Nova Scotia Crown Corporation Business Plans

For the fiscal year 2009–2010

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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.

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Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2009–2010

Table of Contents

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Art Gallery of Nova Scotia
Business Plan 2009–2010

Table of Contents

Message from the Minister of Tourism, Culture and Heritage

On behalf of the Department of Tourism, Culture and Heritage, I am pleased to present the business plan for the Art Gallery of Nova Scotia for the 2009–2010 fiscal year.

The Art Gallery of Nova Scotia is the primary visual arts institution in our province, serving the public from its two locations in Halifax and Yarmouth. Its mission to make art accessible to Nova Scotians reinforces the provincial government's commitment to develop our arts and culture sector. Art in its many forms enhances the quality of life for our citizens and ensures that Nova Scotia plays a role in the wider Canadian cultural experience.

Our department looks forward to supporting the Art Gallery of Nova Scotia as it continues to pursue its mission in the year ahead.

Sincerely,

The Honourable Percy Paris
Minister of Tourism, Culture and Heritage

Mission

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

Corporate Mandate

The Art Gallery of Nova Scotia is accumulating a substantial art collection, fulfilling audience needs in perpetuity by giving first-hand access to art objects considered to be of lasting value. AGNS, through its mentoring, teaching, and internship programs, also assists the development of emerging young professionals: educators, curators, and museum professionals as well as artists. By providing programs and learning opportunities of international calibre, AGNS contributes to Nova Scotia's reputation as a vibrant community committed to artistic excellence.

AGNS exhibition and collection programs foster global competitiveness by making the art of the world available to Nova Scotians in their home province and by raising the international profile of Nova Scotia art and artists through our travelling exhibitions and our coordination of the internationally renowned Sobey Art Award.

Participation in the arts, and in our particular case, the visual arts, provides necessary benefits in the development of one's overall health and wellness. Positive self-esteem, creativity, self-awareness and discovery flourish when opportunities in the arts are provided. AGNS Education and Public Programs directly support individuals, families, and communities through relevant and inspiring programs delivered at the gallery and in outreach partnerships with various hospitals and social agencies. The AGNS is a public institution, and these programs are accessible to all Nova Scotians and visitors alike.

Planning Context

The Art Gallery of Nova Scotia is the principal art museum of the Province of Nova Scotia and is responsible for maintaining the Crown's art collection on behalf of the people of Nova Scotia and for ensuring access by the people to this resource. The AGNS is the largest art museum in Atlantic Canada.

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 of Governors assumes responsibility, loyalty, and a duty to uphold the integrity of the organization. The advocacy role of the

AGNS board is paramount in developing community awareness of the gallery's mission in representing and interpreting the value of AGNS to community, government, corporate, and other funding agencies.

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

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

Our Environment

As one of only three provincial art galleries in Canada that operate as a Crown agency (the other two are in Newfoundland and Quebec), the AGNS exists in a unique environment. A creature of government, operating with civil service staff in a Crown-owned facility to preserve and maintain a Crown resource, the AGNS holds and executes a public trust. As one would expect, the funding for the AGNS comes largely from the provincial government. An ongoing priority is finding the right balance between fiscal responsibility and the provision of relevant, quality programs. Given the current economic downturn, we expect those challenges to mount in the coming year.

Despite the gap between our basic costs and our revenues, the AGNS has seen, in recent years, a significant increase in government operational funding at the provincial level. We have also increased revenues generated from the public and have increased funds generated from other government sources for our exhibitions and education programs. In 2007–2008 an award of $150,000 from the Canada Council for the Arts' Supplementary Operating Funding Initiative enabled us to significantly increase our touring exhibitions program, allowing us to showcase AGNS-curated exhibitions across the country. Despite that program's cancellation in 2008–2009, we have continued to make touring exhibitions, particularly in Nova Scotia, a priority. An increase of $40,000 in our base funding from the Canada Council for the 2008–2010 period will allow us to continue to focus on disseminating our collection throughout Nova Scotia and the region.

The 2008–2009 fiscal year marked significant changes in the gallery's operations, with several new staff hired, including a new director and CEO. The downturn in the economy, a depressed tourism environment, vastly increased shipping costs, and softer-than-expected corporate support all combined to make for a challenging year. However, despite those challenges, we will maintain a balanced budget for 2008–2009 and are projecting a balanced budget for 2009–2010. The AGNS has made significant strides in improving financial reporting, cost control, and corporate governance, and these process improvements will continue to be enhanced in the upcoming year.

An important initiative that will begin in early 2009 and continue through the new fiscal year is the formulation and implementation of a comprehensive development Plan that will chart the course for our fundraising efforts in the future.

One of our biggest achievements in recent years has been our success in growing the Crown's art collection. In the past five years, some 5,000 artworks with an estimated value of $20 million were acquired by the AGNS—mostly donated by artists and collectors from across the country.

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

Strategic Goals

The AGNS has several areas of longer-term direction, including the following.

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

   With financial sustainability, the AGNS will become a key driver for increasing the economic and export potential of Nova Scotia's tourism, culture, and heritage resources, in particular the visual arts.

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

   Preservation, interpretation, and conservation of the Crown's art collection are ongoing priorities. A collections review to ensure maximum accessibility, combined with the utmost care and regard to collection safety, will be a major focus in the upcoming year and beyond. The collections review will also include a major rehang of gallery spaces, designed to complement the strengths of our collection and to better articulate the role of Nova Scotia and Atlantic Canada in the development of Canadian art.

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

While this is an ongoing process and many effective and popular programs are currently being offered, the goal is to ensure that program enhancements and growth are possible and in a financially self-sustainable manner. A renewed concentration on the permanent collection will be central to our education and public programming goals in the 2009–2010 fiscal year.

4. **Governance and Accountability:** Continue with the work on the management recommendations outlined in the 2004 KPMG report and our AGNS Strategic Plan

   The recommendations of the KPMG report have now effectively all been implemented; however, we must ensure that the governance and accountability initiatives are being properly carried through and that changes are made to reflect emerging realities.

Core Business Areas

The core business of the Art Gallery of Nova Scotia is the creation, accumulation, and dissemination of knowledge through the visual arts. These are delivered through four distinct but interrelated functional areas.

1. Exhibitions

In the area of exhibitions, AGNS is committed to our mission of bringing the art of the world to Nova Scotia and the art of Nova Scotia to the world. In addition to our annual Sobey Art Award exhibitions, AGNS is committed to presenting a wide range of art in our exhibition programs, both in Halifax and in Yarmouth.

We are committed to building audiences for art and have a three-part strategy for doing so. The first, as stated above, is the ongoing growth of the Sobey Art Award, Canada's premiere prize for contemporary art, administered by the Art Gallery of Nova Scotia since its inception in 2002. The second is to work to broaden our programming of more "museum" style exhibitions—exhibitions of world culture and heritage—which will be paired up with other challenging art exhibitions. The third part of our strategy is to build partnerships to broaden the reach of our contemporary art exhibitions, to tour exhibitions within the province and across the region and the country. To that end we actively seek partnerships to ensure that our contemporary Canadian projects are seen by as many audiences as possible. We tour every one of our contemporary Canadian projects to at least one other venue.

We are committed to assisting in maximizing the export potential of the province's resources by raising the profile of this region's art activity across the country. We are committed to developing exhibitions that examine the work of individual artists and to a publication program that does justice to their work. Thematic exhibitions that we develop are drawn almost exclusively from our permanent collection and serve to complement the solo exhibition projects on view and in development. Our objective is to be a leader in the advancement of knowledge and understanding of visual art and in the fostering of the careers of Canadian artists.

2. Collections and Conservation

AGNS acquires artworks for the permanent collection consistent with the mandate of the acquisition policy and of the AGNS Mission Statement. The gallery maintains related library, film, 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. Education and Public Programming

AGNS has an ambitious education and public programming strategy that focuses on both on-site and outreach activities. On-site activities surround the support and the interpretation of our temporary exhibitions programming and of our permanent collection exhibitions. Offerings include special exhibitions, the development of in-house didactic material in exhibitions, daily guided public tours, early childhood education programs, infant and toddler/parent programs, studio/gallery workshops for students and teachers, family programs, a large docent program in support of school visits, an interpretative gallery team, and the fostering of lifelong learning with a series of lectures, films, artist talks, and other educational activities including access to archives, publications, and study materials.

Outreach activities involve many community collaborative partnerships. ArtReach, an innovative program developed in partnership with the Department of Education, continues to build on exciting links between the art gallery programs/exhibitions, Nova Scotia schools, and the community. This initiative underscores the gallery's commitment to developing programs to reach diverse audiences and provide greater access to rural communities. Works from the AGNS permanent collection are included in travelling ArtReach exhibitions to schools, museums, hospitals, and other community centres, complemented by educational workshops for people of all ages in their own communities. AGNS also reaches out to schools by continuing to serve as the lead partner for ArtsSmarts Nova Scotia, the provincial partner for the national ArtsSmarts program.

Other outreach programs include programming the areas of arts and wellness (including extensive work with the IWK Health Centre, as well as an art program for children with autism), resiliency and youth (including programs with organizations such as Phoenix Youth Programs, Laing House, and HomeBridge Youth Society), and young learners, which involves providing services to day-care centres, including the availability of specially designed art resource kits distributed on loan to day cares throughout the province. All of the educational programs are or will be available in the Western Branch as well as in Halifax.

4. Development and Auxiliary Services

This business function serves to financially maintain the operations of the AGNS and to encourage the public to visit the Art Gallery of Nova Scotia and engage in the visual arts. AGNS creates market awareness through various public relations tools. AGNS promotes membership to the public, generating revenue; as well, many of 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, facilities rentals, Art Sales and Rental (a related society housed in our premises), and Cheapside Café.

Priorities for 2009–2010

The priorities for the Art Gallery of Nova Scotia that are identified in this business plan are organized according to the core business area they best serve.

Core Business Area 1: Exhibitions

Priority 1. To continue to grow our travelling exhibitions and ArtReach programs to increase our service to areas of Nova Scotia outside of HRM.

Priority 2. To rehang our permanent collection in a consolidated, thematic exhibition of the history of Canadian art from a Nova Scotian perspective.

Core Business Area 2: Collections and Conservation

Priority 3. To develop an off-site storage facility for our permanent collection that will enable the gallery to reopen its fourth floor as an exhibition space.

Core Business Area 3: Education and Public Programming

Priority 4. To move three education pilot projects into full-fledged programs by the end of 2009.

Core Business Area 4: Development and Auxiliary Services

Priority 5. To balance the annual budget by ensuring that expenses are contained within the restrictions of operating and programming revenues. This result should be attained without compromising service delivery.

Human Resource Strategy

The AGNS will continue to focus on performance and professional growth for staff and our many volunteers, ensuring that personal goals are in line with corporate objectives. Our Human Resource Strategy encompasses the following:

- staff performance management process
- implementation of our visitor services initiative
- a volunteer policy that addresses recruitment, retention, training, scheduling, and most importantly, recognition of our volunteers
- managing the ongoing casual conversion process and bringing the gallery's human resource policies and practices fully in line with the current government policies and with the collective agreements and relevant memoranda of understanding with NSGEU

Budget Context

	Estimate 2008–09 ($)	Actual 2008–09 ($)	Estimate 2009–10 ($)
Operating Revenues:			
Province of Nova Scotia	2,018,000	2,055,500	2,076,000
Admissions and memberships	325,000	179,013	260,000
Donations and other	247,500	82,330	508,370
Programming recoveries	1,034,500	1,068,760	985,500
Gallery recoveries	126,000	87,260	28,000
	3,751,000	3,472,863	3,857,870
Gallery Shop	50,000	14,972	144,000
Product development	25,000	4,270	42,000
	3,826,000	3,492,105	4,043,870
Operating Expenses:			
Salaries and benefits	1,395,000	1,517,950	1,997,000
Building operations	938,000	876,185	745,274
Capital project	154,000	191,500	133,370
Programming	1,159,000	1,274,730	900,726
Development and public relations	120,000	171,065	120,000
Western Branch	210,000	212,450	147,500
	3,976,000	4,243,860	4,043,870
Net Operating Income (Loss)	(150,000)	(751,755)	0
Endowment Fund—Net	150,000	28,929	—
Acquisition Fund—Net	—	(18,118)	—
Surplus	—	(740,944)	—

Outcomes and Performance Measures

Core Business Area 1 *Exhibitions*

Priority 1: To continue to grow our travelling exhibitions and ArtReach programs to increase our service to areas of Nova Scotia outside of HRM.

Priority 2. To rehang our permanent collection in a consolidated, thematic exhibition of the history of Canadian art from a Nova Scotian perspective.

Outcome	Measure	Baseline/Target	Strategies to Achieve Target
Increased touring exhibition and education projects throughout Nova Scotia	Number of communities served.	To increase our ArtReach and touring exhibition programs by 25%	• Integrate our two touring streams • Increase funding through existing programs • Target marketing to potential hosts
A new thematic exhibition on the history of Canadian art from a Nova Scotia perspective	The ability to incorporate Nova Scotian stories into our telling of the history of Canadian art	The successful creation and installation of this exhibition by fall of 2009	• Return our third floor galleries to permanent collection uses • Reopen our fourth floor exhibition spaces • Target acquisition of works key to the historical record through loans, gifts, and purchases

Core Business Area 2 *Collections and Conservation*

Priority 3: To develop an off-site storage facility for our permanent collection that will enable the gallery to reopen its fourth floor as an exhibition space.

Outcome	Measure	Baseline/Target	Strategies to Achieve Target
A functioning collections storage facility off-site from AGNS Halifax	The ability to reopen gallery spaces and meet our legal and ethical obligations under our Class A status, insurance requirements, and museum standards	The completion of our off-site storage facility by fall of 2009	• Use grant revenue from PCH as well as budgeted costs for off-site storage to purchase racks and shelves • Apply for TCI capital grant for 2009–2010 fiscal year

Core Business Area 3 *Education and Public Programming*

Priority 4: To move three education pilot projects into full-fledged programs by the end of 2009.

Outcome	Measure	Baseline/Target	Strategies to Achieve Target
Expanded outreach activities through turning our successful pilot projects into ongoing programs	Success in reaching agreements to provide art education services in hospitals, social service sectors, and community centres across the province	Moving three pilot projects—IWK Health and Wellness, Autism Arts, and ArtReach—into ongoing and continuing programs by the end of 2009	• Work with our partners and funders to secure the needed resources to transform our successful pilot projects into ongoing programs • Sign appropriate agreements and create three-year plans for the implementation of these programs

Core Business Area 4 *Development and Auxiliary Services*

Priority 5: To balance the annual budget by ensuring that expenses are contained within the restrictions of operating and programming revenues. This result should be attained without compromising service delivery.

Outcome	Measure	Baseline/Target	Strategies to Achieve Target
A balanced budget for 2009–2010	Balancing the 2009–2010 budget	A balanced budget for 2009–2010	• Control expenditures and meet revenue targets

Crown Corporation

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

FOR THE FISCAL YEAR 2009–2010

Halifax-Dartmouth Bridge Commission

Business Plan 2009–2010

Table of Contents

Message from the Minister and the Chair

It is with pleasure that we submit the business plan for the Halifax-Dartmouth Bridge Commission (operating as Halifax Harbour Bridges or HHB) for 2009–10.

The past year was one of significant milestones that demonstrates the important role HHB plays in the transportation network in Nova Scotia:

- After several decades of use, tokens were eliminated as a payment method to cross the harbour bridges in favour of electronic tolling using MACPASS to help reduce traffic congestion and accommodate future traffic growth.
- HHB continues to be financially strong. In December 2007 the debt was reduced from $123 million to $60 million, and rating agencies continue to give high marks to HHB.
- HHB is leading the discussion around the growing traffic congestion in the Halifax Regional Municipality. A Cross Harbour Traffic Needs Assessment brought light to the issue of growing congestion and indicates that, unless we change how we manage our transportation system, we may need additional cross-harbour capacity in the future.
- Ensuring that the harbour bridges and surrounding structures are well maintained and structurally sound continues to be a priority for HHB. Significant projects completed in 2008 include improvements to four of the approach spans on the Dartmouth side of the MacKay Bridge and completely refurbishing the Victoria Road interchange.

This business plan highlights the projects that will make 2009–2010 equally significant. On April 1, 2009, HHB shifted its year-end to coincide with the provincial government year-end. We will also extend the use of MACPASS to parking facilities, install large variable signs at key locations, and continue the project to implement a state-of-the-art security system. These projects will ensure that HHB continues to provide safe, efficient, and reliable passage to customers at an appropriate cost.

The Honourable Graham Steele
Minister of Finance

Tom Calkin, P.Eng., CMC
Chair, Halifax-Dartmouth Bridge Commission

Mission

To provide safe, efficient, and reliable passage at an appropriate cost.

Mandate

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

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

(2) Where the Government of the Province or the Municipality requests the Commission to investigate the sufficiency of the means of access to Halifax provided by the Bridges or the present or future need of a transportation project referred to in subsection (1), the Commission may

(a) conduct such investigation and studies as it considers advisable respecting

(i) the need or advisability of a transportation project referred to in subsection (1),

(ii) the proper location of any such transportation project,

(iii) the manner or method of financing and operating any such transportation project,

(iv) the probable cost of acquiring lands for the purposes of an additional transportation project and the cost of constructing such transportation project,

(v) any other matter related to the construction, operation or financing of a transportation project referred to in subsection (1) that the Commission considers relevant;

(b) for the purpose of making investigation and studies, engage expert or technical assistance;

(c) defray the cost of its investigations and studies out of the ordinary revenue of the Commission;

(d) make reports and recommendations to the Government of the Province and the Municipality.

(3) Any costs incurred by the Commission under this Section are expenses of operating the Bridges or a transportation project in respect of which the Commission is collecting tolls, fees, rates and other charges.

Planning Context

What follows is an overview of the structure and the factors that are considered in the planning process.

Organizational Structure

The Board of Commissioners has nine members: five are appointed by the Province of Nova Scotia, including the chair and vice chair; and four members are Regional Councillors, appointed by Halifax Regional Municipality. Within the board structure, standing committees deal specifically with audit; maintenance; finance/administration/ planning (FAP); and operations, communications, and MACPASS (OCM).

There are 35 permanent administrative and maintenance staff, and HHB employs approximately 40 painters and 11 gardening staff seasonally. There are also approximately 50 dedicated members of the Commissionaires of Nova Scotia (CNS) who effectively manage the operations of the bridges.

Strengths

- HHB has 54 years' experience in maintaining and operating suspension bridges.
- HHB demonstrates leadership in implementing and operating electronic toll collection; 2008 marked 10 years since the inception of electronic tolling with MACPASS.
- HHB is financially self-reliant and reports to the Minister of Finance for the Province of Nova Scotia. As a self-funding user-pay operation, HHB receives no funding from the provincial government.
- HHB is financially strong. In 2008 its ratings were reaffirmed: AA (low) with DBRS and AA- stable from Standard & Poor's Rating Agency. In December 2007 HHB reduced its debt from $123 million to $60 million.
- Through strategic capital investments and a comprehensive maintenance plan, the harbour bridges are two of the best-maintained pieces of infrastructure in the province.
- MACPASS reduces toll plaza congestion and idling times to benefit the environment. During the peak travel time approximately 80 per cent of the crossings are made with MACPASS.

Weaknesses

- The Macdonald Bridge has been operating for 54 years and the MacKay Bridge for 39 years. Age, maintenance costs, and the effort required to ensure that they remain structurally sound will increase.
- At some point in the future, a toll rate increase will be required. The last toll increase was in 1992.

- Based on current traffic growth projections, the bridges are approaching full capacity. According to a 2005 traffic study, there are very few improvements that can be done to help ease congestion on the two bridges.

Opportunities

- HHB has identified growth opportunities within its core business areas to increase customer service by marketing MACPASS to other toll collection agencies. In late 2008 HHB secured approval to expand the use of MACPASS to parking facilities, including the Halifax Stanfield International Airport.
- HHB will continue to take a leadership role in finding solutions to manage the demand for transportation. There are ways in which tolling can play a role, and HHB will continue to analyse the potential impact.

Threats

- We are vulnerable to adverse economic developments that arise as a result of rising fuel costs and a downturn in the economy. Both can have a negative impact on traffic volumes on the bridges and affect revenue.
- Ensuring the safety of the public and public buildings/structures is of the utmost priority for HHB. In 2008 HHB initiated a three-year state-of-the-art security project.

Strategic Goals

To carry out its mission, Halifax Harbour Bridges has defined the following strategic goals:

- Manage the cash flow and debt to meet the future capital and maintenance requirements of HHB.
- When requested, advocate HHB’s plan to address additional cross-harbour capacity and initiate planning steps to secure the transportation corridor.
- Focus on strengthening HHB’s relationship with major stakeholders, including all who use the bridges.
- When requested, support and advance any potential projects with the Halifax Regional Municipality and the Province of Nova Scotia.
- Communicate HHB’s long-term strategic plan.
- Become an industry leader in safety, security, and operations.
- Continue a major six-year maintenance program started in 2006.
- Become a recognized leader in the pursuit of sustainable transportation demand management solutions.
- Increase the percentage of vehicle crossings using MACPASS to 80 per cent.

Core Business Areas

Safety and Emergency Preparedness

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

The two harbour bridges are among the safest and best-maintained pieces of infrastructure in Nova Scotia. Safety measures include a wind detection system, mobile speed radar, ice detection sensors, around the clock bridge security, cameras and emergency telephones on the Macdonald Bridge.

Focus for 2009–2010

- Six variable message signs (VMS) will be installed on the approach roads to the MacKay Bridge (three in Halifax and three in Dartmouth), the first of their kind in Nova Scotia. These signs will be located prior to key decision points on the approach roads to the MacKay Bridge. They will display real-time information about construction projects, extreme weather conditions, or vehicle accidents to motorists, allowing drivers sufficient time to choose alternate routes.
- A three-year project to install a state-of-the-art security system including more cameras, lights, sensors, fences, and controlled access will continue. This project began in 2008.
- Incident management will be a significant focus in 2009 to analyse why, when, and how accidents occur.

Maintenance

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

The two harbour bridges are inspected to the highest standards. Each year they receive a rigorous inspection to ensure that all maintenance requirements are identified and proper action is taken. The annual inspection determines the course of action for the current year and forms the basis of the three-year maintenance plan.

With the extensive amount of construction work that takes place each year, HHB works hard to minimize disruption to the travelling public. As much as possible, work is done evenings and weekends.

The major projects completed in 2008 included refurbishing four of the overpasses on the Dartmouth approaches to the MacKay Bridge and completely renovating the Victoria Road interchange. HHB also finished the second year of a three-year painting program, focusing on painting the MacKay Bridge main cables and suspender ropes.

Focus for 2009–2010

The focus in 2009–10 will be to resurface the approach spans on the Macdonald Bridge. On the MacKay Bridge, the focus will be replacement of the stiffening truss bearings and the expansion joints at the cable bents, further curb replacements on the Dartmouth approach spans, and some structural upgrades.

The extensive maintenance at the MacKay Bridge is part of the longer-term plan to ensure that major maintenance projects are complete in preparation for replacement of the suspended spans on the Macdonald Bridge sometime between 2014 and 2016.

Efficient Transportation

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

Objective: To continue to market electronic toll collection (MACPASS) to decrease traffic congestion and accommodate future traffic growth.

In 2008 HHB marked the 10th anniversary of electronic tolling (MACPASS). The MACPASS electronic toll collection system provides benefits through faster transit times, added convenience, and cost savings over cash.

In 2008 HHB adopted an automated vehicle classification system based on vehicle axle counts. Axle-based tolling applies the toll based on the number of axles per vehicle and is a more fair and equitable way to determine the toll. This technology will allow HHB to evaluate additional tolling efficiencies, including open-road tolling or express lanes. It was also the year in which we upgraded the MACPASS system, eliminated the $30 deposit required to get a MACPASS transponder, and eliminated tokens.

The new MACPASS system provides improved online account management for the customer and significant improvements to internal account management, both of which will increase customer service levels.

Since March 2008, over 40,000 MACPASS transponders have been distributed. In 2007, 12,000 transponders were distributed through the year. During the peak travel time, approximately 80 per cent of the crossings are made with MACPASS.

Focus for 2009–2010

For the next fiscal year, efforts will be made to gain further efficiencies from the new system. Planning and analysis will begin to determine the feasibility of express lanes at the MacKay Bridge. This opportunity will allow vehicles to pass the collection points at highway speeds.

In 2009 MACPASS use will be expanded to the new parkade at the Halifax Stanfield International Airport. It will be a convenient way for MACPASS customers to use their transponder to park at the airport, reducing the amount of time it takes to exit the parkade.

These changes provide HHB with new opportunities to increase the use of MACPASS system and to plan for future tolling efficiencies.

Fiscal Management

Objective: To ensure HHB's financial stability through sound fiscal planning and efficient management.

By carefully managing its cash flow, generated by toll revenues, HHB is able to ensure that the bridges are well maintained and structurally sound for current customers and future generations. It is this strong fiscal management that has allowed HHB to balance the need to conduct significant construction and capital projects without increasing the cost of tolls since 1992. The timing of a toll increase will be considered in conjunction with impending maintenance requirements and tolling methods that might help reduce traffic congestion and greenhouse gases (e.g. peak period tolling, one-way tolling, and express lanes).

HHB is self-funded through tolls, and it receives no funding from any level of government.

In December 2007, with the maturing of the Toll Revenue Bonds Series 1 and the line of credit with the Province of Nova Scotia, HHB significantly reduced its debt from $123 million to $60 million.

Through sound budgeting, HHB is able to meet all financial commitments, including its annual operating and maintenance budget, annual interest payments, and current capital funding.

Priorities for 2009–2010

The following priorities support HHB's core business areas for 2009–2010

Safety and Emergency Preparedness

- Complete the variable message sign (VMS) project.
- Conduct training for commissionaires, including customer service, computer, LIDAR, and ongoing suicide intervention training.
- Increase violation enforcement of overweight vehicles and traffic.
- Implement phase one of three-year security system.

Maintenance

- Resurface the approach spans of the Macdonald Bridge.
- Replace guardrails on approach roads.
- Stiffen truss bearings and replace expansion joints at cable bents.
- Commence design of Macdonald Bridge deck replacement.

Efficient Transportation

- Expand use of MACPASS to parking facilities.
- Provide ongoing support and enhancements of new toll system.

- Implement voice-over-Internet telephone system.
- Begin initial design and analysis for express lanes and open-road tolling.

Fiscal Management

- Effectively collect tolls electronically and mechanically (ongoing).
- Maintain the reliability of internal control systems (ongoing).
- Meet capital project requirements (ongoing seven strategic management control).
- Manage the operations and maintenance budgets (ongoing).
- Use HHB's cash flow for capital expenditures and for debt reduction.
- Maintain current ratings: DBRS AA (low) and S&P AA – stable.
- Study potential impact of one-way and peak period tolling and determine the timing of future toll increases.

Halifax Harbour Bridges in the Community

Over the past year we have invested in our outreach to the communities we serve. It began with sharing our messages around the Cross Harbour Traffic Needs Assessment and continues with our position on the importance of having a sustainable transportation network for future generations. We have also begun sharing our vision for the long term. This approach will help people understand our vision: to provide transportation infrastructure that is environmentally and economically sustainable. To aid these efforts the Halifax-Dartmouth Bridge Commission has launched a new visual identity that better reflects the organization.

Vital Community Link

Halifax Harbour Bridges is an important economic and transportation link in Atlantic Canada. The two harbour bridges provide safe and efficient travel for thousands of commuters each day and are the direct road link between the port of Halifax's two container terminals and North American markets.

Sustainable Transportation

HHB is looking to the future to ensure that the need for future cross-harbour capacity is met to ensure the economic and environmental success of the communities. In the past, HHB has addressed the problem of congestion by introducing MACPASS and building a third vehicle lane, a pedestrian lane, and a bike lane on the Macdonald Bridge. Today, HHB is investigating the impact that peak period tolling, one-way tolling, and express lanes might have on further reducing congestion and greenhouse gases.

As part of its long-term strategic planning, HHB released the results of the Cross-Harbour Traffic Needs Assessment in March 2008, which examined the future need for additional cross-harbour capacity in the Halifax Regional Municipality (HRM). The report, which Delphi MRC conducted for the commission at HRM's request, is not a blueprint to build a third harbour crossing. It does represent sound, long-term strategic planning and offers options for the government, business community, and bridge users to consider.

The report revealed that, given current growth predictions for HRM, the region will require a third harbour crossing between 2016 and 2026. It also revealed that the best location for this crossing would be at the end of Highway 111 (the Circumferential) in Dartmouth to the south end of Halifax. HHB has referred the needs assessment report to the Strategic Joint Regional Transportation Planning Committee, which includes representatives of the Province of Nova Scotia, HRM, and transportation users.

The Environment

HHB is doing its part to reduce greenhouse gas emissions and reduce its carbon footprint. HHB employees take reducing waste seriously and have a significant process in place to divert workplace waste.

In 2009 HHB will develop an environmental policy and goals. We seek continual improvement in our environmental performance by setting, reviewing, and updating environmental goals.

Using MACPASS allows traffic to flow more quickly through the toll plazas, reducing congestion and more effectively utilizing the capacity of the bridges. Independent analysis quantifies the contribution of the MACPASS tolling system as follows:

- 81,400 hour/year of peak hour travel time savings across the bridges
- an estimated yearly increase of 200,000–280,000 peak hour trips as a direct result of MACPASS
- the reduction of fuel consumption by 484 000 litres
- the reduction of carbon dioxide by 1 160 tonnes during peak hours throughout the year

Through its dedicated bikeway and walkway on the Macdonald Bridge, HHB encourages healthy, active lifestyles. The daily average number of pedestrians on the Macdonald Bridge is over 500, and the daily average number of cyclists is over 350 during the cycling season.

Community Involvement

HHB is involved in various events and supports various organizations in the communities it serves. The annual Bridge Walk, held during Natal Day weekend, draws thousands of pedestrians for an afternoon of family fun. HHB is also an original sponsor of the Blue Nose International Marathon, with thousands of runners crossing the Macdonald Bridge. HHB is also a founding partner of the MACPASS Mile—a free one-mile run across the Macdonald Bridge—open to people of all ages and abilities.

HHB is also proud to support various organizations, including the Discovery Centre and the Canadian Mental Health Association of Nova Scotia. HHB also hosts an annual Transportation Safety Day for the public to learn more about how to drive safely and use active transportation like walking and biking.

HHB helps local non-profit organizations promote themselves by hanging banners on the Macdonald Bridge or having access to floral beds along the approaches to the MacKay Bridge. Some of the organizations recently supported include

- Canadian Mental Health Association
- Heart and Stroke Foundation
- St. John Ambulance
- Bosom Buddies
- Breakfast for Learning
- Democracy 250
- Treaty Day
- Nova Scotia Lung Association

Budget Context

HHB continues to achieve financial stability and meet all of its obligations.

On December 4, 2007, the 10-year $100-million Toll Revenue Bonds Series 1 matured, and on December 5, 2007, the 10-year $30 million line of credit with the Province of Nova Scotia matured. These 10-year debts were replaced with a $60-million 12-year loan with the Province of Nova Scotia maturing December 4, 2019, and a $60-million line of credit with the Province of Nova Scotia maturing on December 5, 2019.

In 2008 HHB maintained its rating with Dominion Bond Rating Service Limited at AA (low) and achieved a rating increase from Standard & Poor's Ratings Group from A + positive to AA – stable.

	Budget 15 months ending Mar 31, 2009 ($,000)	Actual 15 months ending Mar 31, 2009 ($,000)	Projected 12 months 2009–10 ($,000)
Revenue			
Toll revenue	29,147	28,891	23,539
Other rate charges	262	182	144
Investment and sundry income:			
Trust fund investments	266	126	330
Other	400	375	570
Investment income		311	
Contributed revenue	3,500	2,575	
Contributed capital contribution		65	60
Token reserves taken into income		1,042	
Total Revenue	**33,575**	**33,567**	**24,643**
Expenses			
Operating	7,230	6,906	5,890
Maintenance	8,038	8,282	4,001
Amortization	5,659	5,843	4,807
Debt servicing	3,785	3,773	2,890
Loss (profit) on disposal of property, plant, and equipment		394	400
Total Expenses	**24,712**	**25,198**	**17,988**
Net Operating Income	8,863	8,369	6,654

Outcomes and Performance Measures

Core Business Area 1 *Safety and Emergency Preparedness*

Outcome (Immediate and Intermediate)	Measure	Data	Target	Strategies to Achieve Target
The total number of motor vehicle accidents (MVAs) reduced	Annual MVA statistics	2008 annual statistics	1.2 accidents per 100 000 vehicle kilometres travelled (VKT)	Increased traffic enforcement by bridge police and Halifax Regional Police
Compliance with bridge weight restrictions	Reduced violations	Total summary offence tickets written in 2008	Development of database	Agreement with provincial Motor Vehicle Compliance Division in place for scheduled enforcement
Completion of variable message signs project	Increased safety and provision of real-time information to customers	Completion of installation Improved traffic management	Increased customer service	Completion of CNS staff training to maximize use of variable message signs flexibility
Compliance with posted speed limits	Annual average speed statistics	2008 average speeds	MacKay Bridge: 79 kph Macdonald Bridge: 65 kph	Development and implementation of LIDAR enforcement procedures and public information

Core Business Area 2 *Maintenance*

Outcome (Immediate and Intermediate)	Measure	Data	Target	Strategies to Achieve Target
Bridges maintained in a relatively superior condition	Engineer's annual inspection report Periodic thickness testing	Ongoing painting program (May–October) for both bridges; when the cycle is complete, painters start again	Continuous on a three-year cycle	Annual painting program
Installation of selected netting on Macdonald Bridge suspended spans over DND property	Final construction inspection report	2007 and 2008: Insufficient snow fall events to assess trial netting installation	2009: 100% complete	Access from sidewalk/bikeway; dependent on selection
Repair of MacKay approach spans concrete curb	Final construction inspection report	2007: 25% (Halifax approach spans north) 2008: 40% (Halifax approach spans south)	2009: 100% (Dartmouth approach spans south)	Night and weekend closures
Resurfacing of Victoria Rd interchange and refurbishment of Victoria Rd underpass	Final construction inspection report	2008: tender awarded, excluding bin wall on Ramp D; ramps resurfaced; Victoria Road to be resurfaced in 2009	2009: 100% complete	Where possible, nights and weekend lane closures; minimize weekday work and lane closures
Macdonald Bridge wearing surface	Final inspection report		100% resurface approach spans in wheel tracks to extend life	Night and weekend work, lane by lane; temperature and humidity sensitive

Core Business Area 2 *Maintenance*

Outcome (Immediate and Intermediate)	Measure	Data	Target	Strategies to Achieve Target
Macdonald Bridge: Barrington ramp resurfacing	Final inspection report		2009: 100%	Night and weekend work; ramp must be closed
MacKay Bridge approach spans: Repair stiffener	Final inspection report	1987: Stiffeners replaced where original steel brittle 2007: Two stiffeners with cracks at weld termination repaired; analysis shows fatigue critical	2009: 100%	No access from deck No lane closures Confined space
MacKay Bridge: Replacement of suspended spans bearings and expansion joints at cable bents	Final inspection report	1993: Expansion joints replaced Bearings are original	2009: 100%	Full closures of bridge required for replacement of bearings Expansion joints on weekends with lane restrictions
MacKay Bridge: Structural improvements from load analysis	Final inspection report	2007 health study and 2008 load analysis	2009: 100%	May require bridge closures

Core Business Area 3 *Efficient Transportation*

Outcome (Immediate and Intermediate)	Measure	Data	Target	Strategies to Achieve Target
Increase in the efficiency of traffic flow by increasing throughput and reducing congestion	Percentage of MACPASS usage	Percentage of MACPASS use 2008: 65.77%	March 31, 2010: 71%	Increased distribution Provide excellence in customer service

Core Business Area 4 *Fiscal Management*

Outcome (Immediate and Intermediate)	Measure	Data	Target	Strategies to Achieve Target
New long-term financing effective December 4, 2007	Continued accumulation of capital fund at $1.8 million/year	Years 2008–2019 principal repayment of $3 million/year with a balloon payment of $27 million in 2019	December 4, 2019	Maintain cash management to achieve requirements of long-term financing
Bond ratings maintained	Continuous positive cash flow and meet budget requirements	Toll revenue debt ratings AA (low) and AA- stable	Maintain baseline ratings	Meet all interest, principal, and fund requirements on time

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

InNOVAcorp
Business Plan 2009–2010

Table of Contents

Message from the Minister

InNOVAcorp's mission is to fuel sustainable economic growth by enabling Nova Scotia knowledge-based companies to accelerate the commercialization of their technologies and increase competitiveness in export markets. Its internationally recognized High Performance Incubation (HPi)™ business model, which incorporates incubation infrastructure, business mentoring, and seed/venture capital investment, is designed to move at the speed of business to help high-potential Nova Scotia knowledge-based companies overcome traditional hurdles to business growth.

InNOVAcorp's daily interactions with entrepreneurs, private industry, angel investors and venture capitalists, academia, industry associations, and public-sector agencies help fuel sustainable economic growth in Nova Scotia.

The Crown corporation's critical work is increasingly benefiting knowledge-based companies from all over Nova Scotia, helping them increase competitiveness in global markets. With 121 entries from Sydney to Yarmouth and beyond, the I-3 Technology Start-Up Competition, which was launched by InNOVAcorp in September 2007 and completed in February 2008, confirmed that innovation is alive and well across the province.

Working side by side with its clients and partners, InNOVAcorp creates an environment in which high-potential early-stage companies become "fit for the fight," attract world-class employees, establish state-of-the-art go-to-market strategies, and take on global markets. Further, InNOVAcorp leverages its international network of advisors and investors to assist in raising seed and venture capital.

In fall 2008, InNOVAcorp clients began to experience what has become a global recession. In 2009–2010, InNOVAcorp will continue to play a key role in ensuring that Nova Scotia knowledge-based companies are well positioned to seize opportunities as the economy recovers.

Respectfully submitted,

The Honourable Percy Paris
Minister, Economic and Rural Development

Message from the President and CEO

During fiscal year 2008–2009, InNOVAcorp further intensified its role in driving the knowledge economy and innovation capital markets in Nova Scotia. The Nova Scotia knowledge-based companies that have benefited from InNOVAcorp's High Performance Incubation (HPi)™ business model generated over $278 million in export revenues and directly employed more than 1440 people, resulting in a payroll of $62 million. In 2008–2009, the investment capital raised by leveraging our Nova Scotia First Fund surpassed $101.3 million.

More than ever before, InNOVAcorp's work is benefiting knowledge-based companies from all over Nova Scotia. It is interesting to note that the direct employment generated by our client companies is split approximately 65 per cent in the Halifax Regional Municipality (HRM) and 35 per cent outside HRM. InNOVAcorp's I-3 Technology Start-Up Competition, which was launched in September 2007 and completed in February 2008, demonstrated that innovation is alive and well across Nova Scotia.

While our economic, client satisfaction, and leading indicator metrics clearly demonstrate success, it is important to benchmark ourselves against "best in class" organizations around the world. In February 2009, InNOVAcorp was informed that its HPi business model is one of two finalists in the National Business Incubation Association (NBIA) "Incubation Program of the Year—2009" competition. Based in the United States, NBIA represents more than 1900 members across 60 nations. Past winners include business incubation programs from Silicon Valley, California (2008), and Paris, France (2007). The winner of this prestigious competition was announced in April 2009 at NBIA's annual international conference. Congratulations to the world-class San Jose BioCenter from San Jose, California, on winning the National Business Incubation Association's 2009 award for business incubation program of the year. It was a great honour for the InNOVAcorp team to have been one of two international finalists.

In early fall 2008, InNOVAcorp clients began to experience what has become a global recession. Early-stage knowledge-based companies that are looking to bring products and services to export markets in 2009 and 2010 are expected to face customers and partners who are more risk averse. These companies must work hard to ensure that their products and services deliver immediate tangible benefits to their customers, with a return on investment measured in months as opposed to years.

InNOVAcorp has helped, and will continue to help, our clients navigate the current economic climate and position themselves for the medium and long term. We will do this by working side by side with our clients and partners and by accessing world-class business-building expertise to move our client companies' agendas forward.

InNOVAcorp will increase its focus in five strategic areas in 2009–2010 so we can continue to play a significant role in ensuring that Nova Scotia is globally competitive and positioned for the eventual economic recovery.

1. Globally Competitive Business Climate:
   Increase the Capacity of the HPi™ Business Model

2. Globally Competitive Business Climate:
   Maximize the Sustainability and Economic Impact
   of the Nova Scotia First Fund

3. Leader in Clean and Green Economy:
   Operationalize Our Clean Technology Practice

4. Globally Competitive Workforce:
   Facilitate the Strengthening of Global Go-to-Market Expertise

5. Leader in R&D and Innovation:
   Strengthen University Research Commercialization
   Capacity and Entrepreneurial Activities

In 2009–2010, which by all accounts will be one of the most challenging times for the economy in over 50 years, InNOVAcorp will continually adapt to ensure that it can deliver the highest value services to our clients and play a key role in ensuring that Nova Scotia knowledge-based companies are positioned for the eventual economic recovery.

Dan MacDonald
President and CEO

Mission

To fuel sustainable economic growth by enabling Nova Scotia knowledge-based companies to accelerate the commercialization of their technologies and increase competitiveness in export markets.

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

Nova Scotia Knowledge-Based Companies

Positive Nova Scotia GDP Impact
- 98% export oriented
- Capital investment attraction
- Local corporate purchasing
- Local wealth creation
- Sustainability of operations

Provincial Tax Contributors
Clean & Green

Ability to Attract & Retain Talent
- High average per person payroll
- Diversity of jobs and career growth opportunities
- Employability of employees
- Urban and rural relevancy and impact

Potential to Spin-out New Nova Scotia-Based Companies

Vision

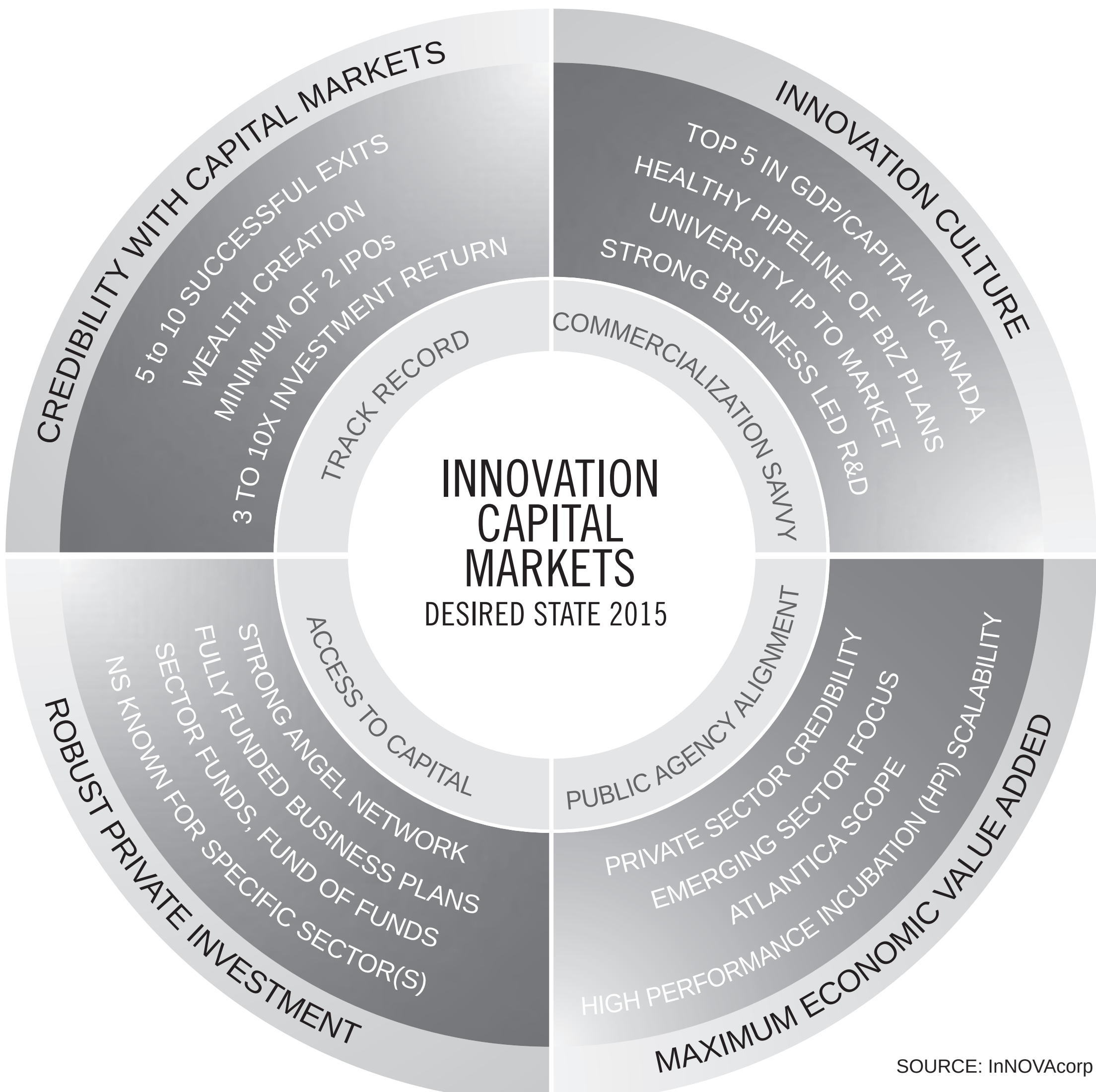
InNOVAcorp strives to deliver the most effective technology commercialization practice in North America as it moves towards a bold vision of the desired state of the Nova Scotia innovation capital markets by 2015.

In February 2009, InNOVAcorp was informed that its High Performance Incubation (HPi)™ business model was one of two finalists in the National Business Incubation Association's (NBIA) Incubation Program of the Year—2009 competition. Based in the United States, NBIA represents more than 1900 members across 60 countries. Past winners include business incubation programs from Silicon Valley, California (2008), and Paris, France (2007). The winner of this prestigious competition will be announced in April 2009 at NBIA's annual international conference. Whether a finalist or the ultimate winner, it is important for InNOVAcorp to benchmark itself against "best in class" programs around the globe.

InNOVAcorp's vision comes not from focusing on what is wrong. Rather, it comes from playing a key role in creating "the winning conditions for a globally competitive Nova Scotia" by focusing on what it will take to move our innovation and capital markets forward.

To this end, InNOVAcorp uses its daily interactions with entrepreneurs, private industry, angel investors and venture capitalists, academia, industry associations, and public-sector agencies to fuel sustainable economic growth.

InNOVAcorp Vision (continued)



SOURCE: InNOVAcorp 2005

Planning Context

Global Recession

Navigating the current economic climate and preparing for the eventual recovery

The global recession that emerged in the second half of 2008 is expected to continue through 2009. While Nova Scotia has been and will be further impacted by the recession, in general the province is expected to fare better than other jurisdictions due to our economy's blend of private- and public-sector components.

Private companies serving government, health care, education, and/or built infrastructure markets are expected to do relatively well in 2009. Companies offering "must have" products and services to local markets are expected to be flat or slightly down. Companies exporting "must have" products and services are already facing longer sales cycles, rapid (less than 12 months) return on investment expectations, and price pressure.

In early fall 2008, InNOVAcorp clients began to experience what has become a global recession. Early-stage knowledge-based companies that are looking to bring products and services to export markets in 2009 and 2010 are expected to face customers and partners who are more risk averse. These companies must work hard to ensure that their products and services deliver immediate tangible benefits to their customers, with a return on investment measured in months as opposed to years.

While Nova Scotia knowledge-based companies have typically entered the United States as their first market from which to expand, in 2009 and 2010 companies may look to diversify their market entry strategy.

The current global economic slowdown has put further stress on early-stage technology companies in Canada, especially those in Atlantic Canada; potential customers of technology companies are delaying purchases and are reluctant to commit orders.

Globalization

The rapid pace of globalization is both an opportunity for and a threat to Nova Scotia. Nova Scotia companies have every opportunity to compete for and serve global markets. At the same time, companies from literally around the world have the same opportunity.

Nova Scotia export-oriented companies must embrace new and emerging business models to compete globally. These new business models will continue to challenge companies to maximize their value add, diversify, take advantage of global supply chains, and look for opportunities to clearly differentiate their offerings from the inevitable commoditization of nearly every product and service.

Virtually all InNOVAcorp's efforts are centred on global competitiveness. We assist knowledge-based companies to compete globally using the services supplied through our High Performance Business (HPi)™ business model.

During a global recession, when the major focus is on navigating the current economic climate, it is also important to prepare for the eventual recovery.

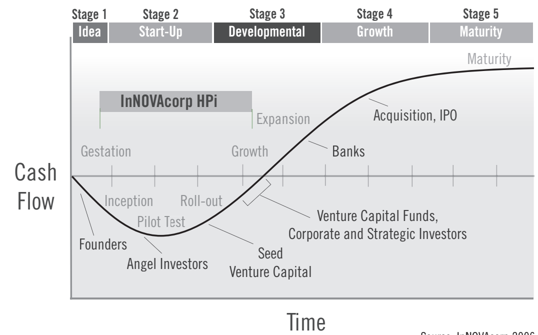
In 2009–2010, InNOVAcorp will continue to refine its service offering and focus to help companies successfully navigate the current economic climate, by increasing the capacity of the HPi™ business model and maximizing the sustainability and economic impact of the Nova Scotia First Fund.

Access to Capital

Most knowledge-based companies that rely on accessing venture capital to fund cash flow are incapable of securing financing from new investors. In today's climate, many venture capital funds reserve all their attention and the majority of their investment capacity for existing portfolio companies (i.e., they only make follow-on investments).

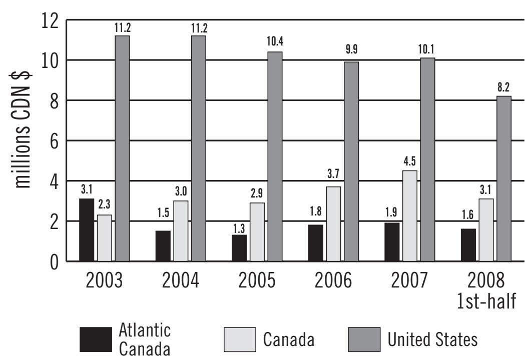
According to CVCA (Canada's Venture Capital and Private Equity Association), the amount of capital invested in Canadian knowledge-based companies is less than half of that invested in those based in the United States, and Atlantic Canadian investment rounds are half the size of the Canadian average.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

ACCESS to CAPITAL



Source: InNOVAcorp 2006

AVERAGE AMOUNT INVESTED



Source: Thomson Financial

This reality is nothing less than a call to action by the Canadian venture capital industry for government to step in and supplement private-sector venture capital funds. It is important to note that in Atlantic Canada, provincial government venture funds have an even greater role to play in the current economic turmoil, since they are the principal venture investors supporting and growing the economy's knowledge sector.

Access to Talent

Nova Scotia's unemployment rate is expected to increase in 2009, yet in certain high-growth areas such as information technology and life sciences, recruiting experienced technical and commercialization-savvy talent is a significant business challenge.

Knowledge-based companies seeking to compete globally require globally competitive expertise. The required expertise ranges from technical, operations, and finance, to business development, sales, and marketing.

While Atlantic Canada is home to several globally competitive companies such as Irving, Sobeys, Clearwater, Oxford Foods, and McCain, there is a shortage of relevant, proven state-of-the-art business-building skills available for early-stage knowledge-based companies.

The vast majority of local early-stage knowledge-based companies possess relevant technical expertise. Most also have at least a high level of industry expertise, but few have the required relevant operations, finance, business development, or sales and marketing capabilities. The result is that start-up companies are unable to successfully commercialize their products and services.

InNOVAcorp plays a key role in helping clients identify challenges in the areas of operations, finance, business development, and sales and marketing and obtain relevant expert advice on how best to move forward. This guidance may come from the InNOVAcorp team, but most often comes from external experts, regionally, nationally, or internationally.

InNOVAcorp has “an open door policy” for professionals looking to better understand the local market for talent. Many of these professionals have relocated or are exploring relocating back to Atlantic Canada, and many possess relevant business experience. Each month, InNOVAcorp meets face to face or via teleconference with between 10 and 15 of these individuals. In cases where a professional possesses talent required by one or more of our clients, we often engage the individual to add value to the clients in some way. This may be as simple as a conference call to discuss a specific challenge or a paid engagement to investigate and report on a challenge.

All this being said, early-stage companies have a difficult time recruiting and retaining talent because of their inability to offer competitive compensation and relative security due to their stage of funding.

In 2009–2010, InNOVAcorp will further strengthen its global go-to-market expertise for its clients.

Industry-Led R&D

The level of R&D performed by industry in Nova Scotia is the second lowest in the country, just ahead of PEI. The Canadian industry-led R&D level average is 1.12 per cent of GDP, while Nova Scotia sits at 0.30

per cent. For Nova Scotia's future prosperity, it is critical to ensure that industry innovates and commercializes products and services for export markets. Key stakeholders must understand why industry conducts R&D, especially the "D," at this low level. Further, these stakeholders must work to exploit strengths and minimize weaknesses in this area. InNOVAcorp intends to play a key role in moving this agenda forward.

Rural Nova Scotia

The population and economic prosperity of rural Nova Scotia continues to decline as younger citizens migrate to urban centres in Nova Scotia and beyond. While this trend has been occurring for generations, many feel that the pace of outward migration from Nova Scotia is at an all-time high. While many parts of Nova Scotia offer an excellent quality of life and relatively low-cost real estate, the lack of infrastructure, including access to broadband connectivity, professional services, and sustainable challenging career opportunities, fuels the pace of outward migration.

University and College Research Commercialization

Among our most cherished assets are our universities and colleges. Nova Scotia is home to 11 universities and a strong community college system with 13 campuses across the province. More than $130 million in research is conducted at these institutions each year. While the local economy certainly benefits from the education of our young people, the attraction of world-class researchers, and the direct and indirect employment generated by post-secondary institutions, the economic benefits derived specifically from applied research are relatively low. Both the provincial and federal governments have invested in infrastructure designed to increase the commercialization of university research. The business-building component of university and college curriculum in most cases is lacking, and there are few formal ties between university research and the innovation capital markets. In this context, InNOVAcorp must continue to increase its efforts by effectively partnering further with entrepreneurs who are active in Nova Scotia's post-secondary institutions.

InNOVAcorp's specialty lies in helping companies commercialize (the D in R&D) their technologies for global export. Building expertise and capacity in this area is key to Nova Scotia's future prosperity.

In 2009–2010, InNOVAcorp will strengthen university research commercialization capacity and entrepreneurial activities.

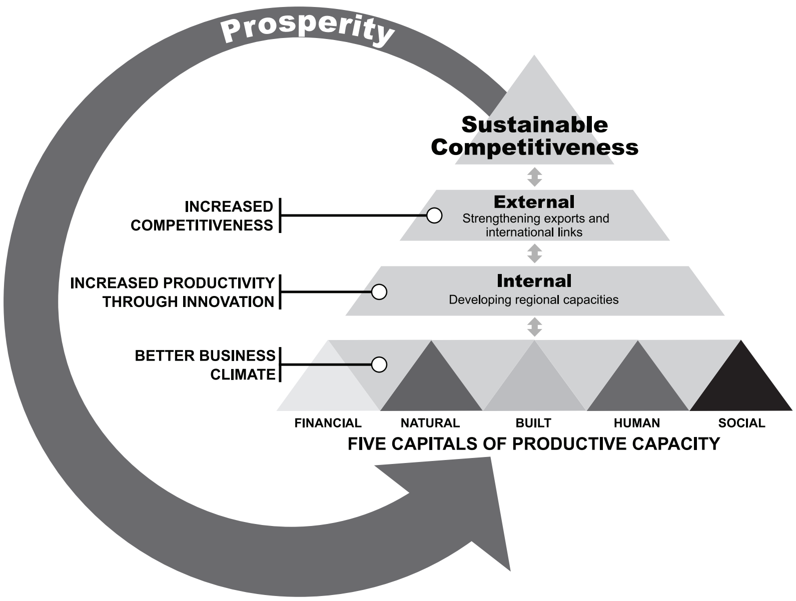
Clean Technology

The declining state of the world's environment is driving innovation across virtually every industry. Every organization must do its part to reduce greenhouse gases, operationally as well as in the products and services it delivers. Consumers no longer tolerate or purchase products and services offered by companies that do not demonstrate efforts to establish green best practices. Related to the focus and momentum of all things green, a new sector has emerged. Clean technology has quickly become the leading venture investment category globally, with billions of dollars in venture capital already invested in clean technology companies.

InNOVAcorp, through its HPi™ business model, has observed significant growth in the number of Nova Scotia knowledge-based companies whose core value proposition is derived from clean technology. Innovations that look to decrease the amount of energy required, improve sources for renewable energies, and produce more environmentally-friendly materials are examples of types of Nova Scotia clean technology opportunities. Last year, InNOVAcorp worked to scope out and understand the clean technology sector. In 2009-2010, we will complete the operationalization of our clean technology HPi™ practice, enabling start-up companies in this field to tap InNOVAcorp's business-building services and expertise.

Opportunities for Sustainable Prosperity

InNOVAcorp continues to play a key role in the implementation of the province's economic strategy Opportunities for Sustainable Prosperity, which is designed to create sustainable economic growth.



Source: *Opportunities for Sustainable Prosperity 2006.*

Financial Capital

In 2003–2004, the Province of Nova Scotia injected $8 million into InNOVAcorp's Nova Scotia First Fund (NSFF), and over the last five and a half years, the NSFF has approved and invested more than $7 million in high-potential Nova Scotia knowledge-based companies. These companies in turn have leveraged over $32 million of invested capital in syndication with other investors, $13 million of which originated from investors based outside Atlantic Canada.

InNOVAcorp's strategy has led to us to prepare, position, and lead the development of investment syndication opportunities for a number of companies. InNOVAcorp has also been engaged with a number of top-tier venture capital funds that were looking to invest in companies with a link to or a base in Nova Scotia. Within its targeted mandate and limited scope, the NSFF has generated a positive financial return on some of its investments; two of the investments generated significant internal rates of return (19.6 per cent and 26.0 per cent, respectively). InNOVAcorp's strategy has been to build goodwill and credibility for the region.

Built Capital

InNOVAcorp has partnered with the Province of Nova Scotia and Dalhousie University to build a world-class life sciences–focused incubation facility on the Dalhousie campus, with a target completion date of April 2011. The infrastructure will build on the strong track record of InNOVAcorp's BioScience Enterprise Centre.

InNOVAcorp has partnered with the Halifax Regional Municipality and the provincial and federal governments to complete Phase 2 of the Woodside Knowledge Park. The completion of the Highway 111 interchange and Mount Hope Drive extension will enhance access to the park and enable further development.

InNOVAcorp has continued to leverage its fully integrated voice and data IP network at its four facilities. The network enables early-stage companies to access high-end IT infrastructure, speed up time to market, and facilitate integrated communications/ transactions with customers and suppliers.

Human Capital

InNOVAcorp continues to facilitate building skill sets related to global go-to-market strategies and knowledge among client companies' senior management, which is critical to helping Nova Scotia companies prosper. Further, InNOVAcorp continues to be deeply involved in initiatives designed to retain and retrain human resources in Nova Scotia and repatriate and recruit talent from outside the province.

Social Capital

Regional capacity, and more specifically "entrepreneurship and increased productivity through innovation," is in fact InNOVAcorp's mission: to fuel sustainable economic growth by enabling Nova Scotia knowledge-based companies to accelerate the commercialization of their technologies and increase competitiveness in export markets.

InNOVAcorp SWOT Analysis

In keeping with its culture of continuous improvement, InNOVAcorp first performed an objective SWOT (strengths, weaknesses, opportunities, threats) analysis as part of its 2005–2006 fiscal year business plan. That analysis has been updated for each of the subsequent fiscal years. The latest analysis follows.

Strengths

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

- **Adaptability:** Relevancy through organizational adaptability and continuous improvement culture
- **Best Practice:** Internationally recognized best practice High Performance Incubation (HPi)™ business model; one of two finalists for US-based NBIA's "Incubation Program of the Year—2009" international award
- **Brand:** Steadily increasing province-wide visibility and credibility with the private sector
- **Brand:** Strong brand awareness and credibility with Nova Scotia early-stage technology entrepreneurs
- **Brand:** Supportive network of professional service providers
- **Brand:** Strong client referral network
- **Capital:** Active seed and venture capital investment fund
- **Capital:** Venture and seed capital investment expertise; credibility with national and, increasingly, international investment community
- **Expertise:** Considered opinion leaders in the areas of innovation, commercialization, early-stage investment, entrepreneurship, and knowledge economy
- **Expertise:** Global product and service commercialization expertise and industry contacts
- **Expertise:** Highly relevant private-sector information and communications technology (ICT) and life sciences business and technical expertise
- **Governance:** Engaged, diversified, and balanced board of directors
- **Governance:** Robust corporate governance
- **Infrastructure:** Specialized incubation infrastructure assets (configurable laboratory and office premises, business services, and support, including a state-of-the-art integrated voice and data network)
- **Metrics:** Solid performance measures system and a track record of results, with metrics baselined in 2005
- **Organization:** Collaborative culture, leveraged to maximize synergies between private and public sectors

- **Satisfaction:** High level of client satisfaction
- **University:** Strong multi-level relationships with universities and community colleges

Weaknesses

Absence of specific required strengths

- **Organization:** Depth of clean technology sector technical expertise
- **Capacity:** Increased effectiveness of HPi™ pipeline management is required so 80 per cent of support is provided to the highest-potential clients
- **Sustainability:** The longer-term sustainability of InNOVAcorp's HPi™ tool set, specifically the Nova Scotia First Fund and its related ability to keep pace with global innovation capital markets

Opportunities

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

- **Capital:** Restructure the Nova Scotia First Fund to maximize its leverage impact and ensure its long-term sustainability
- **Clean Technology:** Continue to operationalize InNOVAcorp's clean technology HPi™ practice
- **Infrastructure:** Deliver advanced information technology infrastructure and services to resident and remote clients (target completion of Phase II: March 2009)
- **Pipeline:** Further leverage online marketing to attract and pre-qualify new clients, as well as to strengthen relationships with existing clients
- **Pipeline:** Pursue new recruitment, partnership, and other opportunities that the proximity and world-class infrastructure of the new BioScience Centre on the Dalhousie campus will present
- **Relationships:** Build strategic corporate relationships (e.g., Microsoft BizSpark Network, RIM, Apple, Nokia) that enhance our brand and value-add for clients
- **Rural:** Further strengthen presence and day-to-day working relationships in rural areas in collaboration with regional (rural) development agency network and private sector
- **Rural:** Strengthen client pipeline, InNOVAcorp brand, and support capacity for early-stage companies in rural Nova Scotia by holding another province wide I-3 Technology Start-Up Competition
- **Capital:** Champion improved tax mechanisms to drive industry research and development, innovation, and commercialization

- **Talent:** Maximize talent recruitment opportunities, including those from outside the region, that arise from the changing landscape of today's economic climate
- **University:** Increase collaboration with universities to deliver/strengthen entrepreneurial curriculum
- **University:** Partner with universities to establish an enhanced targeted commercialization fund

Threats

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

- **BioScience:** Failure to relocate the BioScience Centre in April 2011 delays waterfront plans, creating a financial liability for the province
- **Capital:** Canada's venture capital track record and its impact on future investments
- **Capital:** High number of under-capitalized venture-grade opportunities and their related inability to meet operational objectives result in a poor investment track record for the region
- **Capital:** Potential acquirers of technology are retrenching, affecting valuations and venture capital activity
- **Clean Technology:** Challenging economic climate and low energy prices diminish appetite for clean technologies among consumers and investors, impacting market, valuations, acquisitions, etc.
- **Financial:** Unplanned requirement for significant capital investment (e.g., to repair incubation infrastructure) causes InNOVAcorp to use operational funding
- **Market:** Businesses and consumers are moving to purchase proven "must have" products only, affecting market entry of innovative products and services
- **Market:** Continuation of a global economic downturn into a full recession affects both access to capital and access to market
- **Organization:** Loss of expertise, history, and continuity when members of the senior management team retire
- **Pipeline:** Client pipeline dramatically expands due to people being laid off and pursuing entrepreneurial ventures, taxing our resources
- **Pipeline:** I-3 Technology Start-Up Competition workload taxes in-house resources and limits time spent with existing clients
- **Quality:** Inability to sustain a level of quality support to clients due to the significant increase in the potential client pipeline
- **R&D:** Low level of regional industry-led R&D continues to impede momentum of commercialization progress

- **Talent:** Ability of client companies to recruit and retain the required world-class go-to-market and management experience and expertise

Strategic Goals

Two broad strategic goals drive InNOVAcorp's activities:

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

Core Business Areas

The High Performance Incubation (HPi)™ business model represents InNOVAcorp's core business offering. Recognized internationally as a best practice approach to technology commercialization, the model comprises three interwoven resources—incubation infrastructure, business mentoring and seed/venture capital investment—to help entrepreneurs overcome traditional hurdles to business growth.

InNOVAcorp focuses on high-potential opportunities that most closely meet the following criteria:

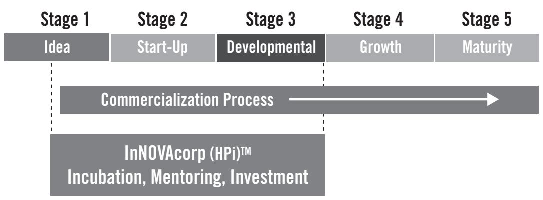
1. **Stage:** Nova Scotia early-stage company
2. **People:** Business plan credibility, management experience, and entrepreneurial track record
3. **Barrier:** Unique proprietary technology (product, system, and/or service), with defendable intellectual property and/or a high barrier to competitive entry
4. **Market:** Large national/international addressable market
5. **Fundability:** High probability of obtaining a fully funded business plan

Incubation

As an active member of the Canadian Association of Business Incubation (CABI) and the National Business Incubation Association (NBIA), InNOVAcorp manages three incubation facilities:

- the Technology Innovation Centre in Dartmouth, which targets companies in the information and communications technology (ICT) and engineering industries

Stages of Growth



> **Commercialization:**
> A sequence of strategic and tactical actions intended to achieve market entry and sustained competitiveness of new innovative technologies, products, and/or services.

- the BioScience Enterprise Centre in downtown Halifax, which focuses on companies in the life sciences industry
- the grow-out facility at 101 Research Drive in Dartmouth (currently occupied by Ocean Nutrition Canada)

InNOVAcorp has partnered with the Province of Nova Scotia and Dalhousie University to build a world-class life sciences–focused incubation facility on the Dalhousie campus, with a target completion date of April 2011. This infrastructure will replace and build on the strong track record of InNOVAcorp's BioScience Enterprise Centre.

With an ideal blend of business services, professional development and networking opportunities, and relevant resources, InNOVAcorp's incubation facilities offer the infrastructure and environment that emerging technology companies need to grow.

InNOVAcorp's clients from across Nova Scotia, while not all physically located in our incubation facilities, can benefit from our business services and be candidates for our mentoring and investment opportunities.

In 2006–2007, InNOVAcorp completed Phase I of the Woodside Knowledge Park by accommodating the Ocean Nutrition Canada micro-encapsulation facility. During 2008–2009, InNOVAcorp facilitated an agreement to develop the Highway 111 Mount Hope extension, which in the summer of 2009 will provide direct highway access to the Knowledge Park. Completion of this valuable link will allow InNOVAcorp to recruit additional businesses to the park, maximizing cluster synergies.

Going forward, we will look to optimize the facilities managed by InNOVAcorp to provide a critical mass of incubation infrastructure and further extend our reach by expanding our affiliate incubator network.

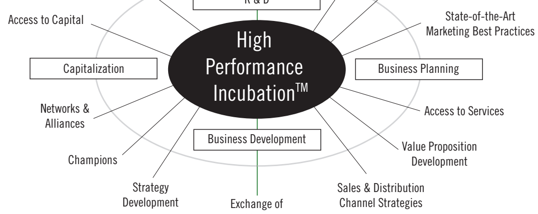
Affiliate incubators are defined as Nova Scotia incubation facilities that are owned and/or managed by a third party and meet InNOVAcorp's best practice criteria. InNOVAcorp incubation experts will provide start-up and ongoing management consulting to these affiliates. Further, InNOVAcorp will develop an incubation community that has access to best practices, annual meetings, etc.

At the end of 2008–2009, InNOVAcorp's incubation facilities stood at 90 per cent occupancy. Tenants typically "graduate" from the incubation facility as they progress through the third stage of the business development cycle. In 2009–2010, InNOVAcorp will strive to maintain occupancy of its incubation facilities at approximately 90 per cent, enabling the corporation to offer incubation services to new clients and allowing for the tactical expansion of existing clients.

InNOVAcorp will pursue new recruitment, partnership, and other opportunities that the proximity and world-class infrastructure of the new BioScience Centre on the Dalhousie campus will present.

Mentoring

Through its business advisory services, InNOVAcorp offers high-potential early-stage technology businesses the hands-on support they need to grow. By leveraging InNOVAcorp's corporate knowledge base and our expanding network of private-sector advisors, our mentoring activities help clients find more direct and cost-effective paths to success.

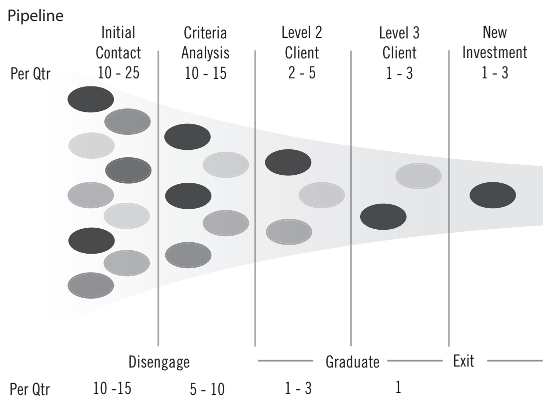


InNOVAcorp uses a tailored approach to assisting entrepreneurs, meeting the unique requirements of each client during each stage of the business growth cycle. Our comprehensive suite of services includes fundamental business planning, intellectual property identification and protection strategies, access to specialized infrastructure, implementing product development best practices, financial and accounting management, cash flow management, value proposition development, pricing strategies, competitive analysis, state-of-the-art marketing techniques, website optimization, sales and distribution channel strategies, obtaining seed and venture capital, and human resource management strategies.

HPi Pipeline

In 2008–2009, InNOVAcorp provided advisory services and relationship management support to more than 198 Nova Scotia early-stage companies and reviewed and advised 32 university research-level projects.

The illustration on page 59 depicts InNOVAcorp's typical pipeline flow. During 2008–2009, InNOVAcorp further refined its approach to engaging new clients to achieve higher scalability. With this refined approach came the full operationalization of a client classification analysis, which was designed to efficiently identify high-potential clients and pinpoint business areas where clients need assistance.



To meet the needs of clients, in 2009–2010 InNOVAcorp will continue to strengthen its go-to-market expertise in key sectors, including information and communications technology (ICT), life sciences, and clean technology.

InNOVAcorp will continue to leverage our refined internal processes and tools to maximize efficiencies and strategically expand the in-house team based on our clients' support requirements. Business expertise in the community and abroad will continue to be accessed to efficiently and effectively build a robust external mentoring network.

University and College Commercialization

In conjunction with Nova Scotia Economic and Rural Development, InNOVAcorp will continue to manage the Early Stage Commercialization Fund (ESCF) to review, advise, and support the early-stage technology commercialization of the best post-secondary institution research.

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

ESCF Objectives

- promote and accelerate technology transfer activities in academic institutions in Nova Scotia
- provide the opportunity to assess the commercial potential of intellectual property
- narrow the gap that exists at the very beginning of the commercialization process, to enable the projects to move closer to industry collaboration and/or technology spin off

InNOVAcorp will also use its experience and expertise to positively influence post-secondary curriculum development in the areas of business planning and commercialization strategies. The corporation will continue to further post-secondary innovation programs by forging and maintaining mutually beneficial relationships with Nova Scotia's universities and colleges.

InNOVAcorp will continue to broaden and deepen its level of assistance in the promotion of business-building curriculum through further interaction with the educators themselves. Over the past year, we have had overwhelmingly positive feedback in our direct engagement in the classroom setting. We will chart a course to build on those experiences by increasing our level of engagement in the classroom through guest lecturing and entrepreneurial business case presentations and discussions.

I-3: Idea, Innovation, Implementation

InNOVAcorp will continue to support rural innovation through co-management of the Nova Scotia Co-operative Council's Proof-of-Concept Fund and by working closely with the regional development authorities throughout the province.

Created and managed by InNOVAcorp, the first pilot I-3 Technology Start-Up Competition, which targeted Cape Breton innovators, was launched on March 2, 2006. This initiative was designed to encourage and support Nova Scotia entrepreneurs. The competition generated more than 75 inquiries and 18 formal submissions. Entries came from across Cape Breton and ranged from medical devices, to information and communications technologies, to industrial and energy innovations.

In 2007–2008, InNOVAcorp launched a province wide I-3 competition to identify and support high-potential early-stage Nova Scotia companies and help fuel entrepreneurial activity across the province. The competition took place simultaneously in five geographic zones and attracted 121 formal submissions.

During the planning stages of the 2007–2008 competition, InNOVAcorp developed partnerships with more than 25 professional service firms from across Nova Scotia to deliver in-kind services to I-3 first and second place zone winners. These firms are located in the communities in which the entrepreneurs reside and operate and have provided hands-on venture guidance and assistance to the winners in their region in the form of legal, accounting, marketing, human resource, and other consulting services.

I-3 Competition Learnings

- I-3 submissions primarily fell in one of three industry sectors: information and communications technology (ICT), life sciences, and advanced manufacturing.
- Approximately 20 per cent of I-3 submissions fell in the emerging sector of clean technology, meaning that the submission's product or service core value proposition included a positive environmental impact.
- I-3 submissions were generally evenly split between business-to-consumer (B2C) and business-to-business (B2B) customer segments.
- Forty-five per cent of I-3 submissions already had working prototypes.

In 2008–2009, InNOVAcorp worked to categorize and provide relevant support via its HPi™ business model to the highest-potential I-3 submissions, giving them access to our commercialization expertise. All I-3 submissions were provided value-added guidance that will allow them to take the next positive steps for their initiatives.

It is InNOVAcorp's intention to conduct another I-3 competition in 2009–2010. The competition will greatly benefit from the learnings of the 2007–2008 competition.

R&D and Commercialization

InNOVAcorp will continue to play a key role in moving the industry-led R&D agenda forward. The level of R&D performed by industry in Nova Scotia is the second lowest in the country, just ahead of PEI. The Canadian industry-led R&D level average is 1.12 per cent of GDP, while Nova Scotia sits at 0.30 per cent. For Nova Scotia's future prosperity, it is critical to ensure that industry innovates and commercializes products and services for export markets. Key stakeholders must understand why industry conducts R&D, especially the "D," at this low level. Further, these stakeholders must work to exploit strengths and minimize weaknesses in this area.

In 2009–2010, InNOVAcorp will continue to provide SR&ED technical assistance in partnership with expert third-party financial advisors to ensure that our client companies are maximizing the benefits of this important tax credit. The organization will also work to ensure that other barriers to conducting R&D are understood and ultimately eliminated.

Investment

The Nova Scotia First Fund (NSFF) provides early-stage high-growth-potential companies with timely venture investments of between $100,000 and $1.5 million. Its objective is to maximize return on investment for Nova Scotia while contributing to the growth of the province's economy. Managed by InNOVAcorp, the fund has leveraged more than $101.3 million in risk and venture capital. Since its recapitalization in 2003–2004, the fund has leveraged $32 million of investment ($13 million from outside Atlantic Canada) from financial institutions, strategic and angel investors, and other seed and venture capital funds for early-stage high-growth companies.

The NSFF's positive impact on Nova Scotia's innovation capital markets is significant. As an active seed and venture capital player, InNOVAcorp has played an important part in significantly increasing the amount of capital invested in Nova Scotia high-growth companies. Nova Scotia companies raised $7 million in venture capital financing in 2004. In 2005, they raised $18.7 million. In 2006 that number further increased by more than 40 per cent to reach $24 million, and it levelled off in

2007 to $18 million and in 2008 to $17 million. The average venture capital deal size in Atlantic Canada has increased more than 25 per cent since 2004, surpassing the growth of deal size nationally. InNOVAcorp continues to play a key role in this “access to capital” turnaround.

InNOVAcorp will continue to actively seek investment opportunities that offer the best potential for commercial success and financial sustainability. To this end, the corporation will strive to align Nova Scotia's risk capital environment and expectations with those of other jurisdictions, leading the way in capitalizing fully funded business plans, encouraging investment in stellar seed and growth-stage venture-grade opportunities, securing private-sector capital, and fostering conditions that position entrepreneurs for financing in future stages of company growth.

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

Priorities for 2009–2010

In 2008–2009, InNOVAcorp strengthened its role as the "go to" organization for technology commercialization.

Through effectively scaling our services and by increasing the value we bring to collaborations with academic institutions and the private and public sectors, in 2009–2010 InNOVAcorp will increase its positive impact on the Nova Scotia economy through five priorities:

1. **Globally Competitive Business Climate:** Increase the capacity of the HPi™ business model
2. **Globally Competitive Business Climate:** Maximize the sustainability and economic impact of the Nova Scotia First Fund
3. **Leader in Clean and Green Economy:** Operationalize our clean technology practice
4. **Globally Competitive Workforce:** Facilitate the strengthening of global go-to-market expertise
5. **Leader in R&D and Innovation:** Strengthen university research commercialization capacity and entrepreneurial activities

1. Globally Competitive Business Climate: Increase the Capacity of the HPi™ Business Model

Current State: The InNOVAcorp HPi™ business model is recognized as a best practice technology commercialization approach. The model comprises three interwoven resources—incubation infrastructure, business mentoring, and seed/venture capital investment. To maintain the client engagement quality of the current and anticipated 2009–2010 client pipeline, InNOVAcorp will focus on increasing its capacity and enhancing the expertise delivered to clients, especially in the area of globally competitive go-to-market capabilities.

In 2009–2010, InNOVAcorp will

- further improve prospective client pipeline management to provide timely high-value feedback and to allow for 80 per cent of resources to be provided to client companies
- further increase in-house and mentoring network go-to-market expertise, specifically in the areas of business development and channel marketing
- implement a new and improved province-wide I-3 Technology Start-Up Competition
- secure additional regional development authority (RDA) partnerships to improve our visibility and capacity in rural areas
- further increase quality of networking and professional development opportunities for clients, including monthly "Business Over Breakfast" and go-to-market oriented seminars
- further increase the knowledge and expertise around BRIC (Brazil, Russia, India, and China) go-to-market strategies
- achieve chartered director certification from The Directors College for one senior management member
- ensure optimum incubation facility occupancy levels
- engage key private sector partners across the province to maximize service offering synergies
- complete planning for both the seamless transition of existing BioScience Enterprise Centre clients and the recruitment of new clients for the new facility

Desired State: Play a key enabling role in building and strengthening Nova Scotia's knowledge economy, measured in export revenues, direct employment, and client satisfaction.The InNOVAcorp HPi business model is the most effective technology commercialization practice in North America.

2. Globally Competitive Business Climate: Maximize the Sustainability and Economic Impact of the Nova Scotia First Fund

Current State: In 2003–2004, the Province of Nova Scotia injected $8 million into InNOVAcorp's Nova Scotia First Fund (NSFF), and over the last five and a half years, the NSFF approved and invested more than $7 million in high-potential Nova Scotia knowledge-based companies. These companies, in turn, leveraged over $32 million of invested capital in syndication with other investors, $13 million of which originated from investors based outside Atlantic Canada. InNOVAcorp has co-invested with both institutional and angel investors from across Canada and beyond.

InNOVAcorp's strategy has led us to prepare, position, and lead the development of investment syndication opportunities for a number of companies. InNOVAcorp has also been engaged with a number of top-tier venture capital funds that were looking to invest in companies with a link to or a base in Nova Scotia. Within its targeted mandate and limited scope, the NSFF has generated a positive financial return on some of its investments; two of the investments generated significant internal rates of return (19.6 per cent and 26.0 per cent, respectively). InNOVAcorp's strategy has been to strengthen the goodwill and credibility for the region and to build the return track record of the asset class, thereby driving and supporting the attraction of more capital to the region and Nova Scotia.

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

The current state of the equity markets creates a situation where the risk profile of even the highest-potential Nova Scotia knowledge-based companies is such that they will find it extremely difficult to access capital. InNOVAcorp's role as a seed and early-stage investor is now more critical than ever.

In 2009-2010, InNOVAcorp will

- work with the Province of Nova Scotia to ensure the long-term viability and capitalization of the Nova Scotia First Fund
- expand the investment strategy of the NSFF to increase the amount invested in the highest-potential companies over the life of the investment, while remaining within the early-stage investment scope

- strive to increase the size of venture capital rounds in Nova Scotia on a deal-by-deal basis by leveraging our capital
- continue to proactively look to invest in opportunities that offer the best odds of commercial success and financial sustainability
- continue its investment strategy of favouring fully funded/fundable business plans and make investments that target financial return

Desired State: The NSFF is managed in a manner that provides maximum benefit to the Nova Scotia economy and fully capitalizes on available operational expert advice. InNOVAcorp plays a key role in improving Nova Scotia's innovation capital markets. The NSFF is engaged with partner funds to increase the venture capital pool necessary to build and monetize competitively capitalized venture-grade opportunities.

3. Leader in Clean and Green Economy: Operationalize Our Clean Technology Practice

Current State: The declining state of the world's environment is driving innovation across virtually every industry. Every organization must do its part to reduce greenhouse gases, operationally as well as in the products and services it delivers. Consumers no longer tolerate or purchase products and services offered by companies that do not demonstrate efforts to establish green best practices.

Related to the focus and momentum of all things green, a new sector has emerged. Clean technology has quickly become the leading venture investment category globally, with billions of venture capital already invested in clean technology companies. Clean technologies are innovations that improve a business's productivity, efficiency, and economic performance, while reducing natural resource use, energy consumption, and the production of waste and hazardous materials.

InNOVAcorp, through its HPi™ business model, has observed significant growth in the number of Nova Scotia knowledge-based companies whose core value proposition is derived from clean technology. Innovations that look to decrease the amount of energy required, improve sources for renewable energies, and produce more environmentally friendly materials are examples of types of Nova Scotia clean technology opportunities. InNOVAcorp has been working in the clean technology sector at a modest level for more than three years.

In 2009–2010, InNOVAcorp will

- continue to scope out globally clean technology incubation and seed/venture capital best practices
- continue to scope out the global clean technology industry to identify market sectors, business models, and valuation comparables

- formalize participation in a clean technology–focused investment fund to facilitate investment syndication
- complete the quantification of the environmental footprint of InNOVAcorp's 1 and 101 Research Drive facilities; identify and quantify opportunities to reduce footprint and costs over 10 years
- secure the required resources to identify and support high-potential clean technology clients
- proactively identify and help strengthen two or more clean technology clients

Desired State: Nova Scotia is positioned to capitalize on the emerging clean technology sector. Further, Nova Scotia high-potential clean technology companies access both the expertise and capital required to reach key business milestones.

4. Globally Competitive Workforce: Facilitate the Strengthening of Global Go-to-Market Expertise

Current State: Knowledge-based companies seeking to compete globally require globally competitive expertise. The required expertise ranges from technical, operations, and finance, to business development, sales, and marketing.

While Atlantic Canada is home to several globally competitive companies, there is a shortage of relevant, proven state-of-the-art business building skills available for early-stage knowledge-based companies.

The vast majority of local early-stage knowledge-based companies possess relevant technical expertise. Most also have at least a high level of industry expertise, but few have the required relevant business-building capabilities. The result is that start-up companies are unable to successfully commercialize their products and services.

In 2009–2010, InNOVAcorp will

- position itself as a willing broker and matchmaker for business building talent
- collaborate with local executive recruiting firms to identify and place business-building talent
- increase, where appropriate, involvement in initiatives such as East Coast Connected, Fusion, and JCI to ensure that Atlantic Canadian expatriates have a connection back to our business community
- encourage clients to obtain expert advice on business-building issues and think strategically and practically about recruitment and retention
- proactively assist in matching co-op students from across all disciplines with our clients, bringing value to the client and the student
- provide assistance to clients on structuring competitive and innovative yet affordable compensation packages
- proactively perform a short- and medium-term business-building skills gap analysis

- seek ways for clients to effectively share expert talent with other clients without conflict of interest
- investigate the feasibility of coordinating and co-funding an initiative to secure business-building talent, some of which may be located outside Nova Scotia, and leverage the talent over multiple clients, with the potential for a client to hire the talent full time

Desired State: Nova Scotia companies have access to world-class go-to-market talent, and that talent sees Nova Scotia as a place where they can fulfill their careers.

5. Leader in R&D and Innovation: Strengthen University Research Commercialization Capacity and Entrepreneurial Activities

Current State: Nova Scotia is home to 11 universities and a strong community college system with 13 campuses across the province. More than $130 million in research is conducted at these institutions each year. While the local economy certainly benefits from the education of our young people, the attraction of world-class researchers, and the direct and indirect employment generated by post-secondary institutions, the economic benefits derived specifically from applied research are relatively low. Over the past three years, the provincial and federal governments have invested in infrastructure designed to increase the commercialization of university research. The real-world business-building component of university and college curriculum is lacking, and there are few formal ties between university research and the innovation capital markets.

In 2009–2010, InNOVAcorp will

- develop and implement the Early Stage Commercialization Fund (ESCF) 3.0, implementing refinements to also attract non-science-related and student-led opportunities, as well as maximize synergies with ILOs/Springboard
- proactively secure guest speaker opportunities to share with students the innovative Nova Scotia knowledge-based businesses and support infrastructure
- increase collaboration with universities to deliver and strengthen entrepreneurial curriculum
- update the database of research projects in post-secondary institutions and proactively reach out to those involved in highly commercializable projects
- collaborate with co-op program managers to place students in client company environments
- publish two additional Atlantic Canada-oriented business case studies

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

Budget Context

Financial Management

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

	2008–09 ($) Estimate	2008–09 ($) Actual	2009–10 ($) Estimate
Revenues			
Provincial funding	4,666,000	4,812,510	4,535,000
NS funding recognized (deferred) re capital assets acquired	271,000	290,777	110,000
Incubation	1,620,000	1,568,461	1,614,000
Mentoring	125,000	142,387	125,000
Product engineering	237,000	210,743	255,000
Software sales and services	400,000	553,763	530,000
	7,319,000	7,578,641	7,169,000
Expenses			
Incubation	1,677,000	1,796,977	1,731,000
Mentoring	1,366,000	904,198	1,363,000
Investment	574,000	480,935	623,000
Product engineering	208,000	202,748	227,000
Software sales and services	400,000	480,780	457,000
Corporate services	1,843,000	1,966,286	1,809,000
	6,068,000	5,831,924	6,210,000
EBITDA			
Provincial funding	4,666,000	4,812,510	4,535,000
NS funding recognized (deferred) re: capital assets acquired	271,000	290,777	110,000
Incubation	(57,000)	(228,516)	(117,000)
Mentoring	(1,241,000)	(761,811)	(1,238,000)
Investment	(574,000)	(480,935)	(623,000)
Product engineering	29,000	7,995	28,000
Software sales and services	—	72,983	73,000
Corporate services	(1,843,000)	(1,966,286)	(1,809,000)
	1,251,000	1,746,717	959,000

	2008–09 ($) Estimate	2008–09 ($) Actual	2009–10 ($) Estimate
Non-Operating Items			
NSFF total return	(174,000)	(934,266)	(151,000)
Post-retirement benefits and Long Service Award	(237,000)	(256,546)	(216,000)
Amortization	(663,000)	(608,813)	(491,000)
Interest income (expense); dividends and capital gains (losses)	(452,000)	(543,575)	(376,000)
	(1,639,000)	(2,343,200)	(1,729,000)
Surplus (Deficit)	(275,000)	(596,483)	(275,000)

Outcomes and Performance Measures

This section outlines the performance measures that InNOVAcorp will track in 2009–2010. Using 2005–2006 as a baseline, these economic impact, client satisfaction, and leading indicator metrics will provide an indication of how well the strategic goals are being met. The priorities and the operational plan to achieve them are presented in this document under the section titled Priorities for 2009–2010.

Measure	Base Year 2005–06	Actual 2006–07	Actual 2007–08	Actual 2008–09	Target 2009–10
Economic Impact Metrics					
Revenue generated by client companies:					
While most of InNOVAcorp's clients are early-stage companies, this measure tracks the annual revenue, measured in millions of Canadian dollars, generated by current and graduate client companies.	$120 million	$174 million	$225 million	$278 million	$275 million
Employment generated by client companies:					
This measure tracks the annual employment generated by current and graduate client companies.	860	1183	1500	1447	1600
Total employment payroll of current and graduate client companies:	$40 million	$52 million	$62 million	$62 million	$70 million
Amount of Nova Scotia First Fund (NSFF) leveraged investments:					
From February 1996, the cumulative amount of investment made in client companies in which investments were made by the NSFF, measured both in ratio and in millions of Canadian dollars. InNOVAcorp's stated goal is to achieve a ratio of 1:3, meaning that for every $1 invested by the NSFF, $3 would be invested by syndicated investors.	$83.8 million	$93.0 million	$96.3 million	$101.3 million	$106 million
Client Satisfaction Metrics					
Percentage of clients satisfied with InNOVAcorp services overall:					
Measured annually through a survey conducted by an objective third party, clients are asked for their feedback on InNOVAcorp's performance and value-add. At the end of the survey, clients are asked to rate their overall satisfaction with the services provided by InNOVAcorp. This metric is considered a key indicator of InNOVAcorp's value-add.	89%	92%	92%	96%	91%

Measure	Base Year 2005–06	Actual 2006–07	Actual 2007–08	Actual 2008–09	Target 2009–10
Percentage of clients that would recommend InNOVAcorp to a business colleague: Measured annually through a survey conducted by an objective third party, clients are asked for their feedback on InNOVAcorp's performance and value-add. At the end of the survey, clients are asked whether they would recommend the services of InNOVAcorp to a friend or colleague. This metric is considered a key indicator of InNOVAcorp's value-add.	90%	93%	88%	96%	91%
Leading Indicator Metrics *Number of early-stage Nova Scotia-based companies InNOVAcorp engaged during 2007–08.*	85	106	158	198	175
In addition to the companies referenced above, InNOVAcorp provided value-added guidance to a number of companies that made submissions to the province wide I-3 competition.			121		100
Number of new clients	12	15	11	9	15
Number of active HPi™ clients	30	38	43	45	50
Incubation occupancy levels	85%	91%	87%	90%	90%
Number of clients exporting products/services internationally	42	47	46	51	45

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

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Business Incorporated
Business Plan 2009–2010

Table of Contents

Mission

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

Vision

As Nova Scotia's business development agency, Nova Scotia Business Inc. (NSBI) works with businesses to help them grow and prosper. As a private-sector-led agency, NSBI works to attract new companies to Nova Scotia and assists local companies to meet growth potential through advisory services, trade development, financing, and venture capital.

NSBI's vision is

A strong, prosperous and competitive Nova Scotia

The primary goal is to expand business activity in Nova Scotia. In doing so, NSBI will

- raise the level of wealth and prosperity for the people of Nova Scotia
- increase revenues for the Province of Nova Scotia

Corporate Mandate

NSBI's approach to business development directly supports the province's mandate and works in concert with existing strategies such as the province's trade development strategy, Going Global, Staying Local. The plan also builds on the province's "green" initiatives and proposes incentives to encourage companies to employ environmental practices. In all of its activities, NSBI's primary goal is to create sustainable, long-term prosperity for the people of Nova Scotia.

In its first five years of operations, NSBI worked to create jobs, with the corporate objective of its clients creating and maintaining 18,000 private-sector jobs across the province. In 2007, NSBI achieved this objective and introduced a new plan, directing NSBI's next five-year cycle. Building on its first five years of operations, this plan outlines a key accountability metric not just of job creation, but of total payroll created and retained by its clients. This metric captures average salaries in addition to job creation. With this in mind, NSBI's new target is $800 million in total client payroll created and retained over the next five years.

In developing this, our second five-year plan, along with its metric and targets, NSBI made a number of key assumptions. The first assumption was that Nova Scotia's business climate would remain competitive. The global economic downturn and the uncertain length of the recession signals challenging times for companies across the province and will challenge NSBI's ability to reach the $800-million payroll target.

Despite the current state of the economy, the pillars of the corporation's five-year plan remain relevant: regional growth, competitiveness, talent, leadership, and collaboration. NSBI is guided by these pillars as the corporation works with clients not only to create jobs, but, just as important, to retain jobs. In a time of economic uncertainty, the term "retention" has become a critical building block for growth. With this in mind, NSBI will continue to support the retention of viable businesses across the province and the jobs associated with those operations. In addition, the corporation will also strive to retain the foreign direct investment that has been secured in key growth sectors and build on the awareness NSBI has developed for this province in key international markets and industries since its inception. Above all, the corporation, along with its clients, will work harder than ever before to collectively navigate the economic downturn and position the province for a prosperous and sustainable future.

Planning Context

The current economic climate is presenting new challenges and unique opportunities for Nova Scotia businesses. Discussions with existing clients, partners, and stakeholders have guided the business planning process and have prompted a directional shift for the corporation.

While some companies are meeting challenges head on, others are less inclined to make investments, explore new markets, or take risks for fear the economy may get worse. This scenario is more acute in areas where manufacturing and traditional industries make up a higher percentage of business activity and where small and medium-sized businesses are reliant on a single market or industry for future growth.

From both a strategic and a tactical perspective, NSBI's 2009–2010 business plan has been developed to support companies in maintaining their presence in current markets while further enhancing their overall competitiveness. This approach is critical across the province, but more specifically in rural communities. The initiatives outlined in this business plan demonstrate the corporation's in-depth understanding of the current economic climate and its responsiveness to the changing needs of Nova Scotia businesses. The plan outlines initiatives to engage and support more companies to become export ready and proposes additional flexibility in the application of certain programs and services provided by NSBI. With regard to NSBI's investment attraction efforts, the corporation is determined to maintain and build relationships with influencers in key sectors by demonstrating the increased relevance of Nova Scotia's value proposition in light of the current economic downturn.

NSBI considered the following key economic risk factors during the development of its 2009–2010 business plan:

- Economists have little doubt that the U.S. recession, which is officially dated to have begun in December 2007, will be one of the most severe in the post-war period. It has already become the longest U.S. contraction since 1982.
- Canada's economy contracted in the fourth quarter of 2008, and many economists expect the GDP to decline further within the first half of 2009 as consumers, reeling from the housing collapse, stock market plunge, and job losses, continue to decrease spending.
- Economists forecast Nova Scotia's economic growth (0.3 per cent consensus) at a rate greater than the forecasted national GDP growth (–0.5 per cent consensus) in 2009. The economic view for Nova Scotia is not optimistic in the short term; however, it is believed that the province will not see the drastic downturns that many North American jurisdictions will experience in 2009–2010.
- Nova Scotia exports close to 80 per cent of its products and services to the U.S. Although the stabilization of the Canadian dollar in relation to the U.S. dollar has had a positive impact on the competitiveness of a number of Nova Scotia's industries, this has been negated by the U.S. economic downturn.
- As a result of an equipment upgrade, Nova Scotia's economic activity in 2008 benefitted from an increase in output from the Sable Island offshore gas field. However, the boost in 2008 will not be repeated in 2009, with prices for natural gas and petroleum products projected to be much lower than in previous years.
- In 2008—via the Nova Scotia Business Retention and Expansion (BRE) program—more than 2,000 companies were consulted on the current business climate. The greatest concern reported was workforce quality and availability. However, the recent drop in oil prices has led to a slowdown in the Alberta oil sands, returning more Nova Scotians home in search of work. This western labour pool has added to the skilled workers who continue to graduate from the province's strong post-secondary education system.
- Manufacturers of construction products and newsprint will continue to face weakening demand in North America, which will have an adverse affect on the Nova Scotia economy.

- In a time when other sectors of the Canadian economy are lagging, the defence, security, and aerospace sector is growing, with revenues of $23 billion in 2007, up from $21 billion in 2004. According to the Aerospace Industries Association of Canada (AIAC), the sector will remain robust in these challenging economic times.
- The 2009 Canadian federal budget contains $43 billion in economic stimulus, spread out over the course of the next four years. Its effectiveness will depend on how quickly programs can be implemented, as well as their impact in stimulating economic growth and job creation. This fiscal stimulus package is believed to be worth up to 1.5 per cent to 2 per cent of GDP in 2009, combined with the lowest interest rates in 50 years. Despite that, economists are still uncertain if it will be enough to resuscitate the economy in the short term.

Core Business Areas

NSBI's core focus is to work directly with businesses to deliver results for the province. To achieve this, the organization offers customized, client-focused solutions through its business units: business advisory, trade development, business financing, venture capital, and investment attraction.

Located in offices across the province, the business advisory team is the frontline contact for Nova Scotia companies. Business advisory personnel work closely with the trade development, business financing, venture capital, and investment attraction teams to jointly meet client needs. The team takes a proactive approach to business development and is highly skilled at building partnerships and assisting businesses through a variety of services.

The trade development team collaborates with other agencies and organizations that share the common goals of increasing exports from the province. Not only does the trade development team work co-operatively with its partners to deliver results, it also directly administers programs. These programs, including NSBI-led trade missions, are specifically targeted at assisting Nova Scotia exporters to explore new business opportunities in export markets.

NSBI's business financing team offers flexible financial tools, ranging from loans to guarantees to payroll rebates for the purposes of competitiveness initiatives. The team works directly with companies to structure financing packages with terms and conditions tailored to their specific needs. NSBI's financial solutions assist in bridging financial gaps in the marketplace and are often provided in partnership with other financial institutions.

As a mid-to late-stage investor with the ability to do follow-on investments, NSBI's venture capital team focuses on equity financing in a variety of sectors and growth opportunities and often partners with national firms. The team provides capital, strategic direction, and advice to help promising companies achieve their full potential.

Attracting sustainable, export-oriented, and value-added business investment to the province is the main objective of the investment attraction team. In pursuing this goal, NSBI takes a targeted and aggressive approach to attract and retain businesses that have a strong "fit" with Nova Scotia's key assets. In this role, NSBI proactively promotes the competitive advantages of doing business in Nova Scotia.

Strategy and Priority Areas

Business Advisory

NSBI's business advisory team (BAT) is on the frontlines for much of NSBI's interaction with Nova Scotia companies. For the upcoming year, NSBI will continue to proactively seek out Nova Scotia companies with business opportunities.

BAT will continue to enhance its profile as extensions of NSBI's core business units—trade development, business financing, venture capital, and investment attraction—to create a broader awareness of the programs and services offered. The team will continue to increase and improve its networks with local stakeholders, including government agencies, financial institutions, chambers of commerce, and other partners.

In 2009–2010, BAT will continue to fill its pipeline with qualified leads that can result in solid business retention and expansion opportunities in rural Nova Scotia. Through its work with NSBI's business units, the team will continue to support the retention of existing businesses and the jobs they represent by providing customized advice and solutions designed to help them achieve their strategic goals.

Trade Development

In light of the current economic climate, the trade development team will be increasingly called upon in 2009–2010 to assist Nova Scotia companies in diversifying markets. Interest in market diversification grew steadily in 2008–2009 and is expected to increase even further in the coming year. As a result of this interest, NSBI's trade development team is expected to see new export opportunities taking shape in markets such as the Caribbean and the United Arab Emirates, in addition to mining opportunities in the U.S., Western Europe, and the European Free Trade Association (EFTA) countries. In the spirit of diversification, the trade development team is also expected to conduct exploratory work in Central and South America, Northern Canada, and the Nordic countries in 2009–2010.

NSBI, in partnership with Nova Scotia Economic and Rural Development, is working to develop and implement two new programs for the coming year. The first program will focus on assisting Nova Scotia exporters who require mandatory certifications of their products and services in order to penetrate new markets. The second initiative—expected to be facilitated by NSBI's business financing team—will assist Nova Scotia exporters in filling critical financing gaps in order to enter new markets or fulfill export contracts.

Service to clients will be enhanced by the addition of a market research resource within the trade development team to assist clients in identifying potential markets for their products and services. Although Nova Scotia exporters acknowledge the importance of diversification and new market exploration, the trade development team recognizes the need for more concrete research in order to better educate exporters on future opportunities.

The promotion of trade programs and services will be a primary focus in the coming fiscal year, as the team continues to market the benefits of exporting and market diversification. The promotional strategy developed in fiscal Q4 2008–2009 will be implemented more fully in 2009–2010. The central partners in Trade Team Nova Scotia (ACOA, NSBI, DFAIT, NSERD) also plan to resurrect the export rally concept last used in 2000 in order to share information with potential new exporters.

Additional solutions to help increase the level of export in the province include

- waiving and/or eliminating the $500 trade mission fee
- extending the reach of programming through additional flexibility (e.g., Export Prospector has been extended to attend trade shows), as well as loosening the parameters around other offerings, such as the Go Ahead program

Business Financing

In 2009–2010, NSBI's business financing team will continue to support growth-oriented businesses in Nova Scotia through a variety of financing options. These will include maintaining and enhancing partnerships with business and government through joint financing projects, working closely with NSBI's other business units and with various associations and membership organizations that support business development in Nova Scotia. In addition, NSBI will aggressively promote its enhanced payroll rebate tool in 2009–2010, which is designed to assist Nova Scotia businesses as they undertake productivity enhancements to improve competitiveness.

Financing proposals will continue to be assessed on their merits as well as a broader net economic benefit model that more accurately analyses the total impact to the province.

As with all of NSBI's business units, the business financing team will be supportive and diligent in identifying mutually satisfactory solutions to help existing clients work through challenging business conditions. These solutions include the following:

- Eliminate the retention factor on the modified payroll rebate tool, allowing full payout on a retained job versus being discounted based on a largely subjective analysis of the risk associated with job loss. This will require an adjustment to the corporation's targeted ROI, as each retention rebate has a negative return.
- Obtain approval for a blanket guarantee that would allow NSBI to extend guarantees to qualifying businesses that have modest requirements from $25,000 to $50,000. The guarantee would backstop lines of credit for small businesses that are unable to access operating credit in traditional ways.
- Introduce incentives to companies that employ environmental or sustainable practices as part of productivity enhancements.
- Eliminate the 1 per cent transaction fee.

Venture Capital

NSBI's venture capital team provides equity investment in mid-to late-stage Nova Scotia companies seeking growth capital. NSBI's approach is to assume a non-controlling interest and partner with entrepreneurs and investment partners. Companies are eligible for venture capital if they are rapidly evolving and growing within their market and have a sustainable competitive advantage with a defined, defensible market niche.

This team currently manages 11 portfolio companies, with several legitimate opportunities in the pipeline. In 2009–2010, the corporation will continue to focus on companies in the information communications technology (ICT), defence and aerospace, energy, advanced manufacturing, and life sciences sectors. NSBI will also look at ways to invest in companies in the emerging green technologies sector. To support these initiatives, NSBI requires financing solutions consistent with venture capital requirements. Promoting NSBI's venture capital team to prospective clients and strengthening relationships and key connections with equity financing and private equity firms in other jurisdictions remain its key priorities.

Investment Attraction

Since 2006, NSBI's investment attraction team has proactively concentrated on three primary sectors: financial services, ICT, and defence, security, and aerospace. The strength of Nova Scotia's value proposition in these industries has allowed the corporation to achieve success on an international scale and continues to offer opportunities going forward.

In 2009–2010, the investment attraction team will continue to proactively target these three core sectors, while also increasing its focus on new emerging markets and advanced manufacturing.

The investment attraction team will also focus on assisting existing payroll rebate clients affected by the economic downturn. The team will be proactive in working with clients to ensure their continued success in Nova Scotia. Competitive pressure on existing clients in 2009–2010 will require flexible solutions in order to maintain existing jobs.

NSBI will continue to work with all regions of Nova Scotia to maximize their strategic assets to attract investments that best fit their competitive strengths. The investment attraction team will work closely with NSBI's domestic business units to identify and prospect foreign direct investment opportunities in industries and communities across the province.

NSBI's investment attraction team, with support from its partners, is outlining marketing efforts, collaborative project plans, and industry tactical plans for the coming year. These will assist the corporation in directing its investment attraction efforts to proactively promote Nova Scotia as a location of choice for business investment and raise the province's visibility within targeted sectors and markets. Now is the time to market Nova Scotia and make the contacts that will have a long-term positive impact in the province. Our value proposition will remain strong when the global economy rebounds.

Investment attraction will continue to explore ways in which its payroll rebate terms can be more flexible for their clients and continue to work with Economic and Rural Development and other partners to customize competitive incentives solutions where required. Consideration will be given, where appropriate, to modifying the percentage payout of the payroll rebate, to support companies in recruiting and hiring people with certain skills and experience. This modification recognizes the important of talent to the overall economy and can be used as an incentive to encourage the hiring of people with certain skill sets.

Marketing and Communications

NSBI's marketing and communications team will continue to support the initiatives of frontline departments in developing business across the province. In 2009–2010, the team will achieve this by working to drive more alignment of its activities and of sponsorships to the business goals and frontline initiatives of NSBI. This includes, for example, communications planning, editorial development, advertising, brand awareness, sponsorship strategy development, and partnering as a way to open new avenues for meaningful communications.

In order to reach potential clients across the province and around the world, NSBI will continue to enhance the corporate website's usability and functionality, with the bottom-line objective of strengthening its effectiveness as a branding, marketing, measurement, communication, and business tool for NSBI. The website will continue to evolve into a more technology-focused means of communication and measurement. This will include support of NSBI-wide business objectives, e-marketing tactics that provide relevant information to our clients, multi-media, and other communications that deliver the benefits of a relationship with NSBI.

Corporate Services

NSBI's corporate services team is responsible for providing support services to the organization, including accounting, IT, and information management services. The team is focused on bringing improvements to internal processes and services, allowing client-facing employees to concentrate on client solutions. Business objectives for 2009–2010 include increased technology adaptation across all business processes, information management, and improved environmental efficiencies. Corporate services is also responsible for the management of NSBI's land portfolio. The objective for 2009–2010 is to expand collaboration with local communities to maximize local and provincial benefit from industrial assets.

Human Resources

The human capital strategy for 2009–2010 is clear—attract and retain the best and brightest. The human resources (HR) team will make several key moves in 2009–2010 to position NSBI as a preferred employer in the region.

NSBI has traditionally been a strong advocate of continuous learning by supporting the training and development requests of its employees. As this builds a more highly skilled and engaged workforce, this practice will continue in 2009–2010; however HR will work to enhance the process by linking the budgetary planning process to include a development component of the Performance Management System. Furthermore, to ensure than NSBI continues to play a proactive role as a progressive employer, the HR team will pay particular attention to building a happy and healthy employee base. Additional voluntary wellness programs will be made available to staff throughout the year in both mental health and physical health.

Overall

To support the core focus of working directly with businesses to deliver results for the province, NSBI's five key pillars will play important roles in shaping the province's economic growth over the coming years.

- **Regional Growth:** Work with all regions to maximize their strategic assets to maintain companies and attract investment that best fit their competitive strengths.
- **Talent:** Assist businesses in creating high-value opportunities that will attract and retain the very best and brightest people in Nova Scotia.
- **Competitiveness:** Continue to create strategies that maximize growth, promote innovation, and deliver results that increase wealth and prosperity for the province.
- **Leadership:** NSBI wants to be recognized as an advocate for business by elevating the dialogue on issues that its clients and partners see as impediments to economic growth.
- **Collaboration:** Continue to build effective stakeholder relations to collectively strengthen the province and its regions, enabling them to complete on a global scale.

The **Regional Growth** and **Leadership** pillars are designed to build a foundation for business development activity in all areas of the province, both urban and rural. NSBI will work with all regions to maximize their strategic assets to maintain companies and attract investments that best fit their competitive strengths. Specific objectives include

- assisting business communities across the province to be investment ready, asset mapping for each business community, and systematically addressing the identified weaknesses and concentrating on strengths in order to recognize business opportunities
- continuing to support the NSARDA Business Retention and Expansion Program and formally linking to the Executive Pulse database to improve information sharing across organizational lines
- the continued use of the payroll rebate tool to encourage business productivity enhancements to help retain jobs throughout Nova Scotia
- a head office visitation program for both foreign-direct investment businesses and domestic businesses to understand growth opportunities as well business concerns in this economic downturn
- increased collaboration with partner agencies to understand the current needs of Nova Scotia businesses and a prioritized business visitation program by region

- supporting Nova Scotia's strategy towards a greener future by hiring a resource to explore green opportunities as well as possibly diversifying our investment attraction industry focus to include environmental technology

Through the execution of these tactics, NSBI's goal is not only helping Nova Scotia businesses to navigate this economic downturn but to come out of it stronger and better suited to grow their business in the future.

Nova Scotia's success in maintaining and developing its workforce (**Talent**) will continue to play a critical role in both attracting world-class companies to the province and enabling its home-grown companies to prosper. The forecasted economic climate in 2009–2010 presents Nova Scotia with an opportunity to maintain, retool, and prepare its workforce to combat future projected shortages of skilled labour. NSBI will assist existing businesses with managing their employee base, while concurrently attracting relevant world-class companies who could benefit from the talent pool in the province. NSBI will engage with its partners to develop Nova Scotia's workforce through organic growth based on effective retraining, youth outreach programs, and targeted immigration practices. NSBI will help to educate current and potential employers in the province on the benefits of hiring immigrants, young professionals, and retrained workers to ensure that our business community is well positioned to grow and prosper based on the available pool of talent.

Strategic investment funds (SIFs) are tools used to attract businesses and foreign-direct investment to the province and to retain existing Nova Scotia–based businesses. The payroll rebate is the primary financing tool available under the SIF. It is a performance-based incentive vehicle intended to promote targeted creation or retention of employment and payroll. The minimum job target is 20 FTEs and is consistent with the **Competitiveness** pillar of the five-year plan, which states that NSBI continues to create strategies that maximize growth, promote innovation, and deliver results that increase wealth and prosperity for the province. The tool was expanded to include discretionary terms and conditions for companies that undertake improvements (e.g., new equipment) to increase competitiveness and become stronger international competitors. Payroll rebate details can be found in Appendix 1, while details on the interest rebate, the second financing tool of the SIF, are included in Appendix 2.

The Nova Scotia Business Fund is the source of capital for NSBI's business financing and equity financing clients. The portfolio currently has approximately $166 million outstanding to more than 100 companies located throughout the province. For 2009–2010, net new capital needed for NSBI to continue to meet the financing needs of

Nova Scotia businesses is estimated to be $20 million, with repayments of current outstanding investments estimated to be in the $7.5–15 million range.

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

- Annual sector investment targets:

- foundation	18 per cent
- knowledge-based (IT and life sciences)	20 per cent
- manufacturing	48 per cent
- energy	9 per cent
- other	5 per cent

- $15 million maximum per company.
- 25 per cent maximum available for working capital/equity investments.
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization)

Finally, **Collaboration** touches all areas of the organization's activity. NSBI will continue to build effective stakeholder relations to collectively strengthen the province and its regions, enabling them to complete on a global scale.

Budget Context

	Estimate* 2008–09 ($ 000)	Actual 2008–09 ($ 000)	Estimate 2009–10 ($ 000)
Revenue			
Provincial grants:			
Operating grant	11,156	11,405	11,605
Strategic investment funds	15,134	10,557	11,500
Loan valuation allowance	1,600	1,600	2,100
Gateway Initiative	—	172	1,100
Gain on sale of parks	1,600	35	1,600
NS Business Fund and misc. revenue	8,488	9,123	8,345
	37,978	32,892	35,550
Expenses			
Operating expenses	11,978	12,195	12,375
Strategic investments	15,134	10,557	11,500
Provision for credit losses	1,600	5,899	2,100
Gateway Initiative expenses	—	172	1,100
Nova Scotia Business Fund Expenses: Parks	548	377	488
NS Business Fund and misc. expenses	5,993	5,780	5,839
	35,253	34,980	33,402
Excess of Revenue over Expenses	2,725	(2,088)	2,148

Please note the following:

1. Certain 2008–2009 estimate figures have been reclassified to conform with the financial presentation adopted in the 2008–2009 forecast and 2009–2010 estimate.
2. Atlantic Gateway Business Development Grant: This is an estimate only; funding to be finalized in due course.

Outcomes and Performance Measures

NSBI holds itself to the highest standards of corporate governance and accountability. As a results-driven organization, NSBI remains fully committed to measuring results that directly impact the goals of the organization. Under the new five-year plan, NSBI's key accountability metric is total payroll created and retained by its clients. This captures not only job numbers, but also average salaries.

In 2009–2010, NSBI will continue to focus on high-value opportunities and retaining high-value businesses currently in the province. In doing so, NSBI will assist in creating and retaining corporate and personal taxes for the Province of Nova Scotia.

Outcomes and Performance Measures

Overall Performance

Indicator	Measure	2008–09 Actual	Targets 2009–10	Strategies to Achieve Target
Total payroll	Total forecasted new and retained payroll	$108 million	$120 million	• Attract companies to Nova Scotia • Help existing companies within Nova Scotia to grow
Fiscally prudent financing	Forecasted average portfolio return on investments utilizing strategic investment funds (SIFs)	70.1%	40% or greater	Strategic utilization of payroll rebates to establish growth industries

Core Business Area *Attract leading-edge, sustainable business investment to Nova Scotia*

Indicator	Measure	Base Year Data 2007–08	Targets Data 2009–10	Strategies to Achieve Target
Foreign direct investment (FDI) in Nova Scotia	No. of projects committed by Investment Attraction clients	10	12	Seek new sustainable businesses to relocate or expand in Nova Scotia
Economic benefit to Nova Scotia	Average gross salary of new jobs forecasted to be created by investment attraction clients	$48,117	$42,500	Develop FDI strategies based on innovation

Core Business Area *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*

Indicator	Measure	2008–09 Actual	2009–10 Targets	Strategies to Achieve Target
Volume and diversity of exports	No. of clients introduced to new markets/further advanced in existing markets	269 clients	225 clients	Deliver tailored trade development services
Export sales	Client-reported actual and forecasted export sales	$155.7 million	$100 million	Deliver tailored trade development services

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

Indicator	Measure	2007–08 Base Year Data	2009–10 Targets	Strategies to Achieve Target
Incremental value investment projects	No. of business financing/venture capital projects authorized	13* financings	15 financings	Deliver tailored financing solutions
	No. of companies that undertake productivity enhancements utilizing the strategic investment fund	4 projects	10 projects	Sharpened business development focus
Quality portfolio management	Impaired loan ratio	13.4%	15% or less	Portfolio management strategies
Partner for financing solutions	Leverage ratio of partner/client: NSBI	Ratio of 1.33 to 1	Ratio of 1 to 1	Maintain co-investment philosophy

* Included five loans, five equity investments, and three material amendments to existing clients that have a positive net economic benefit to the province

Appendix 1

Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2009–2010 Business Plan

	Payroll Rebate
Overview	• The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted creation or retention of employment and payroll generation. • This financial incentive may be used when it can be shown that an applicant's project generates an economic benefit to the province, which may include export development, external investment in the province, or improved competitiveness of existing businesses, in one or more of the province's key economic sectors.
Amount	• Rebates will be equivalent to between 5% and 10% of the applicant's gross payroll, depending on the applicant's strategic location or business sector and the economic benefit generated to the province. • In the case of payroll rebates primarily for employment retention, the total rebate will not exceed the lesser of $500,000 or 50% of the project costs. • All other Nova Scotia provincial government assistance with respect to the project must be disclosed and may influence the rebate amount.
Eligibility	• The applicant's business must be considered eligible according to NSBI's operating regulations. • Applications for assistance must be project based. Projects are expected to create or retain sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance. • The project should result in the creation or retention of at least 20 jobs (FTEs) in Nova Scotia. Projects creating or retaining fewer than 20 FTEs will be considered when there is high strategic value or strong economic benefit. • In the case of payroll rebates primarily for employment retention, the company must be undertaking a project to improve its competitiveness in export markets through either productivity improvements or investments in product development. • In the case of payroll rebates primarily for employment retention, the company must contribute at least 20% of the total project costs. • Companies that have previously received assistance under the program will not be eligible for additional assistance unless the project is incremental to the peak FTE level attained by the company under the previously provided assistance. • Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered. • The applicant will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).
Application Requirements	• Historical and projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company • A business plan (or acceptable reports) providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk • Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness

Appendix 1 (continued)

Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2009–2010 Business Plan

	Payroll Rebate
Criteria	• The company and the project must have reasonable prospects (business plan) for continued growth and success. The company should be profitable, with a proven track record. In addition, the project should be mainly export oriented and/or be in a strategic economic sector. The company must also demonstrate: • strong management (corporate and local) • compliance with Environment Act, Occupational Health and Safety Act, and Labour Standards Code (if already established in Nova Scotia) • economic benefit to the province (e.g., estimated number of jobs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution, etc.) • an acceptable credit history
Performance Conditions	• Assistance is contingent on specific targets the company must achieve, which will typically be the creation of (x) jobs by (date) or retention of (x) jobs, with an average annual salary/wage of $ (amount). These targets are expected to still be in place at the end of the rebate period. • In the case of payroll rebates primarily for employment retention, the company may be required to achieve additional targets with respect to project completion including expenditure targets. • The applicant must provide an annual report, which will typically be an auditor's report, certifying that the employment, wage and other targets have been achieved. The report must contain the following information: - Incremental and/or retained gross wage or payroll bill (including benefits) and the number of incremental and/or retained employees and hours worked according to the company's records on each anniversary date from the project commencement; - Gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the project commencement.
Payment Terms	• Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement. • In most cases, rebates will be paid annually on each anniversary from the project commencement; • Payment term generally should not exceed five years.

Appendix 2

Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2009–2010 Business Plan

	Interest Rebate
Overview	• The interest rebate is a discretionary tool designed to encourage employment creation and net economic benefit for the province. • This financial incentive may be used when it can be shown that an applicant's project generates a significant net economic benefit to the province. • This interest rebate is designed to deal with those situations where the net economic benefit to the province is sufficient to justify a reduction in the interest rate charged to NSBI's financial services clients to below NSBI's cost of borrowing.
Amount	• The amount (or rate percentage reduction) per project will be dependent upon the net economic benefit to be generated for the province as a direct result of the project. This will be determined on a project-by-project basis.
Eligibility	• The applicant's business must be considered eligible according to NSBI's operating regulations. • The project should result in the creation of at least 20 new jobs (FTEs) in Nova Scotia. However, under certain circumstances, projects creating fewer than 20 FTEs may be considered when there is high strategic value or strong economic benefit. • Financings are expected to create sustainable long-term new employment. Cyclical peaks in employment will not be considered for assistance. • Companies that have previously received interest rebate assistance will not be eligible for additional assistance unless the project is incremental to the peak FTE level attained by the company under the previously provided assistance. • All other government assistance must be disclosed and may influence the level of contribution.
Application Requirements	• Completed application form including all supporting documentation as requested.

Appendix 2 (continued)

Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2009–2010 Business Plan

	Interest Rebate
Criteria	• The company must have a solid business plan for continued growth and success.
Performance Conditions	• Assistance is based on specific targets that the assisted company must achieve. The most usual will be the creation of (x) jobs by (date), all of which are still in place at the end of the period, with an average annual salary/wage of $ (amount), defining a job as 2000 hours of work per year. • The applicant must produce an auditor's report certifying that the employment and wage targets have been achieved and containing the following information: – incremental gross wage or payroll bill (including benefits) and the number of incremental employees and hours worked according to the company's records on each anniversary date from the actual project commencement – gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the actual project commencement
Payment Terms	• Rebate to be provided on a continual basis for a term generally not to exceed seven years, or the maturity of the loan, whichever occurs earlier and provided all terms and conditions of the financial assistance agreement continue to be met during the period. • Failure to maintain all terms and conditions of the financial assistance agreement may result in an adjustment to or cancellation of the rebate entitlement.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Crop and Livestock Insurance Commission
Business Plan 2009–2010

Table of Contents

Message from the Minister, Chair, and CEO

We are pleased to present the Crop and Livestock Insurance Commission's business plan for 2009–2010. The plan outlines the commission's continued commitment to offer Nova Scotia's primary agricultural producers insurance against production losses.

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

The commission continues to work toward improving its information management capabilities, which were initiated in 2006. Development of a more-robust integrated system is a key factor in meeting the province's commitment to improve customer service and program options under the AgriInsurance platform of Growing Forward.

The Honourable John MacDonell
Minister of Agriculture

Mr. Avard Bentley
Chair

Mr. Bill MacLeod, P. Ag.
Acting, CEO

Mission

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

Link to Department of Agriculture Mandate

In support of the Department of Agriculture's mission to ensure a prosperous and sustainable agriculture industry though the development of rural people and resources for the betterment of all Nova Scotians, the Nova Scotia Crop and Livestock Insurance Commission strengthens the fabric of rural economies in Nova Scotia by providing agricultural entrepreneurs with the opportunity to cover off the risk of financial losses caused by crop failures. The commission supports the growth and development of the agriculture industry through its crop and livestock–based insurance programs. The introduction of new insurance products will provide more farm producers access to AgriInsurance and expand the risk management options for those already actively managing their production risks.

Planning Context

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

The commission reports to the Minister of Agriculture and is a key component of the business risk management services that the department offers to the industry. It administers 14 crop insurance plans, a dairy livestock insurance plan, and a poultry insurance plan. In 2008 the successor to the Canada–Nova Scotia Implementation Agreement associated with the National Agricultural Policy Framework called Growing Forward established the AgriInsurance platform. This agreement outlines cost-sharing arrangements and administrative requirements that govern the design and delivery of AgriInsurance programs (also known as production insurance and crop insurance).

Federal and provincial Ministers of Agriculture have indicated their desire to expand and strengthen the role of the AgriInsurance 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 plans to expand its product line to include insurance options for more crops and animal species, as well as new options for conventional cropping situations. The commission will continue with the implementation and refinement of a Wildlife Compensation Program that was introduced in 2008.

A 2005 study of administrative best practices in delivery of production insurance programs revealed areas where the commission can improve it service delivery. On the report's recommendation, the commission will continue with the modernization of its information management capabilities, take steps to reduce its underwriting and claim verification costs, and increase co-operation with other provincial delivery agents. A major rebuild of the commission's data management capabilities is planned to continue throughout 2009.

Strategic Goals

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

Core Business 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 (Growing Forward).

Priorities for 2009–2010

The commission's priority is to increase the insurance coverage it offers to Nova Scotia agricultural production. The value of coverage is actively managed by increasing the number of products offered and the range of options available to clients. In support of the Department of Agriculture's core business area 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 expansions and enhancements:

- The commission will continue to expand and refine the Wildlife Compensation Program introduced in 2008.
- The commission will introduce a new Maple Insurance Plan and a Stone Fruit Plan in 2009–2010 to meet identified needs in both of these sectors of the agriculture industry.
- The commission will continue its consultations with industry and the federal government with the goal of including the Dairy Livestock Insurance Plan and the Poultry Plan in the AgriInsurance platform, which will allow cost-sharing by both levels of government. This will allow producers to take advantage of the 60 per cent government cost-sharing on premiums.
- In consultation with industry the commission will continue to research and develop additional insurance-based products that meet the needs identified by industry. These include development work on insurance plans for sugar beets and the hog sector. The commission will continue to explore opportunities to grow the risk management options it provides to industry in areas such as grape growing and honey production.
- The commission will continue to evaluate and respond to industry needs through expansion of existing plans and the introduction of more-flexible options to our clients. These options could include risk splitting, more price options, additional coverage levels, and/or enhancements to currently offered plans.
- To address the specific needs of the horticultural sector, the commission will investigate the development of products that provide more-flexible coverage options to the sector, such as value-based coverage and programs for commercial-scale market garden operations that grow a small acreage of many different crops.

Human Resource Planning

Administratively, the commission will continue to review its staffing needs and update its succession planning strategy, which recognizes an anticipated significant turnover within its staff in the next five years. The commission will also review staff training and development needs during the coming year.

Budget Context

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

Estimate of Income and Fund Balances

	Authority 2008–09 (per 2008–09 Estimates Book) ($,000)	Actual 2008–09 (per 2008–09 Estimates Book) ($,000)	Budget 2009–10 (per 2009–10 Estimates Book) ($,000)
Revenues			
Insurance premiums paid by clients	380	622	598
Insurance premiums contributed by government (federal)	323	527	538
Wildlife compensation payments (federal)	0	66	150
Insurance premiums contributed by government (provincial)	215	351	359
Wildlife compensation payments (provincial)	0	44	100
Interest income	150	179	170
Total Revenues	1,068	1,789	1,915
Expenses			
Indemnity claims	1,690	1,653	1,700
Wildlife compensation payments	0	110	250
Reinsurance premiums	–	–	–
Bad debt expense	5	9	4
Total Expenses	1,695	1,772	1,954
Net Income (Loss) From Insurance Activities	(627)	17	(39)
Crop and Livestock Insurance Fund Balance			
Beginning of year	5,757	5,359	5,376
End of year	5,130	5,376	5,337
Administrative Expenses			
Government contributions (Canada)	502	480	913
Government contributions (Nova Scotia)	466	336	613
Total Administrative Expenses	968	816	1,526
Net Government Expenditure			
Canada (premium + administration)	825	1,073	1,601
Nova Scotia (premium + administration)	681	731	1,072
Total Program Expenditure	1,506	1,804	2,673

Outcomes and Performance Measures

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

Outcome	Measure	Data Base Year (2004–05)	Target 2009–10	Ultimate Target 2011–12	Strategies to Achieve Target
Increased income stability of farm businesses	Number of farms using production insurance	600	750	800	Improve program effectiveness and flexibility through introduction of new insurance plans and new non-production based plans. This is in response to client requests for more options in insurance coverage
	Value of coverage	$52.5 million	$100 million	$104 million	Introduce maple insurance and stone fruit insurance and expand poultry insurance
	Aggregate coverage level for crop program	80%	85%	87%	Introduce more-flexible risk-splitting benefits for all crop plans and higher unit prices in response to market conditions
	Number of products available	14	17	18	Expand Wildlife Compensation Program and develop new horticulture products
	Value of compensation paid for wildlife damage	N/A	$250,000	$300,000	New target includes federal and provincial compensation paid to producers for damage from wildlife

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Farm Loan Board
Business Plan 2009–2010

Table of Contents

Message from the Minister and Board Chair

We are pleased to present the Nova Scotia Farm Loan Board business plan for 2009–2010. The plan outlines the board's goals and priorities for the coming year in line with its mission and mandate.

The primary focus of the board continues to be long-term stability of agricultural financing and provision of financial counselling in order to advance, encourage, and support the development of agricultural and timber businesses in Nova Scotia.

The Honourable John MacDonell
Minister,
Department of Agriculture

Mr. Leo Cox
Chair,
Nova Scotia Farm Loan Board

Mission

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

Vision

The board contributes to rural economic results by ensuring that loan financing is available to producers at reasonable costs and that availability is maintained in all economic conditions and through agricultural cycles.

Mandate

The board functions as the Timber Loan Board (for loans to forest product mills) as well as the Nova Scotia Farm Loan Board. Plans and reports combine these roles.

The 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 provides authority to the board to make or guarantee loans for the purpose of acquiring or improving any farm, plant, machinery, or equipment; to acquire, hold, and dispose of farms, buildings, livestock, machinery, and lands; to collaborate with the Department of Agriculture personnel; and to take on other purposes, duties, and powers as the Minister approves.

The Timber Loan Board's authority is from regulations made pursuant to the *Revised Statutes of Nova Scotia* 1989, the Forest Act in Section 20 of Chapter 179. This act provides for credit to acquire forested land for forest product mills and refers to the Agriculture and Rural Credit Act for authority, board members, and staff.

Our Board of Directors

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. Day-to-day operations are delegated to staff who are responsible for ensuring that conduct, management, and operations meet board and provincial requirements.

Current Board Members

Chair: Leo Cox. Leo has been a member (and chair) of the board since March 2000. His current term began May 2005 and expires April 2011. Leo is from Mabou and has a long background in agriculture, having served with the Department of Agriculture in livestock and extension services for 30 years. He owned a cow-calf farm and is still actively involved in the operation of Lake Mabou Farms. Leo has served on numerous boards, and is the current chairman of the Inverness Consolidated Memorial Hospital Charitable Foundation.

Vice-Chair: Stephen Healy. Steve has been a member of the board since November 2003, with his current term expiring November 2009. He lives with his wife in Kentville near his three grown children, where he operates a financial planning firm. Steve is a graduate of NSAC and the University of Guelph (BSc (Agri). He has been involved in the Kentville Town Council, the Kings branch of the VON, and the Rotary Club (past president). Community projects such as the Annual Acadia Hockey Celebrity Dinner and the NSAC Foundation continue to be of importance to Steve and his family.

Member: Angela Hunter. Angela was appointed to the board February 2008, and her term expires February 2011. She operates Knoydart Farms with her family, an organic dairy and sheep farm on the Pictou-Antigonish border.

Member: Hank Bosveld. Hank has been a member of the board since September 2000. His current term began September 2005 and expires September 2011. Hank lives in Lakeville, Kings County, where he operated a greenhouse and orchard until transferring ownership to his son. He remains actively involved in the operation. Hank is also actively involved in the Kings County and Nova Scotia Federations of Agriculture.

Member: Victor Moses. Victor has been a member of the board since March 2000. His current term began February 2005 and expires February 2011. A graduate of the Nova Scotia Agricultural College and MacDonald College, Victor served for more than eight years as Agricultural Representative with Department of Agriculture followed by 40 years in management with food processing and vegetable fruit production in the Annapolis Valley. He is presently CEO of a large fruit and vegetable operation. Victor is heavily involved in volunteer work and lives in New Minas.

Our History

Active since 1932, 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. The board's mandate includes operation as the Timber Loan Board in dealing with applicable loans.

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.

At last year-end (March 31, 2008), the board's total loan portfolio totalled $187 million in loan principal. Including lease property accounts, total lending to agriculture represents approximately 25.8 per cent of the debt capital of Nova Scotia farmers. Timber loans provided to forest mills to ensure a sustainable wood supply totalled $510,000 for the forest industry.

Primary stakeholders in both the Nova Scotia Farm Loan Board and the Timber Loan Board include individual and potential borrowers and the province, in particular the Departments of Agriculture, Natural Resources, and Finance. Other important stakeholders include the Nova Scotia Federation of Agriculture and the various commodity groups, commercial lenders, equipment and feed suppliers, the wholesale and retail sectors for products produced in Nova Scotia, and others concerned with economic development within rural areas.

Alignment with Departmental Priorities

The Nova Scotia Farm Loan Board contributes to the priorities of the Department of Agriculture in several ways, most directly contributing to its business plan's Core Business Two, Industry Growth and Development.

Board activities support competitive agriculture and food businesses that create economic growth and employment in rural communities by ensuring that long-term credit funding is available throughout business cycles. By supporting development of environmental plans and investment in good environmental choices, board lending contributes to sustainable resource management. Specifically, the following priorities of the Department of Agriculture are supported:

Priority # 3: Promote transition in the agriculture industry towards improved competitiveness and self-sufficiency.

Support for competitiveness and self-sufficiency is provided through stable financing and financing of new initiatives, as well as counselling and advice.

Priority # 5: Attract new entrants to the agriculture and agri-product industries.

In addition to providing financing and guidance to new entrants, the board continues to administer the New Entrants to Agriculture Program to assist new producers with grants against interest costs.

Priority # 6: Expand investment in the agriculture and agri-product industries to capture growth opportunities.

Board funding provides for farm development and investment in land, buildings, equipment, livestock, and horticultural development, as well as on-farm processing and working capital to enable growth and for marketing and other activities necessary to grow and develop opportunities.

Priority # 7: Increase the international competitiveness of Nova Scotia's agriculture and agri-product industries.

By facilitating the investment and growth noted above, the board supports development of strong agricultural businesses, which are then able to develop and compete locally and internationally.

Priority # 8: Increase the value of Nova Scotia's agriculture sector.

Support for investment, growth, and competitiveness through long-term stable financing, as well as working capital, will support increases in the value of the agricultural sector overall.

Planning Context

External Context

In General

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

We continue to see a trend toward fewer, larger farms—a trend particularly noticeable in the dairy and poultry sectors. Changing technology, food safety concerns, and implementation of related health protection measures are common challenges.

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

Producers must be constantly aware of environmental concerns and maintain up-to-date skills, procedures, and facilities and equipment to meet today's standards.

Fluctuation in the value of the Canadian dollar relative to the U.S. dollar have affected exports to the United States, as well as the cost of some competitive imports. This is expected to have an effect on most sectors to some extent but particularly on commodities closely linked to external markets. Hogs, beef, blueberries, cranberries, and other fruit and vegetables for export are expected to be most strongly affected.

Volatility in grain prices may assist the relatively small grain-producing sector but could increase input costs for livestock production in general.

Industry representatives suggest that additional emphasis should be placed on assisting new entrants, counselling services, and low-cost loans. Many clients have indicated that they would prefer to find more flexibility in loan options available from the board, possibly including short-term mortgages with longer amortizations (similar to commercial mortgages), variable rates, and operating type loans.

The board will continue to react with patience in sectors experiencing cyclical downturns and with caution for sectors that appear to be entering such a downturn, and will ensure that capital remains available in sectors that are able to invest, providing repayment terms suited to the timing of returns.

Interest Rates

Interest rates have fluctuated, beginning to rise over fiscal year (2007–2008) and falling again during the 2008–2009 year to date. Actions by the Bank of Canada to reduce interest rates and projections of relatively low growth suggest that short-term interest rates will remain relatively low into 2009–2010.

Requirements for board financing are influenced by levels of investment in agriculture and timber businesses, rates of capitalization, general economic conditions, and the availability of funding from commercial lenders. The board continues to offer fixed interest loans with rates fixed for the full amortization period of the loan; however, staff are moving to react to requests for variations to provide shorter terms, variable rates, and renewal options. Potential new loan products under consideration for the 2009–2010 year include variable-rate loans, mortgages with term lengths of less than the amortization period, and flexible lending secured by real property. Consultation with the Departments of Finance and Justice will be required and has already begun.

The board will work to ensure that credit tightening by commercial lenders, if any, is offset by its own lending to ensure that agricultural businesses remain successful.

New loan advances are forecast at $26 million in the 2008–2009 fiscal year for a net increase in the loan portfolio of $4.0 million. Demand for board loans has been at the lower end of the expected range to date in 2008–2009; however, flexibility is necessary should commercial lending decrease sharply. Requested capital authority of $30 million is expected to provide flexibility to respond to lending needs in 2009–2010.

Requirement for loan capital by the forestry sector continues to be of interest to the board, not only 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 meet client credit needs, providing counselling services, supporting new entrants, analysing risk, and collaborating with departments and industry. A human resources plan, approved within the department but awaiting resources for implementation, will add to the board's ability to meet monitoring, counselling, and analysis needs as they arise. The board intends to remain flexible in its approach and will be open to any type of development, loan products, or ventures that will assist agricultural development in this province.

The Economy

It is anticipated that clients will be somewhat protected from the current economic downturn because most sectors provide basic food products. Non-food products such as the fur and ornamental horticulture may be subject to higher risk. Most clients are protected by supply management or income stability programs.

Ongoing Planning Focus

The board understands its focus to be the support of long-term health and development of agriculture in Nova Scotia. To support that through our lending program requires that services specialize in knowledge of agriculture, long-term client relationships, a client focus in developing and providing services, flexibility in lending services and repayment, counselling services, support for new entrants, and long-term lending. The board will continue to assess and develop the client focus and counselling aspects of its service. The board's recently approved human resources (HR) plan provides for additional resources for analysis, account status monitoring, and business assistance. As noted under interest rates, the board is pursuing new loan products to meet borrowing requirements of 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.

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

While working to meet client needs, the board will also work towards strengthened lending and management information to meet lending, decision-making, and financial reporting needs.

Strategic Goals

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

1. *Ensure industry access to stable, cost-effective, asset-backed developmental credit*

- 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.
- Provide flexible loan products adapted to the needs of the agricultural industry.

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

- Develop and enhance loan management capability, including risk-rating abilities, corporate loan and collateral information, and annual review and other processes and procedures to improve management information and auditability.
- Work to ensure that information is available to meet current and changing accounting and reporting standards and deadlines.

Core Business Areas

Core Business Area 1: Lending

Providing flexible, asset-based credit for development of agricultural and timber businesses is the primary mandate of the Farm Loan Board. This includes loan product development, loan service development, client service and administration, and efficient and responsible financial management, as well as financial analysis and 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 flexible asset-financed credit, the board directly provides for development and growth of the agricultural and timber industries and indirectly influences credit availability at reasonable rates through influence on, and partnership with, other participants in the lending industry.

Core Business Area 2: Programs Administration

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

Priorities for 2009–2010

1. Lending

Provide up to $30 million of new loan capital to the agricultural and timber industries in the 2009–2010 fiscal year.

The focus is on development and long-term stability. During 2008–2009 the board advanced $26.7 million and received principal repayments of $20 million. Demand for credit may increase if commercial lenders tighten credit availability as expected. However, early indications are that clients are able to borrow and are seeking lower short-term lending rates from commercial lenders.

Statistics Canada reports indicate that total farm debt by Nova Scotia farms grew by approximately 44 per cent between 2002 and 2007. If historical rates of growth in agricultural capital requirements continue, $30 million of new loans will result in the board providing approximately 25 per cent of total agricultural lending in Nova Scotia in 2009.

The board will work towards introduction of new loan products to meet client needs in 2009–2010. Loans with terms of less than the amortization period are an initial option, providing clients who have sufficient security and risk tolerance with greater flexibility and reduced short-term cost. Other products will be investigated, possibly including a flexible agricultural and rural mortgage to provide for operating capital needs and to permit quicker response to funds requests on well-secured clients; variable-rate mortgage loans; and options for open loans (repayable at any time). Staff will work with legal advisors, the Department of Finance, and others to develop and implement workable options. In order to promote understanding of the flexibility available to clients, the board will work toward development and presentation of specifically targeted and identified loan product offerings, reducing reliance on individual customization, without limiting current options.

Financial Counselling

The board places importance on maintaining an understanding of agriculture, development of relationships with clients and understanding their needs, flexibility in dealing with individual circumstances, counselling services, as well as specific loan product offerings. As noted in the human resources strategy, proposals provide for development of additional capacity for analysis and for follow-up with clients experiencing business and repayment difficulty.

Timber Loans

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

Reporting

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

Account Maintenance

The board manages accounts such that write-offs and arrears conditions are monitored and minimized in relation to the portfolio size while maintaining the priority of a "patient lender" approach, supporting industries and individuals through cyclical downturns and working towards the best outcome for all parties.

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

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

This also includes counselling and follow-up for clients with repayment difficulties.

2. Program Administration

Administer a New Entrants Program in concert with the Nova Scotia Department of Agriculture

This program, now in its seventh year, provides assistance with loan interest. It is intended to assist up to 50 new entrants to agriculture, including intergenerational transfers in order to provide long-term stability and renewal of farm ownership. Twenty-two applications have been approved during the 2008–2009 year for grants in future years (subject to funding).

Further development of this program in collaboration with the Department of Agriculture, as well as development of other lending initiatives to assist new entrants and farm succession, will continue to be priorities for the board during 2009–2010.

Flexible Loan Programs

The board will 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 the Nova Scotia Federation of Agriculture. This will require consultation with industry representatives as well as those of other departments.

Human Resource Strategy

Provincially, the Nova Scotia government's Corporate Human Resource Plan 2005–2010 establishes goals, objectives, and strategies in order to focus on making a "meaningful, measurable contribution to the lives of all Nova Scotians."

Within the guidelines of that plan, and recognizing the importance of our human resources, the board has developed an updated human resource plan, providing an analysis of staffing requirements. The board's plan provides for increased emphasis on loan monitoring, analysis, and assistance to clients experiencing difficulty and an increase in staffing resources to facilitate this. The allocation of staff will be re-evaluated and reviewed with the Department of Agriculture during the 2009–2010 year.

Succession planning will form an important element in the board's response to future retirements and staffing changes within the board. The ability to introduce and train staff, and to back up critical functions is vital. The human resources plan under consideration is expected to strengthen the board's ability to meet this need.

Learning, through training and professional development and by sharing knowledge, is considered a priority of the board. Training funds provide staff with technical training and opportunities to attend appropriate technical and professional workshops and conferences.

Officers, staff, and employees are appointed as required for the proper conduct, management, and operations of the board.

Communication Strategy

The board communicates with the department informally through regular contact, through the CEO/Director as part of the Industry Development and Business Services Branch, and through the monthly budget submission process.

Communication to existing clients is by payment receipt or arrears notices, annual statements upon request, loan officer contact in response to a request or significant arrears, or through the annual loan file review process requiring updated information. Clients may call or visit to request information on their accounts, to inquire about additional loans, or to discuss payment difficulties.

To communicate loan offerings and interest rates, the board produces a printed pamphlet about board lending and a quarterly rate sheet, both of which are available at board offices, and maintains a website where similar information is provided, along with contact information for the board. Staff attend, and man a booth, at annual NSFA meetings and sector meetings.

Communication with the public is coordinated through the Department of Agriculture.

Future

Online access by clients for balance and other information about their accounts is contemplated but on hold until other system improvements can be implemented.

Periodic direct mailings to advise of board offerings and activities and upcoming events may be used to remind clients and further explain about annual reviews and to advise clients to get their loan requests in early near busy times and around our year-end to avoid delays.

Budget Context

Financial Management

Effective financial management is a priority for the board.

Implementation of the SAP loans module has resulted in significant changes to business processes, controls, and capabilities. Staff continue to review these changes, seek to find ways to improve the speed and availability of accurate information, and ensure that staff are fully trained to make most productive use of system capabilities. Further development is ongoing; and review, testing, and training will be required as change occurs. Internal controls continue to be reviewed to ensure that an appropriate balance has been found in efficiency and effectiveness and that documentation is up to date.

The board has undertaken an annual review process for loans, focusing priority on higher-risk loans to meet management, financial reporting, and audit requirements. Initial results achieved during 2007-2008 were positive, with full implementation planned over 2008–2009 and 2009–2010. Considered necessary to meet informational requirements, this process consumes considerable staff time and requires support of systems not yet in place. Staff resources as outlined in the Human Resources plan are considered to be minimal for full implementation. Further training, development of internal processes, and systems development or acquisition will continue to be priorities during 2009–2010.

It does not appear at this point that the board will require application of International Financial Reporting Standards (IFRS). IFRS standards and application rules will continue to be monitored.

Internal processes and information systems will be reviewed during 2009–2010.

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

Operational Income Statement

2008–09 Estimate $(000)	2008–09 Actual $(000)	Description	2009–10 Estimate Request $(000)
11,000	10,802	Interest	10,980
150	222	Insurance Operations	150
582	218	Fee Revenue/Recoveries	230
11,732	11,242	Total Revenue	11,360
9,640	9,749	Interest	9,920
1,377	1,263	Operating Expenses	1,520
—	4,763	Bad Debt Expense	500
11,017	15,775	Total Expenses	11,940
715	(4,533)	Net Income (Loss)	(580)
(715)	4,533	Transferred to the Province	580
0	0	Remaining	0

Note: See Year-end Financial Statements for complete financial information and notes.
Interest expense is established under the terms of a Memorandum of Understanding arranged with the Department of Finance.
See notes following the capital funds statement.

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.

Accounting adjustments are subject to the approval of the Department of Agriculture. The board is assigned budgetary authority through the department and is required to conform the forecast and estimate authority to the amount assigned. Authority assigned for insurance, fees, operations, and bad debt expense is based on funding availability. The significant problems in the hog industry have resulted in much higher-than-usual bad debt experience in the past two years and have resulted in a large group of non-performing loans still on the books, reducing forecast income for 2009–2010.

2008–09 Estimate ($ 000)	2008–09 Actual ($ 000)	Description	2009–10 Estimate Request ($ 000)
Capital Funds			
187,365	186,953	Opening principal	193,542
30,000	26,718	Add loan advances	30,000
(18,000)	(20,090)	Less repayments	(21,000)
(1,000)	(39)	Less principal written off	(1,800)
198,365	193,542	Closing principal	200,742
Provision for Impaired Accounts			
14,522	16,509	Opening provision	21,233
(1,000)	(39)	Less accounts written off	(1,800)
—	4,763	Additions (Principal portion of Bad Debt Expense +/- Adjustments)	500
13,522	21,233	Closing allowance	19,933
184,843	172,309	Net portfolio at year-end	180,809

Significant portions of the board's expenses, most notably insurance costs under the board's life insurance program and bad debt expense, are variable, somewhat unpredictable, and beyond short-term control. Actuaries have advised that the results of this program will fluctuate from year to year. A review of current insurance arrangements and alternative options is planned for completion during 2009–2010.

The board's structure and number of positions are identified in the human resource strategy section. The required allocation of staff in order to meet the board's mandate for the coming year will be reviewed with the Department of Agriculture. Budgetary allocations are assigned based on staffing now in place.

Core Business 2: Program Administration

Note that staff of the board administer the following programs, but the programs are reported for separately under the Department of Agriculture and are not included in the Operational Income Statement of the Board.

2008–09 Estimate ($ 000)	**2008–09 Actual ($ 000)**	**Description**	**2009–10 Estimate Request ($ 000)**
600	512	New Entrants to Agriculture Program—Expenditures	600
600	600	New Entrants to Agriculture Program—Approvals (grants cover interest in the two years following approval)	600
6,200	—	Focused Financial Relief/Transitional Assistance Program (grants to retire hog and beef loans)	—
Total Staff			
17.3	17.3	Staff—FTEs	21.3

Outcomes and Performance Measures

Core Business Area 1 *Lending*

Outcome	Measure	Recent Results	Target 2008–09	Target 2009–10	Strategies to Achieve Target
Efficient program delivery	Net income (before government contribution) as % of the average active loan balance	2006–07: –0.7% (–$1,260,000) * 2007–08: –4.3% (–$7,833,000) * Forecast 2008–09: –2.5% (–$4,533,000) * * Bad debt expense in 2006–2007, 2007–2008, and 2008–2009 is unusually high due to difficulties in the hog sector	–0.2% or above (set in recognition of loan difficulties)	–$750,000 in income before government contributions (–0.4% of the active portfolio). This recognizes that additional account problems may be experienced in the current economic climate,and that the board will continue to hold a higher-than-usual inventory of security for disposal, which will earn no income contribution.	• 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. • Develop additional loan products to meet client needs, including clients with lower inherent risk and less likelihood of loss. Additional loan products with terms shorter than the amortization period, variable interest rate, and asset-secured operating loans will be investigated and possibly adopted during 2009–2010, allowing the board to support client needs and maintain strong clients within the portfolio. • Minimize operating expenses by efficient operating structure, practices, training, and electronic systems. • Income has been negatively affected by reduced payout fees and a substantial increase in the provision for impairment in recognition of potential losses in hog industry loans. • The high priority placed by the board on continued patience in resolving the unusually large group of problem accounts will inevitably result in lower income in the short term. Loans classified as impaired and default accrue no interest revenue but do tie up funds, resulting in higher interest expense.

Core Business Area 1 *Lending*

Outcome	Measure	Recent Results	Target 2008–09	Target 2009–10	Strategies to Achieve Target
Stable, long-term credit available	FLB loans as % of total Nova Scotia farm debt (based on calendar year data)	Calendar 2006: 31.1% (revised from 28.2%) Calendar 2007: 27.6% Calendar 2008: 26.7%	26.1% or greater (Maintain proportion of total Nova Scotia farm debt)	25.0% or greater (Reverse declining trend during the year and stabilize after significant declines in early 2009)	• Reasonable long-term interest rates • Trained professional staff available to identify meet needs for financial counselling and loan assistance • Up to $30 million in new capital support to the industry • Introduce loans with short terms (3–5 years) and long-term amortizations to meet client needs; explore flexibility options for loan products, including variable-rate loans, the use of real estate security for operating, and flexible repayment loans • Facilitate transfer of Landbank and ARDA lease program properties to industry ownership • Long-term approach; as short-term interest rates become less attractive and credit available is reduced Farm Loan Board funding is expected become more in demand

Outcome	Measure	Recent Results	Target 2008–09	Target 2009–10	Strategies to Achieve Target
Successful clients (as indicated by the proportion of accounts in difficulty)	Total arrears as % of value of all accounts (Note: This measure is revised effective 2009–2010 to include arrears on accounts classified as "in default" and replaces both the previous arrears measure and the previous measure of defaulted accounts.)	2006–2007: 2.9% old basis/ 3.8% new basis 2007–2008: 2.8% old basis/ 3.6% new basis 2008–2009: 3.4% old basis/ 4.5% new basis (Hog industry difficulties expected to continue)	3.0% or less old basis/3.8% or less new basis	4.5% or less	• Monitor account status, contacting clients in arrears and referring them to industry resources where appropriate; maintain contact and work with client to work out arrangements for payment; include larger arrears accounts in annual review process • Arrears and defaulted accounts will vary from year to year depending on performance of the various agricultural sectors represented in the board's loan portfolio. Working with clients to achieve the best long-term outcome is the board's primary goal and will override short-term arrears goals. • Additional staff identified in the draft human resources plan will contribute to success in this objective, as will a planned review of lending practices by improving early identification of potential problem accounts. • Maintain a balance of high-risk and lower-risk clients by broadening loan products available to meet a range of requirements • Hog sector difficulties will take some time to work through windup of loans. • Work with clients in arrears or experiencing difficulty to achieve the best chance of success in the long term (see arrears strategies above). • Clear up existing accounts in process for recovery as rapidly as possible subject to legal procedures and fairness processes and timing necessary to achieve the best value

Core Business Area 1 *Lending*

Outcome	Measure	Recent Results	Target 2008–09	Target 2009–10	Strategies to Achieve Target
	Defaulted accounts held as real estate as % of total of all accounts	2006–2007: 2.0% 2007–2008: 4.2% 2008–2009: 5.3%	3.0% or less	Measure discontinued in favour of one inclusive measure—see arrears measure above	Measure discontinued
Client satisfaction	Combined results for courtesy, promptness, knowledge, and commitment on client survey	2006–07: 94% 2007–08: 89% 2008–09: 90%	90% or above	90% or above	• Monitor survey results • Review procedures for efficiency gains; work to improve promptness score through reallocation of staff to permit focus on struggling clients, analysis, and documentation, while maintaining capacity for new loan work as identified in the human resource strategy

Core Business Area 2 *Program Administration*

Outcome	Measure	Recent Results	Target 2008–09	Target 2009–10	Strategies to Achieve Target
New entrances facilitated	Number of approved applications	2006–07: 36 2007–08: 31 2008–09: 22	30–50	30–50	• Counselling by professional loan officers • Industry awareness and monitoring suitability through consultation with industry organizations and representatives • Identify appropriate modifications to existing programs, including budget allocations and additional funding and support mechanisms
Increased interest in farm ownership; start and retain new farmers	Percentage of new entrants assisted in last five years remaining in agriculture	2006–07: 99% (4 new entrants who started since April 2001 have discontinued) 2007–08: 91% (9 new entrants who started since April 2002 have discontinued) 2008–09: 95% (9 new entrants who started since April 2003 have discontinued)	80% or more	80% or more	• Program provides interest rate assistance for first two years on loans acceptable to a lending agency with expectation of repayment. • Require business plan preparation by applicants

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Film Nova Scotia
Business Plan 2009–2010

Table of 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

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

A Board of Directors, appointed by the Governor in Council, directs the affairs of the corporation. Members of the board are appointed for up to three-year terms and may be appointed for no more than two consecutive terms. The President and Chief Executive Officer reports to the board and has day-to-day responsibility for all programs administered by Film Nova Scotia. The corporation's core business activities—investment, export development, and marketing and industry development—are administered through three departments: Programs, Marketing and Locations, and Finance. The corporation has a staff complement of 10.

Fiscal 2007–2008 was a difficult year for Nova Scotia's film television and new media industry. Revenue generated by the industry was $76 million, making it the first year in over a decade in which production spending was less than $100 million. The Alliance of Canadian Cinema, Television and Radio Artists (ACTRA) and Writers' Guild of America strikes, the rising Canadian dollar, and higher tax credits in other jurisdictions affected both local and guest productions.

Recognizing the contribution of the film industry to the economic and social prosperity of the province, the Government of Nova Scotia acted quickly and decisively. The Nova Scotia Film Industry Tax Credit was increased to the highest in the country, for productions commencing principal photography after October 1, 2007. In 2008–2009, Film Nova Scotia worked with the province, the film industry, and other stakeholders to restore production spending to pre-2007–2008 levels.

In 2008–2009, the Nova Scotia Film Development Corporation completed its transformation into Film Nova Scotia. Marketing materials, including the website, kit folders, brochures, etc., were updated to reflect the new corporate brand and look. The new brand builds on Nova Scotia's branding initiative with its tagline "Come to life." The new Film Nova Scotia logo, with its tagline "Where stories come to life," is intended to further enhance Nova Scotia's image in international markets and capitalize on our size, location, and unique advantages.

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 and Regulations

Role

The corporation offers loan and investment programs to support film, television, and new media production in Nova Scotia and administers the Nova Scotia Film Industry Tax Credit on behalf of the Province of Nova Scotia. In addition, the corporation offers production services, including a locations resource and reference centre, and supports professional development, training, marketing, and distribution for the Nova Scotia film industry.

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

The corporation's Marketing and Locations Department promotes the province as a film location to foreign studios, broadcasters, distributors, and producers and provides initial production support to producers who are guests in the province. The marketing programs are designed to raise the profile of Nova Scotia's film industry, create access to decision makers for local producers, and market the province.

Link to Opportunities for Sustainable Prosperity 2006

Nova Scotia's economic growth strategy, Opportunities for Sustainable Prosperity 2006, was designed to reshape people's thinking on how best to build a sustainable and prosperous economy without sacrificing our natural, social and financial resources. The strategy identified nine focus areas and their associated government priorities. We will not list all the priorities here, just the ones that are supported by initiatives of Film Nova Scotia.

The Department of Economic and Rural Development provides leadership by helping create the right conditions for a strong, competitive, and sustainable economy. Its primary purpose is to stimulate the economy by helping expand employment opportunities, encouraging

Focus Areas	Priorities
1. Trade and Competitiveness	1.1. Export development 1.2. Reducing barriers to trade 1.2.1. Expand Atlantic regional co-operation by pooling resources 1.3. Investment attractions 1.3.1. Attract sustainable companies to Nova Scotia that build on our existing assets
2. Productivity through Innovation	2.1. Innovative processes—improved efficiency 2.1.1. Encourage businesses to invest in new technologies to improve performance and develop new products 2.1.2. Support of skills development of existing staff 2.2. Innovative products—commercialization
3. Business Climate—Environment for Growth	3.1. Provincial tax structure 3.1.1. Promote competitiveness and respond to social needs of Nova Scotians with available resources 3.1.2. Target incentive programs to maximize impact of government support for growth strategy priorities
4. Financial Capital—Investment	4.1. Access to capital—capacity building 4.1.1. Work with other public-sector entities to identify and address access to capital issues 4.1.2. Maintain—develop public and private funding mechanisms 4.1.3. Improve programs that make financial capital available to business 4.2. Access to capital—opportunity matching 4.3. Access to capital—gap analysis
5. Natural Capital—Sustainability	5.1. Sustainable competitiveness 5.1.1. Continue to address environmental issues within the province and look for opportunities to develop marketable environmental products, technologies, and services

Focus Areas	Priorities
6. Built Capital—Infrastructure	6.1. Transportation 6.1.1. Work with the Halifax Gateway Council to capitalize on our harbours and related transportation assets to build Canada's Atlantic Gateway
7. Human Capital—Labour Force	7.1. Population 7.1.1. Build a comprehensive R4 strategy to Retain, Retrain, Repatriate, and Recruit the skilled workers the province needs 7.1.2. Retain—develop plans to encourage young people to stay in Nova Scotia 7.1.3. Retain—encourage businesses to invest in workforce training and expanded recruitment 7.1.4. Engage our Black, Aboriginal, youth, and immigrant populations in the economy 7.1.5. Continue to implement the Skills Nova Scotia Framework to meet the needs of Nova Scotia's labour market, provide better labour market access, and strengthen opportunities for lifelong learning
8. Social Capital—Regional Capacity	8.1. Community planning 8.2. Regional planning and development 8.2.1. Promote a strong regional approach to economic development 8.3. Entrepreneurship and small business 8.3.1. Develop training programs specifically designed for small businesses
9. Sectors	

the establishment and growth of commerce and industry, and generally enhancing the prosperity and well-being of Nova Scotians. Progress is measured by:

1. growth in the economy
2. growth in employment
3. increased competitiveness
4. increased access to financial capital
5. improved government services

The existence of a vibrant and successful film and television production industry demonstrates to Nova Scotians, Canadians, and the world that Nova Scotia is the best place in Canada to live, work, and do business. The industry historically provides an economic stimulus to our urban and rural communities, generating in excess of $100 million annually in production spending in the province. The industry provides an attractive career path for our youth, encouraging them to stay in Nova Scotia. In addition, the film industry is environmentally friendly and leaves a small footprint on the environment.

Many of the initiatives of Film Nova Scotia support the current government commitments for 2009–2010 to create the secure jobs the Nova Scotia economy needs and to ensure that more young people stay and build a life here in Nova Scotia. Throughout this business plan, we will also highlight linkages to the province's priorities for sustainable economic growth as contained in the document *Opportunities for Sustainable Prosperity 2006*.

Planning Context

The year 2008–2009 has not been without its challenges. In the first part of the year, high oil prices led to increased gasoline and food prices, which fuelled inflationary fears in North America and around the world. By September 2008, inflation fears had been forgotten and were replaced by a financial crisis that has driven many countries around the world to the precipice of recession. A decline in global financial markets led to a credit crunch—a sudden decrease in the availability of credit or a sudden increase in the cost of obtaining credit. Businesses, incapable of obtaining the necessary financing for new projects or for current operations, are being forced to severely curtail or restructure operations. The film industry is not immune to these global economic pressures. We have seen consolidation and downsizing of domestic broadcasters and distributors.

In addition to global economic pressures, the industry is affected by external environmental factors, including a decline in TV ad revenue; the introduction of alternative delivery platforms, such as the Internet, cellphones and Blu-ray discs; a possible strike by the Screen Actors Guild; and the need for industry to rein in expenditures in light of declining attendance at the box office.

Other jurisdictions, both national and international, have become more competitive in recruiting guest productions.

Tax incentives have fundamentally changed where films are made. Location selections are now being based on the amount of tax breaks available to a production. Bill Bowling, a worldwide locations executive for Warner Bros., states, "Incentives are the name of the game today. Everyone's chasing the best breaks. Producers do multiple budgets now, and figure out what place works to bring it in at the best price, and then they see if they can find the necessary locations there. And in some cases, they'll adjust the script to fit the incentive locale."

It is within this environment that Film Nova Scotia develops its business plan for 2009–2010.

The corporation strives to stay on top of these challenges by designing appropriate strategies and solutions to deal with them. With the most competitive tax incentive in Canada, Nova Scotia is well positioned to compete globally. Film Nova Scotia will continue to target films with a budget of $15 to $35 million, as these films are more influenced by creative script elements and locations and less by budgetary concerns. As well, Film Nova Scotia's investment in an upgraded, online, locations database system will provide a competitive advantage in attracting foreign film production through the creation of project-specific websites.

In 2009–2010, Film Nova Scotia will continue to support the development of the film industry in Nova Scotia as part of the province's economic growth strategy. The corporation's financial programs are aimed at local filmmakers and include equity investments, development loans, new media equity investments, feature film distribution assistance, the CBC/Film Nova Scotia Bridge Award, sponsorship and training programs, and assistance for attendance at markets and festivals and for professional development. 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 spinoffs 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 Marketing and Locations Department markets Nova Scotia as the best place in the world to make a film. The efforts of the department result in attracting fully financed productions and co-productions to the province. The Marketing and Locations Department maintains an extensive library of photographs representing the entire province, and Film Nova Scotia fills numerous location requests each year. Locations packages include information on Nova Scotia, services available, locations photographs, and the *Nova Scotia Film and Video 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 images and messages that support the Nova Scotia “Come to life” brand are an integral part of all Film Nova Scotia marketing initiatives.

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

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

Additionally, Film Nova Scotia administers the Nova Scotia Film Industry Tax Credit program on behalf of the Department of Finance. The corporation strives to administer the public funds with which it is entrusted in an effective and efficient manner. The Film Industry Tax Credit is a crucial financing tool used by both local and guest filmmakers. Combined with the investment programs and locations services offered by Film Nova Scotia, it helps create a film-friendly environment that supports the future growth of the province's film, television, and new media industry.

Strategic Goals

1. Cultivate the economic and export potential of Nova Scotia's film, television, and new media industry. (Focus Areas 1–8)
2. Provide or support mechanisms for the advancement of Nova Scotia's film, television, and new media industry. (Focus Areas 1–8)

Core Business Areas

1. Economic and Export Potential

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

1.1 Investment Programs

Equity Investments, Development Loans, and New Media

The corporation invests in a qualifying Nova Scotia film production up to 40 per cent of the production budget spent in the province, to a maximum of $300,000 per project. This investment complements other sources of financing and encourages producers to make their films in Nova Scotia while employing Nova Scotians.

The 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 investments of 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 recoupment and financial structure separate from the underlying feature film or television property.

The film industry has identified these investment programs as "very important" for attracting other financing required to complete films. (Priorities 3.1.2, 4.1.2, and 4.1.3)

Bridge Award

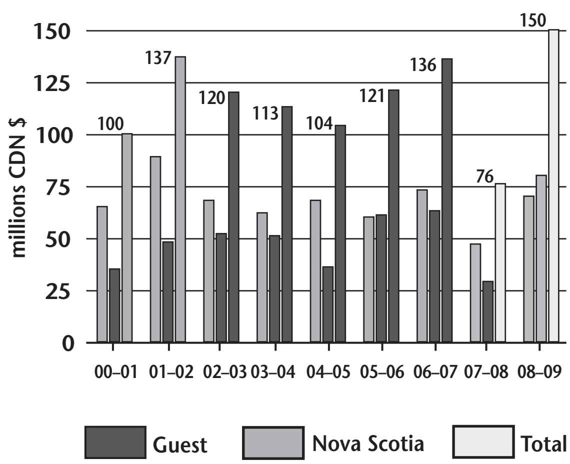
The corporation partners with CBC Television, Atlantic Region, to provide the CBC/Film Nova Scotia Bridge Award for emerging producers. This juried program is designed to assist emerging producers in entering the industry. Successful applicants receive a $10,000 CBC broadcast licence, a $20,000 Film Nova Scotia equity investment, and $10,000 in services from the CBC. Up to two awards are offered each year. (Priorities 4.1.1, 7.1.2, and 7.1.4)

Feature Film Distribution Assistance Program
The corporation supports the theatrical release costs of a Nova Scotia–produced dramatic, documentary or animated feature film in which the corporation has an equity investment. The goal of the program is to enhance the marketing campaign for the film and maximize the Canadian box office returns. (Priorities 3.1.1 and 4.1.3)

Market and Festival Assistance
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. (Priorities 4.1.3 and 7.1.2)

Professional Development Assistance
The corporation provides assistance for local producers to advance their career development through attendance at skills development seminars, workshops, and industry-related programs. (Priorities 2.1.2, 7.1.1, and 8.3.1)

Nova Scotia Film Production Activity Chart 1999–2008 (in millions of Canadian dollars)



	NS	vs.	Guest*
	(millions CDN $)		
00–01:	65	vs.	35
01–02:	89	vs.	48
02–03:	68	vs.	52
03–04:	62	vs.	51
04–05:	68	vs.	36
05–06:	60	vs.	61
06–07:	73	vs.	63
07–08:	47	vs.	29
08–09:	70	vs.	80

Source: Nova Scotia Film Development Corporation

* 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 budgeted amounts.

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. (Priorities 7.1.5 and 8.3.1)

1.2 Locations and Marketing Programs

Marketing
The 2009–2010 Marketing and Communications Plan primarily targets production companies and independent producers in Los Angeles, Germany, and the United Kingdom. Film Nova Scotia will implement a number of tactics throughout the year that will include a trade mission, participation at film markets and trade shows, advertising, and familiarization tours. (Priorities 1.3.1 and 6.1.1)

Locations Services
Film Nova Scotia provides complete script breakdown services for feature films, 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. The Locations Officer also acts as a location scout for producers and directors who visit the province in search of suitable filming locations. (Priorities 1.3.1 and 6.1.1)

Community Liaison and Ongoing Support
The corporation provides assistance with ongoing location research, information, and support as required and will connect producers to local unions, guilds, production personnel, and other contacts throughout the province. In addition, it acts as ombudsman and mediator for the industry and the public. (Priority 8.2.1)

Film Industry Tax Credit

Nova Scotia has the highest film industry tax credit in Canada. That provides Film Nova Scotia with a competitive edge in marketing the province to the international production community, and it assists local producers in competing for broadcast licences and distribution deals. The Film Industry Tax Credit (FITC) is a labour-based tax credit of 50–60 per cent of eligible Nova Scotia labour, capped at 25–30 per cent of the total production budget, depending on where the production is filmed. A frequent filming bonus of 5 per cent of eligible labour is also available for qualifying productions. The tax credit is a key financing tool used by local and guest producers to complete their film and television projects. (Priorities 3.1.2, 4.1.2, and 4.1.3)

1.4 Partnerships

Strategic Partners
The corporation partners with the Atlantic Film Festival Association to sponsor Strategic Partners, an international co-production and co-venture conference. Strategic Partners allows local industry members to explore international partnership opportunities for television and feature film projects. (Priorities 1.2.1, 4.1.1, and 4.3.1)

Film Advisory Committee (FAC)

The corporation is a member of the Film Advisory Committee (FAC), which provides a mechanism through which government and industry can work collectively to promote the growth and development of the film and television industry in Nova Scotia. Objectives of the FAC are

- to promote the shared interests of those involved in the film and television industry in Nova Scotia
- to promote a positive image of the film industry in Nova Scotia and a positive atmosphere for location filming in the province
- to encourage co-operation throughout the industry by providing a forum for discussion and decision making
- to review and provide input on legislation, policies, guidelines, and activities that impact the industry

(Priorities 4.1.2, 4.1.3, 4.3.1, and 7.1.3)

Association of Provincial Funding Agencies (APFA)

APFA represents provincial and territorial film, television, and new media funding agencies from coast to coast. It was formed to bring together the viewpoints of agencies that serve both cultural and industrial film, television, and new media industries. This covers companies from fledgling to well established, from small to large, and from diverse geographical regions of the country.

International Initiatives Advisory Committee (IIAC)

The IIAC is a partnership of federal and provincial government agencies, as well as the producers' association and the Canadian Film and Television Production Association (CFTPA), who work together to enhance Canada's reputation and market share in the international film, television, and new media industry. (Priorities 1.2.1, 1.3.1, and 8.2.1)

Nova Scotia Motion Picture Industry Association (NSMPIA)

The corporation works with NSMPIA on enhancing the competitiveness of Nova Scotia's film and television industry by addressing challenges industry members face in the areas of new media, financing, training, infrastructure deficiencies, and international marketing. The priority facing the industry is the development of a state-of-the-art soundstage in the Halifax Regional Municipality (HRM) to support local production and attract foreign production. The availability of studio facilities in the HRM is inadequate to support any critical mass of production. (Priorities 1.3.1, 2.1.1, 2.1.2, 4.3.1, 7.1.1, and 7.1.5)

Atlantic Canada Opportunities Agency (ACOA)

The corporation regularly partners with ACOA on export development and training initiatives through trade missions and business issues seminars. (Priorities 1.2.1, 4.1.2, 4.3.1, and 7.1.5)

2. Industry Development

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.

2.1 Professional Development

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

The Atlantic Filmmakers Cooperative's Film 5 Program gives emerging teams of directors, writers, and producers the opportunity to produce original work under the guidance of a host of mentors, teachers, and managers. With these films routinely screening at the Atlantic Film Festival, the program is a launch pad for increasingly higher-profile work. (Priorities 2.1.1, 2.1.2, 4.1.3, 7.1.2, 7.1.4, and 7.1.5)

Investment in the Media Arts Scholarship/Mentorship Program at the Centre for Art Tapes results in a series of interdisciplinary learning events, as well as more-traditional opportunities to build skills. (Priorities 2.1.2, 7.1.1, and 7.1.5)

Film Nova Scotia has partnered with NSCAD University to offer the Film Nova Scotia Bachelor of Fine Arts Film Production Fund, providing up to six production grants of $2,500 each, one per film, to fourth-year students in the film program to assist with their undergraduate thesis films. (Priorities 7.1.2 and 7.1.5)

Film Nova Scotia assists Nova Scotia professionals in attending a wide range of training programs. The Canadian Film Centre's Producer's Lab program is a series of workshops, business sessions, case studies, and production and packaging exercises designed to develop producing skills. The National Screen Institute's intensive and individualized professional development programs (Features First, Totally Television, and Drama Prize) are designed to train aspiring producer/director/writer teams on the development of their own feature film or television series proposals. The corporation also provides funding for Women in Film and Television—Toronto, the Summer Institute of Film and Television, the International Institute for Television Leadership, and the Atlantic Screenwriters Boot Camp. (Priorities 1.2.1, 2.1.2, 7.1.2, and 7.1.5)

The corporation, through industry consultation, also identifies gaps in the industry and organizes and hosts a two-day Business Issues seminar. This entrepreneurship training assists Nova Scotia producers in competing in the global film industry. Business Issues provides targeted market initiation for emerging producers, offering an introduction to major industry trends and their impact on television production, a road map to the current programming marketplace, and a step-by-step approach to working with broadcasters and developing content that sells. The seminar also offers tips for today's projects and activities with a sustainable corporate strategy. Film Nova Scotia also offers Pitcher Perfect, which provides training to producers on how best to pitch their projects to broadcasters or distributors. (Priorities 4.3.1, 5.1.1, and 7.1.5)

To ensure that the work of emerging producers is seen throughout the province, Film Nova Scotia sponsors the Atlantic Film Festival (AFF) and the CBC/AFF Short Film Face Off, a six-episode television series that sees Atlantic short films compete for audience votes, with the winner receiving a CBC production deal towards their next film. Film Nova Scotia sponsors Eastlink's Aperture Atlantic series, a 22-episode talk show featuring Atlantic filmmakers and their projects, with a focus on Nova Scotia's film, television, and new media industry. Film Nova Scotia also partners with Empire Theatres to offer free screenings of Nova Scotian productions twice a year. (Priorities 7.1.2 and 7.1.4)

The corporation partners with the Canadian Film and Television Production Association ("CFTPA"), Telefilm Canada, and the Atlantic Canada Film Partners to offer the Atlantic Mentorship Program, a program designed to offer emerging and mid-level production personnel in the Atlantic provinces with long-term, salaried training opportunities in the film, television, and interactive media sectors. Under the personal guidance of seasoned industry professionals, participants develop their business, creative, and administrative abilities, increase their potential for career advancement in the production sector, and help foster the growth of Atlantic Canada's screen-based entertainment industry. On-the-job training is provided by CFTPA mentor production companies based in the Atlantic region. Through this program, up to three Nova Scotia residents receive internship placements with Nova Scotia production companies for a six-month period. (Priorities 1.2.1, 2.1.2, 7.1.1, 7.1.3, 8.2.1, and 8.3.1)

Priorities for 2009–2010

In light of current global economic conditions, Film Nova Scotia has developed a business plan for 2009–2010 that reflects a 5 per cent spending reduction over the 2008–2009 budget. The plan still preserves the corporation's goals of consistently attaining a high level of local film and television production, achieving year-round production, increasing the economic benefit of the industry to the province, facilitating and supporting more stable and diverse local production companies, and attracting more foreign feature films.

Film Nova Scotia will target Los Angeles and Europe (specifically the United Kingdom and Germany) through a variety of activities, including trade missions and familiarization tours. A presence at key markets, including the Cannes Film Festival, American Film Market, and MIPCOM television market, will continue to play a major role in marketing Nova Scotia's film industry. 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.

Film Nova Scotia firmly believes that continued investment in the province's film, television, and new media industry will pay dividends into the future. In an increasingly competitive marketplace, if funds and human resources do not exist, Nova Scotia's film industry and provincial revenues will suffer, along with the many spinoff service industries that benefit from film production, because work will go to other provinces and states. As such, the corporation is proposing two new programs for 2009–2010, should additional funding be available—a Script Writing Program and a Film Industry Advancement Program. Both of these programs support the priorities of the province's *Opportunities for Sustainable Development 2006* by creating an environment for business growth through a highly skilled and flexible workforce. We estimate the cost of these new programs to be $1.5 million. Details of the two programs follow.

Script Writing Program

Securing funding for a script-writing program is one priority of Film Nova Scotia. Access by Nova Scotia producers to key federal production funding from the Canadian Television Fund has declined significantly (up to 40 per cent) since the introduction of broadcaster-controlled funding envelopes in 2004. As well, Nova Scotia producers have limited access and success at securing feature film distributors, a key trigger to securing the necessary financing for feature film projects. Distributors will support projects that have strong scripts that have a market and can attract a star cast.

Good scripts come from a thorough development process. Specifically, this program aims to give the teams behind promising and original scripts the complete support needed to prepare for the financing stage. The program will be based on the successful model used at Aurora (Australia), which, by emphasizing the writer/producer/director team at key points during the workshops, was ground breaking in its approach.

The Script Writing Program, an intensive scriptwriting and development program for a selected number of Nova Scotia scripts for feature film and dramatic television, will consist of two workshops with a funded script development period of six months. The program will support up to six projects per year. Each project will receive development funds, which will be used to fund fees for the writer, director, producer, and script editor (if required), corporate overhead, casting, budget, and schedule.

Program costs have been estimated as follows:

Initial design and administration (includes artistic director)	$200,000
Advisors, external readers, and actors (includes fees, travel, accommodation)	240,000
Residential workshop	100,000
Funded project development (6 projects @ $70,000 each)	420,000
Contingency of 4 per cent	40,000
Total	$1,000,000

This program is projected to result in between $35 million and $70 million of incremental production activity over three years (after the first year of implementation).

Film Industry Advancement Program

A second priority for Film Nova Scotia is securing funding for the Film Industry Advancement Program. The film industry is a labour-intensive industry. Having the right mix of skills and experience is a key input to ensuring industry success, which is defined as the province's ability to be a magnet for film business originating in other jurisdictions and a thriving Nova Scotia base of film production.

While education is an enabler of employment in this industry, it is on-the-job experience that is invaluable for film personnel to develop their skills and advance their careers. The availability of professional development/career advancement opportunities in Nova Scotia is limited, particularly at the higher levels of career achievement. If we do not offer a film industry advancement program in Nova Scotia, crews will continue to leave the province for areas where career advancement is possible.

The Film Industry Advancement Program is designed to remedy the situation and presents an opportunity for government and industry to partner on an industry development initiative. The Film Industry Advancement Program will reduce the risk to producers when they advance a crew person into the next logical position, thereby providing the necessary on-the-job experience to below-the-line positions on set.

Film Nova Scotia will consult with key labour unions and industry professionals to develop a comprehensive list of crew positions for which there is a gap in Nova Scotia. These positions will make up the list of eligible positions for the program. In order to be eligible, the individual being advanced must be a Nova Scotia resident and have no or limited experience in the position for which they are being considered. The program will reimburse 50 per cent of eligible Nova Scotia labour costs for a maximum of eight weeks when a crew person is promoted to their next logical career position. Each production will be limited to four positions under this program.

Eligible productions would include Nova Scotia–based productions that have budgets exceeding $1.25 million, are fully financed, and have either a broadcast licence, in the case of a television production, or a distribution agreement, in the case of a feature film. Guest productions that have opened a production office in Nova Scotia for the purpose of completing location filming in the province would also be eligible.

We project that offering this program for a three-year period would increase the number of crews in Nova Scotia by 50 per cent and, more importantly, address some of the key position shortages that effectively reduce the number of existing crews in the province from 6 to 3.5. The program would cost $500,000 per year.

With the assistance of the province, the corporation's goal is to 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.

Human Resource Strategy

The province's Corporate Human Resource Plan 2005–2010 identifies respect, integrity, diversity, accountability, and the public good as priority values:

- to make a difference through a skilled, committed, and accountable public service
- to be a preferred employer
- to be a safe and supportive workplace
- to be a diverse workforce
- to be a learning organization

Film Nova Scotia has adopted Human Resource policies modelled on Province of Nova Scotia counterparts in several areas, including personnel, performance management, disclosure of wrongdoing, pregnancy and parental leave, bereavement leave, attendance management and dress, and short-term disability, as well as occupational health and safety.

The corporation's Human Resources program provides orientation for new employees. Its Performance Management Policy is tied to the Film Nova Scotia business plan and involves weekly goal-setting and team meetings, quarterly and annual performance reviews, and a direct link to compensation administration. Core values recognized in Film Nova Scotia's Performance Management Policy include communication, innovation, learning and development, quality service, trust and integrity, accountability, and teamwork.

Many of Film Nova Scotia's policies support the goals identified in Nova Scotia's Corporate Human Resource Plan 2005–2010. During 2009–2010, Film Nova Scotia will address the following action items as part of its overall plan:

- Review the corporation's Long-Term Disability Plan including the development of an employee assistance program.
- Research the development of a formal employee recognition program.
- Review and update the corporation's *Policy and Procedures Manual*.

Budget Context

The business plan solicits an appropriation of $3.2 million. This level of funding should enable Film Nova Scotia to achieve its goals of a high level of local, year-round production, an increased economic impact to the province, a more stable and diverse local production capability, and a focus on foreign feature films.

Funding provided by Film Nova Scotia often triggers investment from the private sector and the federal government. Real opportunity costs are associated with reduced levels of funding, 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 the province invests in funding programs for local production, in excess of $20–25 are attracted to the province from private investors and the federal government, placing the corporation in the position of providing high-value programs at a low cost to the province.

The following budget reflects an appropriation of $3.2 million.

	Budget 2008–09 ($)	Actual 2008–09 ($)	Budget 2009–10 ($)
Contributions			
Nova Scotia Government	3,359,700	3,663,760	3,191,700
Recovery of Equity Investments and Development Loans	300,000	262,864	200,000
Atlantic Canada Film Partners	9,000	24,707	0
Other income	60,000	90,258	60,000
Interest income	50,000	49,426	25,000
	3,778,700	4,091,015	3,476,700
Disbursements:			
Programming	2,634,200	2,855,428	2,349,200*
Atlantic Canada Film Partners	25,000	22,232	0
Administrative	624,000	703,343	708,000
Marketing and locations	495,500	509,927	419,500
	3,778,700	4,090,930	3,476,700
Net Balance	0	85	0
Administrative Expenses:			
Salaries and benefits	509,000	513,080	549,500
Telephone and fax	14,000	13,478	10,000
Staff training	12,000	4,771	8,000
Bank charges	2,000	1,794	2,000
Consultants	11,000	2,274	0
Courier	1,500	1,465	1,500
Dues, fees, and subsciptions	15,000	12,697	12,000
Insurance	2,600	2,037	2,500
Conferences and marketing	3,000	3,421	3,000
Board	18,000	25,148	18,000
Repairs and maintenance	2,400	10,611	2,000
Amortization	2,000	1,841	0
Office	17,000	16,509	15,000
Copier and fax rental	3,500	2,911	3,500
Postage	4,000	1,734	4,000
Professional fees	7,000	6,925	7,000
Rent and related move costs	0	82,647	70,000
Total Administrative	624,000	703,343	708,000

Advertising and Marketing:	Budget 2008–09 ($)	Actual 2008–09 ($)	Budget 2009–10 ($)
Attendance—festivals and events	45,000	41,779	45,000
Marketing salaries and benefits	157,000	152,390	172,500
Advertising and marketing	135,000	166,016	157,000*
Marketing—new brand	100,000	80,032	0
Amortization	2,500	1,071	0
Familiarization tours	20,000	34,078	20,000
Annual report	10,000	8,940	10,000
Location scouts	0	10,806	0
Locations library	15,000	4,832	10,000
Location services	11,000	11,074	5,000
Production guide	0	(1,091)	0
Total Advertising and Marketing	495,500	509,927	419,500

* Festival sponsorships and trade missions previously included in the Programming expense in the amount of $70,000 have been reclassified to Advertising and Marketing.

Outcomes and Performance Measures

Core Business Area 1 *Economic and Export Potential*

Outcome	Measure	Base Year 2003–2004	Data 2005–2006	Data 2006–2007	Data 2007–2008	Target 2008–2009	Target 2009–2010	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	$121 million	$136 million	$76 million	$150 million	To maintain or exceed baseline levels to the extent possible with the available resources	• Implement the marketing plan • Continue the NS Film Industry Tax Credit • Continue investment and development programs • Keep abreast of changes in the industry and ensure that programs continue to meet the requirements of stakeholders and clients • Provide film commission services for guest productions • Implement Industry Strategy

Core Business Area 2 *Industry Development*

Outcome	Measure	Base Year 2003–2004	Data 2005–2006	Data 2006–2007	Data 2007–2008	Data 2008–2009	Target 2009–2010	Strategies to Achieve Target
To assist and promote the development of the film, television, and new media industry, producers, and personnel in Nova Scotia	Client feedback	Strategic professional development opportunities addressing industry needs	Strategic professional development opportunities addressing industry needs	Strategic professional development opportunities addressing industry needs	Strategic professional development opportunities addressing industry needs	Strategic professional development opportunities addressing industry needs		• Conduct ongoing research into gaps/ overlap in industry and identify solutions • Offer and support professional development initiatives • Implement Industry Strategy • Implement Script Writing Program[1] • Implement Film Industry Advancement Program[1]
	Level of stakeholder participation—workshop attendance							
	• Business Issues	135	60	49	33	23	20–30	
	• Broadcaster/ Distributor Forum	40	60	46	47	50	50–60	
	—pitches	149	159	141	117	176	75–100	
	• Pitching Workshop	6	15	9	9	8–10	8–10	

[1]New measure will be implemented once funding is secured.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Fisheries and Aquaculture Loan Board
Business Plan 2009–2010

Table of Contents

Message from the Minister, Assistant Deputy Minister, and Board

It is our pleasure to present the 2009–2010 business plan for the Nova Scotia Fisheries and Aquaculture Loan Board. This business plan reflects the loan board's objectives and focus for the upcoming year.

The Nova Scotia Fisheries and Aquaculture Loan Board has served the province and the fishing industry since 1936 by providing long-term stable development funding. The Fisheries and Aquaculture Loan Board, since 1944, has lent $605 million to the harvesting and aquaculture sectors of the fishery in Nova Scotia, thereby enabling fishers and aquaculturists to take advantage of economic opportunities at home, creating jobs in coastal communities and growing the economy.

The Honourable Sterling Belliveau
Minister of Fisheries and Aquaculture

Greg S. Roach
Assistant Deputy Minister

Roy Surette
Chairman of the Fisheries and Aquaculture Loan Board

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.

Corporate Mandate

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 in a surplus position. For the fiscal year ending March 31, 2008, the loan board surplus was $6.2 million, according to the Office of the Auditor General. With this financial arrangement in place, the loan board can fulfill the expectations and service needs of the fishing and aquaculture industries as well as the government vision for opportunities for sustainable and social prosperity by providing long-term stable development funding, which will enable the fishers and aquaculturists of this province to take advantage of economic opportunities at home to maximize jobs and grow the economy of our coastal communities. The fishery is more than a way of life; it is a successful business, and we must strive to keep it productive and internationally competitive.

Planning Context

Nova Scotia is the leading fishing province in Canada, a nation that is known as a world fishing power. We are fortunate to have a diversified industry that can survive and prosper on its strengths while various segments suffer cyclical downturns. Our commercial fishery alone has an annual landed value of approximately $599 million and a market value of approximately $1.0 billion, and our aquaculture and recreational fishery sectors generate $132 million more. The industry is the main employer in many regions of the province and drives the economies of our coastal communities.

As our fishery moves into the 21st century, we must maintain and enhance the traditional components of the industry that, over time, have provided us with success. We must build on these segments, seeking out and developing new opportunities in aquaculture, the recreational fishery, coastal zone management, 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.

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 that 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, which is the focus of the board's operations.

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

Strategic Goals

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

1. Provide 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 that the banks also believe to be very high risk.

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

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

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

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

4. Provide 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.

Core Business Areas

In keeping with the goals of the board, the Department of Fisheries and Aquaculture, and government, the following represents the board's priorities for 2009–2010.

Core Business Area 1

Provide long-term fixed-rate loans for the development of the fish harvesting and aquaculture industries. During the 2007–2008 fiscal year the loan board reviewed 84 loan applications.

- Provide $20 million of developmental funding to the fishing and aquaculture industries.
- Continue to assess new loan proposals by applicants.
- Continue to review and amend the loan approval process to ensure quality program delivery.
- Facilitate the replacement and upgrading of older vessels in each fleet.
- Establish access to capital for new entrants and new species.

Core Business Area 2

Maintain a vessel inspection program for all new construction, used vessel purchases, modification and engine/equipment loans. The loan board carried out 362 new vessel inspections and 627 inspections for used vessels, engine/equipment, and maintenance during the 2007–2008 fiscal year.

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

Core Business Area 3

Manage a loan collection program on a monthly basis to keep loan arrears to a minimum. The arrears percentage increased to 2.02 per cent as of March 31, 2008.

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

Core Business Area 4

Provide financial counselling and assessments for proposed projects.

- Continue to review and 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

Statement of Revenues, Expenses, and Accumulated Surplus for the Year-End

	Estimate 2008–09 ($)	Actual 2008–09 ($)	Estimate 2009–10 ($)
Revenues			
Interest income	6,300,000	6,143,000	6,400,000
Loan fees	114,100	49,000	117,500
	6,414,100	6,192,000	6,517,500
Expenses			
Interest expense	3,900,000	4,008,000	4,400,000
Salaries and benefits (net of recoveries)	697,100	576,000	732,000
Board honoraria	7,600	6,000	7,600
Travel	54,500	61,000	62,000
Office expense	17,800	46,000	19,000
Bad debts expense (net of recoveries)	50,000	50,000	50,000
	4,727,000	4,747,000	5,270,600
Operating surplus before government contributions	1,687,100	1,445,000	1,246,900
Government contributions	4,727,000	4,747,000	5,270,600
Surplus	6,414,100	6,192,000	6,517,500
Distribution to Consolidated Fund of the province	6,414,100	6,192,000	6,517,500
Accumulated Surplus, end of year	—	—	—
Funded staff (FTEs)	10.0	9.0	10.0

Financial Information

	Estimate 2008–09 ($ millions)	Actual 2008–09 ($ millions)	Estimate 2009–10 ($ millions)
Advances	20.0	7.3	45.0
Principal payments	14.0	13.0	16.0
Interest payments	6.3	6.1	7.5
Loans receivable	95.0	84.6	120.0
Writeoffs	0.2	0.00028	0.2
Doubtful accounts	0.8	0.24	0.8
Interest expense	3.9	4.0	4.4
Net income	6.4	6.1	6.4

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	Target 2009–10	Ultimate Target	Strategies to Achieve Targets
Development of new fishery enterprises	Loan advances	2001–02: 19 million 2002–03: 21 million 2003–04: 22 million 2004–05: 25 million 2005–06: 14 million 2006–07: 16 million 2007–08: 15 million	Increase annual advances	Increase annual advances over previous year	• Work with industry and government • Provide financing for the harvesting of under-utilized species • Loan advances as of March 31, 2008 were $15.86 million
Improve lending programs for the fishing and aquaculture industries	Increase in loan portfolio	2001–02: 61 million 2002–03: 69 million 2003–04: 72 million 2004–05: 82 million 2005–06: 81 million 2006–07: 83 million 2007–08: 90 million	Annual increase in loan portfolio	Annual increase in loan portfolio over previous year	• Support financially viable operations • As of March 31, 2008 the loan portfolio was $90.1 million.

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

Outcome	Measures	Data	Target 2009–10	Ultimate Target	Strategies to Achieve Targets
Inspect all new vessels under construction biweekly	Number of biweekly inspections on new vessels	2001–02: 656 2002–03: 505 2003–04: 531 2004–05: 504 2005–06: 305 2006–07: 420 2007–08: 362	100% of new vessels under construction to be inspected biweekly	100% of new vessels under construction to be inspected biweekly	• Adequate operating budget • Biweekly inspection report • Biweekly progress payments to boatbuilders
Inspect all vessels that are financed by the board on a yearly basis	Number of vessels inspected	2001–02: 512 2002–03: 494 2003–04: 473 2004–05: 412 2005–06: 447 2006–07: 601 2007–08: 585	100% of vessels to be inspected annually	100% of vessels to be inspected annually	• Adequate operating budget to inspect each vessel yearly • Annual completed survey report on each vessel • Maintain an equity position in each vessel financed by the loan board
Ensure that all vessels related to used boat, modification, engine, or equipment applications are appraised biweekly	Number of biweekly vessel inspections	2001–02: 87 2002–03: 77 2003–04: 51 2004–05: 75 2005–06: 61 2006–07: 51 2007–08: 42	100% of vessels inspected biweekly	100% of vessels inspected biweekly	• Adequate operating budget to inspect on a biweekly basis • An inspection report to be completed

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

Outcome	Measures	Data	Target 2009–10	Ultimate Target	Strategies to Achieve Targets
Frequent collection activity	Percentage of accounts in arrears	2001–02: 3.3% 2002–03: 1.8% 2003–04: 1.3% 2004–05: 1.3% 2005–06: 1.3% 2006–07: 1.6% 2007–08: 2.0%	≤ 3% arrears level	≤ 3% arrears level	• Adequate operating budget to collect via monthly field visits • As of March 31, 2008 2.02 per cent of principal was in arrears • Sufficient staff to collect monthly
Decrease in arrears level	Percentage of accounts in arrears	2001–02: 3.3% 2002–03: 1.8% 2003–04: 1.3% 2004–05: 1.3% 2005–06: 1.3% 2006–07: 1.6% 2007–08: 2.0%	≤ 3% arrears level	≤ 3% arrears level	• Fisheries Loan Board loans secure in the value of the boat • Loan balances reducing as per repayment schedule • As of March 31, 2008 2.02 per cent of principal was in arrears

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

Outcome	Measures	Data	Target 2009–10	Ultimate Target	Strategies to Achieve Targets
Harvesters successfully expand their operations	Percentage of annual writeoffs	2001–02: .18% 2002–03: .29% 2003–04: 1.66% 2004–05: .00 2005–06: .92 2006–07: .30 2007–08: .31	≤ .25% of loan portfolio	≤ .25% of loan portfolio	• Patient lender • Regular client visits • Counselling for fishers and aquaculturists • As of March 31, 2008 writeoffs were .31 per cent

Appendix A

Key Statistics—2007

Industry Income	
Landed value + aquaculture sales	$595,973 million + $41,740 million = $637,713 million
Average Lobster Income*	
Landed value ÷ licence holders	$298,184 million ÷ 3,091 = $96,468 million
Direct and Indirect Jobs Created and Maintained	Estimate 8,925

* See Appendix B

Appendix B

Latest Commercial Fishery Landed Values for Nova Scotia—2007

Groundfish	Pelagic	Scallop	Lobster	Shrimp	Crab
$84,433,000	$34,806,000	$81,757,000	$298,184,000	$44,299,000	$52,494,000

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

Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2009–2010

Nova Scotia Gaming Corporation

Business Plan 2009–2010

Table of Contents

Mission

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

Planning Context

NSGC operates in a competitive environment where innovation and corporate social responsibility are the keys to future growth and success. Consumers are faced with an array of choices of where to spend their discretionary entertainment dollars, and the regulated gaming industry must offer a strong value proposition in order to successfully compete. The public demands that government offer regulated gaming in the most socially responsible manner possible, and NSGC must continue to demonstrate that it excels in this area in order to retain the social licence to operate and to offer new products to the market that demonstrate Nova Scotia's world leadership in responsible gambling.

To meet the above objectives, NSGC must continue to offer consumers gaming products that are fun and relevant and that provide entertainment value in an environment of fairness and integrity. This is particularly important given that there are thousands of choices available to players, including both regulated and unregulated gaming sites beyond Nova Scotia's borders. The increasing competition from those games poses significant challenges, as many of NSGC's products are in the mature phase of their product life cycle and have lost some portion of their relevance to the market. This issue heightens the need for NSGC to innovate and to invest appropriate resources to ensure the success of the regulated gaming industry in this province.

NSGC's revenues are dependent upon consumers buying its products. This year, NSGC is assuming no economic growth in the province and stable interest rates and gas prices. History has shown that major or sustained economic impacts can be detrimental to NSGC's revenues. Further, tourists visiting Nova Scotia contribute to revenues when they include a visit to a gaming venue during their stay. Tourism visitation to the province was down in 2008–2009, resulting in a decrease in revenue from this segment. Visitation is not expected to rebound in 2009–2010; and, therefore, this impact is reflected in the budgeted performance for the casino business line. In addition, continued growth of First Nations' video lottery revenue, which is expected to increase to $53 million in 2009–2010, will continue to be a competitive pressure to NSGC's video lottery and casino business lines.

As in many industries, corporate social responsibility is a critical part of the business model of the gaming industry in Nova Scotia.

NSGC launched its Social Responsibility Charter in October 2006, which outlined the corporation's commitment in five pillars:

- responsible gambling
- integrity and security
- citizens and communities
- corporate governance
- stakeholder relationships

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

NSGC has ensured alignment of its business efforts for 2009–2010 with the Social Responsibility Charter. In particular, the charter's focus on responsible gambling, enhanced prevention programming, and greater accountability is strongly aligned with NSGC's operations.

It is within the above context that NSGC considers the 2009–2010 fiscal year as an opportunity to build on its measurable progress and successes to create an even more socially responsible gambling environment for Nova Scotia and to evolve the future of gambling in this province.

Strategic Goals

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

Goal #1: To pursue a sustainable gaming industry

NSGC will ensure responsible economic return to the province by

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

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

NSGC will advance its social responsibility agenda by

- leading responsible gambling initiatives to provide Nova Scotians with the information required to make informed decisions
- contributing to communities across the province

- being an excellent employer

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

NSGC will provide strong management and accountability by

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

Core Business Areas

NSGC's core business functions are as follows:

- to develop social and economic strategies that align with the Social Responsibility Charter and support the achievement of identified goals and outcomes
- to oversee the operations of its operators, the Atlantic Lottery Corporation (ALC) and Great Canadian Gaming Corporation (GCGC), as well as lead the implementation of responsible gambling programs
- to foster open communications with key audiences, including the shareholder, stakeholders, and the public

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

1. Responsible Industry Development

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

Planning and Policy Development—NSGC has, and will continue to explore new opportunities through planning and policy development. The main focus of this element is to create an environment that is conducive to a sustainable and socially responsible gambling industry in Nova Scotia and aligns with the province's Gaming Strategy.

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

Social Responsibility—NSGC is a world leader in responsible gambling and will continue to dedicate significant resources to the research, development, and implementation of progressive and groundbreaking responsible gambling initiatives.

2. Operations Management

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

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

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

Compliance Management—Compliance management is a critical component of NSGC's day-to-day business, requiring that all its business and operators in the province conform with applicable legislation, regulations, contracts, and policies. NSGC has dedicated staff and resources to monitor the timely reporting of any and all gaming-related incidents (whether technical issues, criminal activities, or other). Careful and successful oversight of operations allows NSGC to identify areas that require improvement or remedy and ensures an industry that is managed to the highest standards of integrity and public confidence and security.

3. Public and Stakeholder Communications

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

Priorities for 2009–2010

1. Pursue a Sustainable Gaming Industry

In striving to generate responsible economic returns, NSGC will focus its attention on the following priorities in 2009–2010:

Casino—The casinos will focus marketing efforts on appealing to the social, occasional gamer by offering an exciting entertainment product that includes musical acts, as well as excellent food and beverage offerings. The Halifax casino will offer a wide variety and high calibre of entertainment acts, affirming its position as Atlantic Canada's premiere entertainment destination and will ensure that high-quality offerings are available on the gaming floor. The focus at the Sydney casino in 2009–2010 will be to offer a unique gaming experience in a competitive market, emphasizing new, exciting games in a fun environment tailored to the local clientele and supported by excellent services and hospitality.

Ticket Lottery—The ticket lottery business is NSGC's most mature business line. Given its mature state, reinvention is the key priority in 2009–2010, including a strategy of implementing new products and a renewed focus on providing the products that consumers want, where they want them, and with an experience that demonstrates the value proposition of ticket lottery products. A new product will be launched in 2009–2010, replacing Lotto Super 7. The 2009–2010 fiscal year will see an increased allocation of sales to prizes for players. This increase is intended to improve the relevance and appeal of ticket lottery products. This is a critical component to the reinvention strategy. Continued emphasis will also be placed on ensuring that these products are offered with the highest standards of integrity and security.

Video Lottery—The focus of the video lottery business line is to stabilize the operations, following the implementation of the Gaming Strategy initiatives and the 100 per cent smoking ban. NSGC will oversee the implementation of the Informed Player Choice System, which is intended to provide personalized information to VLT players about their play so that they can make informed choices. The IPCS is expected to cost $4 million in operating, maintenance, and amortization expenses in 2009–2010. In addition, investments will be made to upgrade existing aging terminals. NSGC will continue to achieve operating efficiencies and will improve the operating standards of this business line.

SuperStar Bingo—As part of NSGC's Charitable Sector Support Program, SuperStar Bingo will continue in 2009–2010. This game enhances charity bingo by offering larger linked jackpots that allow charitable organizations to raise money to fund their projects and good works.

2. Foster Social Responsibility

In delivering its responsible gambling priorities in 2009–2010, NSGC will continue to strive to develop the most informed players and public in the world through leadership in responsible gambling and prevention programs. NSGC is committed to performing the tasks necessary to achieve the goals of its Social Responsibility Charter. When the concept of social responsibility is applied to this industry, the first consideration that comes forward typically arises from issues related to responsible play and the prevention of problem gambling. It is incumbent upon the gaming industry to concentrate on giving players the tools they need to make informed decisions, which experts indicate helps to facilitate responsible gambling behaviour and, in turn, helps to prevent the next generation of problem gamblers. The cornerstone of NSGC's social responsibility commitment is, and always will be, responsible gambling and prevention programming.

To be effective, the concept of social responsibility must be integrated into existing corporate structures and processes. Every aspect of business and new programs must ensure that the principle of net positive benefits will be met. This may often require innovative solutions to challenges inherent in the gaming industry.

The Social Responsibility Charter includes NSGC's Responsible Gambling Strategy, the objective of which is to provide programs, products and services to consumers and the public that will empower them to make informed decisions. This will work to prevent future problems, sustain the casual social player base, and help to build a healthy and sustainable industry in Nova Scotia. By following the charter and the accompanying Responsible Gambling Strategy, Nova Scotia and NSGC's role as a world leader in responsible gambling education, awareness, and programs will continue.

NSGC's commitment to responsible gambling will be demonstrated by an array of responsible gambling initiatives, including broad-based and targeted education programs, such as the following:

- leader in the first provincewide Responsible Gambling Awareness Week
- sponsor of YMCA's Youth Gambling Awareness Program
- sponsor of the Responsible Gambling Council's House of Cards Program
- continued operations of Responsible Gambling Resource Centres at the casinos
- leader in the development of the world's first Video Lottery Informed Player Choice System (IPCS)

An exciting initiative in 2009–2010 will be the delivery of the BetStopper program, which is a world first and a key prevention programming initiative for NSGC. BetStopper is content-blocking software designed for use on home computers in order to help parents prevent their underage children from visiting gambling websites. The BetStopper software will be offered free of charge to Nova Scotia families with children under the age of 19.

NSGC will work to normalize responsible gambling behaviour in 2009–2010 by continuing to build the 360-degree "responsible gambling experience" so that players, retailers, stakeholders, and the general public know that no matter what games they play or what locations they visit, gambling responsibly is the standard and expectation. Initiatives that support the 360-degree "responsible gambling experience" include the following:

- **Introduce new content for MARGI—** The Mobile Access Responsible Gambling Information kiosk (MARGI) has been successful as a tool for the dissemination of responsible gambling information and as a player management tool in the casino environment. To ensure that MARGI remains current, a new activity will be added, supported by evidence of its effectiveness.

- **Implement the Awareness Program for the Informed Player Choice System (IPCS)**—As part of its introduction, an awareness program on the IPCS will be launched in order to increase the understanding and acceptance of the IPCS among players and retailers, which is intended to create greater usage of the player information tools.

NSGC will continue to create an environment where responsible gambling is prominent and fully integrated into business operations. To that end, NSGC will support the following initiatives:

- **Conduct a semi-annual run of the Responsible Gambler campaign—** Based on positive results from the 2008 campaign, NSGC will run The Responsible Gambler campaign semi-annually and thereby build better recognition of this program and of NSGC.

- **Continue to participate in the Parents as Partners research**—NSGC will continue to build on previous research that explored parental awareness and attitudes towards youth gambling. The next phase of this work will engage key stakeholders to understand the current internal and local market realities and to prioritize the opportunity areas that fit best with NSGC's strategic objectives.

- **Implement the ticket retailer responsible gambling training program**—NSGC will implement the “It’s Your Best Bet” branded ticket lottery retailer training program.

- **Deliver video lottery retailer responsible gambling training—** NSGC, in partnership with the Tourism Industry Association of Nova Scotia (TIANS), will deliver responsible gambling retailer training to video lottery retailers. Training sessions will be held throughout the province.

NSGC will also continue to offer products that are as socially responsible as possible. This will be done through the following:

- **Conduct social responsibility assessments (SRA)**—Social responsibility assessments will be performed by NSGC and its operators to ensure that all new products, marketing approaches, and projects are reviewed using a standardized tool. This will ensure a common approach to social responsibility by NSGC and its operators within the province’s gambling industry.

- **Use the GAM-GaRD assessment for new, potential products—**NSGC will be the first jurisdiction in the country to utilize this product to evaluate new games. This tool will be utilized in the overall decision-making process to determine if a new game should be launched.

NSGC will also continue to be a significant contributor to Nova Scotia's communities in 2009–2010. A key element in this area is the Support4Sport Program, which is expected to raise approximately $2.5 million for sport in 2009–2010. This money will be used to buy sports equipment, create recreation/participation programming for all ages, support performance training programs for competitive athletes, and hire coaches at all levels.

Other means of community funding include the following:

- sponsorship of community organizations and events
- support to the harness racing industry
- funding of Nova Scotia Cultural Federations, Exhibition Association of Nova Scotia, and Sport Nova Scotia

3. Ensure Accountability and Communications

Gaming produces significant direct benefits for Nova Scotians, including the direct employment of approximately 1,000 people and the injection of $42.7 million in retail commissions to local Nova Scotia businesses. In 2009–2010, NSGC will provide $145.0 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 the gaming industry continues to operate in an effective and efficient manner.

As NSGC is a public company, its operations must be transparent, with timely and open communications to Nova Scotians. In addition to building on its extensive public reporting and consultation in the 2008–2009 fiscal year, NSGC will further enhance its website to serve as an important interactive resource for those seeking information about responsible gambling and the gaming industry in Nova Scotia.

Performance in 2008–2009

1. Pursue a Sustainable Gaming Industry

The growth and sustainability of any industry requires both the determination and the flexibility to respond to changing market conditions and consumer needs. NSGC's commitment to gaming security, integrity and fairness, as well as a strong focus on responsible gambling, are critical components to ensuring a successful gaming industry for the province and the people of Nova Scotia.

The ticket lottery business, operated in Nova Scotia by the Atlantic Lottery Corporation (ALC), is NSGC's most mature business line, but also offers the potential for expansion and innovation. The introduction and availability of new technologies provide exciting new opportunities, offering consumers greater variety and choice.

NSGC continued to offer the SuperStar Bingo product in Nova Scotia, which provides electronically shared gaming and larger jackpot opportunities to players through over 50 bingo-sponsoring charities in the province. A full 25 per cent of gaming revenues, $0.5 million in 2008–2009, was paid back to charities, which they used to perform their good work throughout the province.

The Support4Sport Program was launched as a fully branded program in May 2007 and saw continued success throughout 2008–2009. Through this program, NSGC dedicates 100 per cent of funds raised from the sales of specially marked tickets to sport. Athletes, coaches, and community programs across the province benefit from the funds, which reached $3.5 million this year, including support for the 2011 Canada Games. Research shows that 78 per cent of Nova Scotians support the Support4Sport Program, and more than 80 per cent of Nova Scotians believe that NSGC should dedicate funds generated by gambling directly to specific programs or services such as Support4Sport.

The video lottery business line saw the completion of a number of initiatives in the year, including redistributing 200 terminals that were voluntarily relinquished from site holders; managing the change in retailer commissions on revenue over $400,000 with retailers and government; launching new games and performing hardware refreshments, such as the new LCD screens, on a variety of terminals; and advancing the IPCS project.

The casino business line is operated in Nova Scotia by Great Canadian Gaming Corporation (GCGC). The Halifax and Sydney casinos compete with other entertainment offerings in very active marketplaces, and thus emphasis is placed on unique positioning, successful advertising, and product delivery. Work in 2008–2009 concentrated on expanding and building the entertainment portfolio with a greater variety of live, high-profile performances. Marketing initiatives focused on building stronger relationships with existing clients, as well as reaching new audiences. Operations for the year were also concentrated on achieving efficiencies.

NSGC and Casino Nova Scotia installed a player information kiosk at the Halifax and Sydney casinos, as committed in the provincial Gaming Strategy. The kiosk, know as MARGI (Mobile Access to Responsible Gambling Information), was developed by the Responsible Gambling Council of Canada and provides players with several tools to help them manage their play. In 2008–2009, MARGI was accessed by visitors at the casinos over 7,000 times.

Through the corporation's Charitable Sector Support Program, NSGC is focused on assisting charities to better help their communities. Improving charitable gaming is key to achieving a more balanced and socially responsible gaming industry in Nova Scotia. The program encourages strategic relationships with charitable organizations that share NSGC's values. NSGC's hope is that by donating time and resources through initiatives such as Bingo Seminars, SuperStar Bingo, and Monte Carlo Casino Night fundraisers, it will enable charities to raise even more money for their communities.

2. Foster Social Responsibility

In 2008–2009, NSGC continued its focus on social responsibility and building upon its strong and demonstrated commitment to responsible gambling. Highlights include the following:

- Nova Scotia's seventh annual Responsible Gambling Awareness Week (RGAW) was held October 5–11, 2008, and targeted six communities (Halifax Regional Municipality, Cape Breton Regional Municipality, Town of Truro, Municipality of Digby, Municipality of Lunenburg, and Town of New Glasgow), which represent approximately 60 per cent of Nova Scotians. Almost 1,100 people were reached directly through their attendance at the Responsible Gambling Conference, interactive community education displays, and speaking engagements. RGAW 2008 resulted in almost 70 per cent of target community residents being aware of responsible gambling activities, 80 per cent supporting the concept of a Responsible Gambling Awareness Week, and 79 per cent agreeing that RGAW demonstrates NSGC's commitment to responsible gambling.
- NSGC's Responsible Gambler social marketing campaign was reintroduced in October 2008. The purpose of this campaign was to demonstrate what it means to gamble responsibly and to provide real and tangible examples of responsible gambling behaviour that are meaningful to average Nova Scotians. Over 14,000,000 media impressions were made. Results showed that 54 per cent of respondents could recall The Responsible Gambler campaign and 67 per cent felt that the campaign was effective in reaching Nova Scotians to inform them about responsible gambling.
- Know the Score, an interactive, peer-led awareness program, continued to visit post-secondary schools around the province in 2008–2009. The Responsible Gambling Council of Canada's program is designed to provide college and university students aged 19–24 with the facts about gambling, including the risks involved, how to avoid the risks, how to identify signs of a gambling problem,

and where to obtain help for a gambling problem in their local community. Since NSGC first began sponsoring Know the Score in 2004, over 28,000 students have participated in the program.

- NSGC sponsored the delivery of RGC's *House of Cards*, a compelling high school drama about a university student who becomes increasingly focused on his next bet. A Nova Scotian production of the drama visited 14 schools in the province. The last evaluation of *House of Cards* was positive, with 84 per cent of students agreeing that they were more aware of ways to avoid problem gambling, and 90 per cent agreeing that they were more aware of where to get help for a gambling problem.
- The Responsible Gambling Resource Centres (RGRCs) continue to operate at both the Halifax and Sydney casinos. The focus of the RGRCs is to provide information, education, and, when appropriate, linkages to resources, including voluntary self-exclusion and counselling in the community. The centres have proven to be a valuable resource for casino visitors and staff alike. In 2008–2009, the RGRCs had over 2,900 visitors and distributed over 10,400 pieces of responsible gambling information and resources.
- NSGC introduced a new measure in 2007–2008 that requires the corporation and its operators to conduct social responsibility assessments for every new project, program, and initiative. This process is meant to ensure that all initiatives are evaluated according to standards established in the assessment, to make sure the highest level of social responsibility is adhered to in Nova Scotia's gambling industry. In 2008–2009, over 250 social responsibility assessments were completed to ensure that the standards articulated in NSGC's Social Responsibility Charter are met.

3. Ensure Accountability and Communications

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

NSGC met with senior representatives of the Atlantic Lottery Corporation and Casino

Nova Scotia on a monthly basis in order to monitor activities and ensure compliance with regulation, responsible gambling activities, and their respective 2008–2009 business plans.

In October 2008, NSGC released its second *Social Responsibility Community Report*, a public document that demonstrates how NSGC is fulfilling the commitments of the Social Responsibility Charter on an annual basis. One hundred per cent of NSGC's social responsibility commitments were met.

In 2008–2009, NSGC was very active in communicating with the media, public, and other key audiences, responding to more than 150 media and public inquiries, encompassing various topics and issues.

Budget Context

	Actual 2008–09 ($,000)	Budget 2009–10 ($,000)
Sales		
Ticket Lottery	203,600	203,300
Video Lottery	147,000	150,200
Halifax Casino	66,400	68,600
Sydney Casino	23,000	24,600
Total Sales	440,000	446,700
Cost of Sales	290,900	305,600
Gross Profit	149,100	141,100
Expenses		
Responsible Gambling Programs	7,500	9,000
Commitments to Community Programs	5,200	4,200
Add: interest income	200	200
Total Expenses	12,500	13,000
Net Income	136,600	128,100
Casino Win Tax	16,100	16,900
Payment to Province	152,700	145,000

Outcomes and Performance Measures

Outcome	Indicator	Measure	Target 2009–10	Planned Target 2011–12	Strategies to Achieve Target
1. Economic Sustainability	Total payment to province	Actual to budget	$145.0 million (+/–10% of budget)	$141.4 million (+/–10% of budget)	Monitor operators to ensure compliance to business plans
	VL as % of total net income	Stabilize % of net income from operations	67%	65%	Introduce new ticket lottery products and enhancements to the casino business
	Commissions to retailers	$ amount	$42.7 million	$40.2 million	
2. Social Responsibility	Awareness of responsible gambling activities	% of public aware of responsible gambling activities	65%	75%	Enhance Responsible Gambling Awareness Week
	Awareness of NSGC as sponsor of responsible gambling initiatives/messages	% of Nova Scotians who cite NSGC as sponsor of responsible gambling initiatives/messages	10%	30%	Implement key community outreach programs
	Implement responsible gambling programs	No. of effective/researched responsible gambling programs introduced	3 per year	3 per year	Launch responsible gambling programs for high-risk populations
3. Accountability	Response to routine requests for access to information	% response within two business days	100%	100%	Employ sound operations management
	Reports submitted on or prior to legislated deadlines	% of NSGC and operator reports provided before due date	100%	100%	Incorporate targets into employee personal performance plans
	Introduction of socially responsible products	No. of products introduced with social responsibility assessment	100%	100%	Continue to conduct social responsibility assessments

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Harbourside Commercial Park Inc.
Business Plan 2009–2010

Table of Contents

Message from the Minister and the President

Harbourside Commercial Park Inc. (HCPI) was established by Executive Council in August 2006, in concert with the establishment of a second Crown corporation, Nova Scotia Lands Inc. (NSLI). NSLI, while active in site remediation activities, also provides a number of project management services for HCPI.

HCPI started operations as a Crown corporation in fiscal 2007–2008. With the decommissioning of Sysco then basically complete, attention was turned to site remediation and redevelopment. HCPI was created to manage commercial development of the remediated areas of the former Sysco plant site.

HCPI has successfully concluded the sale of land to ProtoCase Inc. This was the first land sale for HCPI for the construction of a new building and is seen to be an important beginning for HCPI in meeting its mandate of establishing a viable commercial park on the former Sysco site. Presently, there are active negotiations for other land sales for the construction of new buildings. To date, there are 16 tenants on the newly established commercial park site.

One major tenant is the Cape Breton Regional Municipality, which has entered a lease-to-purchase arrangement for a large building, formerly part of the steelmaking operation. The Sydney Tar Ponds Agency is also constructing a $8.2-million building to be used in the cleanup of the tar ponds.

In 2009–2010, HCPI will continue to focus its efforts on ensuring the successful operation of the park. Former Sysco management staff have been retrained for property management activities. The site redevelopment plan is being updated to reflect changing usages. An additional 30 acres (12 hectares) of the former steel plant property will be remediated, redeveloped, and added to the existing 65-acre (26-hectare) commercial park. All of these redevelopment activities will have positive implications for the municipality's tax base.

The Honourable Bill Estabrooks
Minister of Transportation and
Infrastructure Renewal

Gary Campbell
President,
Harbourside Commercial Park Inc.

Mission

To develop and maintain a viable industrial and commercial park comprising properties formerly owned by Sydney Steel Corporation (Sysco), including maintenance of buildings and grounds, where necessary, and the sale and lease of real estate for commercial purposes.

Link to Strategic Goals

As a Crown corporation, HCPI's strategic objectives and priorities are designed to assist the government in achieving vibrant communities and economic development. The present successful development of a commercial park on the former Sysco site contributes to the economic and environmental well-being of Sydney and Cape Breton Regional Municipality.

The proven ability of HCPI to attract new businesses to the former Sysco site signals to all that the province has been successful in changing the focus of activities on the former site. Previously, efforts had been concentrated on the demolition of the former steel plant. Since that has been completed, the focus has now turned to site remediation and commercial redevelopment of this large former heavy industrial site.

Planning Context

As a Crown corporation, Harbourside Commercial Park Inc,. (HCPI) reports to a board of directors. The Minister of Transportation and Infrastructure Renewal is the minister responsible for the Crown corporation. HCPI maintains its office at Sydney, Nova Scotia, along with a presence at the department's head office in Halifax.

HCPI is responsible for the remediated lands on the former Sysco property. HCPI was incorporated in August 2006 and began operations April 1, 2007. HCPI is also responsible for Sydney Utilities Limited (SUL), which is a wholly owned subsidiary of HCPI. SUL is responsible for the control of the two water utilities that were part of the Sysco infrastructure and a substantial water supply for the regional municipality and industrial activities at the former Sysco site.

Approximately 70 acres (28 hectares) of the former Sysco site have been completely decommissioned and remediated. In 2007–2008, HCPI purchased this land, along with other properties from Sysco at fair market value. HCPI will manage the process of selling and/or leasing this property to commercial users and will manage existing tenants currently in place.

The remainder of the Sysco site will be remediated over time. As additional parts of the site are cleaned and became available for sale or lease, it is intended that HCPI will purchase the property from Sysco.

HCPI will be guided by important key principles. These principles include strict attention to environmentally safe practices, a strong commitment to the health and safety of workers, respect for local communities, adherence to fiscal responsibility and public accountability, and the practical use of local labour and supplies.

- as the sole owner of SUL, ensure that SUL manages the liabilities associated with the existing major water treatment and distribution utility, located in Sydney River. SUL will also manage the former Grand Lake water system, which will be reactivated to provide a process water supply to Harbourside Commercial Park.

Strategic Goals

HCPI's overall strategy is to advance its objectives with respect to establishing a fiscally viable commercial business park at the former Sysco steel mill site.

More specifically HCPI will

- develop Harbourside Commercial Park into a premier commercial park, through marketing and site development
- provide business and other opportunities to the communities of the Cape Breton Regional Municipality
- expand and evolve the site as property is remediated and purchased from Sysco
- maintain sound health and safety practices in order to minimize the potential risk of injury to workers, visitors, tenants, suppliers, and others who may visit the site
- maintain adequate security on the site to prevent the loss of provincial property and site assets

Core Business Areas

The following are the core business functions of HCPI

HCPI Operations

The location of HCPI is ideal as a commercial business park. HCPI's core objectives are the continued development and operation of the park and all associated buildings and facilities, including a subsidiary company (Sydney Utilities) to manage water supply to the park facility.

Former Sysco Site Redevelopment

As the former Sysco site is remediated, work will continue to evolve the property into useful and valuable real estate that will be managed by HCPI.

Planning for Future Site Development and Use

As more property is remediated and purchased by HCPI, HCPI will continue to develop a long-term plan that clearly establishes its vision for the site. Included in the planning document will be potential uses of the land and a strategy to attract new businesses to the park that support the vision.

Priorities for 2009–2010

HCPI Operations

- Continue to attract new tenants to the commercial park
- Enhance the second development phase of the Sysco site, through infrastructure development and aesthetic enhancement, making the site attractive to business and community
- Complete restoration of buildings designated for use in the park
- Develop and implement marketing strategies promoting the commercial park and its assets
- Improve the HCPI website, as a sales and information tool promoting the park
- Assist the Whitney Pier Historical Society in their efforts to develop a walking trail adjacent to the park, making resources and land available, where possible

Development of Infrastructure on Existing Remediated Lands

- Complete greening project on the south end of the site
- Install rail through the east/central area of the site
- Extend Inglis and Wabana Streets to the Cross Road
- Landscape areas adjacent to new roads
- Realign Sydney Port Access Road to allow for better and more efficient public use
- Realign fencing, releasing cleaned and remediated real estate to HCPI. This will include all lands to Cross Road

Planning for Future Site Development and Use

- Working with key stakeholders, develop a vision for the future of the park and adjacent properties
- Develop a long-term strategic plan for the future use of the site
- Develop a financial plan to assist with the future purchase of remediated lands of the former Sysco site, as they become available

Budget Context

	Budget 2008–09 ($ 000s)	Actual 2008–09 ($ 000s)	Budget 2009–10 ($ 000s)
Revenue			
Leases and Rent	750	891	975
Sale of Land	25	0	—
Total Revenue	**775**	**891**	**975**
Expenses			
General Operating Expenses	646	487	750
Management Fees	112	88	115
Total Expenses	**758**	**575**	**865**
Net Income (Loss)	**17**	**316**	**110**
Capital Expenditure	—	—	250

Note: HCPI does not have any employees. HCPI contracts with NSLI for the park's operation, project management, and marketing of the park.

Outcomes and Performance Measures

Core Business Area 1 *Harbourside Commercial Park Operations—property management, leases, property sales, and management of contracts*

Outcome	Indicator	Measure	Target: 2009–10	Strategies to Achieve Target
Continued development of commercial park	Additional services online	Additional property available for sale or rent	65 acres (26 hectares)	Management of various contracts
Turnover of infrastructure (roads, sewer, water) to municipality		Acceptance by CBRM	All of Phase One infrastructure	Meetings and legal correspondence with CBRM
Sale of developed industrial lots	Surveys completed	Number of deeds prepared	4 additional lot sales	Marketing activities
Rental of office space	Square footage available for rent	Number of leases	5 new leases finalized	Marketing
Promotion of park facility		Number of inquiries		Promotional material prepared

Core Business Area 2 *Development of infrastructure on existing remediated lands*

Outcome	Indicator	Measure	Target: 2009–10	Strategies to Achieve Target
Continued development of roads and services		Amount of infrastructure completed	1.5 km of new roads and services	Management of construction contracts
Additional property remediated for redevelopment		Level of site remediation activity	Approximately 70 acres (28 hectares)	Management of environmental engineering contracts

Core Business Area 3 *Planning for future site development and use*

Outcome	Indicator	Measure	Target: 2009–10	Strategies to Achieve Target
A final long-term land use plan		Updated planning report under way	Final land use plan	Planning consultant contract

Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2009–2010

Nova Scotia Harness Racing Incorporated

Business Plan 2009–2010

Table of 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 2008–2009

During the 2008–2009 fiscal year, a total of 112 live race dates were achieved with the assistance provided by the Government of Nova Scotia. This assistance was also responsible for the successful Atlantic Sire Stakes races and the newly created Nova Scotia Stakes Series.

The track in North Sydney, Northside Downs, which received approval from the Maritime Provinces Harness Racing Commission to hold 29 race dates for the 2007–08 season had a very successful year and in 2008–09 received approval for 31 race dates. The Inverness racetrack has maintained a good population of horses and in 2008–09 began construction on a much-needed new barn. As in the past two years, Truro found it necessary to suspend racing for four weeks early in the year.

Funding was once again included for a Liaison Officer who spent time carrying out tasks for the Nova Scotia Harness Racing Industry, including preparing a new five-year business plan. There was little or no activity during 2009 for the Maritime Provinces Development Council; however, there has been discussion as to the need to reactivate for 2009.

An economic feasibility study of the Nova Scotia harness racing industry was completed in 2008–09 with funds provided by Economic and RuralDevelopment.

The success of a locally owned horse, Somebeachsomewhere, was a great promotion opportunity for the harness racing industry in Nova Scotia (Truro in particular), as well as the Maritime connection to Shadow Play and Santanna Blue Chip.

Strategic Goals

- Strive to improve the product, namely live harness racing, to be competitive in the entertainment market, promoting the industry to the public as a sport.
- Maintain the good working relationships between racetrack management and the horsemen to continue to treat each other as partners.
- Secure adequate long-term funding through government liaison and corporate sponsorships.
- Improve media coverage of both live racing events and the industry generally.

- Promote harness racing through development and implementation of a marketing plan.
- Encourage continuing quality in the Standardbred horse for the harness racing industry and promote local horses.
- Use the Nova Scotia Harness Racing Industry Association to provide leadership for the industry in Nova Scotia.

Core Business Areas

Entertainment and Standardbred horse genetics have been the core businesses of Nova Scotia Harness Racing Inc. The entertainment aspect consists of three components:

- live racing events/pari-mutuel wagering
- simulcast wagering/telephone account wagering
- 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 pique 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.

Simulcasting of racing events beyond the local racetracks continues to be a major supporting funding source for the industry. Teletheatre locations for 2008 were located at Sackville Superbowl, Lower Sackville; Brewster's, Bedford; The Hoff Pub & Grill, Inverness; The Port Hood Fire Hall, Port Hood; Rollie's Wharf Restaurant & Lounge, North Sydney; the Martin Arms, Sydney; and JT's Bar in New Waterford.

Nova Scotia's industry recognizes that track sites cannot survive with only live racing and simulcast events. Increased competition in the gaming industry has contributed to this. A marketing study that would identify the target audience would serve as a starting point for future direction. Promoting the industry to the public has become a priority at this time. Inverness and North Sydney are working on getting their live races out to other tracks for simulcasting.

Genetics

Maritime-bred horses continue to do well when competing outside the region. 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 esthetic appeal. The breeding, rearing, and training of the Standardbred horse support many spinoff business opportunities and are driven by the live racing events at the province's three raceways. Stakes races for colts and fillies born or bred in Nova Scotia were established in Nova Scotia in 2006 and will continue in 2009.

Budget Context

Revenues	**Estimate 2008–09 ($)**	**Actual 2008–09 ($)**	**Anticipated Funding 2009–10 ($)**
NS Funding	1,000,000	1,000,000	1,000,000
Total Revenues	1,000,000	1,000,000	1,000,000
Expenditures	Breakdown will not be finalized until after budget approval		
Special Stakes	17,500	20,000	20,000
Atlantic Sire Stakes	200,000	203,279	215,000
Purse subsidy reimbursement	565,000	572,120	560,400
Maritime Provinces Harness Racing Commission	135,000	116,262	130,000
Operational costs—meeting expenses	1,500	1,164	1,500
Matinee tracks/youth promotion	5,000	3,873	5,000
Nova Scotia Stake Series	25,000	25,000	25,000
Liaison Officer position	40,000	34,995	20,200
5-year business plan preparation		15,000	
Scholarship	1,000	1,000	1,000
Allotment to access other funding sources/industry development	10,000	—	—
Northside Downs track upgrading (signal)	—	7,306	21,900
Total Expenses	1,000,000	999,999	1,000,000

Forecast Background

With three tracks providing live racing, there were 112 live race dates for 2008–2009. The Maritime Provinces Harness Racing Commission has made a deliberate effort to recruit officials through an apprenticeship program and to develop a continuing education and evaluation program including a judges' seminar to attract apprentice officials. The additional officials created across the Maritimes should help in keeping travel costs in check; however, there was an increase of 10 live race dates over last year.

Industry would like to see the funds for officiating provided to the Maritime Provinces Harness Racing Commission (MPHRC) from the Maritime Premiers Office rather than having the industry fund that expense.

A Nova Scotia Stakes Series was initiated in 2006 in an effort to encourage local breeders to produce high-performance race horses and to provide racing opportunities for these local products and a local product for simulcasting. This Nova Scotia Stake Series will continue in 2009–10 with an effort to further encourage the development of local "trotters."

Budgeting for the liaison officer position was cut back in 2008–2009; however, the cost of producing a new five-year business plan made up the difference here.

Operating costs—meeting expenses (exclusive of administration costs) to manage the fund will remain similar to last year with a projection of $1,300.00. The 4-H and matinee track fund came in slightly under budget at $3,900.

Outcomes and Performance Measures

Core Business Area 1 *Entertainment*

Outcome	Measure	Base Year	2008	2009 Target	Strategies to Achieve Target
More live races	Increase in live races from base	2002: 100 race dates	112 race dates	Increase live race events	Long-term agreements between racetrack management and horse owners
More horse owners	Number of owners	2002: 403 owners	625	Increase by 10%	Improve income for horse owners
Increased bet	Amount of wager	2001 gross bet: $12.8 million	Total wager: $10.5 million	Increase gross bet by 10% over base year	Promote industry to grow fan numbers and wager amount
More entertainment	Attendance	2001: 70,000	72,000	Higher attendance	Expand entertainment options through better marketing and high-performance race horses

Core Business Area 2 *Genetics*

Outcome	Measure	Base Year	2008	2009 Target	Strategies to Achieve Target
More horses in race cards	Horse population	2001: 480 Standardbreds	680 Standardbreds racing	720	Improve financial status of industry
Greater interest in horse ownership	Average sale year	2001: $4,400	$5,400	Increase prices of horses—emphasis on Nova Scotia bred	Promote the Nova Scotia Stakes and other special stakes

Background Information for Targets

- Live race dates at 112 for 2008 but more dashes were held, reflecting higher horse numbers.
- Horse owner numbers continue to grow, especially in Inverness and Northside.
- Attendance was up slightly in 2008 for the three racetracks. The Nova Scotia Stake Series and increased races with Northside opening have contributed to this increased interest.
- Total wager was down from previous year reflecting the trend across Canada.

  There were more horses in race cards at Inverness, Truro, and Northside.
- Fall sale of Standardbreds remains stable.
- The long-range business plan for the industry is valid.
- Horse owners and racetrack management at the province's three racetracks continue in a co-operative working relationship and demonstrate a unified position in the industry association.
- Harness racing has become very popular at the Northside Racetrack, North Sydney.
- Economic study for the Nova Scotia Harness Racing Industry indicated a significant impact in the province:
  - contributes $11.585 million in household income
  - contributes $1.6 million annually to government in taxes

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Housing Development Corporation
Business Plan 2009–2010

Table of Contents

Message from the Nova Scotia Housing Development Corporation

On behalf of the Nova Scotia Housing Development Corporation, we are pleased to present the corporation's 2009–2010 business plan.

2009–2010 marks a historic year for Nova Scotia, having successfully secured funding to support an investment of $133 million in housing infrastructure. Over the course of the next two years, we will rejuvenate and green Nova Scotia's public housing stock; create additional housing for seniors, persons with disabilities, and affordable housing options for low-income Nova Scotians; and enable government to continue with the Residential Rehabilitation Assistance Program.

In 2009–2010, the corporation, through its mortgage lending program, will continue to support the Department of Health in the development of new long-term beds, facilitate the delivery of the province's EnerGuide Loan Program, and enable the commercial child-care sector to improve its facilities and create additional child-care spaces.

This year, we will also continue to strengthen accountability and make our business processes more efficient. This will be achieved through the implementation of new technology to support our mortgage and loan portfolio and by moving forward on the recommendations made in last year's comprehensive governance and operational review.

We look forward to continuing our work with the corporation and its many stakeholders, partners, and organizations as we help provide Nova Scotians with safe, comfortable homes.

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

Judith F. Ferguson
Deputy Minister,
Department of Community Services

Mission

To provide financing for government's social and supported housing programs.

Mandate

The Nova Scotia Housing Development Corporation, created in 1986, provides financing for government's social and supported housing programs. It is responsible for holding the province's social housing assets and consolidating the revenues and expenditures associated with operating these assets.

Created by the Nova Scotia Housing Development Corporation Act, the corporation's activities include

- acquiring and disposing of real estate
- negotiating agreements
- borrowing and investing funds
- lending money and guaranteeing payments
- mortgaging property

Staff of the Department of Community Services carry out the management and administration functions of the corporation, but are not direct employees.

Strategic Goal

The goal of the Nova Scotia Housing Development Corporation is to ensure that a range of financial tools are available to support government's housing objectives.

Core Business Areas

The corporation's core business functions are to

- hold and finance provincially owned social housing assets in support of government's housing programs
- secure and manage funding to support social housing
- provide mortgage guarantees and/or loans to qualifying housing projects
- manage the funded reserves associated with provincial housing programs to protect the province from loss.

Priorities for 2009–2010

The following priorities for 2009–2010 are in addition to the many ongoing activities that Community Services staff carry out on behalf of the corporation.

Priority: Investing in Housing Infrastructure

The corporation, on behalf of the province, negotiated with Canada Mortgage and Housing Corporation to secure funding to support the province's housing objectives. When combined with provincial funds, this will result in a total funding envelope of $133 million, the most significant investment in housing in decades. Over the course of the next two years, these funds will be used to rejuvenate and green Nova Scotia's public housing stock; create additional housing for seniors, persons with disabilities, and affordable housing options for low-income Nova Scotians; and enable government to continue with the Residential Rehabilitation Assistance Program.

Priority: Funding Support for Government's Public Policy Agenda

The corporation, on behalf of the province, works to ensure that there are a range of capital financing tools to support government's public policy agenda.

In 2009–2010 the corporation will:

- facilitate the creation of mortgage instruments to enable the Department of Health to proceed in a timely and fiscally sustainable manner with its Long Term Care Renewal Initiative
- make loans available to the commercial child-care sector for infrastructure improvements, enabling these centres to increase capacity and improve the quality of their physical plant; and, on behalf of Conserve Nova Scotia and Service Nova Scotia and Municipal Relations, facilitate the creation and management of loans to support the delivery of the EnerGuide Loan Program

Priority: Strengthen Accountability and Improve the Efficiency of the Corporation's Business Processes

In 2008–2009, a review of the governance structure of the corporation was completed. The review examined ways to strengthen accountability and improve the efficiency and effectiveness of the corporation's operations. In 2009–2010, the corporation will focus on implementing these recommendations.

Priority: Implement New Technology System for the Mortgage and Loan Portfolio

Since the early 1990s, the current mortgage and loan software has been used to manage the delivery and administration of the mortgage and loan portfolio. This system currently tracks in excess of $200 million in mortgages, loans, forgivable loans and grants for social housing programs, long-term care facilities, disabled persons facilities, Canada Mortgage and Housing Corporation (CMHC) programs, and child-care programs. The value of mortgages and loans under administration is expected to grow significantly over the next two to three years.

In 2009–2010, work will continue on replacing the current mortgage and loan software used to manage the delivery and administration of the mortgage and loan portfolio. The new financial management tool will be custom built and incorporated with the department's Integrated Case Management (ICM) and SAP systems.

Budget Context

The following two tables provide information on the Corporation's funding and expenditures.

Nova Scotia Housing Development Corporation Funding

Funding Source	**Estimate 2008–09 ($,000)**	**Actual 2008–09 ($,000)**	**Estimate 2009–10 ($,000)**
Revenue from government sources	127,300	112,464	147,200
Revenue from rents	51,200	53,065	52,200
Interest, revenue from land sales, and other revenue	3,300	5,487	15,500
Total Funding	**181,800**	**171,016**	**214,900**

Nova Scotia Housing Development Corporation Expenditures

Expenditure Source	**Estimate 2008–09 ($,000)**	**Actual 2008–09 ($,000)**	**Estimate 2009–10 ($,000)**
Interest on long-term debt	25,700	26,543	38,500
Property management and operations	57,500	51,276	44,900
Maintenance and capital improvements	20,500	30,087	32,200
Housing renovation and affordable housing	40,000	16,625	19,800
Transfer to Housing Services	22,000	21,035	16,600
Amortization of investment in social housing	13,100	12,377	12,900
NS Housing Stimulus Plan*			44,500
Administration fee and cost of land sold	3,000	13,073	5,500
Total Expenditures	**181,800**	**171,016**	**214,900**

* This stimulus plan represents capital and maintenance expenditures on public housing through the housing authorities and social housing through the department.

Outcomes and Performance Measures

The corporation provides financing assistance to qualified agencies to purchase, lease, or upgrade housing/shelter-related facilities. This involves giving the agencies preferred interest rates for longer term periods than would be provided by private lenders. This is particularly important to Community Services and the Department of Health, since publically subsidized per diem rates include financing costs.

The key performance measure for the corporation is the amount of financial assistance and/or mortgage guarantees provided to social housing projects.

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

Outcome	Measure	Data	Target 2009–10	Target 2010–11	Strategies to Achieve Target
Government provides additional options in managing capital financing for government-sponsored housing	Amount of financial assistance and/or mortgage guarantees provided to social housing projects	2007–08: 9 projects at a total borrowing of $67 million 2006–07: 2 projects at a total borrowing of $9 million 2005–06 (BY): 10 projects at a total borrowing of $12.87 million	Target to be determined	Target to be determined	• Due primarily to the Department of Health's Long-Term Bed Renewal initiative, the number of projects that will be approved for financing is expected to increase significantly over the next 5 to 10 years • The corporation will also continue to foster and pursue partnering opportunities with other departments and government agencies

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Lands Inc.
Business Plan 2009–2010

Table of Contents

Message from the Minister and President

When Sydney Steel (Sysco) was decommissioned, two new corporations were established by Executive Council in 2006. This will be the third year of operation for Nova Scotia Lands Inc. (NSLI) and Harbourside Commercial Park Inc. (HCPI). Much progress has been achieved in the first two years. The steel plant demolition has been completed, and environmental plans are well under way, to assist in turning this land into an active commercial park.

Significant progress was made in addressing the contamination in the northern end of the site and advancing the rejuvenation of the southern end of the park. Over 150 000 tonnes of soil have been remediated, and a large portion of the Phase III road development has been completed.

Former Sysco properties located in the Sydney Mines area have been investigated, and the first phase of the environmental assessment process has been initiated on the original steel plant property in Sydney Mines (Princess Mine site) and numerous abandoned mine sites in the Tobin Road land holdings.

The former water supply for the coke ovens has been assessed for its potential to replace the aging Sydney River water system. Funding has been put in place, and engineering designs are under way to reactivate the Grand Lake water supply. This work is being carried out in consultation with the Cape Breton Regional Municipality, to ensure that it is complementary to the existing municipal water supply system in place in the park.

In 2009–2010, the principal role of Nova Scotia Lands Inc. will be to continue the remediation activities at the former Sysco site, recycle any remaining products of value and put in place the necessary infrastructure for redevelopment of the site into a viable commercial park facility. Working in collaboration with HCPI, we will continue to assist in marketing this park to regional, national, and international interests. NSLI will also put to use the substantial environmental cleanup experience to deal with other provincially owned contaminated sites, as well assisting the Sydney Tar Ponds Agency in advancing their $400 million project adjacent to the NSLI properties.

Nova Scotia Lands will continue to focus its efforts on redevelopment of the main former Sysco plant site, along with other former Sysco properties. Co-operative efforts are under way with the Cape Breton Regional Municipality to plan for viable reuse of former Sysco land and assets. It is anticipated that these redevelopment efforts will have positive impacts on the continuing efforts to assist the Cape Breton Regional Municipality to rebound from the loss of major industry.

The Honourable Bill Estabrooks

Minister of Transportation and
Infrastructure Renewal

Gary Campbell

President,
Nova Scotia Lands Inc.

Mission

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

Link to Strategic Goals

The goals and objectives of Nova Scotia Lands Inc. (NSLI) are designed to assist government in protecting its interest and fiscal position regarding environmentally challenged sites. The remediation of the former Sydney steel plant site, being carried out under the supervision of NSLI, supports the government in its goal of being a leader in clean and green economy.

A number of the techniques that are being used in the remediation of the former site are innovative. Once the remediation has been completed, it is anticipated that these industries will remain active in Nova Scotia, thereby contributing to a cleaner and greener economy and environment.

Planning Context

As a Crown corporation, NSLI reports to a board of directors. The minister responsible for the Crown corporation is the Minister of Transportation and Infrastructure Renewal. NSLI maintains its office at Sydney, Nova Scotia, along with a presence at the department's head office in Halifax.

In recognition of the planned windup of Sydney Environmental Resources Ltd. (SERL) and the major reduction in the mandate for Sydney Steel Company (Sysco), it was determined that future activity related to the continued remediation of Sysco's property would be conducted by NSLI. NSLI was incorporated in August 2006 and began operations effective April 1, 2007. Approximately 100 acres (40 hectares) of the former Sysco site has been completely decommissioned and remediated. The remainder of the Sysco site will be remediated, over time, by NSLI.

As more land is remediated, it is anticipated that Harbourside Commercial Park Inc. (HCPI), another provincial Crown corporation, will purchase the assets and use the land as part of its inventory for further development of the park. NSLI has entered into a management agreement with HCPI, whereby NSLI supervises the operations of the commercial park, as well as assisting in marketing the park.

Throughout its operations, NSLI, will be guided by important key principles. These principles include strict attention to environmentally safe practices, a strong commitment to the health and safety of workers, respect for local communities, adherence to fiscal responsibility and public accountability, and the practical use of local labour and supplies.

Some of the challenges that NSLI faces in managing the remediation of the former Sysco site are the changing environmental regulations. While extremely important, it does have an impact on the timing of the cleanup of the former site. Determining the extent of the environmental remediation required on sites owned by the former Sydney Steel Company that are outside of the Sysco site also presents a challenge.

In addition to conducting the remediation of the Sysco property, NSLI will work in partnership with provincial government agencies and departments as it plays a new role in providing management, operation, security, and administrative services in the remediation of environmentally challenged sites under the control of the Province of Nova Scotia.

Strategic Goals

NSLI's overall strategy is to advance its objectives with respect to decommissioning, remediation, and future use of the former steel plant site, as well as other provincially owned properties. The underlying goal of NSLI will be to protect the province's interests and its fiscal position regarding environmentally challenged sites.

More specifically, NSLI will

- continue remediation activities at the former Sysco site, until completed
- continue to put in place the required infrastructure to allow for redevelopment of the site as a viable commercial park facility
- continue to co-operate with the Cape Breton Regional Municipality in planning activities for viable reuse of former Sysco lands and assets, such as the water supply, in increasing the municipal tax base
- assist in prioritizing provincially owned sites under its mandate to ensure that present public safety issues or serious environmental concerns are high on the action list
- assess and, where necessary, remediate provincial lands for future uses in an environmentally sound manner, meeting the province's obligations and strengthening relations with the local communities

- maintain adequate security on sites, to prevent the loss of provincial property and site assets, as well as maintaining safe conditions
- actively market Harbourside Commercial Park as a viable location to establish commercial and light industrial enterprises

Core Business Areas

Former Sysco Site Rehabilitation and Redevelopment

Demolition of the site infrastructure has been completed, and the environmental remediation of the property is well advanced. The majority of steel plant assets have been sold or disposed of. Some areas require continued environmental site assessment (ESA) studies and may need further remediation.

As the former Sysco site is remediated, work will continue to redevelop the property into useful and valuable commercial real estate.

Environmental Assessment and Remediation of Other Sites

Based on prioritization, some properties will require environmental site assessments or additional physical assessment. Physical assessment may include locating buried hazards, underground tunnels, or surface soil subsidence.

Remediation or restoration plans will be developed and implemented, as required. Remediation may include removal of hazards, site levelling and grading, soil and seed application, tree planting, remediation of contaminated soils, redirection or treatment of ground waters, or other activities.

NS Sites Security and Safety

NSLI will adhere to high standards of health and safety in order to minimize the risk to its workers, visitors, tenants, suppliers, and others. The corporation will also undertake initiatives to prevent the loss and/or damage of provincial property by protecting site assets.

Reuse of Blast Furnace Slag, By-products

Slag materials were produced as a by-product of the steelmaking process. Presently, there remain several hundred thousand tonnes of these products on the former steel mill site. It has been demonstrated that several of these products are valuable as construction aggregates, filter media, and cement aggregates. NSLI will encourage and assist private-sector companies to reuse these products for construction activities and in stabilization and solidification of the Sydney Tar Ponds.

Priorities for 2009–2010

Former Sysco Site Rehabilitation

- Complete Phase II and III ESAs in the tank farm area
- Finish remediation of isolated contamination areas
- Remediate other areas (pending ESA results)
- Oversee disposal activities at electric arc furnace dust pit
- Remediate high dump sludge
- Complete final portion of underground fuel pipe removal initiative

Former Sysco Site Redevelopment

- Complete installation of rail through the east/central area of site
- Complete installation of Phase III roads (southern half of the north end of the site)
- Landscape areas adjacent to new roads
- Complete development of park area (soccer/rugby field and running track)
- Open No. 5 gate (Henry Street) to the public
- Continue grading and levelling of ore field area

NS Sites Review and Prioritization

- Complete review of all available documentation related to sites
- Continue to meet with those with vested interests (Natural Resources, Public Works and Government Services Canada, etc.) who may have knowledge of the sites and may have already identified issues or have had assessments done
- Where possible, physically visit and walk throughout any identified sites where health and safety issues could be of concern
- Update priority project list for future remediation consideration

Environmental Assessment and Remediation of Other Sites

- Complete physical assessments, if required, on selected sites
- Complete CCME-based Phase I ESAs, if required, on selected (higher priority) sites
- If issues are identified, develop a priority list to remove public safety hazards and environmental concerns at prioritized sites

NS Sites Security and Safety

- Ensure that all policies and procedures are in place to maintain the lowest possible accident rate

- Hold "toolbox" meetings with area supervisors and staff, at least weekly and document meetings
- Perform at minimum monthly health and safety inspections on work areas
- Establish health and safety committee(s), where appropriate, ensuring that such committees are dynamic and effective in maintaining or improving health and safety
- Secure assets associated with sites, in order to minimize the province's potential for loss

Budget Context

	Budget 2008–09 ($ 000s)	Actual 2008–09 ($ 000s)	Budget 2009–10 ($ 000s)
Revenue			
Management fee from HCPI	112	86	115
Other	128	487	545
Total revenue	**240**	**573**	**660**
Expenses			
Payroll	1,190	926	1,260
General and administrative expenses	1,277	198	800
Project management	560	573	100
Security services	320	305	275
Site reconstruction	5,900	2,745	10,015
Cleanup and containment	7,325	5,388	2,945
Total expenses	**16,572**	**10,135**	**15,395**
Recovery from Sysco	**16,400**	**9,561**	**14,850**
Net income	**68**	**1**	**115**
FTEs	11	11	11

Outcomes and Performance Measures

Core Business Area 1 ***Core Business Area 1: Former Sysco site rehabilitation and redevelopment—Deploy resources to execute projects, manage engineering and services, and assure regulatory compliance.***

Outcome	Indicator	Measure	Target: 2009–10	Strategies to Achieve Target
Deploy resources to execute projects, manage engineering and services, and assure regulatory compliance				
Continue with ESA (environmental site assessment) studies	Receive ESA reports	Percentage of ESA reports accepted	85%	Prepare RFPs and manage ESA contracts
Remove all final scrap metals	Contracts for removal and recycling	Removal is complete	100% (pending market conditions)	Prepare RFPs for sale of material
Continue with solidification/stabilization (Hazco) contract	Contaminated material treated	Percentage of contaminated material treated	100%	Manage existing contract
Remove underground piping	Contract awarded	Material is recycled	100%	Manage contracts
Continue development of infrastructure for commercial park		Commercial lots available for sale	Additional 30 acres (12 ha) available for development	Manage contracts

Core Business Area 2 *Environmental assessment and remediation of other sites*

Outcome	Indicator	Measure	Target: 2009–10	Strategies to Achieve Target
Carry out inventory of other former Sysco lands	Files identified and reviewed	Number of sites identified	All properties	Review Sysco and DNR files
Identify potential health and safety issues related to other lands	Field health and safety reports completed	Health and safety issues identified	All properties	Aerial photography and site visits of various properties

Core Business Area 3 *NS sites security and safety*

Outcome	Indicator	Measure	Target: 2009–10	Strategies to Achieve Target
Update Master Health and Safety Plan	Comments from reviewers	Final plan accepted	100%	Completion and approval by senior management

Core Business Area 4 *Reuse of blast furnace slag, by products*

Outcome	Indicator	Measure	Target: 2009–10	Strategies to Achieve Target
Identify opportunities for reuse of slag material	Interest from private-sector companies	Tonnes of material processed and used	100 000 tonnes	Promotion and support to companies using material

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Liquor Corporation
Business Plan 2009–2010

Table of Contents

Mission

Bringing a world of beverage enjoyment to Nova Scotia.

Mandate

The NSLC is governed by the Liquor Control Act (LCA) of Nova Scotia. This act mandates the responsibilities of the NSLC to its shareholder, the people of Nova Scotia. The most fundamental element of the corporation's role derived from the LCA is that the NSLC is solely responsible for the receipt, distribution, and control of all beverage alcohol available throughout Nova Scotia. In order to ensure the safe and responsible consumption of alcohol, any products sold through NSLC stores, agency stores, private wine and specialty stores (PWSS), licensees, and private importations must be received through the NSLC. Through this mandate, the government ensures that the product is available only to Nova Scotians of legal drinking age. The legislation also describes four other key responsibilities of the corporation, specifically:

- attainment of acceptable levels of customer service
- promotion of social objectives regarding responsible drinking
- promotion of economic objectives regarding the beverage alcohol industry in Nova Scotia
- attainment of suitable financial revenue for the Government of Nova Scotia

The NSLC strives to balance its legislated mandate between the control aspects of the products, providing the necessary financial returns to its shareholder and ensuring a high level of service to Nova Scotians.

The NSLC exists, from a public policy perspective, to limit the harmful impacts of irresponsible behaviour relating to the use of beverage alcohol, not only through pricing policies, but also through the control of access to the product. It is important to note that the licensing and regulation of all bars, restaurants, pubs, lounges, and other licensed premises rest with the Nova Scotia Alcohol and Gaming Authority.

Through all retail channels, the NSLC is focused on ensuring that the product is sold only to those of legal drinking age and on delivering a message that reinforces the need for safe and intelligent consumption. The NSLC also has in place minimum pricing for all products to ensure that excessive discounted pricing is not used to induce harmful consumption.

Externally, in fulfilling its legislated mandate, the NSLC focuses on advocacy, raising awareness of the impact of irresponsible behaviour regarding alcohol consumption. The NSLC's approach in this regard includes partnerships with the Nova Scotia Departments of Transportation and Infrastructure Renewal, Education, Health

Promotion and Protection, and Justice, as well as police services across the province.

The NSLC is mandated to provide the government with strategic public policy advice on the regulatory aspect of the Liquor Control Act and the economic development of the Nova Scotia beverage alcohol industry, providing opportunities for Nova Scotia beverage alcohol producers to optimize the retail of their products.

The NSLC has developed, based on its legislated mandate, a statement of purpose to guide all employees over the coming years. The NSLC Purpose, Vision, and Culture statement goes beyond the legislated requirements to describe and inspire our people as to the type of business we wish to become.

Purpose

Bringing a world of beverage enjoyment to Nova Scotia.

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.

Culture

- encouraging innovation and creativity
- engaging employees in achieving success
- driven by customer needs
- demonstrating respect and dignity in all we do
- that makes it a fun place to work
- advocating intelligent consumption

Planning Context

Since incorporating in 2001, the NSLC has undergone a profound transition to become a customer–centric, leading retailer in the province. During this time (2000–2001 to 2008–2009) the NSLC has achieved remarkable sales growth of 51.2 per cent (gross not including non-liquor items) and delivered a gross profit dollar increase of 54.5 per cent to our shareholder.

Successful retailers provide their customers with a complete shopping experience that engages them with new and modern store designs, inviting atmosphere, wider product selection, offers that deliver value, and knowledgeable, well-trained staff who offer personalized service.

The NSLC's continued success depends on its ability to respond to the realities of our market by providing shoppers with a retail experience that meets and exceeds their evolving needs and expectations. The long-term earnings growth, resulting from focusing on customer expectations, will be achieved through ongoing strategic investments in all aspects of the business.

Creating the right store and customer experience for the right market to deliver the NSLC's customer promise is, and continues to be, a top priority.

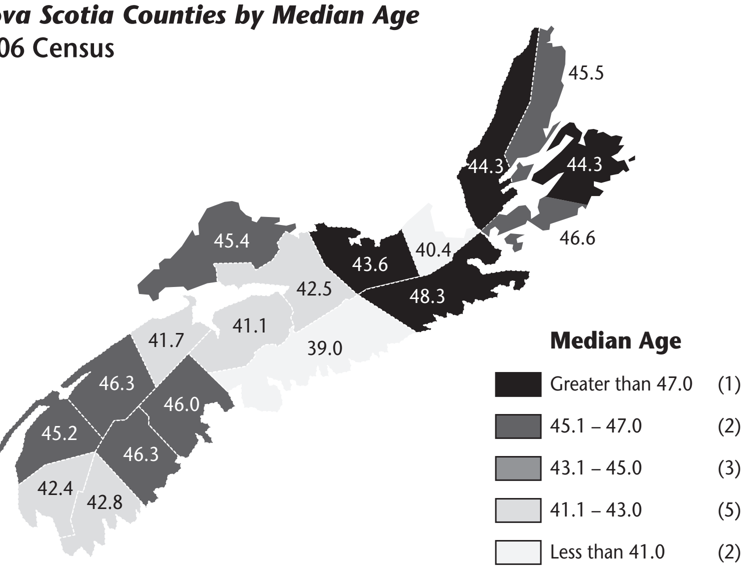
Market

Statistics Canada 2006 census data indicates that 78.5 per cent of the Nova Scotia population is of legal age to consume beverage alcohol. NSLC surveys indicate that 26 per cent do not shop for alcohol. Hence, the NSLC customer base consists of approximately 535,000 people, most of whom visit an NSLC store at least once a month.

Population growth in Nova Scotia is relatively flat. Not only is the population not growing, it is aging. The Nova Scotia Department of Finance second release from the 2006 Census on Age and Sex notes: "The aging of the Baby Boomers coupled with out-migration to other provinces of women of child-bearing age and increasing life expectancy has made the population of Nova Scotia one of the oldest in Canada." An aging population combined with a lack of growth (i.e., fewer younger residents) means that the NSLC customer base will grow older, as well. This will drive changes in consumption patterns and product demand. Research has indicated that consumption tends to decline as the population ages; however, consumer demand for premium products may also increase with age, somewhat balancing the impact of lower consumption.

Another population trend in Nova Scotia is a "hollowing out" of the rural areas of the province. More and more people, particularly young people, are moving to urban centres.

Nova Scotia Counties by Median Age
2006 Census



The Halifax Regional Municipality (HRM) has benefited from this trend and has the youngest median age in the province.

In general, the more-urban counties in the central part of the province (i.e., Kings, Hants, and Antigonish) have lower median ages than the more-rural counties. There is a significant range of median ages, with HRM being the youngest at 39, and Guysborough being the oldest at 48. This variation in the composition of the population across the province is reflected in the make up of our customer base. The implication being that a "one-store fits all" approach in terms of design, format, and merchandising may not be the most appropriate approach. The NSLC has endeavoured to understand the constituency of each store and to align the store experiences, product, and service being offered accordingly.

The NSLC customer base also changes with seasonal variations. These include the substantial influx of people during the summer months, resulting from the province's tourism industry. In the fall, the return of students to university affects the HRM, Wolfville, Antigonish, and Sydney markets.

While the return of students in the fall is assured, the number of tourists visiting the province each year is not always as stable. To the end of September 2008, the Nova Scotia Department of Tourism reported that there were 1,652,000 visitors to the province, a 3 per cent decrease (50,000 fewer visitors) from the same period last year. On the brighter side, cruise ship activity was up 35 per cent in Halifax and 55 per cent in Sydney. The cruise ship numbers are not reported in the total of visitors, as they do not stay overnight.

Wholesale sales account for approximately 20 per cent of the corporation's gross sales. The wholesale market includes the 2100 licensed establishments in Nova Scotia (restaurants, bars, hotels, and lounges), representing 60 per cent of the wholesale market, private wine, specialty stores and other account for 8 per cent, and NSLC agency stores represent another 32 per cent of the total wholesale market.

The vendors and agents representing product manufacturers and wholesalers are critical stakeholders in our business. There are approximately 80 beverage alcohol agencies in Nova Scotia with approximately 130 registered representatives. The NSLC manages almost 6000 products in the market and has introduced 1500 new products in the last two years. To keep the product offerings fresh and vibrant, the plan is to add 300–500 new products every year.

Nova Scotia per Capita Consumption

Data on per capita consumption rates of beverage alcohol by category in Nova Scotia indicate that 2007 consumption levels of beer and wine continue to run below the national average, even though consumption of wine has been trending steadily up for the last six years. In contrast, per capita consumption of spirits in Nova Scotia has been and continues to be above the national average; however, this has continued to drop since its peak in 2005. The data also reveals that per capita consumption of coolers is now just starting to decline in Nova Scotia, while on a national level, the data suggests that cooler consumption peaked a couple of years ago and is now declining.

Consumption of Alcoholic Beverages per Capita LDA and Over, by Category, Nova Scotia vs. Canada (litres, 2002–2007)

	2002	2003	2004	2005	2006	2007
Spirits (excludes coolers)						
Canada	5.65	5.57	5.65	5.62	5.82	5.90
Nova Scotia	7.08	6.90	7.07	7.14	7.10	7.04
Coolers						
Canada	2.96	3.23	3.19	3.13	3.02	3.04
Nova Scotia	2.90	3.14	3.56	3.47	3.71	3.55
Wines						
Canada	12.52	12.72	13.15	13.37	13.87	14.77
Nova Scotia	8.04	8.23	8.50	8.97	9.41	10.10
Beer						
Canada	91.74	90.99	91.76	90.00	91.42	92.04
Nova Scotia	86.16	85.06	87.25	84.65	86.64	86.67
Total						
Canada	**112.87**	**112.51**	**113.75**	**112.12**	**114.10**	**115.75**
Nova Scotia	**104.18**	**103.33**	**106.38**	**104.23**	**106.86**	**107.36**

Source: Brewers Association of Canada, 2007 *Annual Statistical Bulletin*, p. 35

The chart above reflects the total litres of beverage alcohol (by spirits, coolers, wines, and beers) the average person of legal drinking age (LDA) and above consumed in the year. The LDA is 19 across Canada except in Quebec, Manitoba, and Alberta where it is 18 years of age.

In terms of total consumption of alcohol, Nova Scotia represents a moderate consumption environment, consistently falling short of the national average.

Total per Capita Consumption of all Alcoholic Beverages by Province and Canada (litres, 2002–2007)

	2002	2003	2004	2005	2006	2007
Total						
CANADA	**112.87**	**112.61**	**113.75**	**112.12**	**114.10**	**115.75**
Yukon Territory	187.06	186.55	187.58	187.40	180.63	184.04
Alberta	121.06	117.68	119.96	120.42	122.94	130.70
Québec	120.95	120.71	120.74	119.28	121.15	123.25
Newfoundland and Labrador	119.38	115.22	123.55	120.18	116.82	117.76
Ontario	110.47	112.51	112.82	110.63	113.41	112.64
British Columbia	107.39	104.52	106.62	106.55	107.23	107.58
Nova Scotia	**104.18**	**103.33**	**106.38**	**104.24**	**106.86**	**107.36**
Prince Edward I.	109.03	103.71	105.96	105.67	106.65	106.86
Manitoba	100.73	99.57	102.17	98.09	101.13	105.55
New Brunswick	103.39	101.56	103.40	102.74	103.61	104.15
Saskatchewan	100.15	98.78	102.45	96.95	98.68	102.58
N.W.T. & Nunavut	115.33	115.22	109.07	95.86	126.02	96.32

Source: Brewers Association of Canada, 2007 *Annual Statistical Bulletin*, p. 35

As illustrated in the chart on the previous page, Yukon Territory, Alberta, and Quebec have the highest per capita consumption in the country, followed by Newfoundland and Labrador and Ontario. Nova Scotia falls in seventh place behind British Columbia.

Being under the national average in per capita consumption of beverage alcohol would appear to present a moderate opportunity for further growth. As always, this opportunity is balanced against one of our key strategic responsibilities—to promote social objectives regarding responsible drinking.

Economy

The Nova Scotia economic history for the past 10 years can be summarized as one of steady growth. This has provided the NSLC with a solid foundation on which to grow our revenues and profits for our shareholder. Over the past seven years the NSLC has generated over $1 billion for the shareholder—approximately $380 million more than the previous seven years. As the NSLC prepares this year's business plan, the economic environment is not nearly as robust.

Retail Sales

The Nova Scotia Department of Finance reported that retail sales grew by 4.5 per cent in 2008 and is forecasting it to grow by 3.2 per cenr in 2009 and by 5.2 per cent in 2010.

Gross Domestic Product

The Nova Scotia Department of Finance reported real GDP growth in 2008 of 1.2 per cent and is forecasting growth of 0.2 per cent in 2009 and 1.8 per cent in 2010.

Employment

The Department of Finance reported that employment in Nova Scotia grew by 1.3 per cent in 2008 and is forecasting growth of 0.8 per cent in 2009 and 1.2 per cent in 2010.

Personal Income and CPI

Nova Scotians' personal income grew by 4.1 per cent in 2008 and is estimated to grow at 1.7 per cent in 2009 and forecasted to grow by 3.7 per cent in 2010.

The Nova Scotia Department of Finance reported that the Cconsumer Price Index grew 2.9 per cent in 2008 and is forecasting CPI to grow at a rate of 0.2 per cent for 2009 and 1.8 per cent for 2010.

Labour Relations

Most NSLC employees are unionized and are represented by the Nova Scotia Government and General Employees Union (NSGEU). Those in the bargaining unit include all full-time and part-time store clerks; and most casual store clerks have recently been added.

In addition, all store managers and assistant managers are unionized, as are maintenance and warehouse employees. In addition, certain office clerical roles are unionized. All three of the NSGEU collective agreements are in effect until March 31, 2010.

Effective July 2009, all casual employees with more than 400 hours become members of the bargaining unit. Negotiations for terms and conditions of employment for these new bargaining unit members are expected to begin this fall.

The labour climate continues to be generally characterized by an open and collaborative relationship, using a problem-solving approach to address workplace issues as they arise. This is reflected in a reduction in the number of concerns that reach the stage of a formal grievance and, for those that do result in grievances, the ability to settle the majority without resort to arbitration. It's fair to say that the NSLC has a positive labour relations climate.

Business Planning

The guiding force to successfully meet and exceed our business objectives are the NSLC's annual business planning process and 5 Year Strategic Plan. These two documents provide the tools for the board, executive, management, and all employees to implement strategies that ensure that the individual targets of each business unit and the overall financial goals of the NSLC are met or exceeded.

This year's business plan represents the last year of the NSLC 5 Year Strategic Plan introduced in 2005. The organization follows a continuous planning process, ensuring that this plan is reviewed each year as the NSLC works towards its goals for 2010. The NSLC is now developing the next 5 Year Strategic Plan, which will outline the organizations goals and objectives for 2015.

The annual business plan outlines the major annual projects and priorities on which the NSLC will focus and deliver in the current year of the 5 Year Strategic Plan.

Retail Environment

Retailers can expect changes in consumer behaviour resulting from economic uncertainty and perception. In uncertain times, consumers look to save money and search out value more than ever before. Consumers tend to shop closer to home due to pressure on disposable income, economic uncertainty, and a desire to maximize convenience. Grocery stores and one-stop-shopping locations will benefit where sales, discounts, and private labels are the drawing cards.

The NSLC's monopoly status as the province's retailer of beverage alcohol does not exempt it from the necessity to compete for a share of Nova Scotian's discretionary income. The NSLC is fundamentally in the retail business. Like all other retailers across the province, from chains to independents, it needs to attract customers with a proposition that includes convenient locations, a broad range of products, friendly and helpful staff, and product promotions, including sales.

Over the last number of years, NSLC has made changes to all facets of the organization that reflect these retail realities. NSLC believes that these changes, and the response they have elicited from its customers, have contributed significantly to recent financial performance. Together with a healthy and growing economy, these changes have allowed NSLC to return increasing dividends to its shareholder.

As the NSLC enters the fifth and final year of its 5 Year Strategic Plan, the economic forecasts for the coming year are—at best—uncertain. NSLC does not believe that it can count on the robust growth in revenues and profits that it has generated in the previous four years of that 5 Year Strategic Plan. However, as noted in other parts of this document, modest growth is forecasted for this year, and NSLC is confident of its ability to meet or exceed the key financial objective of the current strategic plan.

In order to accomplish that objective, NSLC will continue to invest in the business and the employees—investments that it believes have made a difference to both the NSLC and its customers over the last number of years. NSLC is firmly committed to the ultimate goal of encouraging Nova Scotians to enhance their social occasions through the responsible use and enjoyment of beverage alcohol.

While economic trends tend to run in cycles about every five to seven years, the present global uncertainty looks like it may run longer and deeper than any past economic slowdown. With such economic uncertainty, retailers need to draw customers into the store by offering an engaging and entertaining experience.

Research into customer behaviour suggests that for people to spend more money when shopping, NSLC needs to design a customer experience that

- increases the amount of time customers spend in the store and
- increases the customer interaction in the store with staff and merchandising

All retailers are vying for a larger piece of the consumer's shrinking disposable income. The NSLC is no exception and is well positioned to offer affordable luxuries for every occasion.

The NSLC has successfully implemented strategies that have gained an increased share of disposable income over the past four years. In addition to the increased, varied, and improved product offering, the NSLC has made it more convenient to shop for beverage alcohol, with an expanded number of stores, increased hours of operation, Sunday store openings, and an expansion of the Agency Store Program. The co-location of approximately 50 per cent of the store network to major grocery retailers has dramatically improved customer shopping convenience and has increased customer satisfaction to the point where the NSLC is now viewed by customers as one of the top retailers in the province.

In the past three years, the NSLC has been recognized with over 54 awards by third-party organizations, both nationally and internationally. In fact, the NSLC was the only Canadian retailer to be nominated at the World Retail Awards, which were held April 2008 in Barcelona. NSLC was recognized for delivering one of the top marketing campaigns in the world for our Lots of Ways campaign, which promotes safe and alternative ways to get home safely after enjoying a social occasion. Nationally, the NSLC was recognized by the Retail Council of Canada with three awards: first in 2006 for Best Retail Corporate Responsibility Initiative for Lots of Ways; second, in 2007, for having the best new merchandising initiative in Canada with the creation of our Coolzone—the chilled beer offering in our stores; and finally, in 2007, with a Health and Safety Award for successfully implementing an innovative approach to ensuring the health and safety of our employees.

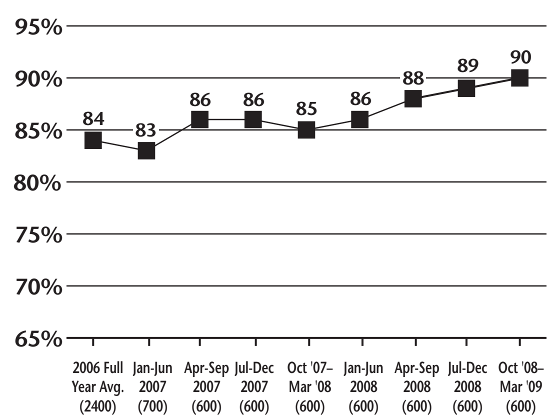
Customer Satisfaction

The NSLC measures its customer satisfaction amongst those who shop at its stores. It also conducts research amongst its customers to compare its products and services against other retail businesses in the province. This latter rating includes top-of-mind customer impressions of which are the top retailers in the province and which retailers offer the best shopping experience and a ranking of retailers by various aspects of the shopping experiences they deliver.

The results from this research indicate that the NSLC garners the second-best overall score of all major retailers in the province. Compared to all the other large, brand-name retailers our customers patronize, the NSLC rates second best for the overall shopping experience it provides.

The NSLC has measured customer satisfaction with the key elements of our current five-year plan for the past 11 quarters. Since then, NSLC's performance has increased 6 percentage points, from 84 per cent in the spring of 2006 to 90 per cent as of March 2009. As the figure below indicates, NSLC's current CSI rating is the highest ever recorded, with 90 per cent of NSLC customers giving a satisfaction rating of 8 or better on a 0–10 rating scale.

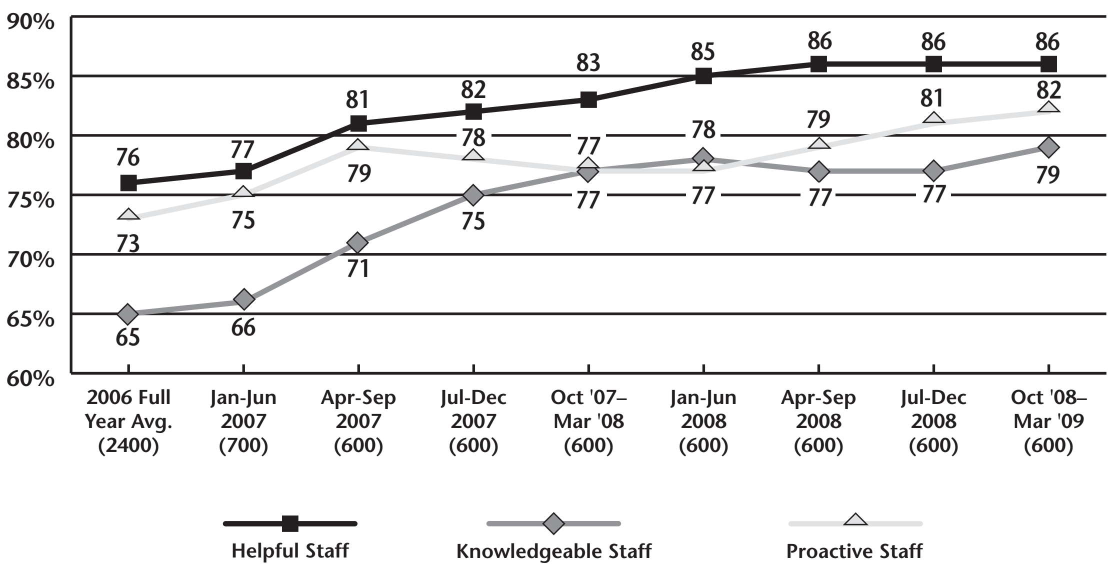
Customer Satisfaction: Overall Results March 2006–March 2009



Percentage of respondents who rate customer satisfaction between 8 and 10 on a scale of 0–10.

In managing the business, some of the indicators used to ensure maximum shareholder return while operating a modern retail business are outlined below.

NSLC Retail Staff Evaluations March 2006–March 2009



While success in the retail store system can be quantitatively attributed to the increase in volume and sales of the individual product offering segments, as well as extended hours of operation, it can qualitatively be associated with increased customer satisfaction. The NSLC regularly monitors its Customer Satisfaction Index (CSI) using 23 driving factors of success. Among the ratings NSLC is most proud of are the customer assessments of staff. Using the same 0–10 scale, the figure above shows steady improvement in the number of customers giving us an 8–10 rating across three key dimensions that track appraisals of our retail staff, namely, their helpfulness, knowledge levels, and the extent to which they proactively engage with customers in an effort to serve them better. These results suggest that our increased focus on training staff on how we wish them to interact with customers, their selling expertise, and product knowledge is paying off in terms of improved customer experience. These ratings are all up significantly over the last few years. This strategy is one of the most effective to increase sales and trade the customer up the quality ladder.

Performance

In addition to the increased customer satisfaction, the growth in the return to the NSLC's shareholder has been unparalleled in its 78-year history. In fiscal 2008–2009, the NSLC exceeded budget expectations on both top-line and bottom-line growth, achieving net income from operations of $212.6 million on net sales of $559.5 million. The topline grew by 5.5 per cent with bottom-line growth at 7.0 per cent, compared to the previous fiscal year.

Additionally, the NSLC wholesale market (which includes licensees, private wine stores, and agency stores) showed good growth in fiscal 2008–2009. With sales of $110.6 million, the wholesale market represents approximately 20 per cent of our gross sales. This is a 7.6 per cent increase as compared to the previous fiscal year. The growth was largely due to increased sales for both agency stores (+19.9 per cent) and private wine stores (+10.2 per cent). Sales to licensees have increased by 1.5 per cent as compared to the 3.9 per cent drop during the same time period in the previous fiscal year.

Corporate Responsibility

The province's sustainable prosperity initiative points out that Nova Scotians want to achieve prosperity and growth in an environmentally sustainable manner. They are looking for Nova Scotia businesses to meet today's needs, while not compromising our future.

Nova Scotians are no different than consumers and investors globally, who are seeking greater efforts by business to act in a corporately responsible manner. Higher standards are expected and are being delivered in the business approach to the environment, trade standards, labour standards, adherence to basic human rights, and sustainable growth.

In addition to extensive efforts in the area of socially responsible consumption of beverage alcohol, NSLC is also developing all aspects of its business and future planning to ensure sustainable prosperity with a new Corporate Social Responsibility Plan. This CSR plan goes beyond the promotion of socially responsible consumption of alcohol to a new level of attention to the organization's impact in society. The first step in the CSR plan was the announcement in April 2008 to eliminate the 290,000 pounds (131 500 kg) of plastic bags that land in provincial landfills every year, a result of the 10 million plastic bags used in NSLC retail stores. This leadership position has now been emulated in other liquor jurisdictions across Canada and has set the standard for other retailers to follow.

The NSLC, as part of our broader environmental efforts, has recently conducted a Greenhouse Gas Emissions Inventory, more commonly referred to as "carbon footprint." This carbon footprint is a measurement of the sum of the environmental costs of all NSLC buildings and infrastructure, supply chain, transportation of people and products, and processes and operations. This measurement will provide the baseline to reduce our overall impact on the environment by developing and implementing strategies to reduce emissions across all areas of the business.

Other environmental efforts will include the development of a no-idling policy for trucking suppliers, safe product-dumping procedures at retail, waste diversion and recycling, and safe disposal of equipment. We will be reporting our progress on corporate responsibility initiatives this fiscal year in the NSLC's first annual sustainability report. This report will analyse the NSLC's environmental and corporate responsibility efforts and will include the progress made in reducing its overall carbon footprint.

NSLC Customers

The key for any successful retail organization is to know its customers, their needs and expectations, and how to meet these needs and to anticipate how best to serve them in the future.

Through both quantitative and qualitative research, the NSLC has identified and segmented our customer base in order to offer a better retail shopping experience. Driving this segmentation is a behavioural approach that recognizes that NSLC customers buy products for specific occasions. The NSLC customer buys for one or more of the following distinct reasons:

- Celebration: For holidays and special occasions
- Socializing: With groups of friends, relatives, or colleagues
- Simple Pleasures: At home or after a meal
- Weekenders: Socializing on weekends
- Savouring: Before and during the mealtime experience
- Unwinding: At the end of the day, through the week, alone time

These different occasions capture why NSLC customers purchase products. In order to fully understand customer needs and expectations, the NSLC has to also answer who is purchasing for these occasions, what they are purchasing for each occasion, when are they buying, and how much they are spending. The NSLC segments its approximately 535,000 customers based on their behaviours (captured in answers to the aforementioned questions) and then groups them into four customer segments:

- Adventurers: Buy different products across categories, shop more frequently, and spend more on average
- Loyalists: Buy the same product, shop more frequently, and spend more on average
- Discoverers: Buy different products across categories, shop occasionally, and spend less on average
- Maintainers: Buy the same product, shop occasionally, and spend less on average

By understanding the needs and expectations of its customers, the NSLC is well positioned to deliver on its business objectives.

There are many opportunities to increase revenues with all customer segments; analysis reveals that close to 4 in 10 of our customers (37 per cent) are good candidates for sales growth. More specifically, 8 per cent of the customer base is considered to exhibit the "best potential" for growth, and a further 29 per cent is considered to exhibit "very good" potential for growth.

Two discernable demographic characteristics serve to distinguish the high-potential segments from the remaining customer base. Firstly, high potentials tend to be younger (64 per cent under 45 years of age) and female. Secondly, they are more likely to live in Halifax. Fully 43 per cent of all Adventurers and 44 per cent of all Discoverers live in HRM.

The unique characteristics of each customer segment and number of like customer segments by store suggest that the NSLC is able to tailor its activities (e.g., store design, category assortment, displays, impulse opportunities, sales training, added-value offerings, etc.) to appeal to key customers. However, as a monopoly, it remains our responsibility to provide appropriate levels of customer service for all customer segments, in all stores.

Growth Composite by Customer Type

Percentage within quadrant type of customer

		Type of Customer				Total
		Loyalists (HV)	Adverturers (HO)	Maintainers (LV)	Discoverers (LO)	
Growth Composite	0 Extremely low potential	33%	11%	38%	15%	25%
	1 Below-average potential	40%	28%	42%	43%	39%
	2 Very good potential	23%	44%	17%	33%	29%
	3 Best potential	3%	17%	3%	10%	8%
Total		100%	100%	100%	100%	100%

Creating the right store for the right market was and continues to be one of the NSLC's key priorities. Walk into any NSLC retail outlet, and they all share a similar vision and standard, yet provide an individual experience. The multi-store retail strategy, together with customer research, ensures a better understanding of the customers' needs and helps the NSLC align its network and service offerings.

Generally, as the Nova Scotia population base shows relatively flat growth and is ageing, NSLC's opportunity for growth lies in creating the right store in the right location, diversifying the beverage alcohol product available to the market, educating the consumer on the products available, and encouraging trial of better-quality products, all while continuing to reinforce intelligent consumption.

Organizational Elements

The NSLC has five key organizational elements to its business: 1) Supply Chain; 2) Retail; 3) Wholesale; 4) Corporate Services; and 5) Regulatory

Supply Chain

Like all retail businesses, the backbone of the NSLC is an effective and efficient supply chain. The logistics 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 retail stores is an enormous undertaking, which speaks to the efficiency of the business. In addition, the work of Supply Chain must also meet the needs of licensees, agency stores, and private wine and specialty stores, which each have unique customer requirements. The ongoing goal of the supply chain is to improve the speed of all deliveries, while carrying a minimal level of inventory and simultaneously meeting the needs of all its customers. In an effort to optimize cash flow efficiencies the NSLC has implemented responsible inventory management practices, while maintaining a target fill rate of 98 per cent (retail 97 per cent and wholesale 98.5 per cent).

Retail

The NSLC is the province's single largest corporate retail banner responsible for the sale of beverage alcohol in the province. It does so through 106 retail stores, ranging from the Wine Baskets located in grocery stores to the high-end Port of Wines store and 54 agency stores. The NSLC is constantly examining market retail patterns to ensure that the store network is best designed to meet the constantly evolving needs of the consumer—the right store—with the right products in the right location.

A key element to retail success is the knowledge, experience, and talent of retail store staff. The NSLC employs over 1500 people in communities across the province and strives to support and enhance their skills to deliver superior customer service in a vibrant shopping environment.

Wholesale

With the exclusive responsibility to acquire and distribute beverage alcohol in Nova Scotia, the NSLC also serves as a wholesaler. The wholesale market makes up approximately 20 per cent of NSLC's revenue. The NSLC wholesale market involves supplying beverage alcohol products to the province's 2100 licensees (restaurants, bars, lounges, and hotels licensed to sell beverage alcohol) representing 11.7 per cent of net sales; NSLC agency stores (6.2 per cent of net sales); and private wine and specialty stores (PWSS) (1.6 per cent of net sales) with beverage alcohol products.

At the end of fiscal 2008–09, the NSLC wholesale market is showing good growth with sales of $110.6 million. This is a 7.6 per cent increase as compared to the previous fiscal year. The growth was largely due to increased sales for both agency stores (+19.9 per cent) and private wine stores (+10.2 per cent). Sales to licensees have increased by 1.5 per cent as compared to the 3.9 per cent drop during the same time period in the previous fiscal year.

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 strategic planning and financial management of the business; the merchandising and marketing of products; the development of human resource needs; the development and maintenance of our facilities and the 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. The use of SAP technology has greatly improved the execution and efficiencies of all parts of the NSLC through access to improved and more accurate data.

Regulatory

The NSLC is responsible for aspects of the Liquor Control Act relating to regulating the activities of manufacturers, their representatives, and non-consumer (commercial/industrial/institutional) uses of alcohol. Every manufacturer or their agent must be authorized by the NSLC to represent and/or market particular products and brands in the province.

A major component of the NSLC's regulatory obligations includes activity related to wineries, breweries, and distilleries manufacturing products within Nova Scotia. The NSLC recognizes the value that these local manufacturers add to the Nova Scotia economy and the great potential that their products offer in both local and world markets. All local producers are able, once permitted by the NSLC, to operate a retail outlet at their place of manufacture. In addition, the NSLC issues special permits for some of these producers to retail their product in areas such as farmers markets.

In 2007, as part of the Nova Scotia wine development strategy, the NSLC introduced the Nova Scotia wine industry pricing policy to help accelerate the growth of this rapidly developing industry in our province. The policy will aid the excellent local wineries in competing against their international counterparts within the Nova Scotia market and stores. The NSLC is committed to working with industry and government in this exciting area of our business.

Strategic Plan

In 2005, the NSLC released its first 5 Year Strategic Plan for the organization, identifying business objectives through 2010 and outlining the customer promise. During this planning year we are in the process of finalizing our next 5 Year Strategic Plan, which will guide the organization to achieving our goals from 2010–2015.

Our existing Customer Promise states:

The NSLC will provide our customers with service that

- aligns product availability and selection with our customer needs
- is a vibrant, interactive, and inviting, Nova Scotia shopping experience
- ensures discovery and personal service with friendly and professional staff

The focus of the strategic plan is to "transform the NSLC from a place to buy something into a place to shop."

The NSLC has identified five strategic pillars to guide its operations during the period of the 2005–2010 strategic plan:

- **Stewardship**
  As a Crown corporation the NSLC is legislated to deliver its business according to the Liquor Control Act. This pillar sets out how the NSLC will deliver on the responsibility entrusted to it by Nova Scotians.
- **Customer**
  This pillar outlines how the NSLC will deliver on its customer promise.
- **Reputation**
  The overall reputation of an organization impacts its financial success. This pillar sets out the NSLC commitment to enhance reputation and measure progress.
- **People**
  Having the right people, working in an enjoyable and effective work environment, drives success. This pillar sets out how, as a modern retail business, the NSLC will develop its people.
- **Financial**
  This pillar sets out the organization's top- and bottom-line performance expectations.

Each pillar is accompanied by five-year strategies that are the organization's focus in achieving its goals as outlined in the strategic plan. Each of these strategies has alignment with the priorities of the current fiscal year. The detailed strategies can be found in the NSLC 5 Year Strategic Plan. What follows are the highlights of this year's priorities.

Priorities for 2009–2010

Stewardship

Five-Year Goal

- To provide Nova Scotians with the corporate stewardship entrusted to the NSLC under the Liquor Control Act

2009–2010 Priorities

- Develop the next 5 year Strategic Plan 2010-2015.
- Continue emphasis on improving Crown corporation governances by adopting national best practices.
- Develop a framework and social legislative strategy for NSLC and board to bring forward policy advice in areas of beverage alcohol legislation and industry economic development.
- Implement Phase 2 of the Nova Scotia wine industry strategy, in conjunction with government and industry stakeholders, allocating internal funding and developing implementation measures.
- Implement a community relations strategy that is supportive of the communities we serve.

Customer

Five-Year Goal

- To match the customer experience with the customer promise

2009–2010 Priorities

- Continue to evolve the product specialist's role to support the network plan and advance team development through training.
- Initiate next phase assortment and promotional improvements: develop promotional effectiveness metrics, integrate marketing into the promotional process, and map store display space.
- Reinvigorate product availability and selection via assortment and merchandising: close wine assortment gaps identified in the multi-format retail strategy.
- Upgrade and enhance the physical merchandising and operational components of the cold rooms.
- Implement Phase 2 of the customer-centric online strategy.
- Evolve and enhance the customer event strategy.

Reputation

Five-Year Goal

- To be recognized as a leading retailer in Nova Scotia

2009–2010 Priorities

- Develop the NSLC Corporate Social Responsibility plan (CSR) and environmental strategy and implement Phase 1.
- Plan and implement the new Energy and Environment Investment program, including energy conservation, waste separation/diversion, pilot LEED/green store design, and network gap analysis and ROI.
- Evolve the national Check 25 program, a preventative measure to underage access, by reviewing current practices and implementing further improvements to the program.

People

Five-Year Goals

- To have a highly motivated and engaged workforce
- To develop our workforce, including our leaders, to meet the evolving needs of the corporation
- To have a highly productive workforce

2009–2010 Priorities

- Enhance employee engagement by addressing key learnings from the 2008 employee opinion survey.
- Implement the next phase of the store management development program, including business, people, and performance management skills.
- Further review and update casual employment practices, including recruitment, selection and retention.
- Strengthen the healthy workplace culture through the use of wellness profiles and a healthy workplace committee.
- Assess, and develop an approach to address, labour relations issues related to five-year strategic goals.
- Enhance the internal website's capabilities to support learning, business processes, and improved internal communications.

Financial

Five-Year Goals

- To reach a 4.1 per cent annual growth rate over the next five years (ending 2010)
- To contribute $215 million to the province by 2010
- To effectively use our capital

2009–2010 Priorities

- Continue implementation of the multi-year corporate-wide SAP benefits realization plan (Phase 2)—EDI, inventory management and optimization, and POS promotional capability improvements.
- Improve business performance through enhanced business intelligence and financial metrics.
- Optimize inventory productivity in the DC and the retail store network.
- Deliver $573.5 million in net sales, surpassing targets as outlined in the 5 Year Strategic Plan.
- Return $217.0 million net income from operations to the shareholder
- Implement recommendations (Phase 2) of the Multi-format Retail Strategy, closing identified gaps in services and assortment by store.
- Implement the Capital Investment Strategy, which includes Year 1 of the Multi-format Investment Plan and Year 3 of the three-year network plan.
- Develop the next three-year network plan.
- In the current economic environment, optimize our return to the shareholder by taking steps in two areas; modelling and reviewing our volume and pricing strategies and continuing to monitor traditional measures to manage our cost.
- Explore new avenues for growing the NSLC business model.

Strategic Enablers

There are important strategic enablers, allowing us to deliver on our 2009–2010 priorities in support of our 5 Year Strategic Plan and, ultimately, allowing us to meet our customer and shareholder expectations. These important enablers are the capital and operating expense plan, customer experience, business planning process, and business analytical capabilities.

Capital and Operating Expense Plan

Prior to becoming a Crown corporation in 2001, NSLC's growth was impeded by the lack of investment in the business. The result was technology and a store network barely able to keep pace with the demands of a modern retail business to a degree that fundamental elements of the business were at risk.

The NSLC has increased spending since becoming a Crown corporation to invest in the long-term health of the business. These investments include capital expenditures for the replacement of the core technology that runs the business, now SAP; a new point-of-sale system; and the renewal of the store network.

The capital investment from 2004 to 2007 in SAP has increased planned depreciation and amortization for the next three years until the 2010–2011 fiscal year. In addition, during 2007–2008 the NSLC made an additional major capital investment with the replacement of the point-of-sale system. This will impact the amortization and depreciation expense line beginning in 2008–2009 and will continue over the next four years.

Additionally, from 2004 to 2007, the NSLC partnered with major grocery chains in many of its locations to provide a convenient and improved shopping experience. Some of the capital investment was provided by these grocery partners, and for the most part, the NSLC has optimized this opportunity. In future, continued store enhancements that meet the ROI hurdle rate model for capital expenditures will be funded by the NSLC.

On an ongoing basis, the business requires operating expenditure investments to enhance the customer experience at retail, manage the supply chain, introduce modern marketing and merchandising practices, improve financial reporting and analysis, and train employees.

IT Enablers

There are a number of key IT corporate initiatives that enable efficient and effective management of the NSLC. Some of the key IT initiatives for 2009–10 are a business intelligence roadmap to ensure that data and analytics are managed for efficiencies from a common data source and automation of the suggested order quantity (SOQ) process at retail to assist stores in the forecasting and replacement of stock. Similarly, but on a larger scale within supply chain, the adoption of technology-enabled business processes will support requirements planning. Efficiencies will be gained with electronic data interchange (EDI) in the form of advanced shipping notices that will support and enhance relationships with our suppliers, freight forwarders, and Canada Customs. This will increase our visibility to track and manage inventory throughout the supply chain. The NSLC is also in the process of developing an electronic portal that will improve information flow between suppliers and agents to enhance partnerships and operating efficiencies for the industry. These IT initiatives enable the NSLC, through technology, to evolve and manage our business more effectively and to eliminate costs.

Customer Experience

The NSLC brand presents an overall impression of the organization to our customers through all customer touch points. Brand touch points include the physical store environment, staff interaction, the logo, product selection and availability, promotions and advertising, impressions left by news media, events, online, many intangible elements, etc. Every place a customer can interact with a company is a touch point, and that touch point affects how you are perceived. Perception impacts a customer's willingness to respond to a retailer's effort to get them to purchase products.

Brand = Promise + Performance + Perception

The NSLC brand will continue to evolve and move the organization closer to delivering on the customer promise.

Business Planning

The NSLC has developed its business planning process to help guide the organization in meeting its commitments under the 5 Year Strategic Plan.

The corporate business planning process analyses the business as it currently stands and provides a blueprint as to how the NSLC will reach the goals set out in the 5 Year Strategic Plan. These include a vision of the customer experience, the service culture to which the NSLC aspires, definition and segmentation of the customer base, the optimal cross-category strategy for profitability, and how to achieve and maximize financial performance through the use of pricing and gross margin.

The annual business plan, category management plans, and annual business unit plans are then aligned with the 5 Year Strategic Plan to ensure that we deliver on stated objectives.

Leading retail businesses use customer research and data together with category management to drive customer satisfaction and increased profitability. Based on customer needs and performance analysis, the category management plans strategically define and drive product selection, product pricing, product placement (e.g., which stores, where in store, where on shelf), and product promotion.

As we approach 2010, the end of our current 5 Year Strategic Plan, we are now developing the NSLC's next 5 Year Strategic Plan for the 2010–2015 timeframe.

Business Process Improvement

Technology supports key business processes, such as product ordering, financial management, human resource management, data warehousing, and customer behavioural insights, to name a few. These systems and the resulting new business processes improve decision making and enhance the execution of strategies and operational needs. Realizing the benefits of the SAP implementation continues to improve our evolving business processes and provides the necessary tools and information to help NSLC achieve its goals and objectives.

Risk Factors

Risk, simply put, is anything that impacts the ability to achieve objectives. Therefore, it is important to outline the risk factors that can impact the NSLC's ability to meet its commitments and objectives.

Enterprise Risk Management

As part of its annual business plan development, the NSLC has incorporated a formal process to examine potential risks that may impair or hinder its ability to execute the plan or realize its goals. Called the Enterprise Risk Management (ERM) process, it is a form of due diligence that systematically isolates the challenges that may affect our business using three criteria:

- the identified risk must be significant enough to make a material difference to the plan
- it must be something that the NSLC can either control or influence
- it must be something that, in its judgment, the NSLC is not currently controlling or influencing in an adequate fashion

Using this process, a total of six separate risks have been identified for the coming year. Plans have been developed to address each of these, and the executive and board will be monitoring progress against those plans over the course of the year.

The six key risks identified are

- business continuity—ability to operate following an emergency
- merchandising and marketing—need to upgrade decision-making capabilities with better data, tools, and resources
- knowledge, retention, and acquisition—of people with key skills
- teamwork and integration—of functional areas to achieve corporate goals
- successful technology implementations—to leverage business processes
- change management capability—managed to keep pace with volume and extent of changes over time

It should be noted that as NSLC is a publicly owned Crown corporation, changes in statutes, regulations, public policy, or other directives from our shareholder could have a material impact on the annual plans and budgets.

The economic uncertainty is a special potential risk that we all face in the upcoming year and is covered in the next section, Economic Risk. The products sold by the NSLC are purchased with the discretionary income of customers. General economic conditions of the province affect discretionary income and could reduce NSLC sales and overall profitability, as in any retail business.

Economic Risk

Looking ahead to the coming year, NSLC believes that one of the most significant risks NSLC faces is the risk posed by the global economic downturn that has been brought about by the U.S. financial crisis and attendant credit crisis.

In an effort to understand how its business may be affected in the coming year, NSLC has examined how it performed during past downturns in the economy.

In the downturn that occurred during the late 1980s and early 1990s, the rate of unemployment in the province grew by 50 per cent, from just over 8 per cent in 1989 to almost 13 per cent in 1993.[1] It took another six years from this peak—until 1999—for the unemployment rate across the province to fall to the level it was at a decade earlier.

Over the course of the first half of the 1990s, real gross domestic product for the province grew at an anemic pace and actually declined slightly in 1991. It didn't show any significant growth until well into the decade, finally shaking off the effects of the downturn in 1997.[2]

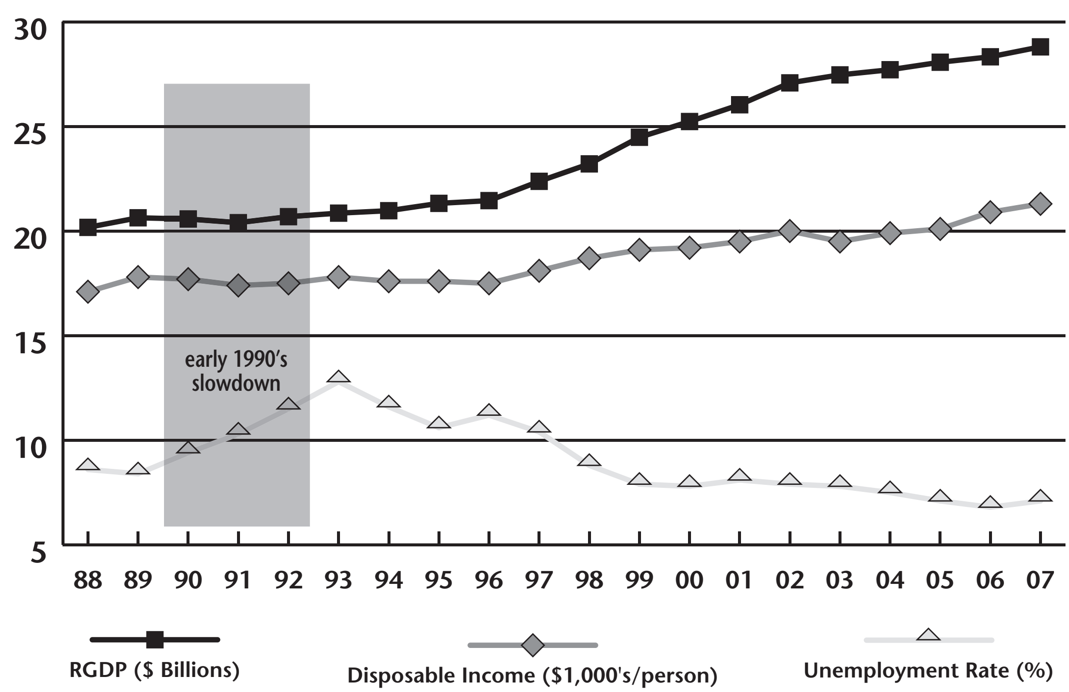
With unemployment up and economic growth largely flat, NSLC revenues declined slightly over much the same period of time. Total revenues peaked in fiscal 1989–90 at just under $350 million. Revenues dipped to a low of $320 million over two straight fiscal years in the middle of the decade and did not recover until the 1998–99 fiscal year, when they returned to the same $350 million mark they had hit 10 years previously.[3] It's worth noting that the

1. Statistics Canada. Table 282-0087, Labour Force Survey Estimates (LFS), by sex and age group, seasonally adjusted, population 25 years and older, computed annual average.

2. RGDP Source: Statistics Canada. Table 384-0002 , Gross Domestic Product (GDP), expenditure-based, provincial economic accounts, annual (dollars), Prices = Chained (2002) dollars; CANSIM (database).

3. NSLC Annual Reports, 1988–89 to 2007–08.

Key Economic Indicators 1988–2007



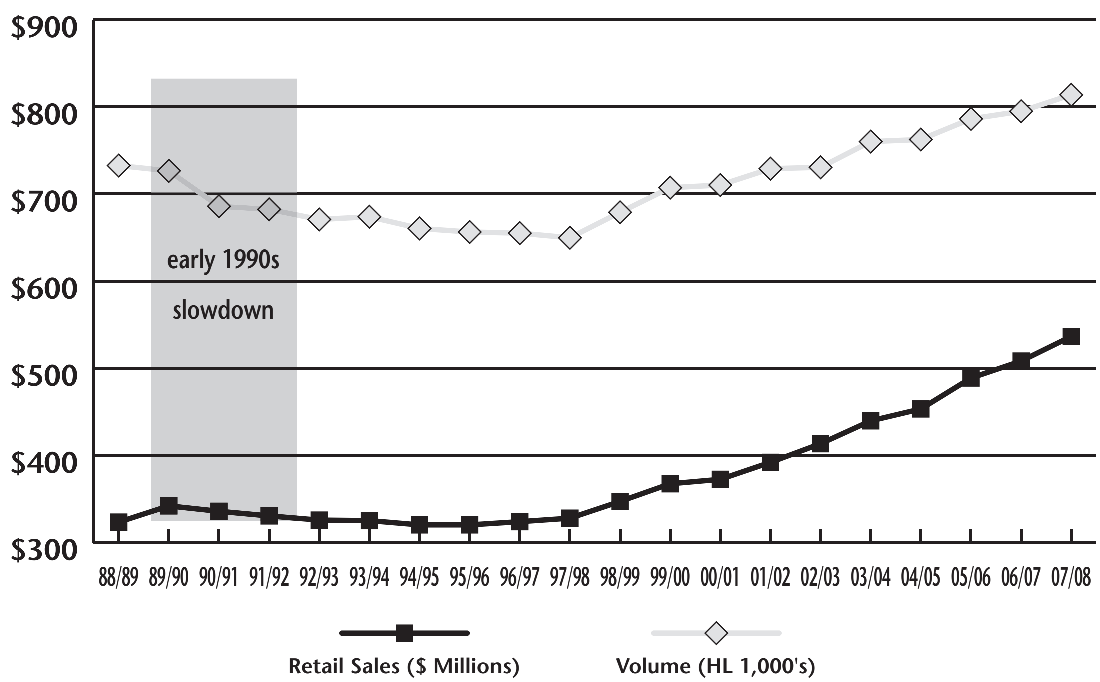
upturn in the province's RGDP in 1997 didn't translate into appreciably higher sales at the NSLC until 1999.

During this same period of time, the volume of alcohol sold by the NSLC as measured in hectolitres declined as well, but at a steeper pace than the decline in overall revenues. The sharpest decline occurred at the outset of that period. Total volumes sold fell by 37 437 hectolitres between the 1989–90, and 1990–91 fiscal years, a year-over-year drop of 5.1 per cent. Throughout that period, management of the day offset declining sales volumes with price increases, effectively cushioning overall revenues at the expense of volume.

Volumes recovered when sales recovered, with both posting healthy gains in the 1998–99 fiscal year. Both revenue and volume have trended upward ever since, although volume increases have lagged increases in overall retail sales. In fact, since 1988–89, the NSLC's ratio of dollar sales/liter has increased from $4.42 to $6.39 in the 2006–07 fiscal year.

Taken together, these data suggest three important findings from that period in time. First, NSLC revenues were negatively impacted by the economic decline. It took 10 years for the NSLC to achieve the same total sales revenues it enjoyed prior to the downturn in the late 1980s/early 1990s. The

Retail Sales and Volume Sold 1988–89 to 2006–07



second and perhaps more compelling insight is the length of time that particular downturn lingered in Nova Scotia. While other parts of the country saw a significant turnaround in their economies by 1994–95, Nova Scotia would take another four to five years before the full effect of that turnaround took hold. Third, the decline in volumes at the outset of that economic downturn is instructive. The NSLC today is a much different organization than in 1989. NSLC does not predict a meaningful decline in volumes in the coming year and through strategic merchandising will optimize our profitability.

If the 1989 downturn came on hard and stayed late, the downturn at the beginning of the millennium never really materialized. The annualized, seasonally adjusted unemployment rate hovered to within a fraction of either side of 8 per cent from 1999 to 2003.[4] (Since then, it has declined to a low of 6.8 per cent, but over the first 11 months of 2008, it has been creeping back up and currently stands at 7.8 per cent for the month of November, up 0.3 per cent in a month.)

Since the 1998–99 fiscal year, total revenues to the NSLC have increased to over $500 million in fiscal 2006–07, an increase of almost 50 per cent. RGDP has been growing steadily since 1997, from just over $22 billion, to just under $29 billion at the end of 2007.[5] Personal disposable income has also been rising steadily, from 1996 when it was just under $17,500.00 per person, to $21,300.00 at the end of 2007.[6]

In sum, the last 10 years have been characterized by steady growth in the Nova Scotia economy, which in turn has provided a solid foundation for the growth in revenues and profit the NSLC has generated for its shareholder. Indeed, over the last several years, the NSLC has exceeded its financial targets and delivered even more profit to Nova Scotians than it had committed.

Looking ahead, the economic picture is far from certain. The NSLC is taking steps to ensure that it mitigates the risks posed by the global economy as much as possible.

One thing that the NSLC can be certain of is the fact that the NSLC of today is a different organization than it was the last time the province faced challenging economic times. NSLC has evolved into a modern retailer and has at its disposal a broader array of measures that it can employ to manage the effects of a downturn in its business. From state-of-the-art inventory management and control, to engaging stores, active marketing and merchandising programs, and a much

4. Statistics Canada. Table 282-0087—Labour force survey estimates (LFS), by sex and age group, seasonally adjusted, population 25 years and older, computed annual average

5. RGDP Source: Statistics Canada. Table 384-0002—Gross Domestic Product (GDP), expenditure-based, provincial economic accounts, annual (dollars), Prices = Chained (2002) dollars; CANSIM (database).

6. Source: Statistics Canada. Personal disposable income per person; Table 384-0013—Selected economic indicators, provincial economic accounts, computed annual average (dollars unless otherwise noted), CANSIM (database).

more sophisticated understanding of our customers shopping habits and purchasing preferences, the NSLC is better equipped than in the past to respond to the uncertain business environment it is entering.

Nonetheless, the NSLC's plan for the coming fiscal year will be based on conservative estimates of growth. NSLC is entering the last year of its 5 Year Strategic Plan. That plan committed the NSLC to delivering to its shareholder a profit of $215 million in the final year. Notwithstanding an uncertain economic environment, NSLC expects its business to grow in the coming year and that it will be able to more than deliver on that commitment.

NSLC budget assumptions take into account the uncertain economic condition it now faces. Its revenue and profitability estimates are aggressive, but realistic, given these conservative assumptions. NSLC does not envisage the growth rates that it has had in the past four years but plans to meet and/or exceed its financial targets.

Performance Measures

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

Net Income (millions)

Actual 2005–06	Actual 2006–07	Actual 2007–08	Actual 2008–09	Budget 2009–10	4-Year CAGR
$181.3	$188.2	$198.7	$212.6	$217.0	4.60%

Net Sales (millions)

Actual 2005–06	Actual 2006–07	Actual 2007–08	Actual 2008–09	Budget 2009–10	4-Year CAGR
$486.1	$504.7	$530.6	$559.5	$573.5	4.22%

Operating Expense Ratio (including depreciation) (%)

Actual 2005–06	Actual 2006–07	Actual 2007–08	Actual 2008–09	Budget 2009–10	4-Year CAGR
14.8%	14.7%	15.4%	15.3%	15.5%	5.49%

Operation Expense Ratio (excluding depreciation) (%)

Actual 2005–06	Actual 2006–07	Actual 2007–08	Actual 2008–09	Budget 2009–10	4-Year CAGR
13.8%	13.7%	14.0%	13.7%	13.8%	4.21%

Budget Context

Financial Plan

	Actual 2005–06 $	Actual 2006–07 $	Actual 2007–08 $	Actual 2008–09 $	Sales %	Budget 2009–10	Change %
Spirits	146,511,096	148,457,956	153,513,558	160,878,622		163,844,886	
Wine	81,794,281	87,609,246	97,095,979	104,476,332		109,825,449	
Beer	242,597,682	251,363,331	263,737,652	276,188,679		281,113,029	
Ready-to-drink	17,487,170	20,536,527	21,958,794	23,899,411		24,917,989	
Non-liquor	295,271	196,624	109,955	183,477		195,209	
Total Gross Sales	488,685,500	508,163,684	536,415,938	565,626,519	101.1	579,896,561	2.5
Less: Discounts	2,601,763	3,445,895	5,863,669	6,111,955	1.1	6,366,392	
Net Sales	486,083,737	504,717,789	530,552,269	559,514,564	100.0	573,530,169	
Cost of Sales	233,107,815	242,344,875	250,065,446	261,364,917	46.7	267,709,991	
Gross Profit	252,975,922	262,372,914	280,486,823	298,149,647	53.3	305,820,178	
Less: Store Operating Exp.	45,875,122	47,066,297	48,844,827	49,085,992	8.8	50,983,131	
Gross Operating Profit	207,100,800	215,306,617	231,641,996	249,063,656	44.5	254,837,047	
Less: Supply Chain	4,834,430	5,261,682	5,994,062	4,760,762	0.9	5,324,575	
Corporate Services	17,401,405	17,161,160	19,686,367	21,479,351	3.8	21,333,394	
Other Expenses	4,875,266	6,130,390	5,594,455	6,000,520	1.1	6,468,167	
Add: Other Revenue	5,741,118	6,320,501	5,630,063	4,521,749	0.8	4,801,338	
Total Expenses (excl. stores)	21,369,983	22,232,731	25,644,821	27,718,884	5.0	28,324,798	
Op. Income before Depr.	185,730,817	193,073,886	205,997,175	221,344,771	39.6	226,512,249	
Less: Depreciation	4,475,489	4,832,930	7,325,729	8,731,567	1.6	9,503,056	
Income from Operations	181,255,328	188,240,956	198,671,446	212,613,204	38.0	217,009,193	2.1
Total Expenses (not depr'n)	67,245,105	69,299,028	74,489,648	76,804,876	13.7	79,307,929	13.8
Total Expenses	71,720,594	74,131,958	81,815,377	85,536,443	15.3	88,810,985	

Volume					Change %		Change %
Spirits	5,223,280	5,123,551	5,194,496	5,265,000	1.4	5,261,227	-0.1
Wine	6,921,600	7,209,359	7,780,021	8,115,830	4.3	8,454,411	4.2
Beer	63,750,550	64,164,780	65,199,217	65,712,340	0.8	65,528,020	-0.3
Ready-to-drink	2,730,090	2,991,671	3,208,510	3,343,440	4.2	3,422,670	2.4
Total	78,625,520	79,489,361	81,382,244	82,436,600	1.3	82,666,329	0.3

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Municipal Finance Corporation
Business Plan 2009–2010

Table of Contents

Message from the Minister and the Chair

As the Minister of Service Nova Scotia and Municipal Relations, I am the minister responsible for the Nova Scotia Municipal Finance Corporation. The Nova Scotia Municipal Finance Corporation (NSMFC) is a Crown corporation of the Province of Nova Scotia. The NSMFC was established by the Municipal Finance Corporation Act of the Legislature of the Province of Nova Scotia in 1979 and began business in January 1980.

The corporation's purpose is to provide the lowest available cost financing to its clients, which include municipalities, municipal enterprises, school boards, and hospitals. All municipalities and municipal enterprises must finance their external capital requirements through the corporation. Currently, most school board and hospital capital expenditures are financed directly by the province. The 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 forecasting to have over $709 million in debentures outstanding at March 31, 2009. New debenture issues in 2009–2010 are estimated to be in the range of $160 million, which will be balanced against debenture retirements of $95 million in 2009–2010.

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. Four 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 2008 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 to 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 business plan.

The Honourable Ramona Jennex
Minister

Kevin Molloy, CA
Chair

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.

Link to Municipal and Departmental Priorities

The NSMFC's contributions to the municipal and departmental priorities are in the area of infrastructure objectives that contribute to the creation of economic opportunities and building safe and sustainable communities. NSMFC loans are used to finance sewage treatment plants, solid waste facilities, and water services that promote clean and healthy communities. Loans are made to finance streets, buildings, recreation services, and the purchase and development of land, all of which contribute to safer, healthier communities. By working with municipalities to develop recommended financial management practices and adopt North American standards in budget presentation and financial reporting, the NSMFC contributes to the development of winning conditions.

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. Capital markets have been unsettled during the past year, and this is expected to continue during the current year, which will pose challenges for municipal debt issuers.
- The NSMFC must 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.
- The NSFC must maintain financial self-sufficiency. In order to meet its mandate, the corporation must remain economically viable in both the short and the 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.
- The NSMFC must identify client needs and respond to them. Opportunities exist to assist municipal governments in Nova

Scotia with long-term capital planning and financing options. There is also an opportunity to work with local governments to achieve North American standards in municipal financial management capacity through the adoption of recommended practices and by meeting professional standards in budget presentation and reporting.

- Opportunities also exist to develop partnerships with organizations such as the Federation of Canadian Municipalities to provide a conduit for low-cost loans for clients.

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

Strategic Goals

The NSMFC's strategic goals are designed to assist municipal and departmental priorities in the area of infrastructure objectives that contribute to the creation of economic opportunities and to building safe and vibrant communities. Capital infrastructure is a major component of economic development in both attracting and retaining business investment and promoting communities that are attractive places to live.

The following strategic goals have been developed to assist the NSMFC in meeting its mission of providing the lowest available cost of financing for municipal capital infrastructure and long-term financial planning and support infrastructure, economic, and community priorities.

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

- Provide financing for clients' approved funding requirements through the issuance 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 and bridge-financing programs.
- Facilitate and participate in loans to municipalities from financing sources such as the Federation of Canadian Municipalities Green Fund where funding is available for projects meeting established criteria at below-market rates.
- 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 creditworthiness of the loans made by the corporation.
- Ensure that the corporation's assets and liabilities are closely matched in both amount and maturity.
- Administer the corporation's financial resources prudently to ensure that the corporation's administrative expenses and reserve balances are within approved policies.
- Adhere to generally accepted accounting practices for the valuation of financial instruments.

3. Helping to 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. Encourage Nova Scotia municipalities to apply for GFOA financial reporting and budgeting awards.
- 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 2009–2010

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

1. Provide capital financing at the lowest available cost

- Issue pooled debentures for the approved amount required to meet municipal borrowing requirements and lend a similar amount to municipal units and enterprises. New debenture issuance is expected to be in the $160 milion range; this is balanced against retirements of existing debenture in 2009–2010 of approximately $95 million.

Pooling of capital requirements allows the NSMFC to access capital markets and achieve pricing based on the Province of Nova Scotia credit spreads.

- Facilitate and participate in loans to municipalities from the Federation of Canadian Municipalities Green Fund where funding is available for projects meeting established criteria at below-market rates.

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

- Obtain verification of creditworthiness 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.
- Adhere to generally accepted accounting practices for the valuation of financial instruments

3. Help 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.
- Implement a marketing and promotion strategy to encourage municipal adoption of practices recommended by professional bodies.
- Promote the municipal use of the Debt Affordability Model and provide technical support for 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. The model can also be used by municipalities for multi-year budgeting and forecasting and analysing revenue and expenditure options.

- Establish committees, as required by the board, to study the merits of new products and services and alternative ways to meet municipal capital borrowing requirements.
- Work with the corporation's lead managers and other members of the investment community, staff of the Nova Scotia Department of Finance, other municipal finance corporations, and others involved in municipal capital financing to identify evolving municipal government financial needs and the optimum means of satisfying them.

Human Resource Strategy

Organizations with small staff are challenged when developing human resource strategies, particularly in the area of succession planning, as the skills requirements for the corporation's positions are diverse. The board's strategy has been to develop and retain existing staff and to build capacity by involving other civil servants in the operation of the MFC through corporate officer positions and secondment opportunities. Development and training opportunities are made available to existing staff to enable them to stay abreast of developments in the industry. The corporation's human resource strategy is aligned with the government resource strategy.

Budget Context

Nova Scotia Municipal Finance Corporation Estimated Budget Expenditures

	2008–09 Estimate ($,000)	2008–09 Actual ($,000)	2009–10 Budget ($,000)
Total Program Expenses—Gross Current	566.3	379.3	550.8
Net Program Expenses—Net of Recoveries* (see note below)	$ 0.0	$ 0.0	$ 0.0
Salaries and Benefits—Gross	358.6	224.6	363.6
Funded Staff (FTEs)—Gross	4	4	4

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

Nova Scotia Municipal Finance Corporation Balance Sheet as at March 31, 2009 (Audited)

Assets	
Current Assets:	**($)**
Cash and cash equivalents	6,290,680
Accrued interest receivable	11,020,057
Other receivables	15,222
Principal due within one year on loans to units	95,508,362
Long-term Assets:	
Loans to units beyond one year	614,115,611
Total Assets	726,949,932
Liabilities and Equity	
Current Liabilities:	
Accounts payable	72,209
Accrued interest payable	11,017,720
Principal due within one year on debenture debt	95,569,267
Employee obligations	50,139
Long-term Debt:	
Debentures payable beyond one year	614,086,421
Equity	
Reserve Fund	6,154,176
Total Liabilities and Equity	726,949,932

Statement of Revenue, Expenses, and Reserve Fund year ended March 31, 2009 (Audited)

	($)
Revenue	
Interest on loans to units	35,059,329
Interest on short-term investments	150,508
Debenture expense recoveries and reserve fees	792,878
Sales of services	0
Total Revenue	36,002,715
Expenses	
Interest on debenture debt and short-term loans	35,061,085
Debenture issue expense	348,664
Administrative expense	379,272
Total Expenses	35,789,021
Net Revenue	213,694
Reserve Fund, Beginning of Year	5,940,482
Reserve Fund, End of Year	6,154,176

Outcomes and Performance Measures

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

Outcome	Measure	Data *(2008 survey results* form % *baseline data)*	Target 2009–10	Target 2010–11	Strategies to Achieve Target
To 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				• Monitor alignment of debenture issues with the construction completion schedule and capital budgeting process
	Regional municipalities	50%	100%	100%	
	Rural municipalities	67%	90%	95%	
	Towns	83%	90%	95%	
	Percentage of clients that agree that the debenture terms and structure are flexible enough to meet their needs				• Promote short-term financing program • Work with municipal units on financing options (payments and term) • Communicate options through the use of web page and consultations • Use e-mail to inform municipal CFOs and CAOs of MFC rates and products
	Regional municipalities	50%	100%	100%	
	Rural municipalities	86%	90%	95%	
	Towns	89%	90%	95%	
Lowest available cost of financing for clients	Quality of credit loans	Procedures ensure creditworthiness of loans	Regular review of loan procedures	Regular review of loan procedures	• Maintain quality of portfolio • Promote profile of NSMFC credit quality to maintain strong relationship with government to ensure its support of provincial guarantee
	Pricing received from lead managers in relationship to the Province of Nova Scotia's cost of funds	Provincial guarantee allows the MFC to price off the PNS spread	Maintain access to the provincial guarantee	Maintain access to the provincial guarantee	

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

Outcome	Measure	Data *(2008 survey results* form % *baseline data)*	Target 2009–10	Target 2010–11	Strategies to Achieve Target
Ensure that a sustainable source of funding is available for financing requests from clients and to ensure the operational viability 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	0	• Ensure that all loans are creditworthy • Monitor creditworthiness procedures and loan payment processes
	Matching of assets and liabilities Matching of aggregate amounts, terms, and timing of debentures and loans	Assets and liabilities are closely matched to term and timing	Maintain matching strategy	Maintain matching strategy	Match the term and timing of NSMFC debentures and loans to clients
	Adoption of a risk management strategy	n/a	Monitor plan	Monitor plan	Review and revise plan as necessary

Core Business Area 3 *Helping to 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	Measure	Data *(2008 survey results* form % *baseline data)*	Target 2009–10	Target 2010–11	Strategies to Achieve Target
Use of best practices (BP) in financial management decision making	Increased awareness of best practices for financial management Based primarily on GFOA (Government Finance Officers Association) programs Municipalities develop and showcase best practices	62% of clients are aware of knowledge-building programs offered by the NSMFC	Post best practices and information on municipal international financial standard awards on the website 70% awareness level 2 units develop BPs	80% awareness level	• Regular communication with clients on the work NSMFC is involved in through AMA regional meetings and conferences and MFC web page partnerships • One-on-one calls and field visits to clients to offer advice and assistance • UNSM/AMA Newsletters • Circulating all BPs developed to municipalities in hard-copy format
Increased financial management knowledge in municipal units	Broader access to financial resources—efficient use of resources and building of networks among financial administrators Number of municipalities receiving GFOA budget and financial reporting awards		Two Nova Scotia municipalities participate in GFOA budget and reporting awards	Two Nova Scotia municipalities receive GFOA awards	• Exposure to conferences that develop and promote best practices in financial management • Continuing to offer financial assistance in sponsoring municipal attendance at annual GFOA conferences • GFOA award information added to MFC website • Active participation in joint committees with AMA
NSMFC client awareness of new financial products and features that may help municipal units	Percentage of municipal units that are aware of and satisfied with products offered by NSMFC Regional municipalities (3) Rural municipalities (21) Towns (31)	 100% (2) 80% (6) 80% (18)	 100% (3) 95% (20) 95% (25)	 100% (3) 95% (20) 98% (30)	• Regular communication with clients on the programs that NSMFC is offering through AMA regional meetings and conferences and MFC web page • One-on-one calls and visits to clients to offer advice and assistance

Core Business Area 3 ***Helping to 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	Measure	Data *(2008 survey results* form % *baseline data)*	Target 2009–10	Target 2010–11	Strategies to Achieve Target
Development and implementation of products and services to respond to client needs	Effective programs directed at clients' needs	Requests for program development • Long-term planning models • Enhanced financial management practices • Innovative financing • Educational programs	Development of programs that meet client needs including developing three best practices and implementing five BPs Two units adopt debt affordability model Two units participate in educational sponsorship program	Develop 3–4 Implement 38 (cumulative) 3 units (cumulative) 2 units	• Continued partnering with AMA, municipal units, and SNSMR • Promoting debt affordability and capital investment plan (CIP) models • Maintaining links with professional associations • Working with FCM on financing opportunities for municipal projects • Engaging graduate summer intern in research / activities that would benefit municipalities and MFC

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Nova Scotia Power Finance Corporation
Business Plan 2009–2010

Table of 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 receivables 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 and the related sinking funds. The entire original debt of C $2,152,879,732, guaranteed by the province, was offset by sinking funds and the balance defeased in accordance with 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 of meeting its mission objective outlined above during the course of the current planning horizon.

Performance in 2008–2009

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

Strategic Goal

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 2009–2010

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 1

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, C $1,440,290,000, having been defeased by March 31, 1997.

Outcome 2

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

Measure

Outstanding debt as at March 31, 2008, was C $700,000,000 and US $300,000,000; defeased assets as at March 31, 2008 had the same principal amounts and market values of C $1,081,797,000 and US $420,471,000, thus rendering the guaranteed debt fully defeased. Adequacy of defeasance assets are certified by auditing firm of Deloitte & Touche.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Sydney Steel Corporation
Business Plan 2009–2010

Table of Contents

The Honourable Bill Estabrooks
Minister Responsible for Sydney Steel Corporation
Government of Nova Scotia
Halifax, Nova Scotia

Dear Minister:

In accordance with government policy, please find enclosed the business plan of Sydney Steel Corporation for the fiscal year ending March 31, 2010. As you are aware, the decommissioning of the Sysco plant is now basically complete, and the next phase of site cleanup and business park development is well under way. With the new Crown corporation, Nova Scotia Lands Inc., managing this work, Sysco will become basically dormant, dealing only with outstanding obligations related to previous operations.

We trust the business plan is complete to your satisfaction, and we look forward to the fiscal year ahead.

Yours truly,

Gary Campbell
President, Sysco

Planning Context

Sydney Steel Corporation (Sysco) reports to the Minister of Transportation and Infrastructure Renewal, Province of Nova Scotia, and maintains a head office in Sydney, Nova Scotia.

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

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

Therefore, Sysco will become dormant, with ongoing operations contracted to Nova Scotia Lands. The company will remain active only to deal with residual issues arising from historic operations.

Priorities for 2009–2010

The plan for Sysco during the 2009–2010 fiscal year is to continue to wind up activities and have the corporation remain dormant.

Budget Context

	Budget 2008–09 ($ 000)	Actual 2008–09 ($ 000)	Budget 2009–10 ($ 000)
Revenue			
Contribution from the province	16,800	13,621	15,850
Gain on sale of assets	3,000	133	1,000
Interest income	50	177	—
Total Revenue	**19,850**	**13,931**	**16,850**
Expenses			
General and administration	—	2,719	—
Consulting	400	868	1,000
Funding to NSLI for remediation activities	16,400	10,132	14,850
Total Expenses	16,800	13,719	15,850
Net Income	**3,050**	**212**	**1,000**
FTEs	0	0	0

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2009–2010

Trade Centre Limited
Business Plan 2009–2010

Table of Contents

Message from the CEO and Board Chair

We are pleased to present the 2009–10 business plan for Trade Centre Limited. This year we continue our focus on growth, partnerships and stakeholder relationships, workforce, and infrastructure. In the forefront is our leadership role in attracting major events to our region, further enhancing our role as a key economic driver. Performing a leadership role in the procurement process and planning for a new convention centre in downtown Halifax further demonstrates TCL's expert capabilities in attracting major events, ensuring that we remain competitive on a national and international scale. In light of the current economic downturn, there is a critical need to build for future economic growth in this city and this province.

Our human resources strategy is focused on continuing to attract and retain high-calibre employees in a very competitive labour market and to be recognized as an employer of choice. Our success is built on the ability of our employees to be leaders in the events and hospitality industry supported by our proactive solutions-focused approach to business and customer service. The organization is also undergoing its first leadership transition in 15 years. This shift offers us a renewed opportunity to build on a solid foundation of sound business practice and shape TCL's culture in a way that best supports the organization's future business direction for the benefit of the people of Nova Scotia.

Our mission of creating economic impacts by bringing people together in Halifax and Nova Scotia guides us as we continue to enhance our customer service, event management, bid development, stakeholder partnerships, and facility planning. We have created strong partnerships throughout the municipality, the province, and the country. In 2009–10 we will enhance our partnerships with our key stakeholders. We will also continue to reach outward to even more national and international event organizers and strengthen our event connections within the municipality and the province.

We are excited about our focus over the coming year and the many unprecedented opportunities it will present for TCL, the city of Halifax, and the Province of Nova Scotia. This plan will provide TCL with the guidance required to move forward with confidence.

Yours truly,

Scott Ferguson	The Honourable Stewart McInnes
Interim President & CEO	Chair, TCL Board of Directors

Mission

The mission is straightforward, compelling and states clearly the value Trade Centre Limited, a provincial Crown corporation, brings to the city and province: Trade Centre Limited creates economic and community benefits by bringing people together in Halifax and Nova Scotia.

Link to the Corporate Mandate

As a provincial Crown corporation, TCL plays an important role in supporting the goals and priorities of the Department of Economic and Rural Development and the Province of Nova Scotia. We support the vision of a thriving Nova Scotia that is the best place in Canada to live, work, do business, and raise families. We do this by bringing people together to create extraordinary experiences and contribute to a thriving economy.

BUILDING A GLOBAL PRESENCE

Globally Competitive Business Climate

As a leader in the hospitality and events sector and as a member of the international World Trade Centre organization, TCL is accustomed to operating in a globally competitive business climate.

One of TCL's corporate priorities is to work with government and other stakeholders to ensure that adequate infrastructure is in place to host major national and international events. A new, expanded convention centre would most certainly enhance the status of our city and province as an international major event destination. The expression of interest process with the Province of Nova Scotia and the Halifax Regional Municipality concluded near the end of the last fiscal year, and the next phase of the procurement process began in the spring of 2009, bringing us closer to the realization of this new facility.

Globally Competitive Workforce

As an employer that reaches many generations of Nova Scotians through employing people both fulltime and parttime, we have a responsibility to ensure our workforce understands the importance of our role: that we are an economic driver and cultural change agent for the communities we serve. This requires commitment to learning, skill development, recognition, and providing safety and security at work, as well as attracting and hiring the best and brightest. We also need to engage all generations and communities of Nova Scotians in our workplace. Being part of something greater than ourselves, celebrating our successes and being leaders in our field, is a proven formula for creating the workforce we need to be competitive.

Globally Competitive Connections

World Trade Centre Atlantic Canada (WTCAC) "makes trade happen" by introducing its members to new customers through a powerful network of 300 world trade centres in nearly 100 countries. Over 750,000 companies worldwide belong to the largest not-for-profit organization in the world dedicated to creating trade opportunities—the World Trade Centres Association.

Locally, the WTCAC benefits Nova Scotia companies by supporting its members through trade education, video conferencing services, and market research and networking opportunities. These services help Atlantic Canada's businesses thrive in the emerging global economy.

TCL is also a member of the AIPC, the International Association of Congress Centres and the industry association for professional convention and exhibition centre managers worldwide. It is a true international organization, with representation from over 53 countries around the world. Membership in AIPC offers TCL and the province greater opportunities to place the world's focus on, and attract more business to, our facilities and our region. In keeping with our commitment to grow globally, TCL is an active member of MPI (Meeting Professionals International), holding a VP position with the Atlantic Canadian Chapter, as well as a member of ICCA (International Congress and Convention Association).

SEIZING NEW OPPORTUNITIES

Leader in Information Technology

TCL has adopted a leadership role for our industry in providing the best technology experience for event attendees and convention delegates.

New software installation for TCL TV has provided us with a more-robust and reliable system for better in-game effects, transitions, and animation, creating a more enjoyable experience for our guests.

Ticket Atlantic uses the latest web technology to deliver the most current information about live sports, concerts, and many other events. Our online booking capabilities allow anyone with Internet access the ability to easily and conveniently book their tickets online

Leader in R&D and Innovation

As we continue to secure relationships with our local universities and conference planners in the scientific and medical communities, we increase opportunities for valuable knowledge exchange by promoting our facilities and expertise in this area.

Leader in Clean and Green Economy

As meeting and event hosts we ensure we're doing all we can to take care of the environment. TCL has implemented an array of eco-friendly programs to minimize our impact on the environment while providing the best meetings, conferences, trade shows and events on Canada's east coast.

CONTRIBUTING TO A HEALTHY AND VIBRANT PROVINCE

Healthy, Active Nova Scotians

Events, sports, and recreational activities taking place in TCL's facilities are major contributors to the health and wel-being of our citizens. These activities engage Nova Scotians in the social and business aspects of the community and province, thereby contributing to healthy bodies and healthy minds.

Nearly one million individuals attend our events annually, and many more take advantage of the recreational opportunities offered within our facilities.

Accessible Services

TCL events cater to many different audiences at different price points and in a variety of venues, providing opportunities for all Nova Scotians to access events that meet their interests and economic situations.

With respect to our venues and services, we always strive to improve accessibility for the benefit of all who come through our doors.

Safe Communities

As a major entertainment destination located in the heart of the urban Halifax downtown core, we are aware of our role in promoting an enjoyable experience for everyone within our facilities. TCL plays a key role in supporting a bustling, vibrant, and inviting downtown experience where people feel welcome and safe. A redeveloped centre and the expanded level of activity would serve to animate an active, bustling downtown with activities that promote a safer urban environment.

Vibrant Communities

Our entertainment and sporting events, conferences, meetings, conventions, and trade and consumer shows add significantly to the cultural dynamics of the city and province and make an important contribution to the overall quality of life in Nova Scotia. TCL has a unique, diversified business model, featuring six business units; however, the organization aligns itself around one driving focus: growing Nova Scotia's communities by bringing people together for major events.

Planning Context

The event and hospitality sector operates in a highly competitive global environment, even in the face of an economic downturn. Competition for conferences, trade and consumer shows, concerts, and sporting and entertainment events remains fierce. As competitive venues nationwide continue to upgrade their facilities and build new ones, promoters, event planners, and patrons have an ever-increasing choice of venues. Competition in the local and regional markets has also increased, with other Atlantic Canadian cities positioning themselves to compete in the industry. Event cancellations and/or reductions in numbers of attendees are common in the industry and have a direct negative impact on our profitability. The mix of events in any given year also has a direct and significant impact on the profitability of our operations. We do have a challenge with our region's seasonal appeal, limiting our ability to attract conventions from January through March.

The economy continues to be steady in Halifax when compared with economic downturns nationally and internationally. While Canada has seen a substantial decline in tourism in recent years, the meetings and conventions industry remains strong overall. However, the U.S. will prove to be a challenge for Halifax and, indeed, Canada in the upcoming years. Many things contribute to this, including the new passport requirement in 2008, a sudden and deep recession, the ongoing war against terrorism, and stifled spending by many U.S. corporations.

One area of major opportunity available to us is the relatively untapped and lucrative international congress market. Increased air access into major international hubs means access to international customers will improve. Our location in the northeast of North America provides us with an immense opportunity to position ourselves as an attractive conference location.

TCL's office tower and Exhibition Park both lack modernization and all the extras that today's customers expect and demand. Additionally, as fuel and utility costs continue to rise, they increasingly have a negative effect on operating budgets.

Changing labour market conditions, including competitive market forces and a resulting decreasing labour supply, create pressures on our ability to attract and retain qualified professional staff and part-time employees. TCL is fortunate to have many long term employees who provide consistent service and are highly appreciated by our customers. A low turnover of staff means that they have intimate knowledge of our product and physical plant. Our employees take pride in what they do, and our customers tell us regularly that they appreciate the high-quality service they receive in all of our venues.

Impending retirements could create a knowledge and experience drain on TCL and, with more than 50 per cent of our employees eligible for retirement by 2016, the organization must put in place an aggressive succession plan. Meeting the specific needs of various generations in the workplace places significant demands on management. Furthermore, constraints on wage increases and market positioning deter TCL from offering competitive compensation packages compared to the private sector, placing further pressures on the organization's ability to continue to deliver high-quality customer service.

TCL has a proud history of generating significant economic activity in the Halifax Regional Municipality (HRM) and the Province of Nova Scotia and will continue to do so in the coming year. We will continue to work with our partners to focus on attracting high-profile sporting and cultural events, conferences, and trade and consumer shows and to identify new opportunities by targeting new markets. The events industry is a competitive industry and by setting aggressive targets, there will be a risk to the bottom line. Ongoing investment is imperative to allow us to invest in our people, operations, and facilities, which in turn will allow us to take full advantage of growth opportunities. These opportunities will support both achievement of our long-term sustainability and continued contribution to the economic well-being of the province in a very significant way.

We are encouraged by the progress made in 2008–2009 with the procurement process for a potential new convention centre. Having redeveloped facilities in the downtown core offering meeting space that meets the demands of today's conference planners and delegates will allow us to answer demand from many customers who have told us they want to meet in Halfiax. With the top 10 convention centres in Canada averaging at least three times the size of WTCC, and many of them upgrading beyond that size, it is imperative that our facilities keep pace. Keeping Nova Scotia in the running for major events and conferences is key to securing the future prosperity of our municipality and our province.

With proper investment, the future looks bright. As a key contributor to the provincial economy, TCL looks forward to 2009–2010 with much enthusiasm and anticipation.

Strategic Goals and Corporate Priorities

As part of the TCL five-year strategic plan, the organization set out four directives that serve as a guide for annual business planning. These four strategic goals are as follows:

1. Growth: Create greater economic impacts by growing current business and developing new markets.
2. Community Partnerships: Build committed partnerships within the community, government, and business.
3. Workforce: Through innovative management approaches, attract and engage a committed and motivated workforce to support future growth of the business.

4. Infrastructure: In partnership with government and other stakeholders, lead the planning and development of the infrastructure necessary to host major national and international events.

Within these four strategic goals, TCL has established a number of corporate priorities for the 2009–2010 fiscal year.

Core Business Areas

World Trade and Convention Centre: The WTCC consists of approximately 50,000 square feet of convention and exhibition space and is also home to Windows at the World Trade Centre, a full-service restaurant and event venue. The convention centre hosts more than 600 events annually, which attract more than 120,000 people from around the province and around the world. Renovations carried out over the past three years have upgraded the facility to provide a more inviting and comfortable environment for our customers, allowing WTCC to remain as competitive as possible with other medium-market Canadian convention centres. Despite this facility's ongoing limitations, it has served us well until now; we eagerly anticipate a potential new convention centre within the next few years, helping us meet the demand of meeting and convention planners worldwide.

Halifax Metro Centre: Located in the heart of downtown, HMC is the premier venue for every major entertainment and sports events to visit the region. As the largest multi-purpose facility in Atlantic Canada, it is specifically designated and geared for versatility and can practically accommodate some of the biggest and most spectacular events on a global scale. Owned by the Halifax Regional Municipality and operated by TCL, it is an integrated part of the World Trade and Convention Centre complex and can play a valuable part in any type of convention, meeting, or exposition, functioning as an exhibit floor and auditorium for major conference events.

Working in collaboration with other TCL business units, strategic partners in the community, and municipal and provincial governments, our **Major Events** division continues to attract new major events for the province. This success is a testament to the abilities of the core staff to bring the necessary partners together and work with event organizers at every step of the process. As a result, there have been stronger alliances formed within the community and incremental increases in the hosting capacity of our communities. This results in further positive economic impacts, which translate into further growth of the industry, and of the city and province in general. Under a new, province-wide major events initiative, our Major Events division will continue its mandate to bring major events to Halifax and help build this capacity in other communities to further their economic goals.

Through the services of **Ticket Atlantic**, we provide opportunities for Nova Scotians to have access to a wide variety of events, from world-renowned acts to international sporting events.

The World Trade Centre Atlantic Canada (WTCAC) is a not-for-profit international trade association that is a direct link to over 750,000 worldwide companies looking to do business. It provides Nova Scotians with vital access to major international markets through trade training, international trade search services, and business introductions.

Exhibition Park: This facility, located on the outskirts of metropolitan Halifax, is an integral part of the community with a focus on trade and consumer shows. It continues to grow in popularity as a venue for social gatherings such as weddings and private dinners. While the physical structure is aging, our attention to customer service continues to motivate our clients to choose this facility over others in the region. It attracts more than 150,000 attendees at more than 100 events each year. The Maritime Fall Fair, a long-established event in Nova Scotia held at Exhibition Park, continues to offer a wonderful family entertainment opportunity, while showcasing the tremendous importance of Nova Scotia agriculture within an urban setting.

Our three major facilities, in concert with our Major Events division, are major economic generators for the province and the municipality. For the fiscal period ended March 31, 2008, the economic contribution was $102.8 million in direct expenditures and $72.4 million in incremental expenditures. With attendance exceeding 750,000 and economic impacts that included 1,664 person years of employment and $41 million in additions to household income, TCL continues to drive growth and prosperity for our region.

Growth

Fulfill our mandate as a community economic driver

In 2009–2010, we will target to achieve a direct economic impact in excess of $100 million from our events. TCL measures direct economic impacts each year, and this target is based on last year's success.

Our events, conferences, and trade shows draw significant attendance from within the province but also from across the country and around the globe. Many attendees who come from outside the province come early or stay after the event. The economic spinoff from our events is substantial and is felt around the province.

Inherent in our business is a parallel relationship between attracting major events and the financial and operational challenges associated with them. These decisions are never taken lightly, and we carefully consider all aspects before pursuing an event. In our experience, the resulting economic impact for the province often justifies a well thought-out, calculated investment.

Maximize revenue and operational efficiencies

Our financial goal in the next fiscal year is to maximize revenue potential and operational efficiencies in all our business units.

Our total revenue projections for 2009–10 are $22.2 million. (TCL, $14.7 million; HMC, $7.5 million). This will result in an operating loss before depreciation of $269,400 for Trade Centre Limited and operating income before capital improvements of $1.3 million for Halifax Metro Centre. Projected economic impacts for this coming year are expected to be in excess of $100 million in direct expenditures and approaching $75 million in incremental expenditures.

All our revenue generating business units are expected to achieve a positive contribution in 2009–2010 except for Exhibition Park and Convention Centre. Accessing new markets and customers will continue to be our priority and will be enhanced through development of a number of key partnerships.

At the same time, the Convention Centre remains the largest economic generator of all our facilities. The value proposition of convention centres across the country is that they are typically not considered profit centres; but rather, their real value is in the positive economic impact generated for their communities and provinces.

Partnerships

Creating economic and community benefits by bringing people together is enabled by the strong partnerships TCL has built throughout the province and the world. Continuing development of partnerships is imperative to TCL's future success. Key long-term goals include creating a better understanding of TCL's business model and its ability to support diverse partnerships and to continue to build strong partnerships that promote collaboration on mutual interests for mutual benefit.

Create stronger links nationally and internationally

Our plans for 2009–2010 include a solid development strategy for national and international markets. A new strategy will target the international congress business in particular and further leverage our relationships worldwide for trade and investment opportunities.

Major events strategy

With our focus on growing Nova Scotia's economy by bringing people together for major events, we will lead the strategic alignment of major event partners. Our aim is to develop a major events network that includes a broad range of industry partners. By collaborating and communicating with these groups, we envision a much more strategic approach to event acquisition for this province.

Trade partnerships and development

As the worldwide economy shrinks, we will reach out and support Nova Scotia businesses and TCL's goals by securing global and local partnerships, finalizing a multi-year trade development program.

Major tenant relations

The importance of mutually beneficial agreements with our major tenants, the Halifax Mooseheads, Halifax Rainmen, and major concert and event promoters, has become more evident than ever. Our goal is to sign contracts that will ensure profitable and advantageous relationships between TCL and these crucial customers.

Stakeholder support for major initiatives

Generating strong stakeholder commitment for a long-term TCL major initiatives strategy is critical to our success. We will work hard to build this support, creating strong results that will ultimately benefit all stakeholders and TCL.

Understanding impacts

The importance of TCL to the local and provincial economy is best understood by analysing economic impact. We will track, measure, and communicate impacts of TCL's business model in a timely, verifiable, and relevant manner. Through this, key stakeholders will have a clear understanding of the effect our business has on Nova Scotia's bottom line.

People

Aligning resources with TCL goals and objectives

Ensuring that our human resources are aligned with our organization's ability to reach its goals has become increasingly important. We will continue to look at our organization's human resource structure and ensure support for our initiatives. As we seek to build on what we do well in defining our culture, this will serve as a pillar of strength during a time of change and new business opportunities. We will develop standards, orientation programs, and protocols that support this cultural definition.

Accountability and development

TCL underwent significant organizational changes in 2008, creating a more efficient structure. We will focus on learning opportunities for our workforce, role clarification, communication, and support for our supervisors and managers creating more accountability and enabling greater employee effectiveness and job satisfaction.

Infrastructure

Launch convention centre redevelopment project

The expression of interest process for a potential new convention centre has concluded, and the next phase of the process is under way by the Province of Nova Scotia and the Halifax Regional Municipality. Trade Centre Limited is a key partner in this process and is a leader in the plan development with the know-how and resources in place to pull it all together.

Carry out renovations and upgrades

While the Halifax Metro Centre is a facility owned by Halifax Regional Municipality, it is operated by Trade Centre Limited under a management agreement. As such, any necessary renovations and upgrades that are approved by HRM will enhance our organization's ability to deliver the best entertainment experience possible for its audiences.

Human Resources Strategy

Human Resources and Payroll at Trade Centre Limited is in the process of change from all perspectives—function, organization needs, and employee needs. In order to better support the organization, we will create and sustain the desired culture and continued development of our competitive advantages through quality innovation, service, and brand image as an economic driver for Halifax and Nova Scotia. We will focus on further refining and defining a TCL culture that supports the direction and vision of the organization as it addresses new challenges and opportunities.

HR's role is to provide the proper architecture and support internally to enable managers, supervisors, and employees to create success for our stakeholders across a broad spectrum of industries threaded together via economic generation and events. It is both an exciting and a challenging time for human resources in any organization that really cares about their employees and their customers. Trade Centre Limited must engage in workplace practices that will help us become an "employer of choice"—and this has become even more important as we prepare for potential expansion, increased competition across most business units, and a highly competitive labour market with four generations and their values merging in the workplace.

As with most organizations facing limited resources and high expectations, TCL must constantly assess the focus of HR. Our priority is building the right culture and aligning resources with goals and objectives, enabling TCL to become an employer of choice, capable of delivering major events and continuing to drive economic impact for our city and province.

Priority will also be placed on improving employee accountability and effectiveness through orientation programs, learning, role clarification, communication, and support for our managers and supervisors.

For this year, Human Resources priorities will continue to focus on the areas identified in the strategic vision for TCL. Developing the road map to become an employer of choice must be quickly defined and put in place for TCL to reach the status of employer of choice. A continued focus and investment in recruitment, with the realignment of roles and the introduction of recruitment manager role within Trade Centre, will assist us in managing one of our greatest challenges, which is recruiting and retaining professional and part-time workers in an increasingly competitive labour market.

Budget Context

TCL faces unique challenges from a budget context, in that our facilities were created as economic generators for the province and HRM and not as profit centres. For a period of time, TCL was successful in achieving surpluses; however, they were not sufficient to support all annual needs. In the past several years, we have experienced deficits, and our forecasts indicate a continuation of this trend, although the magnitude of loss is diminishing. The majority of this loss results from the operation of our largest economic generator, the convention centre, and being hampered by an aging facility at Exhibition Park.

To remain competitive, TCL must invest in the business for the long term. This means that investments in marketing, human resources, facilities, new infrastructure, and enhanced and new service offerings are critical. These investments must be both tactical and strategic in nature. Without these investments, TCL will quickly lose market share, which will negatively impact our contribution to the economic well-being of the province. TCL strives to manage its resources responsibly and achieve the maximum return on each of its investments.

TCL operates six vertically integrated event-driven business units that depend on the number of attendees and the level of spending per attendee, which in turn drives the organization's revenues and expenses. The business units generate economic benefits for the Halifax Regional Municipality and the province by bringing people together from within the region and around the world. Attracting attendees from outside Nova Scotia generates economic benefits for the province through pre- and post-delegate travel expenditures. TCL's level of economic return to the province far exceeds the revenue shortfall and the need for support from the province.

Actual results for current fiscal year (2008–09) were improved from budget, with an operating loss before depreciation of $109,969 for TCL and an operating income before capital expenditures of $1.38 million for HMC. In 2009–10, we expect to generate combined revenues of $22.2 million, resulting in an operating loss before depreciation of $269,400 with respect to Trade Centre Limited and operating income before capital improvements of $1.3 million for Halifax Metro Centre.

Operations Budget Summaries 2009–2010

for the year ended March 31

	2008–09 Estimate ($)	2008–09 Actual ($)	2009–10 Estimate ($)
Revenues	14,706,608	15,160,904	14,652,000
Expenses			
Event operations	6,353,597	6,353,984	6,804,500
Salaries and benefits	3,841,374	3,859,555	3,437,300
General operations	3,737,760	4,085,285	3,652,100
Taxes and insurance	1,027,250	972,049	1,027,500
	14,959,981	15,270,873	14,921,400
Income (loss) before depreciation	**(253,373)**	**(109,969)**	**(269,400)**
Depreciation	**1,650,000**	**1,509,800**	**1,633,600**
Income (loss) for the year	**(1,903,373)**	**(1,619,769)**	**(1,903,000)**

Note 1: Revenues and expenses for the Halifax Metro Centre are not reflected in this budget. Halifax Metro Centre is a facility owned by the Halifax Regional Municipality and operated by Trade Centre Limited under a management agreement. All operating income accrues to the municipality, and all capital improvements are funded by the municipality.

Note 2: Actual for 2008–2009 is as disclosed in TCL's audited financial statements.

Outcomes and Performance Measures

Growth/Financial *Create greater economic impacts by growing current business and developing new markets*

Outcome	Measure	Data	Yearly Target	Planned/ Ultimate Target	Strategies to Achieve Target
Achieve combined revenues of $22.2 million: TCL: $14.7 million HMC: $7.5 million	Year-end audited financial statements	Actual 2007–08: TCL: $12.2 million HMC: $7.3 million	• Revenue growth over 2007–08 • Consistent revenue performance with 2008–09 actual for TCL ($15.3 million)	Growth of combined revenue to $26 million by 2012	• Continue to make sales and marketing investment • Develop new programs and services including Major Events Initiative • Develop and lever new partners and markets
Achieve combined income before depreciation and capital improvements of $1.0 million: TCL: $(269,400) HMC: $1.28 million	Year-end audited financial statements	Actual 2008–09 of TCL: $(109,969) HMC: $1.4 million	Loss before depreciation for TCL consistent with 2008–09 forecast	Approaching breakeven position for TCL: HMC income before capital improvements of $1.0 million	• Carry out revenue growth tactics per above • Continue with operational efficiency items

Partnerships/Stakeholders

Build committed partnerships within the community, government, and business

Outcome	Measure	Data	Yearly Target	Planned/ Ultimate Target	Strategies to Achieve Target
Stronger business partnerships on the international and national levels	Increase in non-residential delegates and higher daily delegate spend	ICCA database and Convention Centres of Canada inputs	• International market business plan developed • 5 joint initiatives with DH /CTC executed	Implementation of international and national business plans growing % of events coming from these important markets	• Leverage national and international associations • Communicate successes with partners
Strategic alignment of Major Events Initiative	Stakeholder feedback	Major Events Initiative business plan	• Funding agreements in place • Launch of Major Events Initiative	• More coordinated and strategic approach to major events • Province-wide competency development	• Implement year 1 of business plan including resourcing and governance • Develop communication plan
Finalized multi-year Trade Development program led by WTCAC	Potential partner feedback	Review of stakeholder objectives and priorities/programs	• Business and communication plans developed • Preliminary support from partners for plans	Strategic alignment of Trade Development program with key stakeholders' objectives and priorities	Develop business and communication plans
Alignment with government, business, and community partners through improved understanding of TCL impacts and benefits	Stakeholder/partner feedback	Current economic impact data	Relevant impacts tracked, measured, and communicated on a timely basis	Improved understanding of TCL business model and benefits	• Implement communications program • Carry out targeted partner and stakeholder engagements with decision makers

Infrastructure

In partnership with government and other stakeholders, lead the planning and development of the infrastructure necessary to host major events

Outcome	Measure	Data	Yearly Target	Planned/ Ultimate Target	Strategies to Achieve Target
Convention centre redevelopment	RFP awarded for facility development	Expression of interest process completed	• Business case, governance, and financing plans in place • RFP process for redevelopment project completed	Construction of convention centre redevelopment facilities commenced	• Communications and formal submissions to HRM and province • Communications awareness with partners and stakeholders

People

Through innovative management approaches, attract and engage a committed workforce to support future growth of the business

Outcome	Measure	Data	Yearly Target	Planned/ Ultimate Target	Strategies to Achieve Target
Align resources with TCL goals and objectives	Attain business goals and objectives	• Business and five-year plans • Employee survey	• Appropriate CEO transition • Develop standards and protocols to support culture definition	Become employer of choice to enhance workforce stability, the preservation of TCL knowledge base, and continual growth of customer and employee satisfaction	• Support BOD in CEO search process • Redefine TCL culture
Enhance accountability and professional development	Employee feedback	Business unit leader input	Clarify role expectations and enhance competency development		• Review role definition • Carry out training and workshops

Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2009–2010

Waterfront Development Corporation Limited

Business Plan 2009–2010

Table of Contents

Message from the Minister

Nova Scotia's waterfronts are a symbol of our economic and community vibrancy. They are what draw people to visit and do business with us, they are the reason why Nova Scotians love to live and work here, and they inspire us to make this an even greater and more progressive province.

Waterfront Development Corporation Limited (WDCL) is at the forefront of this work.

Their process of collaborating with local communities to make the most of their assets is leading to creative new ideas in Lunenburg, Bedford, Dartmouth, and downtown Halifax.

The Tall Ships Festival 2009 is a good example of the international activity we can create throughout Nova Scotia with revitalized and redeveloped waterfronts.

We believe in and support the ultimate goal driving WDCL: creating waterfronts that are distinguished on a world stage, not only for their beauty, but for the economic advantage they provide for this province.

The economic advantage includes

- support for the Marine and Ocean sector, which accounts for 10 per cent of the Nova Scotia GDP
- an internationally recognized tourism destination—the Tall Ships Festival 2009 will generate over $27.5 million in direct economic benefits throughout Nova Scotia
- infrastructure development through which our construction sector (over 10,000 jobs in Halifax Regional Municipality alone) contributes to the growth of this city, the region, and the province

The benefits are significant, and the potential is great. The WDCL Business Plan charts a future that will make all Nova Scotians proud of their great waterfronts, creating wonderful places for people to enjoy and businesses to thrive.

The Honourable Percy Paris
Minister of Economic and Rural Development

Message from the Chair and President

The Halifax Harbour is the source of the most important events and developments in our history. Along this waterfront we have demonstrated compassion in times of tragedy, courage in the face of adversity, and initiative when big ideas mattered.

This waterfront is the province's greatest natural attribute and one of the treasures of this nation. It offers to the people of this province the potential for strategic influence over decisions that are important on the world stage.

As the board and management of a provincial Crown corporation, the phrase "creating shareholder value" holds special meaning for us. It demands that we create one of the world's great waterfronts, one that stimulates economic progress and instills people with pride. To accomplish this, we have adopted a new Strategic Plan for the organization to guide our decisions, including the upcoming year that is reflected in this business plan.

The year ahead is filled with challenge and in it we see opportunity:

- investing in capital projects that sustain businesses and lead to private-sector investment
- completing planning and design on major infrastructure developments and opportunities so we are positioned among leaders out of the economic downturn
- identifying markets and partners for new business opportunities generated by the economic changes we are experiencing in this province
- creating public space for people to enjoy leisure activity in tough economic times
- generating economic activity by marketing attractive destinations and events for tourists

Our board, our management, and our partners are ready and committed to achieving the results outlined in this plan for the coming year and to creating waterfront destinations, connections, and experiences of lasting significance for Nova Scotia.

Colin MacLean
President and CEO

Eric Thomson
Chair

Mission

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

Vision and Mandate

Vision

Through our collaborative approach, we will create a new collection of animated and well-connected waterfront destinations that capture people's imagination and distinguish us among the world's greatest waterfronts.

Mandate

WDCL exists for the purpose of redeveloping and revitalizing the lands surrounding the Halifax Harbour and any other lands designated by its shareholder, the Province of Nova Scotia.

Guiding Values

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

Commitment: Work hard to forge and sustain partnerships that generate positive economic and societal returns.

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

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

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

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

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

Planning Context

Halifax Economy

The economy of Halifax (the location of the vast majority of WDCL property holdings) is generally seen for its potential to do better than most Canadian cities in this recession due to its diversity, the presence of the Navy, and its place as a regional centre for government, business, education, and health.

Federal Economic Stimulus

The federal budget allocated $12 billion in new money for infrastructure over the next two years, as well as introducing a number of other elements to stimulate the economy.

Real Estate Market

Despite the downtown office vacancy rate being at record lows as of the fourth quarter of 2008, the overall outlook is for the real estate market to take a downturn, though not to the extent experienced in the 1990s.

Urban Planning

The HRM By Design plan was approved. The process is generating a great deal of engagement in how people want Halifax to develop, something that is sure to spread as HRM moves on to other areas of the municipality of interest to WDCL, specifically, Bedford and Dartmouth.

Lunenburg

The disposition and leasing goals of our business plan are nearing completion, but the remaining assets will require important partnerships for success. The renewed focus on the town's UNESCO World Heritage Site designation will generate interest and ideas.

Tourism

Although there was a slight decline in tourism across the province (down 3 per cent as of November 2008), activity along the Halifax waterfront is more positive. There was a 29 per cent increase in cruise activity in 2008, and accommodation activity in Halifax was up by 4 per cent. These indicators, coupled with WDCL's own internal measures, point to an upward trend in people visiting the waterfront, regardless of overall trends.

Marine and Ocean Sector

This sector of our economy accounts for 10 per cent of the Nova Scotia GDP, and 15 per cent if spinoff effects are considered. The total value of this activity doubled between the years 1995 and 2001. This sector includes knowledge-intensive activity (Halifax is reputedly the location of the third largest collection of oceanographers and marine scientists in the world) and innovative means of creating value from the sea.

Strategic Goals

The longer-term direction of WDCL is captured in three strategic goals.

Place: Designing and Developing a Great Waterfront

We will tap into ideas from around the world to create and champion a waterfront that highlights the competitive advantages and beauty of Nova Scotia.

We will

- establish processes for local and international exchange of ideas on waterfront development
- champion high standards of design for the built environment along the waterfront
- articulate waterfront development principles to guide our work and interaction with partners
- integrate sustainable practices in the development of the waterfront

Partner: Business Development and Engagement

We will accentuate the attributes of our waterfront to create business opportunities for investment on and beyond the water's edge.

We will

- engage in high-performing partnerships with the private and public sectors
- identify and implement lines of business that make innovative use of waterfront locations
- make it easy for people to do business with us
- enhance the infrastructure that supports waterfront businesses

People: Animating the Waterfront with New Experiences

We will create an environment for experiences that are attractive and allow people to access and explore waterfront destinations.

We will

- create clean, healthy, and safe places for people on the waterfront
- host waterfront events and festivals for a wide variety of audiences
- provide open spaces where people can gather and enjoy the waterfront
- create connections to move in and among waterfront destinations

Core Business Areas and Priorities

1. Waterfront Planning

The corporation is engaged with public- and private-sector organizations, as well as the public at large, in planning projects that will design future infrastructure development.

- **Strategic Land Management Review:** A complete review of waterfront properties along the Halifax Harbour for their existing and potential uses
- **Bedford Comprehensive Plan:** A partnership with Halifax Regional Municipality for Phase II in Bedford
- **Dartmouth Cove Comprehensive Plan:** A partnership with Halifax Regional Municipality to inform the potential future opportunities for land in downtown Dartmouth
- **Communications Plan:** The creation of practices and vehicles to engage our shareholder, the public, and our partners in the planning processes

2. Infrastructure Development

The corporation's multi-year development projects attract investments and maintain the centrepieces of our waterfront

- **Salter Block:** A partnership with Centennial Group Ltd. for a mixed-use commercial/residential development on Lower Water Street in Halifax
- **Queen's Landing:** A partnership with Armour Group Ltd. for a culture and heritage attraction development that creates public and commercial uses, including a revitalized Maritime Museum, a Naval Heritage Centre that will preserve HMCS *Sackville*, and new office and hotel space in the core business district
- **Cable Wharf:** A partnership with Murphy's to redevelop the Cable Wharf to create four-season use of the waterfront and highlight the heritage of this location
- **Dartmouth Harbourwalk:** In partnership with Halifax Regional Municipality, completion of Section B of the trail along the Dartmouth waterfront
- **Bedford Improvements:** Long-term land creation in Bedford and improvements to the boardwalk for public use
- **George's Island:** In partnership with Parks Canada, creation of a plan for expanding the number of days that George's Island can be made accessible for public use and interpretation

3. Property Management

The corporation owns and manages a real estate portfolio valued at approximately $100,000,000. Continuous improvement of property maintenance programs, targeted infrastructure investment, creation of stakeholder partnerships, and implementation of process and program efficiencies to achieve world standards of waterfront experiences and drive commercial success for tenants and licensees are priorities.

- **Clean:** Enhanced maintenance, landscaping, snow clearing, and garbage removal will directly and positively influence the experience of the waterfront. Opportunities for healthy and safe enjoyment of the waterfronts will be highlighted.
- **Green:** A commitment to reducing the corporation's environmental footprint will inform all investment decisions. Careful scrutiny of internal and external practices to identify opportunities to reduce environmental impact will be completed and greener solutions implemented. Transportation alternatives will be encouraged through infrastructure investment and facilitation of third-party green initiatives on the waterfronts. The provision of locations for car sharing, installation of bicycles racks, improved access along, and extension of, walking trails, and the provision of adequate and convenient recycling receptacles are a good start.
- **Safe:** An enhanced security contract, as well as increased investment in lighting and technology, will ensure safety on waterfront properties, day and night, 12 months of the year.
- **Marine Security:** New and evolving federal requirements related to security for visiting ships has necessitated investment in specialized security training and ongoing expenditures related to management of the corporation's marine facilities. A commitment to complying with federal laws and regulations has resulted in a "White List" certification for the corporation that ensures that international vessels can continue to be welcomed to the waterfronts.
- **Lunenburg Management:** The Lunenburg waterfront is a unique treasure. Ongoing investment to stabilize and improve property condition is resulting in enhanced value and improved marketability for sale and lease, as well as preservation of the working waterfront legacy. Federal investment strategies that leverage the UNESCO designation are being explored, as are public marina opportunities, to drive outside investment in the Lunenburg waterfront.
- **Risk Management:** As a waterfront landholder, risk (including injury to visitors and exposure to weather) remains a key challenge. To ensure cost control and operational efficiency within the corporation, service contracts, including risk management/insurance will be carefully reviewed. A new safety program will be designed to ensure that foreseeable risk is mitigated to the greatest extent possible.

4. Business Development

The processes of continuous improvement of property maintenance programs, targeted infrastructure investment, creation of stakeholder partnerships, and implementation of process and program efficiencies that will also drive commercial success for tenants and licensees are priorities.

- **Tenant Relationships:** The focus is on continuous improvement of property maintenance programs, improved efficiency, frequent market studies, and investments in common priorities that drive visitors to the waterfront year-round.
- **Parking:** Investment in improved parking technologies that make it easier to purchase parking on the waterfront is under way. A new signage program articulates the investment of parking revenue in public open space.
- **Business Development and Enhancement:** As we reduce the scope of our parking operations we will develop new business and revenue opportunities that leverage the corporation's expertise and broaden waterfront programming to appeal to new market segments.

5. Community Public Space Use

The private and public investment we attract to the waterfront is designed to create new and interesting uses for public enjoyment.

- **Tall Ships Nova Scotia Festival:** In 2009 we will manage the largest gathering of tall ships in almost a decade. This is next in a schedule of five international opportunities existing through to 2020.
- **Comprehensive Events Program:** In partnership with private- and public-sector sponsors, the corporation will introduce a new set of processes to attract commercial and not-for-profit organizations to put on special and ongoing events that appeal to a wide audience.
- **Marine Management:** Improving marine facilities to provide boaters access to the waterfronts and to increase marine-related animation on the waterfront for visitors on land is a natural fit. The creation of additional and enhanced marine infrastructure and berthing opportunities, for both local and visiting vessels, is a priority in Bedford and Halifax.

Human Resource Strategy

WDCL is a knowledge-intensive organization, employing individuals from a wide variety of professions and educational backgrounds. The success of our business plan and strategies is, therefore, highly dependent upon their engagement in our work and their own learning.

The human resource priorities are:

- renewal of the performance management system
- renewal of support services and programs for employees
- action plan and investment in employee learning and development

Budget Context

Financial Management

Going into fiscal 2009–2010 we are well positioned for continued successes in the implementation of our corporate business plan, but are very concerned about the downturn in the economy and its impact on our revenues.

The corporation achieved strong financial results for the 2008–2009 fiscal year. A surplus of approximately $1.5 million exceeded our budgeted surplus by $0.8 million. These solid results are driven principally by strong revenues, while diligently managing expenditures within the approved budget parameters.

The corporation has used its operating cash flows over recent years to invest in waterfront assets as well as pay down its debt to maximize financial flexibility going forward. The majority of the corporation's recent investment in capital assets has been financed 100 per cent from operating cash flows. The corporation is budgeting to add numerous amenities to the waterfront in 2009–2010 to enhance the public's use and enjoyment of these areas.

The fiscal 2009–2010 operating budget anticipates the financial impact of progress on our pipeline of development projects. The completion of the last significant piece of the Halifax Harbourwalk will take place in the spring of 2009. We have budgeted for the start of development on the Salter Block property on the Halifax waterfront, as well as expenditures to further our business plan objectives on the Lunenburg, Bedford, and Dartmouth waterfronts. Parking revenues lost as a result of the Salter Block development will be partially replaced by land rent upon completion of the development. The pipeline of development projects is anticipated to create substantial private investment and provide significant long-term benefits to the province and the Halifax Regional Municipality. These projects are based on "best use" of these valuable waterfront properties and are consistent with the corporation's mandate and the economic priorities of the Province of Nova Scotia.

While some projects, including the Salter Block noted above, will have lost parking revenue replaced by ground leases and other revenue opportunities, portions of these projects will become public space. The corporation recognizes that developments that incorporate attractive public space enhance the overall appeal of the waterfront areas and ultimately lead to greater tourism and overall use of the waterfront areas. Public space is not a direct revenue generator for the corporation; rather, it is a source of increased expenditures. Finding the best mix of private and public uses will continue to be a focus in the corporation's long-term planning, as will the identification of new revenue stream possibilities.

Fiscal 2009–2010 will bring a tall ships festival in July 2009. This festival is organized entirely by corporation staff and, as such, will be a major focus of the corporation. The approved budget exceeds $4 million and is funded by a mix of government grants, corporate sponsorships, and earned revenue opportunities.

	2008–09 Budget ($)	2008–09 Actual ($)	2009–10 Budget ($)
Revenue			
Rents	1,235,000	1,337,828	1,319,000
Parking	1,962,100	2,330,295	2,202,700
Other income	322,000	479,243	413,000
Grant income*	310,400	310,400	294,400
	3,829,500	4,457,766	4,229,100
Operating Expenses			
Insurance	84,000	78,585	84,000
Labour and benefits	159,600	154,712	226,200
Repairs and maintenance	308,200	458,220	364,200
Security	72,500	75,678	102,500
Utilities	118,400	117,949	137,000
Various other	135,000	167,140	152,000
Operating Expenses	877,700	1,052,284	1,065,900
Income from property	2,951,800	3,405,482	3,163,200
Program Expenses	385,000	136,829	487,000
Tall ships revenue	—	—	3,402,000
Provincial grant*			780,000
Tall ships expenses	—	—	4,182,000
	—	—	—
Lunenburg revenue	212,000	244,925	219,400
Lunenburg grant*	410,000	309,681	410,000
Lunenburg expenses	622,000	553,348	629,400
	—	1,258	—
Administration Expenses			
Amortization	444,000	371,120	460,000
Interest on long-term debt	252,000	106,573	25,000
Office, consulting, and general	371,200	396,168	419,000
Salaries and contracts	770,000	805,693	864,000
Staff expenses and benefits	129,600	155,664	151,200
	1,966,800	1,835,218	1,919,200
Income before Infrastructure Fund	600,000	1,434,693	757,000
Infrastructure Fund	157,000	98,247	—
Net Surplus	757,000	1,532,940	757,000

* Total grant: $1,484,400

Outcomes and Performance Measures

Core Business	Outcomes	Measure	Base Year Measure	Target 2009–10	Strategies to Achieve Target
Financial	Strong financial management	Funding for high-quality and efficient development	$3,396,400	$3,862,400	Financial Management Strategy
Community use of waterfront	Increase in the amount of public use	No. of visitations	New measure*	To be determined	Community Public Space Use Priority
Infrastructure development	New and better uses for waterfront lands	Increase in developed property	275,000 sq. ft.	300,000 sq. ft.	Infrastructure Development Priority
Property management	Clean, safe, and well-maintained assets	% public satisfaction % partner satisfaction	New measure* New measure*	To be determined To be determined	Property Management Priority
Waterfront planning	Priorities for waterfront lands complete	No. of plans and projects complete	14	16	Waterfront Planning, Infrastructure Development and Property Management Priority
Business development	New waterfront experiences	No. of new deals, products, or services	1	5	Business Development Priority
People	Aligned goals, learning, and engagement	Goal completion	New measure*	100%	HR Strategy
Corporate governance	Continuous improvement and best practices	% goal completion	100%	100%	Corporate Governance Strategy

* The board approved a new Strategic Plan in November 2008, which includes the commitment to develop new performance measures in 2009. In the case of our community use of waterfront and property management measures, this will be accomplished through new surveying; in the case of our people measure, this will be accomplished through our HR Strategy.