia's population growth is occurring primarily in the Halifax Regional Municipality, and the median age of the population is increasing.

Research also shows that 65 per cent of the Nova Scotia population is of legal age to consumer beverage alcohol, while 26 per cent do not drink.

Economy

The provincial government estimates that the Nova Scotia economy will improve slightly in 2005 by 0.6 per cent when compared with 2004, with real GDP growth in 2005 expected to be 2.1 per cent. The employment rate is expected to grow by 1.5 per cent in 2005. The government is also projecting retail sales to increase by 4.4 per cent during 2005 for Nova Scotia.

Labour Relations

NSLC has three groups of unionized employees each with its own collective agreement. All three groups are represented by the Nova Scotia Government and General Employees Union (NSGEU). Unionized employees include many office staff, all permanent part-time and full-time store clerks and store managers, as well as most staff in the Distribution Centre. All three collective agreements expired in 2004, and negotiations for new contracts, which began in 2004, are ongoing. They are expected to conclude in 2005.

Retail Environment

The retail environment in Nova Scotia, as elsewhere, is undergoing significant change. Consumers are better educated, reflect greater diversity, have higher expectations, and understand their shopping alternatives. Retailers are responding by investing in systems, tools, and technology to allow them to better understand and measure the drivers of success in this changing retail landscape. Nova Scotians increasingly have greater choice of where and how to spend their discretionary income. The retail sector is undergoing significant consolidation, and the Canadian marketplace is seeing increased competition from international retail businesses.

Over the past 10 years, there has been a strong trend of US retailers entering the Canadian marketplace. US retailers account for approximately 30 per cent of Canadian retail sales. This shift has caused a retail change away from traditional downtown core shopping areas to suburban regional retail "power centres" where large US and Canadian retailers such as Costco, Home Depot, Walmart, Chapters, and Canadian Tire are locating. These power centres offer consumers a greater depth of product offerings at a perceived lower cost. This has not only impacted the traditional downtown shopping experience, but has also reduced the consumer draw to smaller community shopping centres.

One of the few Canadian retail sectors not yet facing direct US competition is the grocery business. With one of the two largest grocery retailers headquartered in Nova Scotia, this market in this sector is exceptionally competitive. These strong Canadian retailers have recognized the power centre trend and have responded by adjusting their merchandise offerings and by substantially increasing the size of their stores. Most retail power centres in Atlantic Canada will be anchored by an Atlantic Superstore or Sobeys location.

In this environment, the NSLC must find ways to improve customer service, increase product variety, and convenience in the most cost-effective manner possible. This means the NSLC must not only increase product selection, variety, and customer service, but must also locate its stores in areas that are representative of current consumer shopping patterns and markets. The NSLC will continue to pursue locations with grocery stores within the province in response to these challenges.

The co-location of liquor and grocery stores enhances the natural association of food and beverage alcohol pairings with added convenience for the shopper. New stores, or relocating older stores to these grocery locations, allows NSLC to renew its store network in a cost-effective way and to re-image the stores to best meet changing expectations.

The NSLC continues to identify communities and customer segments that are being underserved. Women, as a market with unique buying patterns, continue to be underrepresented as NSLC shoppers; the grocery stores here allow the NSLC better access to this market, as up to 80 per cent of the primary decision makers in the grocery store can be women. Also, some smaller communities in remote areas continue to be some driving distance from the closest NSLC store; the NSLC will establish additional Agency Stores for more convenience shopping in these communities in which the operation of a new NSLC retail store cannot be economically supported.

The NSLC and the manufacturers of the products it retails are regularly examining the pricing of products sold, the competitive forces within the industry, and the need to adjust prices for promotional or strategic business reasons.

Business Focus

Supply Chain

The backbone of the NSLC's business is its supply chain requirements. The logistic elements of getting the product from its point of manufacture anywhere in the world to the Halifax Distribution Centre in Bayers Lake and then out to NSLC retail stores, licensees, agency stores, and private wine and specialty stores are critical to the organization's success.

Retail

Once the product is in Nova Scotia, the NSLC is responsible for retailing beverage alcohol to the consumer. It does so through more than 107 retail stores that range from the traditional NSLC store and the higher-end Port of Wines store to the new NSLC Winebaskets, offering a convenient wine-only small-format store. The NSLC is constantly examining retail market patterns to ensure that the store network is best designed to meet the constantly evolving needs of the consumer.

A key element to retail success is the knowledge, experience, and talents of retail store staff. NSLC employs over 1,200 people in communities across the province and strives to support and enhance their skills to deliver superior customer service in a vibrant retail environment.

Wholesale

With the exclusive responsibility in Nova Scotia to acquire and distribute beverage alcohol, the NSLC also serves as a wholesaler. The wholesale market makes up approximately 18 per cent of all NSLC revenues. The NSLC's wholesale market involves supplying the province's licensees (restaurants, bars, lounges, and hotels licensed to sell beverage alcohol); NSLC Agency Stores; and Private Wine and Specialty Stores (PWSS) with beverage alcohol products.

Corporate Services

The NSLC has a number of corporate services that enable the supply chain, retail, and wholesale functions to operate efficiently and effectively. These include the choice of products offered; the marketing and promotion of those products; the financial management of the business; meeting the human resource needs of the NSLC; the development and maintenance of the NSLC's facilities and store network; the use of information technology to improve the efficiency of the business and facilitate the shopping experience; and the transparent communication of the goals of the organization both internally and externally.

Strategic Goals

The NSLC has identified six strategic goals to guide its operations during this period:

1. Meet or exceed operating income commitments.
2. Implement business process improvement.
3. Promote cultural change
4. Increase customer focus
5. Introduce new initiatives to deliver on the NSLC's social and economic objectives
6. Establish best practices Crown corporation governance

Priorities for 2005–2006

1. Meet or exceed net operating income commitments

One of the primary responsibilities of the NSLC is to return significant net operating income of the corporation to our shareholder—the Government of Nova Scotia. In delivering on this aspect of our mission, all Nova Scotians benefit through increased resources to fund the programs and services required of government.

- The NSLC will contribute $177.0 million to our shareholder in 2005–2006.

2. Implement business process improvement

With our goal to make the NSLC a modern retail organization the company will make a significant investment over five years to ensure that our business processes are efficient and effective. Driving operational efficiency through business process improvement will assist in increasing shareholder return. Information technology and customer research will be used where appropriate as key enablers.

- Review all corporate processes to minimize cost and optimize value to the organization.
- A board-approved implementation plan for the NSLC's information technology requirements in support of business process improvements:
  - Introduce a new technology-based shelf-management system
  - Introduce a new point-of-sale system
  - Launch an intranet site
  - Implement new software for the management of the organization's financial administration and supply chain needs
  - Continue to upgrade the store technology hardware
- Design and introduce a corporate scorecard in order to assist in driving strategic effectiveness and operational efficiency.

The corporate scorecard will become a primary performance measurement tool for the organization that will translate vision and strategy into operational and actionable objectives. It will consist of simple, relevant financial and non-financial measures balanced up and down as well as across the organization and will incorporate both leading (predict future performance) and lagging (measure value already created) indicators of performance. This measurement tool will promote continual focus on managing strategic initiatives effectively and also provide a means for facilitating efficient and coordinated decision making at all levels of the organization.

- Improve the NSLC's ability to forecast for market changes.

- The NSLC will develop a new five-year strategic plan for the organization. This plan will be reviewed and revised annually to ensure that it reflects current trends and retail strategies.

- As part of the annual business planning process the NSLC will review the Social Reference Price and its markup structure.

  The Social Reference Price has changed only twice since its introduction in 1990. The NSLC will review the SRP annually in order to ensure that we are meeting our legislated mandate on promoting intelligent consumption. In addition, the NSLC markup structure needs to be reviewed annually in order to ensure that the NSLC is setting pricing strategies to meet market shifts.

- Supply Chain

  – Supplier metrics—As we integrate our systems we will produce supplier score cards. Several measures will be included in these score cards, including shipments ready on time, accuracy of the loads, promotional support, accuracy of collaborate forecasts.

  – Supplier relationships—By partnering with our suppliers we can better anticipate our consumers' demand. Suppliers do a significant amount of research that can assist NSLC supply chain managers and category managers in better forecasting volume, and our consumers would be better served.

  – Forecast driven—Becoming forecast driven will allow us to improve overall service levels to our customers. Currently the organization bases its purchasing on warehouse draws as compared to consumer draws at the POS system. Changing replenishment to a forecasting model will allow the supply chain managers to accurately anticipate volumes by the stores drawing out only what is required. The new supply chain management systems will enable individual store forecasts and, in turn, rolling up to a total forecast to be incorporated in the execution of purchasing.

  – Technology support—The integration of supply chain technology will enable the supply chain managers and category managers to use both historical data and promotional history to more accurately anticipate demand.

  – Capacity management—Introduce supply chain management systems that improve warehouse inventory turns and fill rates to the stores. This allows the organization to maximize its assets to produce best returns to our stakeholders.

3. Promote cultural change

Perhaps the most critical element of NSLC's transformation to a modern retailer is creating and harnessing cultural change to enable staff to understand and embrace new roles. By changing our culture the NSLC will produce a better shopping experience for customers and increased returns for our shareholder.

- Performance management/metrics

Through the use of clearly communicated performance targets, for both the organization and individuals, combined with improved performance metrics, NSLC will continue to develop a culture of setting and achieving business targets and recognizing individual and team contributions.

- Sales culture

As a retailer, NSLC must do more than ensure that product is available. Customers have clearly expressed a need for more and better information from staff to help them in making a selection. Providing staff with the tools and confidence to effectively assist customers to make their buying decisions is key to developing a sales culture.

- Product knowledge

Strong product knowledge is a critical element in the desired corporate culture. In particular, efforts this year will focus on aligning product knowledge training with corporate merchandising and marketing initiatives.

- Purpose—Vision—Culture

The NSLC will effectively rollout its new Purpose-Vision-Culture statement in order to ensure that all employees understand the direction of the organization and that all decisions are made through this filter. The objective is to provide staff with a clear context in which to make day-to-day business decisions and to guide customer interaction.

- Performance pay

The NSLC will extend the concept of performance-based compensation further into the non-union staff group.

- Recruiting/promotions

This year will see a continued focus on aligning recruitment and selection processes with a clearer articulation of the skills and competencies needed for success in each role. As job requirements and performance expectations evolve, the recruitment and selection process must evolve to meet the organization's needs.

4. Increase customer focus

- Research/customer segments

  The NSLC will segment its customers into distinct groups identifying their needs. This will allow the organization to better match product selection and promotions to the needs of the customer base.

- Marketing

  The NSLC will develop a corporate marketing plan that will be based on customer segmentation research; define the customer experience; set the overall product category segmentation; and set the promotional focus of the NSLC.

- Merchandising

  A new approach to product category management will be designed. It will be based on the NSLC's new corporate marketing plan and reflect the five year business plan of the organization.

- Identity/brand

  The new corporate logo and all its design applications will be rolled out across the entire NSLC network during the year. All advertising and communications will promote the new identity and will be reflected in the in-store shopping experience.

- Festivals

  NSLC Festivals will be driven by the objectives of the Corporate Marketing Plan and organized based on the Category Management Plans.

- Wholesale markets (PWSS, Licensees, Agency Stores)

  The NSLC will continue to explore opportunities to support wholesale business through better communication as well as product support and best practice industry training.

- Network Plan

  The NSLC will continue to relocate, re-image, and right-size its network of stores to best meet the needs of its customers. Additional small-format wine stores (Winebaskets) will be located in select grocery stores, and the Agency Network will be enlarged to better meet the needs of smaller market areas.

- Training

  Staff development opportunities are focused on providing the knowledge, skills, and support mechanisms to allow staff to meet and exceed customer expectations, in particular in the retail environment. Ranging from technical skills training, enhancing product knowledge and sales skills, to leadership skills and financial management, NSLC's training and development efforts are aligned with achieving business results.

5. Introduce new initiatives to deliver on the NSLC's social and economic objectives

- Develop new advertising strategies to deliver the NSLC's mandate to promote intelligent consumption with a specific focus on summer water activities and the winter Christmas season.
- Target those in the 20 to 30 age group for specific messaging.
- Continue to ensure the responsible sale of beverage alcohol in the NSLC's retail outlets, including the Check 25 ID program.
- Work with law enforcement agencies to drive home the intelligent consumption message.
- In conjunction with agencies of government, enhance the growth of the local beverage alcohol industry by implementing business measures specifically tailored for local producers that allow them to better exploit their natural advantages, while remaining fair and transparent to the market-place at large.

6. Establish best practices for the supervision, accountability, and strategy of a Crown corporation

- Performance scorecard for the board as a whole, its committees, individual members, and senior staff.
- Design and implement a board member recruitment process for the Minster responsible for the administration of the NSLC.
- Review and approve a new set of the organization's policy and procedure manual.
- Design and implement a Code of Conduct for the NSLC.
- Update the board's Governance Manual.
- Complete an enterprise risk assessment of the NSLC.

Budget Context

Financial Plan

	Actual 2002–2003 $	Actual 2003–2004 $	Forecast 2004–2005 $	Estimate 2005–2006 $	Change
Spirits	131,886,383	135,605,145	137,995,000	142,800,000	3.5%
Wine	60,925,559	69,766,469	74,215,000	78,665,000	6.0%
Beer	206,290,997	217,663,830	224,275,000	233,205,000	4.0%
Ready To Drink	13,778,993	15,993,285	16,050,000	15,810,000	-1.5%
Non liquor	443,364	527,500	625,000	250,000	-60.0%
Total Gross Sales	413,325,297	439,556,229	453,160,000	470,730,000	3.9%
Less: Discounts	945,415	2,413,000	2,400,000	2,500,000	4.2%
Net Sales	412,379,882	437,143,229	450,760,000	468,230,000	3.9%
Cost of Sales	202,806,000	213,308,000	216,900,000	225,860,000	4.1%
Gross Profit	209,574,258	223,835,229	233,860,000	242,370,000	3.6%
Less: Store Operating Expenses	36,001,000	38,095,000	41,400,000	42,200,000	1.9%
Gross Operating Profit	173,572,833	185,740,229	192,460,000	200,170,000	4.0%
Less: Supply Chain	4,090,000	5,013,000	5,275,000	5,500,000	4.3%
Corporate Services	9,195,000	9,857,000	13,600,000	14,000,000	2.9%
Other Expenses	2,878,000	4,415,000	4,100,000	4,200,000	2.4%
Add: Other Revenue	4,243,000	4,538,000	4,600,000	5,500,000	19.6%
Total Expenses (Excluding Stores)	11,920,000	14,747,000	18,375,000	18,200,000	-1.0%
Operating Income before Depreciation	161,652,833	170,993,229	174,085,000	181,970,000	4.5%
Less: Depreciation	3,787,000	3,200,000	3,975,000	4,900,000	23.3%
Income From Operations	157,865,833	167,793,229	170,110,000	177,070,000	4.1%
Volume Growth (hectolitres)	730,642	760,155	762,400	763,250	0.1%

Outcomes and Performance Measurement

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

Net Income

	Actual 2002–2003	Actual 2003–2004	Forecast 2004–2005	Estimate 2005–2006
Income From Operations	157,865,833	167,793,229	170,110,000	177,070,000

Supporting Operating Initiatives

In managing the business, the NSLC uses the following indicators to ensure that maximum shareholder return is achieved while operating a modern retail business.

Customer Satisfaction Index

Designed to further enhance our customer relationship management, the NSLC initiated a Customer Satisfaction Index (CSI) in 2003, which measures customer satisfaction levels in five critical consumer attitudes, including product selection, customer service levels overall retail shopping experience. The CSI is based on 400 customer surveys conducted province-wide each quarter, measuring the NSLC's overall performance in meeting customer expectations. This is structured using an accepted measure in customer value management as our benchmark.

The NSLC's goal of achieving a 70 per cent satisfaction level in 2004–2005 on our overall CSI based on an accepted world class value management structure for customer satisfaction was met.

The NSLC will redesign the CSI in order to provide management with more specific information on how to improve the customer experience.

Operating Expense Ratio

Actual 2001–2002	Actual 2002–2003	Actual 2002–2004	Forecast 2004–2005	Estimate 2005–2006
11.9%	11.6%	12.1%	13.3%	12.9%

Net Income Ratio

Actual 2001–2002	Actual 2002–2003	Actual 2002–2004	Forecast 2004–2005	Estimate 2005–2006
36.8%	38.2%	38.2%	37.7%	37.8%

Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2005–2006

Nova Scotia Municipal Finance Corporation

Business Plan 2005–2006

Contents

Mission

To provide capital infrastructure financing to its clients at the lowest available cost, within acceptable risk parameters, and to provide financial management advice and assistance to clients.

Introduction

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 corporation's purpose is to provide financing at the lowest available cost to its clients, which include municipalities, municipal enterprises, school boards, and hospitals. All municipalities, municipal enterprises must finance their external capital requirements through the corporation. The municipal finance corporation concept is widely used in Canadian provinces as a cost-effective, efficient means of raising long-term debenture funds to finance municipal capital projects.

The NSMFC is forecast to have over $590 million in debentures outstanding at March 31, 2005. New debenture issues in 2005–2006 are estimated to be in the range of $125 million. This will be balanced against debenture retirements of $81 million in 2005–2006.

The corporation is governed by a Board of Directors appointed by the Governor-in-Council. Legislation requires that 40 per cent of the board be appointed on the recommendation of the Union of Nova Scotia Municipalities. Three full-time staff of the corporation are supported through staff and resources from the provincial Departments of Finance, Justice, and Service Nova Scotia and Municipal Relations.

In July 2004 the NSMFC conducted a survey of its clients seeking feedback on whether or not the NSMFC was fulfilling its mandate and meeting its clients' needs, as well as seeking input on the direction municipalities would like the NSMFC take in the future. The results of that survey reaffirmed that the NSMFC is meeting its core business of providing the lowest available cost of financing for municipal infrastructure projects and supported the direction that the NSMFC is moving toward—which is the development of programs and models that help build financial management knowledge in municipal governments. The results from the survey are used as baseline data for a number of the performance measures and outcomes detailed in the 2005–2006 business plan.

Planning Context

The corporation faces a number of challenges and opportunities in meeting its strategic goals in the upcoming year. The NSMFC must

- Ensure that it has access to capital markets and that it has the financial and administrative ability to meet municipal government demand for capital infrastructure funding.
- Keep abreast of developments in municipal government capital finance. As a specialist organization, the NSMFC is challenged to develop, maintain, and demonstrate expertise in municipal government capital finance.
- Maintain financial self-sufficiency. In order to meet its mandate, the corporation must remain economically viable in both the short and long term. This includes a matching of 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 its budget.
- Identify client needs and respond to them. Opportunities exist to assist municipal governments in Nova Scotia with long-term capital planning and financing options.
- Develop partnerships with organizations such as the Federation of Canadian Municipalities to provide a conduit for low-cost loans for clients.

The major risk to the corporation is the availability of human and financial resources needed to carry out its mandate. Some resources are directly under the control of the board, whereas others are provided by provincial departments. The NSMFC will continue to work with these provincial departments to align both sets of priorities.

Strategic Goals

The NSMFC's strategic goals are designed to assist the government in is corporate goals of healthy and sustainable communities and fiscal sustainment. Capital infrastructure is a major component of economic development in both attracting and retaining business investment and promoting communities that are attractive places in which to live.

The following strategic goals have been developed to assist the NSMFC in meeting its mission of providing the lowest available cost of financing for municipal capital infrastructure and long-term financial planning and to support the provincial government's priorities of economy, jobs, and growth.

- To provide capital infrastructure financing to our clients at the lowest available cost, within acceptable risk parameters, to meet their particular debt structure and timing needs.

- To ensure access to capital markets through prudent management of all financial aspects of the corporation, which includes credit risk and asset/liability management.
- To help build financial management knowledge in municipalities and promote municipal capital project planning and financing.

Core Business Areas

1. Providing capital financing at lowest available cost

- Provide financing for clients' approved funding requirements through the issuing of pooled debentures. Pooling of capital requirements allows the NSMFC to issue debentures in capital markets at rates lower than if single issues were placed for clients.
- Provide financing options for clients through the short-term loan program and bridge financing program.
- Develop and review policies regarding the corporation's use of financial innovation techniques and instruments.

2. Prudent financial management of the corporation to ensure access to capital markets

- Ensure that an acceptable process is in place for evaluating the credit-worthiness of the loans made by the corporation.
- Ensure that the corporation's assets and liabilities are matched in both amount and maturity.
- Prudently administer the corporation's financial resources to ensure that the corporation's administrative expenses and reserve balances are within approved policies.

3. To help build municipal financial management knowledge by encouraging municipal governments to develop and maintain a long-term strategic approach to capital project planning and finance.

- Partner with municipal clients, Service Nova Scotia and Municipal Relations, and the Association of Municipal Administrators (AMA) on the topic of capital planning and finance through the identification of relevant professional association resources.
- Develop best practices and models to help build financial management knowledge in municipal government.

- 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 2005–2006

The following details the actions, products, and services that the NSMFC intends to carry out in order to fulfil the corporation's mission and meet its strategic goals.

1. *Providing capital financing at the lowest available cost*

- Issue pooled debentures for the approved amount required to meet municipal borrowing requirements and lending a similar amount to municipal units and enterprises. New debenture issuance is expected to be in the range $125 million; this is balanced against retirements of an existing debenture in 2005–2006 of approximately $81 million. Pooling of capital requirements allows the NSMFC to access capital markets and achieve pricing based off the Province of Nova Scotia spread.

2. *Prudent financial management of the corporation to ensure access to capital markets*

- Obtain verification of credit-worthiness from the Department of Service Nova Scotia and Municipal Relations (for municipal borrowers) prior to setting the parameters for pooled issues.
- Match the amount, term, and timing of NSMFC debentures and loans to units.
- Manage the NSMFC's financial resources (budget and reserves) according to policies established by the corporation's Board of Directors.
- Develop a risk management strategy for the corporation to ensure business continuity.

3. *Helping to build municipalities' financial management knowledge by encouraging municipal governments to develop and maintain a long-term strategic approach to capital project planning and finance*

- Continue to provide a leadership role in the Financial Management Capacity Building Committee initiative to promote financial and budgeting policies to municipal governments in Nova Scotia.

- Roll out the Debt Affordability Model for use by municipal administrators. The Debt Affordability model is a tool for use by municipal councils to help answer the question of how much debt is too much debt for their municipal unit.
- Establish committees, as required by the board, to study the merits of financial innovation regarding the introduction of new products and services. A key priority for 2005–2006 will be to analyse the impact of increased federal cost-shared programs (primarily through gas tax revenue sharing) on the programs and services of the corporation.
- 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.

Budget Context

Estimated Budget Expenditures

	Estimate 2004-2005 ($,000)	**Forecast 2004-2005 ($,000)**	**Estimate 2005-2006 ($,000)**
Total Program Expenses: Gross Current	340.5	326.1	318.1
Net Program Expenses: Net of Recoveries*	0.0	0.0	0.0
Salaries and Benefits: Gross	232.8	232.4	233.6
Funded Staff (FTEs): Gross	3	3	3

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

Nova Scotia Municipal Finance Corporation Balance Sheet (as at March 31, 2004) (Audited)

Assets	
Current Assets:	
Cash	$ 36,715
Short-term investments at amortized cost	4,187,000
Accrued interest receivable	10,284,626
Other receivables	331
Principal due within one year on loans to units	70,303,478
Long-term Assets:	
Loans to units	492,950,648
Less principal included in current assets	(70,303,478)
Investments at amortized costs	456,414
Deferred Charges:	
Discount on debenture debt	2,616,884
Less accumulated amortization	(1,699,284)
Total Assets	$ 508,833,334
Liabilities and Equity	
Current Liabilities:	
Accounts payable	$ 39,428
Due to municipal units	133,286
Accrued interest payable	10,249,709
Principal due within one year on debenture debt	70,256,012
Accrued public service award	65,073
Long-term Debt:	
Debentures Payable	492,603,254
Less principal included in current liabilities	(70,256,012)
Deferred Credits:	
Discount on loans to units	2,611,192
Less accumulated amortization	(1,698,785)
Equity	
Reserve Fund	4,830,177
Total Liabilities and Equity	**$ 508,833,334**

Statement of Revenue, Expenses and Reserve Fund (year ended March 31, 2004) (Audited)

Revenue	
Interest on loans to units	$ 30,001,901
Amortization of discount on loans to units	251,819
Interest on short-term investments	138,038
Current discount on loans to units	452,378
Total Revenue	30,844,136
Expenses	
Interest on debenture debt and short-term loans	29,970,691
Amortization of discount on debenture debt	252,437
Debenture issue expense	267,875
Administrative expense	310,413
Total Expenses	30,801,416
Net Revenue	42,720
Reserve Fund, Beginning of Year	4,787,457
Reserve Fund, End of Year	$ 4,830,177

Outcomes and Performance Measures

Core Business Area 1 *Providing capital financing at lowest available cost*

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data** *(survey results form % baseline data)*	**Target 2007–08**	**Strategies to Achieve Target**
Provide the lowest available cost of financing to clients in a timely manner	Percentage of clients that are satisfied with the timing and processing of debenture issues: • Regional municipalities • Rural municipalities • Towns	 50% 75% 89%	 100% 95% 95%	• Explore aligning debenture issues with the construction completion schedule and capital budgeting process. • Conduct exit surveys of units that participate in the debenture issue to measure satisfaction.
	Percentage of clients that agree that the debenture terms and structure are flexible enough to meet their needs: • Regional municipalities • Rural municipalities • Towns	 50% 56% 89%	 100% 90% 95%	• Improve the flexibility of short-term financing program. • Work with municipal units on financing options (payments and term). • Communicate options through the use of web page and one-on-one consultations.
Lowest available cost of financing for clients	Quality of credit loans Pricing received from lead managers in relationship to the Province of Nova Scotia's cost of funds	Procedures ensure credit worthiness of loans Provincial guarantee allows the MFC to price off the PNS spread	Regular review of loan procedures Maintain access to the provincial guarantee	• Maintain quality of portfolio, increase profile of NSMFC credit quality. • Maintain strong relationship with the provincial Department of Finance to ensure their support of provincial guarantee.

Core Business Area 2 *Prudent financial management of the corporation's resources to ensure access to capital markets*

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data** *(survey results form % baseline data)*	**Target 2007–08**	**Strategies to Achieve Target**
Ensure a sustainable source of funding is available for financing requests from clients and to ensure the operation of the corporation	Client default rate (Default is defined as failing to make a principal or interest payment within five days of the due date.)	0	0	• Ensure that all loans are credit worthy. • Review the current credit-worthiness procedure to ensure it remains 100% effective. • Review process for timely payment of loans.
	Matching of assets and liabilities Similarity of aggregate amounts, terms and timing of debentures and loans	Assets and liabilities are matched to term and timing	Maintain matched amount	• Match the term and timing of NSMFC debentures and loans to clients.
	Adoption of a risk management strategy	N/A	Plan adopted by 2005–2006	• Research and develop a risk management framework for the corporation.

Core Business Area 3 *Helping build municipal financial management knowledge by encouraging municipal governments to develop and maintain a long-term strategic approach to capital project planning and finance*

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data** *(survey results form % baseline data)*	**Target 2007–08**	**Strategies to Achieve Target**
NSMFC client awareness of new financial products and features that may help municipal units	Percentage of municipal units that are satisfied with products being offered by the NSMFC: Regional municipalities Rural municipalities Towns	 100% 75% 89%	 100% 95% 98%	• Communicate regularly with clients on the programs that the NSMFC is offering and developing through presentations at AMA regional meetings and conferences. • Continue development of web page. • Make one-on-one calls to clients to offer advice and assistance
Improved products that respond to clients' needs	Effective programs directed at clients' needs	Request for program development: 1/3 long-term planning models 1/3 innovative financing 1/3 educational programs	Development of programs that meet clients' needs	• Survey clients to determine what types of educational programs and innovative financing they would like developed (2005–2006). • Research and develop new programs based on results (2006–2007). • Roll out Debt Affordabilty Model. • Analyse impact of new federal cost-sharing programs to determine if the NSMFC's programs are responsive (2005–2006)
Increased financial management knowledge in municipal units. Use of best practices and/or recommended practices in financial management decision making	Increased awareness of best practices for financial management, based primarily on GFOA programs	30% of clients are aware of knowledge building programs offered by the NSMFC	75% awareness level	• Communicate regularly with clients on the programs that the NSMFC is offering and developing through presentations at AMA regional meetings and conferences. • Continue development of web page. • Form partnerships with the AMA on committees that develop financial management knowledge for municipalities.
	Broader access to financial resources; efficient use of resources and building of networks among financial administrators	NSMFC website has been updated to provide information on the corporation	Post recom-mended best practices and benchmark data on the website	• Exposure to conferences that develop and promote best practices in financial management • Continue to offer financial assistance in sponsoring professional financial administrator attendance at the GFOA Conference on an annual basis. • Participate actively in joint committees with the AMA.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Nova Scotia Power Finance Corporation
Business Plan 2005–2006

Contents

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 outstanding long-term debt, matching notes payable equivalent to sinking fund assets, and an amount of fully paid common shares. The latter 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 of Nova Scotia, and the related sinking funds. The entire original debt of $2,152,879,732, guaranteed by the province, was offset by sinking funds and the balance defeased as per the agreed schedule to 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 2004–2005

The outstanding debt continues to be defeased in accordance with the terms the Defeasance Agreement, and the defeasance assets are adequate to ensure the repayment of all NSPC debt guaranteed by the province.

Strategic Goal

After December 31, 1997, 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 debt maturities.

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 the NSPI in case of default of NSPC debt repayment. The final guaranteed note matures February 26, 2031.

Priorities for 2005–2006

1. To ensure continuing progress towards 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 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 & Touche 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

The entire outstanding debt is 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

Defeasance assets are adequate to ensure the repayment of all NSPC debt guaranteed by the province.

Measure

The par value of outstanding debt as at March 31, 2004, was C$ 700,000,000 and US$ 300,000,000. Defeased assets as at March 31, 2004, had the same principal amounts and market values of C$ 1,098,146,000 and US$ 426,225,104.

On a cash flow basis, the total estimated cumulative cash inflow from the defeasance assets exceeds the total estimated cumulative cash outflows on debt by approximately C$ 175,000, thus rendering the guaranteed debt fully defeased. The adequacy of defeasance assets is certified by the auditing firm of Deloitte & Touche.

Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2005–2006

Rockingham Terminal Incorporated

Business Plan 2005–2006

Planning Context

Rockingham Terminal Inc. (RTI) was created as a special-purpose Crown corporation in December 1998 by an Order in Council. RTI was created to advance the development of a new container terminal in Halifax to accommodate post-Panamax–size ships.

RTI was established to promote, manage, and protect the interests of the Province of Nova Scotia within the context of the competitive bidding process commenced by Maersk Inc. and Sea-Land Services Inc. In May 1998, Maersk and Sea-Land issued a request for proposals to seven ports located on the northeastern seaboard. The request for proposals was to provide the companies with a facility capable of handling their post-Panamax ships. In December 1998, Halifax was short-listed along with Baltimore and New York/New Jersey.

In order to facilitate the development of a proposal, the Province of Nova Scotia, the Halifax Port Corporation (now the Halifax Port Authority), and the Halifax Regional Municipality joined forces as the Halifax Port Group. Following the short-listing of the bid, the Province of Nova Scotia created RTI to act on its behalf during the bidding process. The province, through RTI, was the lead partner in all matters associated with the bidding process, facility development, and financing.

In May 1999, Maersk/Sea-Land announced that they would pursue development of a facility elsewhere. RTI wound up operations and has been dormant since the end of the 1999–2000 fiscal year. It is presently unfunded and inactive. However, RTI remains incorporated in the event that future port development opportunities arise.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Sydney Environmental Resources Ltd
Sydney Steel Corporation
Consolidated Business Plan 2005–2006

Contents

Explanatory note: The following pages contain the combined business plans for Sydney Steel Corporation (SYSCO) and Sydney Environmental Resources Ltd. (SERL) for operations in the period of April 1, 2005 to March 31, 2006.

Mission

The mission of Sydney Steel Corporation (SYSCO) is to safely clean up and redevelop the former steel plant site to a productive, self-sufficient business property, providing opportunities for future economic development.

Mandate

The mandate of Sydney Environmental Resources Ltd. (SERL) is to provide technical and administrative support and other resources to support SYSCO's mission, as well as the work of other organizations on a contractual, as needed, basis.

Planning Context

SYSCO and SERL report to the Minister of Transportation and Public Works, Province of Nova Scotia, and maintain a joint head office at 1 Inglis Street, Sydney, Nova Scotia.

In 2004, SERL and SYSCO's management teams increased their co-operation and collaboration in achieving the SYSCO's mission.

Currently, SYSCO's key activities include demolition, site cleanup, the sale of scrap metal and slag, and the redevelopment of the site as an industrial park. SERL works to support these initiatives with technical and administrative expertise and other resources.

For the 2005–2006 fiscal year, deconstruction of the site, which is significantly well advanced, will continue. Demolition is expected to be complete in late summer, with scrap processing and sales to continue until the end of the 2005–2006 fiscal period.

To date, decommissioning has been based on environmentally safe practices, efficient processes, fiscal responsibility, accountability, and harmonious relations with labour. The corporations will continue to contribute to the realization of these objectives, with the health and safety of the work force and the community foremost in their approach.

In order to accomplish the overall mission, the corporations have established a shared management team and trained local labour, providing the corporations with the needed resources and employees with valuable experience for future opportunities.

The steel plant area, with its significant port facilities and slag quarry, has obvious potential as an industrial site. Consequently, the corporations anticipate deploying staff and resources for the purpose of optimizing the potential of the site in the long-term economic development of Cape Breton.

In partnership with provincial government agencies and departments, the corporations will assume an active role in the management, operation, security, maintenance, and administrative services of the future industrial park.

One of the key objectives is to maximize financial returns to the shareholder in the sale of slag for commercial and non-commercial application by having trained personnel, progressive work plans, strong working relationships with regulators, and delivery of quantities on time, within budget, and without interruption. The corporations are working with Dalhousie University and the Nova Scotia Agricultural College, as well as private businesses, to develop value-added products from air-cooled blast furnace slag production.

The corporations are both directly and indirectly responsible for the security of Nova Scotia's industrial land holdings formerly used in steelmaking.

For several years, the corporations have provided support services for the Sydney Tar Ponds Agency and, if required, will maintain this supporting role as the Tar Ponds Project moves forward.

Strategic Goals

The corporations' overall strategy is to advance the province's objectives with respect to decommissioning, remediation, and future use of the steel plant site. Overall, in these activities the underlying goal is to protect the province's interests and its fiscal position regarding the site.

More specifically, the corporations will:

- Continue to redevelop the SYSCO site into a premier industrial park and increase marketing of the industrial park, providing business and other opportunities to the communities of the Cape Breton Regional Municipality.
- Maintain sound 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.
- Increase marketing efforts for air-cooled blast furnace slag, scrap metal, and major equipment in order to maximize their financial return to the province.
- Continue to remediate land on the SYSCO site for future uses in an environmentally sound manner, meeting the province's obligations and strengthening relations with the local community.
- Maintain adequate security on site to prevent the loss of provincial property and site assets.
- Maintain high use of local labour and supplies, when the proper training and feasibility exists.

Core Business Areas

The following are the six core business functions for the corporations. The core business function of Local Supplies and Labor from previous years' business plans remains a priority but is now included throughout all of the core business areas as an objective. The existing function Support Other Agencies and Initiatives has now been officially recognized. The corporations will also 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. Demolition

Demolition has been taking place since June 2001, and work will continue with the demolition of the remaining structures in the demolition schedule. Removing structures from the site is essential to the site's redevelopment as an industrial park. This work will be performed so as to reduce the financial obligation to the province. This includes harvesting scrap from the demolition project for resale.

2. Site Remediation

The corporations will continue to remediate the steel plant site in a safe and economical fashion for the intended future use as an industrial park. This work will be undertaken to address the province's environmental obligations and in the interests of longer-term community and economic development.

3. Sale of Air-Cooled Blast Furnace Slag, Scrap Metal, and Major Equipment

The corporations are working to market and ultimately sell the remaining major equipment of SYSCO, market and sell any scrap metal that is harvested in the demolition process, and find markets for air-cooled blast furnace slag. During the past year the Tar Ponds Incinerator was declared surplus and is currently being marketed with the remaining major equipment.

4. Site Redevelopment

The location of SYSCO is ideal for an industrial park, and the corporations are focusing on initiatives to help develop the site as a premier industrial park. The corporations also continue to work on other future directions and opportunities for smaller areas of the site.

5. Support Other Agencies and Initiatives as Required

SERL will continue to provide technical and administrative support and other resources to support SYSCO's mission, as well as the work of other organizations on a contractual, as needed, basis.

6. Health and Safety and Site Security

The corporations will continue to uphold their high standards of health and safety in order to minimize the risk to workers, visitors, tenants, suppliers, and any others who may visit the site. The corporations will also undertake initiatives to prevent the loss and/or damage of provincial property by protecting site assets.

Performance in 2004–2005

This section outlines stated goals and corresponding results for each of the corporations' six core business areas, according to the 2004-2005 consolidated business plan.

Demolition

- **Stated Goal**: Demolition to be 80–90 per cent completed by March 2005.
- **Result:** Despite several delays by Zoom Developers, demolition is approximately 95 per cent complete.
- **Stated Goal:** Remaining structures will be assessed for their ultimate removal or reuse in the new site redevelopment plan.
- **Result:** Structures have either been demolished, scheduled to be demolished, or slated for development for reuse.

Local Labour and Supplies

- **Stated Goal:** Maximize use of local labour for SYSCO projects.
- **Result:** Over 310,000 of person hours used in 2004-2005
- **Stated Goal:** Continue practice of using local supplies and services whenever possible and feasible.
- **Result:** $3 million in local supplies and labour have been sourced for the year ending March 31, 2005.

Liquidation of Major Equipment, Scrap, and Slag

- **Stated Goal:** Remove electric arc furnace in 2004.
- **Result:** Electric arc furnace was removed in November 2004.
- **Stated Goal:** Harvest scrap metal for future sale.
- **Result:** Approximately $948,000 in scrap sales was totaled for fiscal 2004–2005. Approximately 26,000 tonnes remain with an approximate value of $6 million based on current market conditions.
- **Stated Goal:** Reach slag sales for 2004–2005 of more than 100,000 tonnes.

- **Result:** Final sales will be approximately 50,000 tonnes. We have commissioned two studies to test value-added alternatives for slag in order to increase sales. Potential applications are in septic bed use and in the making of cement and concrete.

Site Redevelopment

- **Stated Goal:** Reopen the West Bridge by November 2004.
- **Result:** Bridge opened in November 2004.
- **Stated Goal:** Complete new access road (Sydney Ports Access Road) to Whitney Pier and the SYSCO site.
- **Result:** Road opened in January 2005.
- **Stated Goal**: Complete plans for the greening project for the area adjacent to SYSCO site and the Sydney Ports Access Road.
- **Result:** With consultation with the community, the Whitney Pier Historical Society acted as coordinator and determined that developing a walking trail on this area would be the best approach. The corporations have assisted the society with the creation of a plan for its implementation.

Environmental Remediation

- **Stated Goal:** Develop an environmental management plan (EMP) for the high dump area.
- **Result:** Complete.
- **Stated Goal:** Develop an EMP for the blast furnace and stock yard area.
- **Result:** Complete.
- **Stated Goal:** Complete environmental site assessments on area adjacent to Victoria Road overpass.
- **Result:** Phase II and Phase III work is complete.
- **Stated Goal:** Complete environmental site assessments on administration building area.
- **Result:** Phase II and phase III work is complete.

Additional Plans

- **Stated Goal:** Conduct cleaning and demolition of the two remaining 2.5-million gallon oil tanks.
- **Result:** Both tanks have been cleaned and demolished.
- **Stated Goal:** Remove and dispose of an estimated 50,000 kg of PCBs.
- **Result:** Complete.
- **Stated Goal:** Remove and clean 2 km of old oil and tar lines.
- **Result:** 2 km removed and cleaned.
- **Stated Goal:** Remove and dispose of remaining asbestos.
- **Result:** Complete.

Priorities for 2005-2006

1. Demolition

- Have demolition of site complete by September 2005.
- Use local labour and supplies when the proper skills, training, and feasibility exist.
- Have scrap metal processed and ready for sale by December 2005.

2. Site Remediation

- Have commenced Phase IV environmental site assessment (ESA) work on four areas of the site and have a Phase III ESA in progress on the remainder by the end of March 2006.
- Engage in the sixth and final phase of the ESA by 2009 for all areas of the site.
- Remove remaining 1 km of old oil and tar lines by November 2005.
- Remove all remaining PCBs and asbestos from the site by September 2005.

3. Sale of Air-Cooled Blast Furnace Slag, Scrap Metal, and Major Equipment

- Harvest and sell remaining scrap metal achieving sales of $6 million under current market conditions.
- Sell remaining major equipment.
- Sell minimum of 100,000 tonnes of air-cooled blast furnace slag.
- Remove all sold assets of the steel plant from the site.
- Complete the study of value-added alternative uses of slag and create an action plan by March 2006.

4. Site Redevelopment

- Assist the Whitney Pier Historical Society in their efforts to develop a walking trail adjacent to the SYSCO site by making resources and land available when required and within reason.
- Finish renovating and refurbishing buildings designated for use in the industrial park.
- Open front end of SYSCO site to the public in 2006 and develop related infrastructure.
- Sign leases with two new tenants for the industrial park.

- Redevelop the corporations' website with its primary function to be a sales tool for promoting the industrial park and the assets for sale.
- Develop a marketing plan for the industrial park.

5. Support other agencies and initiatives as required

- Continually supply well-trained labour, on time and without interruption.

6. Health and Safety and Site Security

- Ensure that all employees have taken occupational health and safety training sponsored by the corporations by April 2005 (or provide verification that training has been previously obtained) or be ineligible to work.
- 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 2004–2005 ($)	Estimate 2005–2006 ($)
Revenue:		
Contribution from province	11,750,000	20,690,000
Other	1,941,000	8,849,000
Total Revenue	13,691,000	29,539,000
Expenses:		
Payroll	1,568,000	1,575,000
Consulting	1,010,000	1,252,000
General and Administration	1,860,000	4,026,000
Security	778,000	730,000
Demolition and Environmental Remediation	7,266,000	14,714,000
Coke Ovens	–	300,000
TPW (Dept. Transportation and Public Works)	–	200,000
Incinerator/Water Treatment	–	280,000
Total Expenses	12,482,000	23,077,000
Surplus	1,209,000	6,462,000

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Trade Centre Limited
Business Plan 2005–2006

Table of Contents

Mission

To create economic impacts by bringing people together in Halifax and Nova Scotia.

Introduction

Trade Centre Limited (TCL) was created in November 1981 by Order in Council as a Crown corporation and was also incorporated under the Nova Scotia Companies Act. The Province of Nova Scotia is the beneficial owner of all shares of the company. The company reports to government through the Minister of Economic Development. The original mandate defined the primary purpose of the company: i.e., to oversee and administer the activities related to the Trade Centre complex. A secondary purpose was to actively promote the facility, Halifax, and Nova Scotia. In 1982, an agreement was signed between the City of Halifax and the Province of Nova Scotia that gave management of the Halifax Metro Centre to TCL, although the city was to continue to accept financial responsibility for any and all costs of operation in excess of revenues. The two facilities/properties are linked in all aspects of physical plant and interdependent in all operations, which is necessary to achieve maximum efficiencies.

The original business units managed by TCL included the World Trade and Convention Centre, the World Trade Centre Tower (which was constructed in conjunction with the Convention Centre in order to offset annual operating costs for the convention facility), the Atlantic Canada World Trade Centre, and Halifax Metro Centre. In 1999, TCL created Events Halifax whose mandate is to actively seek large cultural and sporting events for HRM. Also in 1999, TCL, at the request of the Government of Nova Scotia, took over management of the facilities at Exhibition Park. This transfer of management was designed to capitalize on TCL's expertise in sales and event management in both the meetings and conventions industry and in the entertainment industry. As part of the Exhibition Park acquisition, TCL was also asked to support the formation of a new fall fair and assist in making it the pre-eminent fall fair in the Maritimes. The Maritime Fall Fair Association (MFFA) was created as a not-for-profit society in December 1999, and TCL assumed responsibility for the MFFA in April 2001.

In the fall of 2003, Trade Centre Limited underwent a strategic planning process that resulted in a renewed strategic vision and supporting plan for TCL, which was approved by the Board of Directors in December 2003. The plan is intended to position the organization for future growth by capitalizing on its cumulative experience and event successes in the business hospitality and entertainment industry.

Planning Context

On the meetings and conventions side of the business as well as the entertainment side, customers' needs are changing and evolving rapidly, and infrastructure weaknesses are preventing TCL from being able to fully maximize existing and emerging opportunities, even as competitors from across Canada and the United States are growing their facilities.

With current infrastructure, Halifax is optimal for meetings with attendance up to 1,000; events above this number are challenged by the convention space available. We are losing competitive ground on two fronts: (1) we are unable to service more Canadian business due to the increasingly inadequate size of our facilities, and we are missing opportunities in the larger US and international markets (1,000+ attendees); (2) the wear and tear placed on our facilities over the past 20 years is negatively affecting our reputation as a premier destination. Key competitors include Ottawa, Toronto, Quebec City, Montreal, Winnipeg, Edmonton, Calgary, Vancouver, and Hamilton. All of those cities offer more convention and exposition facilities than Halifax, although some have less destination appeal.

A new and expanded convention centre would continue to serve the existing base of meeting and convention business, retaining current associations that require more space, while opening new business opportunities for Halifax in the areas of large (1000+ participants) national and international events. It would also encourage a major hotel development. As well, a new Halifax Metro Centre would enhance overall growth opportunities, increase attendance in both facilities, and provide growth in the tourism market. Significant revenue opportunities all lead to net economic growth for the province.

TCL's strategic goals and business planning goals are driven by the realities of its competitive environment and by the opportunities that present themselves as a result of a growing reputation for successful event delivery. To be competitive in the events industry, we must have in place plans for major capital investment to expand existing meeting and convention space and build a new and more modern sports and entertainment complex. It is these priorities that propel us forward to be the best events destination and to generate economic impact for the HRM and the Province of Nova Scotia.

Strategic Goals

The following document sets out Trade Centre Limited's 2005–2006 business plan. Three objectives were set during this year's planning process: the first was to ensure that direction and plans reflected stakeholders' expectations of Trade Centre Limited, the second was to more closely align the business plans with budget planning, and the third was to increase accountability within the organization with improved tracking and performance measures and milestones. Every effort has been made to streamline information processes and to align TCL's business and budgeting planning with the Province of Nova Scotia's planning process—the benefits are time efficiencies, improved information flow, and accuracy.

Based on TCL's mission of creating economic impacts by bringing people together in Halifax and Nova Scotia, TCL's strategic intent is to be the best events destination in North America by 2018. To support the mission and the intent, the strategic goals developed in 2003–2004 are as follows:

1. To ensure that we have sufficient capital and operating revenue needed to sustain existing infrastructure and operations and to take full advantage of growth opportunities available to TCL.
2. To achieve confirmation of the stakeholder commitment to become the best events destination in North America.
3. To achieve the infrastructure necessary to host major national and international events. Necessary infrastructure includes, but is not limited to, convention centre expansion, a new entertainment complex, and a sports stadium.

Relative to the strategic goal of ensuring sufficient capital and operating revenues, corporate priorities this year include increasing revenues to allow for reinvestment in our employees and workplace, reinvestment in our facilities and equipment, business growth, and operating self-sufficiency. Due to increased industry competitiveness, and also to ensure optimum public safety in our facilities, a high priority has been placed on upgrading the Convention Centre and the office tower, pending Executive Council approval of capital funding.

For the strategic goal of securing stakeholder commitment, corporate priority is being placed on development of a targeted community relations plan to position TCL as an important economic and social contributor to Halifax and Nova Scotia.

Finally, the strategic goal of achieving the infrastructure necessary to move to the next level of events hosting by staging major national and international events is high on TCL's radar. A corporate priority for 2005–2006 is to secure the necessary commitments to fund convention centre expansion and a new entertainment complex.

This plan affirms the strategic direction established last year and outlines the supporting 2005–2006 corporate priorities that detail how each unit is contributing towards achieving our strategic vision.

Priorities for 2005–2006

An overview of the priorities and their alignment with the strategic goals is presented below.

1. Ensure sufficient capital and operating revenue needed to sustain existing infrastructure and operations and to take full advantage of growth opportunities.

Supporting Corporate Priority

- Increase revenues to allow us to:
  - Reinvest in our people and workplace
  - Reinvest in our facilities and equipment
  - Grow our business (including events activities and revenues)
  - Achieve operating self-sufficiency, eliminating the need for subsidy from government

Performance Measures and Targets

- By fiscal year end 2005–2006 increase gross revenues to $18.3 million; a projected increase of $1.8 million over 2004–2005-year-end forecast of $16.5 million.

Supporting Corporate Priority

- Commence construction to upgrade existing facilities within 6 months of commitment of funds from the Province of Nova Scotia.

Performance Measures and Targets

- Construction tender is released within 3 months of receipt of funding commitment.
- Physical construction commences within 2 months of awarding tender.

2. Achieve confirmation of stakeholder commitment to become "the best events destination in North America."

- Develop a plan to secure stakeholder support for TCL's strategic initiatives that:
  - Clearly position and brand TCL as a key economic and community driver in Halifax and Nova Scotia
  - "The Best Events Destination" in North America.

Performance Measures and Targets

- Written plan developed and approved by Q1
- Implementation Q2–Q4
- Assess stakeholder support in Q4

Supporting Corporate Priority

- Engage employees to achieve our goals by:
  - ensuring that employees are well informed about TCL events, initiatives, activities, and goals
  - have the opportunity to provide input and feedback in an open and supportive environment

Performance Measures and Targets

- Improvement in key areas in the annual employee survey results by 2006.

  Note: stakeholders include both external and internal relationships.

3. Achieve the infrastructure necessary to host major national and international events.

Supporting Corporate Priority

- Continue to actively work with our stakeholders to secure a commitment to fund the strategic infrastructure projects, including the convention centre expansion and a new entertainment complex.

Performance Measures and Targets

- Funding committment achieved by fiscal year end 2005–06.

  Note: At the time of preparation, forecasted revenues for 2004–2005 are as of January 2005.

  Any small discrepancies in 2005–2006 numbers are due to rounding that may not be visible without decimal point.

Core Business Areas

Trade Centre Limited's core business is bringing people together through events and trade activities for economic benefit. That happens through the work of the following business units:

Atlantic Canada World Trade Centre (ACWTC)—is a membership-based organization that belongs to a global network of 285 World Trade Centres in 83 countries engaged in creating trade opportunities for small and medium-sized businesses by providing trade research services, trade education, and matchmaking.

World Trade and Convention Centre (WTCC)—is the premium meetings and conventions facility in Atlantic Canada with 50,000 sq. ft. of meetings and exhibit space, and 100,000 sq. ft. in combination with the Halifax Metro Centre.

Halifax Metro Centre (HMC)—is a 10,000-seat sports and entertainment centre in Atlantic Canada whose primary activity is the delivery of live entertainment experiences and events, managed by TCL on behalf of HRM.

Exhibition Park (EP)—is the largest exhibition space in Atlantic Canada with 130,000 sq. ft.; its primary activity is presentation of trade and public shows. Exhibition Park houses the annual Maritime Fall Fair (MFF), an annual anchor event that is treated as a separate TCL business unit and is designed to highlight the importance of the agricultural sector in Nova Scotia.

Events Halifax (Eh!)—is a research-based organization that identifies and bids for large national and international sporting and cultural events for Halifax and Nova Scotia.

Each of the business and corporate units has developed key priorities to support both the corporate priorities and the strategic goals.

Atlantic Canada World Trade Centre

2004–2005 in Review

The Atlantic Canada World Trade Centre assisted a record number of Nova Scotia companies in 2004–2005 through consul ting, research, and matchmaking services.

Economic Impact: 85 member companies —exporters, importers and trade service providers. In 2004–2005 ACWTC programs and services helped over 300 Nova Scotia companies.

Fiscal Responsibility: 2004–2005 revenues are forecasted at $590,000.

2005–2006 Priorities

Goals for this year are focused both externally and internally. They are as follows:

1. By fiscal year end we plan to increase revenue target to $868,911 through a variety of growth-related initiatives, such as growing membership, increasing our trade research and consulting revenues, and coordinating four WTCA trade missions.

   These activities will engage 400 companies in our programs and services —an increase from 300 over last year.

Halifax Metro Centre

2004–2005 in Review

Total revenues for Halifax Metro Centre are projected to be $6.4 million for year-end 2004–2005. Including Executive Suites, revenues generated from corporate partnerships and sponsorships are forecasted to be $3 million by year-end.

HMC continued to attract repeat and new high-profile events and major HMC tenants, including

- Halifax Mooseheads hockey
- Nova Scotia International Tattoo
- CIS Men's Final 10 Basketball Championship
- Skate Canada
- East Coast Festival 2004 with Franklin Graham
- Two Cher concerts attracting 16,000 patrons
- Sarah Brightman concert—introducing a new event set-up for the HMC

Operationally, HMC underwent renovation work this past year to replace seven major air-handling units and install a new facility sound system. Both of these investments are essential to the safety and comfort of HMC patrons.

2005–2006 Priorities

Priorities for 2005–2006 are intended to support Trade Centre Limited's corporate priorities. Initiatives for this year are intended to achieve growth, improve customer service and increase operational efficiencies.

1. An expansion of HMC's Box Office capabilities will be achieved through implementation of a new software system and launch of new services by end of second quarter. The system will replace our current ticketing system, which has limitations at are holding back customer service and further revenue growth. With new technological advancements, the system will provide enhanced online purchasing, group sales, and increased capacity to be a ticket provider for external venues.
2. Achieve revenue targets of $6.9 million. We will continue to pursue growth of live events with a focus on

concerts. HMC has a target to host 16 concerts and a total of 136 events.

Note: HMC is not included in overall financial presentation for Trade Centre Limited.

Events Halifax!

2004–2005 in Review

In the past year, Eh! has successfully led the following winning bids:

- 2008 IIHF World Hockey Championship in partnership with Quebec City
- 2006 JUNO Awards
- 2009 World Senior Canoe Championships

An event such as the 2004 IIHF World Women's Hockey Championship generated an estimated $8.2 million in economic spin-offs. Event revenues generated from the success of Eh! in 2004 are approximately $35 million.

Eh! also commenced a new governance model that is in the process of being implemented, with a move from an advisory to a governance board that will provide strategic direction and support. The restructuring will also provide stable funding over a five-year period with equal financial contributions from Atlantic Canada Opportunities Agency, Halifax Regional Municipality, Province of Nova Scotia, and Trade Centre Limited. This restructuring project will carry on into 2005–2006. Events Halifax is a funded program and, as such, is not expected to have an operating surplus or deficit.

2005–2006 Priorities

Priorities for 2005–2006 can best be characterized as strengthening operations and support. As such, Eh! is focusing on four goals for the coming year:

1. The key priority in 2005–2006 is to complete the restructuring process and secure financial support for the next five-year period by end of June 2005 and to complete staffing and governance changes by year-end. With a strong board and stable funding, Eh! will be in a position of confidence in continuing to lead strategically focused, large-event bids.
2. Eh! will bid on six high-profile events in the coming year. To do so, it will continue to evolve its research methods and bid methodology and processes.
3. As part of a community relations strategy, by third quarter, EH! will develop and implement a provincial program of education and awareness. This program will focus on bid strategies and processes with a target audience of key representatives within Nova Scotia communities and the tourism, sport, and entertainment sectors.

Exhibition Park

2004–2005 in Review

This year, in addition to the Maritime Fall Fair, Exhibition Park hosted a total of 110 events, including the Nova Scotia Spring and Fall Ideal Home Shows and the Halifax Antique Car Show. To round out the year, the Halifax International Boat Show, Golf Atlantic Expo, and the Atlantic Golf and RV Show are all being held in February and March 2005. With the upgrades and renovations carried out several years ago, this facility is well equipped to continue to diversify its events, which include sporting events, banquets, and Sunday flea markets.

Forecasted revenues to year-end 2005 are $1.87 million.

2005–2006 Priorities

Exhibition Park is a unique facility with good growth potential. Goals for the coming year include the following:

1. Achieve a revenue target of $1.93 million.
2. Key to our success this year will be to strengthen the structure by working closely with Exhibition Park employees and customers. To achieve this initiative, the following steps will be undertaken:

- The event management approach will be streamlined to deliver services to major tenants.
- The “one-stop-shopping” event management approach and processes will be reviewed and customized to meet the needs of a remote facility.

World Trade and Convention Centre

2004–2005 in Review

The WTCC hosted such major events as Manulife Financial with 1,000 delegates, Purchasing Managers Association of Canada with 500 delegates, and Sears Canada with 250 delegates.

Many events are booked two to three years in advance. As a result, this year convention business is down, showing the residual effects of decreased bookings following the September 11, 2001, tragedy in the United States. The direct impact is forecasted to be a decline in convention event revenues of about $1 million from 2003–2004.

While hosting the World Culinary Olympics in Halifax is still a dream, we are very proud of our Executive Chef, who with Culinary Team Canada won gold and silver medals in 2004. This once again showcases our talent internationally and provides another opportunity to prove that we can deliver world-class culinary service right here in Halifax!

Revenues are forecasted to be $4.84 million to year-end 2004–2005.

2005–2006 Priorities

The Convention Centre Event Management and Catering has a number of priorities for the coming year:

- This year, the Convention Centre intends to scrutinize its costs with the intent of exceeding industry standards with food and beverage and labour costs of less than 68 per cent.
- Achieve a $5.70-million revenue target for WTCC through food and beverage sales and room rentals.

Corporate Units

TCL Business Units are supported by six corporate units:

- Sales
- Property Services
- Marketing Services
- Communications
- Human Resources and Payroll
- Finance and IT Services

Following are the key priorities for each corporate unit that supports the direction set for Trade Centre Limited.

Sales

2005–2006 Priorities

1. World Trade and Convention Centre revenue targets for next year are expected to exceed 2004–2005. Based on events already booked, and business in the sales funnel, our revenue target for 2005–2006 is as follows: food and beverage, $3.14 million, and rent, $1.37 million. These revenues are reflected in the WTCC unit budget.
2. Sales Department is responsible for food and beverage and room rental revenues only at Exhibition Park. Sales revenue targets for next year for food and beverage and room rentals for special events and tradeshows are $1.19 million. These revenues are reflected in the Exhibition Park unit budget.

Property Services and Office Tower

2005–2006 Priorities

1. Achieving $2.34 million in revenue from office tower rent and recoveries by

- retaining all existing tenants
- maximizing recoverable tenant-related expenses to exceed the current benchmark of 75 per cent

2. Proceeding with modernization of the base building infrastructure and major leasehold improvements to much of the office tower to allow for reconfiguration of tenant spaces upon approval of up to $14.8 million in capital funding from the province.

Marketing Services

2005–2006 Priorities

1. Defining the TCL brand with a distinct and unique identity. This will be carried out with consideration of the provincial re-branding initiative and in consultation with TCL employees. The approved plan will be completed by June 2005 and implementation will begin in the second quarter. It will include:

- Reinforcing the renewed brand through improved quality and consistency of all marketing materials. In the interim, Marketing Services will continue to improve current required collateral and other marketing materials and will align materials with the new brand as it evolves.
- Ensuring that the TCL business units conform to TCL branding by developing a marketing profile and plan for each unit.

Communications

2005–2006 Priorities

1. The major project for this year is by September to develop and implement an internal/external stakeholder communications plan with an objective of securing stakeholder support for TCL's strategic initiatives. Elements of this process include:

- A formalized consultation process for obtaining input and feedback and identifying needs and priorities from the extensive network of stakeholders who support TCL in a variety of ways.
- By second quarter, deliver a written plan and program of presentations and information sessions to engage stakeholders with emphasis on the role that TCL plays in the economic and cultural life of the province

Human Resources and Payroll

2005–2006 Priorities

1. Implement new HR and payroll software with the intent of increasing efficiencies and accuracy and improving data flow and information management. This system will be installed in the first quarter of 2005–2006 and will be fully functional by the third quarter.
2. Because of the nature of the event business, our employees are often required to go well beyond the call of duty to deliver the high-quality service for which TCL is known. These experienced, long-term employees enable us to deliver high-calibre world-class events. A priority is to retain and motivate employees through competitive total rewards by focusing on the following:

- In the first and second quarter, work with managers and supervisors to assist them in designing and implementing recognition programs suitable for their departments.
- By end of third quarter, establish a new compensation plan to motivate and reward our long-term employees and attract new employees to TCL. We will conduct a salary survey and research "best practices" to design a program that meets TCL's needs.

Finance and IT Services

2005–2006 Priorities

Finance priorities for 2005–2006 include:

1. By end of June 2005, install and implement Great Plains, the new accounting software package, to provide more functionality and improved management of financial data.
2. To ensure appropriate accountability, due diligence and consistency, a key project for this year is to significantly upgrade documentation around financial policies, procedures, and internal controls, thereby providing guidance to managers and direction to Finance employees. The project plan will be written in the first quarter with the financial manual completed and distributed in the fourth quarter.
3. A related initiative is to provide support to management through development of an education program by second quarter around TCL financial statements, reporting, and management.

IT Services has one major priority as follows:

1. Develop a written IT Network and Operating Systems Plan by end of first quarter to support the organization over the next three- to five-year period

Budget Context

For the year ended March 31

	Forecast 2004–2005 ($)	Forecast 2004–2005 ($)	Estimate 2005–2006 ($)
Revenues	$ 10,103,900	$ 10,730,318	$ 11,387,181
Expenses			
Event operations	4,026,312	4,072,446	4,510,496
Salaries and benefits	2,565,577	2,713,446	2,735,841
General operations	2,966,360	2,979,125	3,108,442
Taxes and insurance	1,030,393	1,084,396	1,052,402
	10,588,642	10,856,913	11,407,181
Income (loss) before other items	**(484,742)**	**(126,595)**	**(20,000)**
Other income	20,500	30,000	20,000
Income (loss) before depreciation	**$ (464,242)**	**$ (96,595)**	**$ 0**
Depreciation	1,640,645	1,500,000	1,650,000
Income (loss) for the year	**$(2,104,887)**	**$(1,596,595)**	**$(1,650,000)**

Note: Revenues and expenditures for Halifax Metro Centre are not reflected in this budget. The Halifax Metro Centre is owned by the Halifax Regional Municipality and operated by Trade Centre Limited under a management agreement. All operating deficits or surpluses accrue to the municipality, and all capital improvements are funded by the municipality

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2005–2006

Waterfront Development Corporation Limited
Business Plan 2005–2006

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Mission

To serve as champion of a dynamic vision and to plan, coordinate, promote, and develop properties, events, and activities on designated waterfronts within Halifax Harbour.

Introduction

Halifax Harbour and its environs are critically important to the economic health of the Province of Nova Scotia. Through Waterfront Development Corporation Limited, the province remains actively involved in economic future of the harbour and the waterfront of Bedford, Dartmouth, and Halifax. Through active leadership and involvement in planning, development, programming of events, and investment, at both the public and private-sector level, the corporation pursues economic development strategies to ensure that the harbour and its waterfront environments continue to be a strong economic engine for the province.

The 2005 business plan for Waterfront Development Corporation Limited outlines a number of comprehensive and challenging programs in the areas of development, marketing, and planning.

Development of new public spaces, commercial, and residential projects and presenting special-event opportunities will continue to be the focus in 2005. Bedford will see the creation of new land for public use and development opportunities, while providing an environmentally safe site for the disposal of pyretic slate. Planning for this new land and working with Halifax Regional Municipality on the fast ferry concept will be the primary focus.

In Dartmouth, the commitment to continue, in co-operation with Halifax Regional Municipality and the community, the harbourfront trail along the Dartmouth shoreline will ensure renewed interest in the Dartmouth waterfront. Strategic planning and development of the corporation's land in downtown Dartmouth will be a priority.

In Halifax, the corporation will continue to partner with the private sector and Halifax Regional Municipality to develop high-quality mixed-use developments and public amenities. It is anticipated that the development of the Salter Street site will proceed. A high priority is the Queens Landing/expansion of the Maritime Museum of the Atlantic project. The corporation is continuing to work with other government departments and the private sector on this initiative, which is destined to become a new centrepiece for the Halifax waterfront and harbour, just as the original museum was more than 20 years ago.

Halifax Harbour Festival, a new annual festival, will have its inaugural year in 2005, and planning will be under way for future tall ships visits, the signature events of the province.

Planning Context

Mandate

Waterfront Development Corporation Limited is a Crown corporation, established in 1976 to revitalize the waterfronts of Bedford, Dartmouth, and Halifax. Its current mandate includes

- property acquisition, management and development within designated areas in Bedford, Dartmouth and Halifax
- marketing and promotion designed to attract public use of the waterfronts
- coordination and planning of the waterfronts of Bedford, Dartmouth, and Halifax, including championing assets owned by the province throughout the entire harbour

At the time of writing this plan the mandate of the corporation is under review by the provincial government. The focus of the review is to determine if there is a need to have the province, through the corporation, become more active in waterfront issues around the entire harbour. Should a new mandate be established changes in this business plan will be required.

Organizational Structure and Financial

The corporation has a staff of 15: 7 are involved in planning, development, and administration, and 8 in maintenance and parking operations.

Financial

The corporation's ordinary revenues of $3,200,000 in the year ended March 2004 are derived primarily from building and ground leases, $1,171,000 (37 per cent), and parking lot operations, $1,861,000 (58 per cent). In the year past, ordinary expenses were approximately $2,160,000 and are made up of property expenses (maintenance and repair, taxes, depreciation, $1,207,000, or 56 per cent), corporate overhead, including planning, $544,000 (25 per cent), interest expense, $234,000 (11 per cent), and contribution to public facilities, both owned and non-owned, $175,000 (8 per cent).

The corporation's loans and funds balance at the end of the fiscal 2004–2005 will be $8,731,000. Capital projects to fulfil the 2005–2006 business plan in the coming and future years will generate loan balances of

2004–2005 = $ 8,731,000

2005–2006 = $ 10,182,000

2006–2007 = $ 10,103,000

2007–2008 = $ 10,369,000

The financial health of the corporation is largely dependent on revenue sources from parking fees and tenant rents. For the past fiscal year, budget targets for parking revenues were down, and this year's forecast have been adjusted accordingly. Rents from tenants are subject to economic and market conditions. The provincial government guarantee allows an interest rate 1 per cent below prime on the corporation's loan. Revenue has remained basically steady, and net earnings have been applied to debt reduction and capital improvements. Should there be a regional economic downturn, revenue sources and the funds from private-sector partnerships could be reduced. In order to maintain an aggressive and proactive economic development strategy, specific funds have been targeted for projects in Halifax and Dartmouth.

The corporation continues to assess its revenue generation capability, particularly on the Halifax waterfront where visitor attraction and special-event opportunities are high.

Hurricane Juan caused significant damage to WDCL's properties and infrastructure in Halifax Harbour. Expenses continued into the fiscal year 2004–2005, and only a minor insurance settlement provided any recovery of expenses.

It should be noted that revenues in later years are temporarily reduced during the construction period in the transition from parking lots to development sites. Every effort is being made to maintain a revenue stream, following development, that will sustain the corporation's activities and financial health; however, future investment by the province is required to maintain the overall program.

Finally, the development projects anticipated in this plan will generate more than $200 million in private investment.

Designated Waterfront Areas

Halifax

The lion's share of the corporation's property assets is on the Halifax Waterfront. The corporation has been working jointly with the Halifax Regional Municipality to achieve a financially viable plan. The Halifax Waterfront Openspace and Development Plan has yet to be approved due to continuing discussions with HRM on the eventual planning guidelines for the corporation's development sites. Full implementation of the plan with its significant open space and reduced development intensity based on "best use" is dependent on achieving a financial partnership agreement with HRM and provincial government investment.

Expansion of the Maritime Museum of the Atlantic and an associated private development at Queen's Landing, a major project, for which the feasibility assessment will be completed in 2005, is expected to begin in 2006. In addition to the private-sector investment, this development requires significant provincial and federal financial support, which will be the subject of a separate business plan based on the feasibility assessment.

Special events planning and development will continue with special emphasis on a first annual harbour-wide festival for 2005. Future tall ships events are being considered for 2007 and 2009.

Dartmouth

The Dartmouth Harbourwalk concept plan continues to be implemented in phases. Detailed design is being completed by HRM on a portion from Cussack Street to Old Ferry Road, and WDCL has completed design work for key sections in Dartmouth Cove that will proceed in 2005. The achievement of the Dartmouth Harbourwalk is dependent on municipal contributions and private sponsorship.

Also in Dartmouth, the corporation is continuing its efforts with NSCAD University (Nova Scotia College of Art and Design) for the location of their second campus to the waterfront. In order for this initiative to be successful, it will require financial support from the province, possibly special incentives by the corporation, and partnership with the private sector.

Bedford

The fill project and creation of additional land for public use and development continues. This fill site has also provided a much-needed environmentally sound ocean dumping area for pyritic slate. Availability of slate has diminished in the past year, and if trends continue, the estimated five- to eight-year capacity will be extended considerably. As well, competitive fill sites may be developed by others. For the long term, development of the land in partnership with the owner of a portion of the area is being considered. The completion of Phase I has been delayed due to a lawsuit with Provident Development Limited on a change in use of the last lands in Phase I from commercial to residential.

The corporation will be seeking a review of planning policy for Phase II from HRM, and a public consultation and planning process will be undertaken. There is an opportunity to fulfil needs of the community in terms of public space and facilities, as well as new private development for residential, commercial, and marine use, including a marina. The completion of the South Jetty, public boat launch, and extension of the Bedford Basin Harbourwalk in 2004, along with a new children's play structure in co-operation with the Halifax Port Authority and HRM have been successful in providing additional needed public facilities. WDCL will continue to develop strategic partnerships to further develop public facilities in Bedford. The fast ferry, a project of HRM, will be a priority for 2005.

Strategic Goals

The corporation's strategic goals are to provide infrastructure, opportunities, and support for further public and private investment that will enhance the capital region as a place to live, do business, invest, and visit. By enhancing the quality of the waterfronts for residents and visitors, the corporation creates the opportunity for continuing economic growth by creating increased leisure traffic; meeting and convention activity; and additional residential, institutional, and commercial development. An emphasis is placed on quality development and programs that will make all Nova Scotians proud of their capital region and province and encourage people to visit Nova Scotia.

At the time of writing this plan, the corporation's mandate was under review by its shareholder, the Office of Economic Development. Depending on the results of this review, it is anticipated that this business plan will have to be revisited to provide strategic direction to a new mandate.

Core Business Areas

1. Acquisition, management, and development of waterfront property in Bedford, Dartmouth, and Halifax.
2. Marketing and promotion (public relations) of the waterfronts as centres of year-round activity and interest for residents and visitors.
3. Coordination and planning of waterfront activities and development.

Priorities for 2005–2006

1. Acquisition, management, and development of waterfront property in Bedford, Dartmouth, and Halifax

- Acquisition
  - Acquire/dispose of assets essential for realization of waterfront plans.
  - Create new land for public space and development through infilling of waterlots.
- Management
  - Manage property leasing and parking operations to provide funds for investment in further development.

– Promote/advertise berthing for visiting vessels in Bedford, Dartmouth, and Halifax.

– Maintain properties and public spaces (including limited winter maintenance) to a high standard and use best practices, in coordination with other stakeholders, e.g., HRM

– Undertake repairs to existing deteriorating infrastructure along the Halifax Harbourwalk.

- Development

  – Obtain planning and development approval for land at the foot of and to the south of Salter Street in Halifax to achieve additional public space and private-sector development opportunities.

  – Undertake a public/private partnership in the expansion of the Maritime Museum of the Atlantic and development of adjacent Queen's Landing.

  – Negotiate a partnership with NSCAD University for the location of a second college campus on the Dartmouth Waterfront in Dartmouth Cove.

  – Negotiate a partnership with the private sector land and water-lot owner adjacent to Phase II in Bedford to achieve access and a joint development opportunity.

  – Resolve the lawsuit with developer of Site 3.2 in Phase I.

  – Improve public facilities in all waterfront areas, in particular trails, washrooms, and public spaces.

  – Develop Phase II of Dartmouth Harbourwalk in Dartmouth Cove.

  – Continue to evaluate timing of expansion of the NovaScotian Crystal Building.

  – Continue to seek ways and means for redevelopment and access to George's and McNab's Islands.

2. Marketing and promotion of the waterfronts as centres of year-round activity and interest for residents and visitors

- Develop a communications plan to expand public relations coverage with media interviews, paid advertising, and direct mailings and by participating in business networking sessions and events.
- Install interpretation panels for the Halifax Waterfront to improve overall visitor experience.
- Co-operate with Downtown Development Commissions in promoting business development.
- Source and encourage new events and festivals to use the waterfront(s) as event sites.
- Provide leadership, in co-operation with the Maritime Museum of the Atlantic, in advancing a Visiting Ships program, to include periodic tall ships visits and a

potential tall ships festival every four to five years.

- Successfuly implement Halifax Harbour Festival

3. Coordination and planning of waterfront activities and development

- Champion and coordinate with HRM on waterfront park and trail development along the Dartmouth waterfront, from the MacDonald Bridge to Woodside Ferry Terminal and seek public and private sector funding support.
- Continue to establish partnership/policy agreements with Halifax Regional Municipality in areas of planning and maintenance.
- Resolve title issues associated with certain water lots claimed by the Halifax Port Authority.
- In co-operation with HRM and other provincial and federal agencies, continue to develop a vision and plan for Halifax Harbour.
- Provide support to annual waterfront festivals and events such as Canada Day celebrations, International Buskers Festival, Halifax-Dartmouth Natal Day celebrations, Atlantic Film Festival, Bedford Days Festival.
- Provide a leadership role in coordinating provincial interest in lands on Halifax Harbour via the Deputy Minister's Committee on Port Development and Land Use.
- Assess alternatives and develop a plan for Bedford Phase II, including a fast ferry concept.
- Continue to explore the feasibility of a marina at Mill Cove in Bedford.
- Seek to have the development of George's Island as a tourist attraction a higher priority of the federal government.

Budget Context

	Actual 2003–04 ($)	Estimate 2004–2005 ($)	Forecast 2004–05 ($)	Estimate 2005–2006 ($)
Revenue				
Rents	3,032,921	2,987,191	3,053,728	3,007,486
Recoveries	9,759	9,200	172,973	9,200
Interest income	924	4,500	1,973	4,500
Other income	30,543	2,000	0	0
Gain on sale of properties				
Tall ships/events	0	0	2,033,742	20,000
Grant revenue (Prov. of NS)	130,732	133,400	109,732	133,400
	3,204,879	**3,136,291**	**5,372,148**	**3,174,586**
Property expenses				
Property taxes	16,203	32,000	43,266	42,000
Operating	890,083	600,000	881,965	675,000
Depreciation & amortization	300,432	279,000	292,000	284,000
	1,206,718	**911,000**	**1,217,231**	**1,001,000**
Income before other items				
Corporate expenses				
Directors' fees & expenses	55,878	50,000	59,858	60,000
Doubtful accounts	-26,845	0	8,639	0
Office operations	80,658	67,000	79,622	80,000
Professional fees				
Audit	14,500	14,500	15,000	14,500
Programs	68,433	465,000	2,069,340	323,777
Legal	-204,170	80,000	100,454	40,000
Salaries, contracts, & benefits	511,876	600,912	547,988	530,862
Waterfront promotions & public relations	43,796	-72,347	-72,347	40,500
	544,126	1,205,065	2,894,926	1,089,639
Loan interest	233,897	208,000	173,370	220,963
Depreciation on facilities for public access	92,000	92,000	92,000	106,000
Contribution to non-owned infrastructure	82,784	0	197,719	0
	408,681	300,000	463,089	326,963
Net earnings	1,045,354	720,226	796,902	756,984
Retained earnings, beginning of year	3,421,034	4,066,388	4,066,388	4,463,290
Net earnings	1,045,354	720,226	796,902	756,984
Transfer from (to) General Devt. Fund				
Transfer to Infrastructure Renewal Fund	-400,000	-400,000	-400,000	-400,000
Retained earnings, end of year	**4,066,388**	**4,386,614**	**4,463,290**	**4,820,274**
Capital projects	444,529	1,580,500	1,095,600	1,576,000
Loans & Funds balance	7,888,819	9,649,472	8,730,712	10,182,064
Prime rate			5.0%	5.0%

Outcomes and Performance Measures

Core Business Area 1 ***Acquisition, management, and development of waterfront property in Bedford, Dartmouth and Halifax.***

Outcome	Indicator	Measure	Base Year Measure	Target 2005–06	Target 2006–07	Strategies to Achieve Target
Lease Salter Block	Lease of property	Percentage leased	3.3 acres	100%	N/A	Lease agreement
Acquire land in Dartmouth Cove	Deed for property	N/A	N/A	One acre	0	Negotiation of purchase and sale
New land for public use/ Development in Bedford Phase II	Acres of land	Acres created	11	13.5	16	Selling of dumping space for slate
Maintaining or increasing revenue [1]	Gross revenue	% increase	$1,480,000	2%	2%	Increase efficiency and control expenses, increase occupancy
Increased usage of berthing facilities	Revenue	% increase	$27,000	3%	6%	Advertising, improvement to facilities
High-quality visitor experience	Visitor satisfaction	Increase in visitation	1,011,000 (2001)	3% increase	6% increase	Best practice and coordination with HRM
New kiosk	Number of kiosks	Number of kiosks	6	0	0	Leasing of WDCL owned kiosk
Maintain value of assets	Annual maintenance cost	Change in maintenance cost				Capital investment in infrastructure

1. While revenue projections are proposed to increase because approximately 63 per cent of revenue comes from temporary parking lots, there will be flucuations in revenue as sites are developed and revenue is transformed from parking to more permanent uses. Additionally there has been a gradual diminishing of parking revenue through decreased demand and competition.

Core Business Area 1 *Acquisition, management, and development of waterfront property in Bedford, Dartmouth and Halifax.*

Outcome	Indicator	Measure	Base Year Measure	Target 2005–06	Target 2006–07	Strategies to Achieve Target
Public/private development on Salter Street Block	Leasing of land	Percentage of land leased	3.3 acres	100%	N/A	Planning and development approval by HRM
Public/private development on Queens Landing	Develop agreement/lease	Land leased	N/A	N/A	N/A	Public private partnership agreement
Development of land in Dartmouth Cove	Agreement with NSCAD and private sector	Acres of land under agreement	Partnership agreement	100% of agreement	N/A	Seek partnership with NSCAD and private sector including $$
Joint development agreement in Bedford	Successful negotiation of agreement	Legal agreement	Agreement to fill land of private owner	100% of agreement	N/A	Seek partnership with private owner
Resolve legal actions in Phase I Bedford	Effect on budget	Cost of settlement	N/A	N/A	N/A	Negotiation/arbitration
New facilities in Bedford	Completion of South Jetty and boat launch	Completed facilities	N/A	Finished project	N/A	Completion of construction
Public Facility on Halifax Waterfront	Partnership with Rotary	N/A	N/A	Construction	N/A	Partnership with Rotary
Improvement to public facilities	Visitor satisfaction	Increase in visitation	1,011,000 (2001)	3% increase	6% increase	Invest in new public infrastructure
Public access to waterfront in Dartmouth	Visitor satisfaction	Lineal kms of trail	1 km	2 km	4 km	Completion of trail in partnership with HRM
Addition to Nova Scotian Crystal	Increase in leaseable space/revenue	Percentage increase in leaseable space	4500 sq. ft.	4500 sq. ft.	21,000 sq. ft.	Feasibility of expansion

Core Business Area 2 *Marketing and promotion (public relations) of the waterfronts as centres of year-round activity and interest for residents and visitors.*

Outcome	Indicator	Measure	Base Year Measure	Target 2005–06	Target 2006–07	Strategies to Achieve Target
Use of Georges and MacNabs Islands	Visitation	Percentage increase	1,011,000 (2001)	3% increase	6% increase	Partner in and support access to islands
Profile of corporation	Public awareness of corporation	Increase in awareness	N/A	N/A	N/A	Communications plan and survey
Improve visitor experience	Visitor satisfaction	Increase in visitation	1,011,000 (2001)[1]	3% increase	6% increase	Seek partners and sponsors for displays
Business growth	Tenant revenue	Increase in revenue	N/A	N/A	N/A	Partnering with business commissions
New Events	Visitor satisfaction	Percentage increase in visitors	1,011,000 (2001)	3% increase	6% increase	Sponsor and partner in events, Tall Ships 2007 and 2009, new Maritime Festival
Visiting ships	Number of ships	Number of ships	5 ships	40 Ships for Tall Ships	10 ships	Partner and improve facilities
Improve visitor experience	Visitor satisfaction	Percentage increase	1,011,000 (2001)	3% increase	6% increase	Visitor intercept survey

1 This number is derived from the median of two recent studies, WDCL Economic Impact Assessment, prepared by CanMac Economics, 2002 Limited, and the Strategic Plan for the Canadian Naval Heritage Foundation by Economic Planning Group, 2002.

Core Business Area 3 *Coordination and planning of waterfront activities and development*

Outcome	Indicator	Measure	Base Year Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Public and private sector support for trail in Dartmouth	Sponsorship/ partnership funds	Contributions	$75,000	$150,000	$200,000	
Partnering with HRM	Formal agreements	Approved co-operative agreements	N/A	N/A	N/A	Meetings at executive level
Clear title on certain water lots	Agreement with HPA	Title to water lots	N/A	N/A	N/A	Negotiate with HPA
Harbour Vision/Plan	Adoption of Vision/Plan	Support from public and other governments	Agreement to develop vision/plan	Adoption of vision/plan		Work co-operatively with HRM and other governments
Co-operative partnerships for events	Successful events	Visitor increases	1,011,000 (2001)	3% increase	6 % increase	Co-operative partnerships and sponsorships of events
Coordination of provincial interest	Coordinated development	N/A	N/A	N/A		Deputy Ministers Committee and staff working group
Coordinate approach to provincial waterfront land	Provincial policy	Support for projects and programs	N/A	N/A		Continued work of Deputy Minister's Committee and staff working group

Plan for Bedford Phase II	Public support	Adoption of plan	1990s plan	Draft plan	Final plan	Hire consultants and public consultation
Marina in Bedford	Feasibility assessment	Economically viable	8 ships	N/A	N/A	Determine feasibility
George's Island open to public	Federal priority	Phased construction	N/A	N/A	N/A	Seek to have federal priority