Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2004–2005

Printed by order of the House of Assembly

Submitted by
The Honourable Peter J. Christie
Minister of Finance

Province of Nova Scotia

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Crown Corporation Business Plans

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

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

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

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

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

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

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

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Art Gallery of Nova Scotia
Business Plan 2004–2005

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Mission

To bring awareness of the arts of the world to Nova Scotia while promoting awareness of the art and scholarship of Nova Scotia to the world.

Planning Context

The Art Gallery of Nova Scotia (AGNS) is the principal art museum of the province of Nova Scotia, and the largest and most significant in Atlantic Canada. It serves the province and the people of Nova Scotia through the accumulation, creation, and dissemination of knowledge through the arts. Distinct from other related public arts institutions, the AGNS has the responsibility to acquire, maintain, conserve, research, publish, and make accessible the Crown's art collection in trust on behalf of the people of Nova Scotia. The principal activities of the AGNS are the acquisition, preservation, and research of arts collections; the creation of knowledge through research; and the dissemination of these resources through exhibitions, publications, public lectures, presentations, and education programs. It assists the people of Nova Scotia and researchers internationally by maintaining outstanding publicly accessible study centres, archives, libraries, records, and resources pertaining to the visual arts.

Strategic Goals

- Implement the recommendations and actions of the AGNS strategic plan.
- Attain a balanced operating budget and aspire to create a surplus that can be used to grow the permanent collections.
- Make significant landmark acquisitions to build the perceived value of the AGNS collection as the principal art collection of Atlantic Canada.
- Attract, create, or host important major exhibitions of international, national, and regional art that are recognized to be unique and the most significant offered in Atlantic Canada.
- Improve the quality of art information offered to visitors and users of AGNS.
- Increase the numbers of persons attending the AGNS by 25 per cent.
- Increase awareness of the quality of AGNS programs through marketing, public relations, and website improvements.
- Improve the environmental conditions safeguarding the artworks in our care.
- Increase the profitability of AGNS ancillary operations—gift gallery, facility rental, and cafe—by exploring cost reductions and increasing revenue potential.

Core Business Areas

1. Accumulation of Knowledge in the Arts

- to acquire artworks for the permanent collection consistent with the mandate of the acquisition policy
- to maintain related library, film, and video and resource support materials, along with institutional archival records pertaining to collections, exhibitions, and institutional history
- to ensure proper management of the collection by documentation, maintenance of records, and research

2. Creation of Knowledge in the Arts

- to provide support for individuals to conduct research in the arts: staff, students, interns, researchers, volunteers, members, docents, and visitors

3. Dissemination of Knowledge in the Arts

- to make accessible to the public art collections, special exhibitions, publications, lectures, films, and events and to maintain accessible library, archives, and study materials
- to market awareness of these services to increase audiences served

4. Conservation and Care

- to ensure that the collection belonging to the Province of Nova Scotia 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

5. Lifelong Learning

- to provide excellent art education programs for learners of all ages by working in partnership with individuals and community groups, schools, teachers, and artists

6. Auxiliary Services

- to provide auxiliary services that benefit visitors and members while increasing funding for the gallery—membership and volunteer programs, Art Sales and Rental, Gallery Shop, facility rental, and Cheapside Café

7. Administration and Financial Management

- to maintain personnel and systems to support the goals of the AGNS

Priorities for 2004–2005

1. Accumulation of Knowledge in the Arts

- Seek a major international acquisition that inspires audiences in Atlantic Canada.
- Add diversity and strength to its permanent collections via donations and targeted purchases, as per priorities identified by the collections assessment document.
- Seek contemporary art transfers from the Canada Council Art Bank collection to complement the gifts made from Art Bank in 2003–2004.
- Acquire artworks to complement primary collections such as The Art of Nova Scotia and Art of Atlantic Canada, Canadian Historical, and Canadian Contemporary.
- Attract senior artists to gift to AGNS from region, nationally and internationally.
- Begin the process of acquiring works to represent the international artists resident in Cape Breton.
- Pursue complementing international acquisitions via donations.
- Assess the library collections and create an action plan to enhance holdings pertinent to the collection and major program directions of AGNS.

2. Creation of Knowledge in the Arts

- Provide support for individuals to conduct research in the arts: staff, students, interns, researchers, volunteers, members, docents, and visitors.
- Concentrate research time on enhancing records and knowledge concerning principal permanent and long-term displays, key artists, and key masterworks in the AGNS collection.
- Focus docent and volunteer research upon key long-term displays.
- Strive to add new junior researchers through internships and work-study programs.
- Enter and/or update location data in Collection Inventory.
- Clean up and update data from iO to CHIN to insure the integrity of the data, including consistency of format.
- Produce digital imaging scans of the collections and transfer these images to CHIN for collection records.

3. Dissemination of Knowledge in the Arts

- Increase audiences at AGNS by 25 per cent.
- Improve key permanent and long-term displays by adding interpretation panels and audio-guides.
- Provide more interpreters in the gallery to improve visitor satisfaction, encouraging growth in attendance from new audiences.
- Create collection focus exhibitions and publications featuring collection strengths, new collections scholarship, and interpretation.
- Refurbish galleries to enhance visitor satisfaction.
- Seek a new site for the library, archives, and resource centre functions.
- Implement the enhanced collections database, iO, which will greatly expand the AGNS's current limited capability for collections and records management.
- Complete the site inventory of art works in the AGNS permanent collection, as well as in the NSCAD, study, and loan collections.
- Attract important regional, national and international groups to AGNS to hold meetings, symposia, and conferences. In 2004–2005, AGNS will host major gatherings by the Canada Council for the Arts, the Canadian Art Museum Directors Organization, the Association of Art Historians of Atlantic Canada, and the Speaker of the House event for Atlantic Canada Members of Parliament
- Circulate a nationally touring exhibition of the art of Alex Colville, with a national marketing campaign.
- Concentrate our efforts, budgets, and resources upon major exhibitions unique to Atlantic Canada. The highlights will be
  - CATS: the exhibition
  - Richard Serra
  - Gary Hill
  - Masters of the Sea, in conjunction with Maritime Museum of the Atlantic in recognition of Tall Ships
  - Sobey Art Award 2004
  - Rodin: A Magnificent Obsession

4. Conservation and Care

- Remove fluorescent lighting from First Nations Galleries, to be replaced by incandescent.
- Replace lighting systems in third floor and first floor by seeking capital grant to better protect and display works in the galleries.
- Ensure as priority, that key works needed for permanent displays are ready for public display.

- Continue work on paintings by Frances Bannerman Jones for an exhibition of the artist's work.
- Carry out preventive measures and conservation treatments as required.
- Investigate new technologies and materials as they relate to the field of fine art conservation.
- Cover windows, remove excessive doors in exhibition galleries.

5. Lifelong Learning

- Provide excellent art education programs for learners of all ages by working in partnership with individuals and community groups, schools, teachers, and artists.
- Create interpretation to assist visitors in their appreciation of major permanent collection display.
- Make information and educational interpretative material accessible via AGNS website.
- Create audio-tour programs for major continuing displays and major exhibitions.
- Review, revise, and expand the AGNS Visually Yours school program, focusing on adding value to the existing programs for school groups, teachers, and community educators and incorporate school program information and teacher/student resource material on the website.
- Evaluate the docent program.
- Research, develop, and deliver a 30-hour credit art education course to early childhood educators; design and deliver a train-the-trainer art education course at AGNS for educators working with children in their early years that is being funded externally.
- Continue to develop the in-gallery ECE program and art education kits to be made available as a model for early childhood educators regionally and nationally.
- Develop partnerships with ECE institutions and funding organizations.
- Develop AGNS outreach programs with a focus on youth with special challenges.
- Grow the numbers of persons served by public program classes by ensuring that participation is priced for cost-recovery so that more sections can be offered.
- Host a series of lectures for adults; offer adult studio workshops; and expand programs to new audiences; all of which will be based on cost recovery
- Integrate AGNS education services onto the website.
- Establish a teen council to advise AGNS concerning youth issues and the AGNS. The council will promote teen volunteers

and increased visitation and involvement with AGNS by youth audiences.

- Publish a collaborative arts education handbook for children based on the permanent collection and core programming ideas.

6. Auxiliary Services

- Increase visitor satisfaction by continual improvements to visitor services.
- Seek to have the content, philosophy, and values of the AGNS accurately reflected by the products and programs of the Gift Gallery and Art Sales and Rental.
- Seek means to increase volunteerism.
- Showcase Nova Scotia in all areas of the AGNS operation: Nova Scotia products in use at our cafe, gift shop, receptions, and catering; Nova Scotia performers and music at events.

7. Administration and Financial Management

- Improve financial reporting and decision making by developing more useful forecasting tools and financial management systems.
- Develop audience survey capabilities and forecasting methodologies to help in the decision-making process to assess the feasibility of major exhibitions and programs.
- Stabilize the sponsorship program by targeting opportunities for continuing annual sponsorships for repeat functions. Enlist ongoing commitments from named gallery sponsors such as Royal Bank, Scotiabank Aliant, Craig Gallery, Windsor Foundation Lecture Theatre, Laufer, and so forth. Encourage each to identify one program function and annually fund the same objective for a predictable repeating level of sponsorship.
- Seek named sponsors for key public programs: Thursday lectures, Sunday programs, children's art classes, and so forth
- Increase earned revenue from self-generated sources: admissions, profit centres, grant agencies, sponsorships—private and corporate—by dedication to changes and actions designed to improve profitability.
- Undertake a revision of the organization chart in recognition of changed personnel numbers and shifting responsibilities, increasing staff harmony and efficiency.
- Dramatically increase revenues and audience numbers through focusing resources on major exhibition projects, invigorated marketing, increased public perception of the quality of AGNS programs.

- Contribute to the growth of tourism in the province by partnering with area organizations to create larger, multi-venue projects drawing additional media interest and promoting the idea of these as major events and thereby a major destination.
- Reduce costs of publications and associated mailings; streamline the proliferation of small printed publications and mailers by consolidating them within one larger more cost-effective solution.
- Continue to revise and upgrade electronic systems; new phone system for visitor information.
- Invest time and resources to create a digital workplace served through the website and Internet. Strengthen and increase the usefulness of the website as an information tool to disseminate information to members and visitors, archive our activities and services. These will bring cost savings while increasing service and effectiveness of marketing objectives.
- Create a cash-flow monitoring system to track forecast revenues and costs.

Budget Context

Art Gallery of Nova Scotia Operating Budget Fiscal Year 2004–2005

REVENUE

	Estimate 2003–2004 ($)	Forecast 2003–2004 ($)	Estimate 2004–2005 ($)
Provincial Funding			
Allotment	1,310,000	1,173,800	1,180,000
	1,310,000	**1,283,800**	**1,180,000**
Forecast Revenue			
Admissions	130,000	148,800	150,000
Programming Recoveries	70,000	89,000	70,000
Membership	55,000	65,900	70,000
Advertising	10,000	2,800	8,000
Cost Centres - Rent	45,000	45,000	45,000
Rental Space Recoveries	35,000	33,700	35,000
Sobey Art Award	–	20,000	30,000
Interest	2,000	1,700	2,000
Grants	145,000	145,400	200,000
Salary Recoup - Shop	74,000	74,300	74,000
Donations/Miscellaneous Income	30,000	43,200	30,000
	596,000	**669,800**	**714,000**
Anticipated Fund Raising			
Direct Mail/Major Gifts	75,000	19,600	25,000
Artsmarts	–	82,700	110,000
Early Childhood Education	–	30,900	30,000
Yarmouth Grants & Donations	61,000	–	10,000
Special Events	60,000	11,500	30,000
Business Development	200,000	165,200	200,000
Total	**396,000**	**309,900**	**405,000**
Projected Revenue	**2,302,000**	**2,263,500**	**2,299,000**

EXPENDITURES

	Estimate 2003–2004 ($)	Forecast 2003–2004 ($)	Estimate 2004–2005 (cont.) ($)
Salaries and Benefits	930,000	910,000	985,000
Building Operations/Administration			
Utilities	250,000	210,000	210,000
Security/Interpreters	185,000	201,000	185,000
Climate Control-HVAC	80,000	125,000	125,000
TPW-Gallery South	123,000	–	–
Yarmouth Gallery	205,000	85,800	50,000
Bldg Maintenance & Cleaning	50,000	128,000	90,000
Insurance	45,000	61,000	61,000
Elevator Maintenance	15,000	12,000	12,000
Stationery, Postage	53,000	44,000	42,000
Admin Promotional	4,000	3,800	2,000
Telephone	31,000	25,000	25,000
Travel	35,000	33,000	33,000
Professional Fees	20,000	20,000	20,000
Equipment Leases & Maintenance	20,000	21,300	20,000
Memberships—Professional	8,000	5,000	6,000
Delivery & Shipping	2,000	700	1,000
Technology	10,000	8,000	10,000
Staff Development & Training	7,000	1,000	5,000
Bank/Visa Charges	4,000	4,800	5,000
Miscellaneous	3,000	1,300	1,500
Total	**1,150,000**	**990,700**	**903,500**
Programming			
Exhibitions	368,000	430,000	252,200
Education	80,000	90,000	79,500
McConnell Artsmarts	–	85,000	110,000
Sobey Art Award	–	35,000	30,000
Early Childhood Education	–	30,900	30,000
Permanent Collection	5,000	18,000	10,000
Vehicle	7,000	5,500	5,000
Collection Management	5,000	200	4,500
Conservation Lab	5,000	3,000	4,500
Workshop Supplies	10,000	1,200	7,000
Total	**480,000**	**698,800**	**532,700**
Development			
Development	50,000	74,000	40,000
Communications			
Communications & Marketing	80,000	95,000	102,500
TOTAL EXPENSES	**2,690,000**	**2,768,500**	**2,563,700**
Net Surplus/Net Loss	(388,000)	(505,000)	(264,700)
Transfer from Other Funds			
Endowment Contribution	215,000	215,000	215,000
Special Endowment Transfer		250,000	
Phase II Contribution	123,000	–	–
Gallery Shop	50,000	40,000	50,000
Total	**388,000**	**505,000**	**265,000**
SURPLUS/DEFICIT	**–**	**–**	**300**

Outcomes and Performance Measures

Core Business Area 1 *Accumulation of Knowledge*

Outcome	Measure	Target	Strategies to Achieve
Increase in major international acquisitions	Number of works collected	10%	• Board assistance—one-on-one meetings with donors

Core Business Area 2 *Creation of Knowledge*

Outcome	Measure	Target	Strategies to Achieve
Critical information service	Use by researchers, teachers, artists, members	10%	• Seek donors to provide books, journals, periodicals

Core Business Area 3 *Dissemination of Knowledge*

Outcome	Measure	Target	Strategies to Achieve
Increased audiences	Number of individuals	25%	• Mount exhibitions that have wide appeal • Provide interpreters in exhibition areas • Tour Colville exhibition with national marketing campaign
More major exhibitions	Number of world-class exhibitions presented	6	• Collaborate with renowned galleries nationally and internationally to lend major exhibitions to AGNS

Core Business Area 4 *Conservation and Care*

Outcome	Measure	Target	Strategies to Achieve
Improved lighting	New lighting system	First and third floors, Gallery North	• Apply for funding from national granting agency

Core Business Area 5 *Lifelong Learning—Interpretation*

Outcome	Measure	Target	Strategies to Achieve
Increased knowledge of permanent collection and special exhibitions	Written and oral feedback from visitors	Increase number of visitors and satisfaction of their visit	• Design and produce written guides available in gallery for various audiences (e.g. family guide, adult guides)
Richer and deeper understanding and appreciation of the arts and the role of the gallery	Increased number of visitors	15% increase of visitors to website	• Design and produce audio guide script/material for permanent collection and special exhibitions
Ability to make connections between art historical movements and the collection—visitors will have greater choice in how they access information about the collection (e.g., audio guides, written materials)	Funds generated by rental of audio guides		• Apply for grants for implementation of website material on Art of Atlantic Canada
Improved services to auditory and visual learners	Number of hits on the website		• Design and produce website on permanent collection, including interactive materials for students and educational resource materials for educators
Broadened local, national, and internal audience through use of the Internet			• Continue with implementation of interpretive team in the various galleries

Core Business Area 5 *Lifelong Learning—Programming for Students, Preschool through Secondary*

Outcome	Measure	Target	Strategies to Achieve
Greater involvement with students/teachers/, boards of education, and Department of Education	Evaluation response forms completed by teachers and students	Increase number of school visits	• Design and implement further school tours and studio workshops for special upcoming exhibitions (e.g., Rodin)
More relevant programming for preschool through secondary students	Written and oral feedback from docents	Increase number of teacher workshops including in-services	• Offer special evening tours for teachers prior to special exhibitions
Better communication to students/educators about variety of resources offered by AGNS	Number of school visits in comparison to previous years	Increase communication with the Department of Education	• Design and implement tours for alternative education groups (e.g., home schoolers)
Deeper understanding and appreciation of the arts	Number of requests for ECE art education kits	Greater visibility locally, regionally, and nationally	• Design website material focused on the Art of Atlantic Canada
Introduction to the arts/art appreciation to very young audience			• Continue to integrate interpretive team into training of docents • Continue to use interpretive team for tours with secondary and post-secondary students as well as specialized tours • Expand website to highlight all education programs being offered at AGNS • Revise and expand art education kits made available throughout the province • Provide hands-on studio workshops for Early Childhood Educators on a cost-recovery basis • Establish a homework hotline

Core Business Area 5 *Lifelong Learning—Public Programming*

Outcome	Measure	Target	Strategies to Achieve
Knowledge of permanent collection and special exhibitions will increase	Written and oral feedback	Increased visitation by adults/lifelong learners	• Continue to provide Thursday evening talks and Sunday afternoon films/lectures/tours
Greater understanding of important role gallery has in the community	Numbers of registrants for classes	Increase range of opportunities for visitors	• Offer more adult studio workshops
Encouragement of lifelong learning	Number of participants attending lectures and special workshops	Meet requests for studio workshops by adults	• Further develop means to access new audiences
Greater investment of public into their provincial gallery			• Further develop various lines of communication to publicize programs and special events

Core Business Area 5 *Lifelong Learning—Community Access and Outreach*

Outcome	Measure	Target	Strategies to Achieve
Greater visibility of AGNS as agency contributing for the good of the community	Written and oral feedback	Increase visitation by young people	• Develop teen council with first initiatives presented this summer and fall
Increase range of visitation	Increased partnership programs	Increase links with community through partnerships	• Begin arts education handbook based on programs already established
Provide supportive informal learning environment for young people with special challenges			• Continue with established studio workshops with youth and young adults with mental illness; homeless youth; IWK art initiatives
Teens offered opportunities for leadership and input in planning (e.g., employability skills, life skills)			• Further develop relationships with groups/institutions working with teens to help access needs and programming possibilities

Core Business Area 6 *Auxiliary Services*

Outcome	Measure	Target	Strategies to Achieve
Increased number of volunteers	Number of new volunteers	25%	• Actively recruit for volunteers at AGNS gatherings and external functions
Showcase Nova Scotia in gallery products	New products produced	5%	• Carry more crafts that are produced by Nova Scotian craftspeople

Core Business Area 7 *Administration and Finance*

Outcome	Measure	Target	Strategies to Achieve
Improved forecasting tools	Accurate, timely financial reports	New software	• Develop/purchase software that will provide required timely reports
Audience assessment	Survey	50% response	• Develop survey and have visitors and members complete
Stabilized, successful sponsorship program	Funding secured	25%	• Assist new committee in developing methods for securing new sponsors
Contribute to tourism growth	Increase in tourists	5%	• Partner with other tourist attractions to provide joint projects/programs
Decrease costs of publications/mailing	Saved dollars	10%	• Combine various publications, reduce amount of information sent out to members, provide more information in electronic form

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Halifax-Dartmouth Bridge Commission

Business Plan 2004–2005

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Mission

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

Mandate

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

Planning Context

In recent years, the commission has undertaken projects that have increased capacity, improved traffic flow, and expanded healthy transportation alternatives. Among these projects are the addition of the third lane, sidewalk, and bicycle lanes on the Macdonald Bridge, the construction of the Barrington Street ramp, and the introduction of electronic toll collection (*MACPASS*).

The MacKay Bridge resurfacing and waterproofing completed in September 2001 was another large project for the commission. The purpose of a project of this calibre is to maintain the integrity and safety of the bridge structure.

During 2003, the Macdonald and MacKay bridges carried approximately 31.8 million vehicles, from which approximately $23 million in revenue was generated. On a per capita basis, the Macdonald and MacKay bridges continue to be among the most frequently used toll bridges in North America.

From a fiscal management perspective, the commission continues to achieve financial stability and meet its obligations to bondholders. In 1997, the commission issued a $100-million Toll Revenue Bond Series 1 (maturing December 4, 2007) at an annual interest rate of 5.95 per cent. At the same time, a $30-million line of credit ($23 million outstanding) was arranged with the province. The Toll Revenue Bond Series 1 is secured by an assignment of the commission's revenues and is not guaranteed by the Province of Nova Scotia. These bonds are rated AA (low) by Dominion Bond Rating Service Limited and A+ by Standard & Poor's Ratings Group.

Strengths

The commission's strengths are identified as experience with, and knowledge of, the maintenance and operation of two suspension bridges, as well as electronic toll collection and other intelligent transportation systems, such as variable message signs and dynamic weather stations. In addition, the commission's significant and growing traffic volumes equate to overall revenue flow. These collective attributes allow the commission to successfully achieve its mission, which is to provide safe, convenient, and reliable passage for our patrons at an appropriate cost.

The third lane on the Macdonald Bridge and *MACPASS* are visible contributors to the efficient handling of traffic on the bridges. *MACPASS* usage now represents approximately 43 per cent of all traffic volume on both bridges.

Risks

In 2001, the commission identified that the wearing surface installed on the Angus L. Macdonald Bridge during the third lane reconstruction project was not performing as anticipated. The material used for the wearing surface has demonstrated waterproofing failure, and debonding from the steel deck on the approaches has occurred. This premature failure was investigated, and short-term repairs have been conducted during the past three years. The commission is confident that the Macdonald Bridge deck is not compromised as a result of this problem.

In order to protect the integrity and safety of the structure, the commission has decided to replace the wearing surface on the approaches in 2004. This involves replacing 148 metres (486 feet) on the Halifax side 436 metres (1432 feet) on the Dartmouth side of the Macdonald Bridge. The wearing surface replacement program will commence in May, and the completion is expected by Labour Day. The schedule for the replacement of the wearing surface on the approaches will focus on minimizing disruption to the travelling public and other stakeholders. Any loss of revenue is not expected to be material, as it is anticipated that traffic will shift to the MacKay Bridge during the replacement program.

Opportunities

As the commission focuses on continuous improvement and the fulfilment of its mission, ongoing opportunities are identified through *MACPASS* and the maintenance program.

MACPASS has continually offered the opportunity for the commission to convert cash and token users to a more efficient toll payment method, which reduces toll plaza congestion. Currently, *MACPASS* represents 43 per cent of total traffic volume. The commission's cost-effective marketing programs contribute to the growing success and increase in *MACPASS* usage. The results of a toll payment survey conducted in 2003 will assist with the direction of the commission's future marketing programs. Also, further promotion around online access to *MACPASS* enrolment and account information will continue to enhance customer satisfaction as it relates to *MACPASS*.

From a maintenance perspective, the commission's purchase of a main cable access platform (cable crawler) in 2003 creates long-term maintenance opportunities. The maintenance of the bridge cables involves the removal of existing paint, inspection, and repainting of the cables, which both protects and increases their longevity. Essentially, the cable crawler is a mobile work platform, which can be utilized interchangeably at both bridges for improved and safe access for staff and engineers to virtually all areas of the bridge cables.

The commission has a vested interest in contributing to efficient regional transportation systems and initiatives within Halifax Regional Municipality, and with this, the commission is open to exploring opportunities to both expand its mandate and demonstrate its expertise in the area of electronic toll collection.

Threats

Because the commission is an integral component of the regional transportation system, the commission plans to work with Halifax Regional Municipality on a capacity study to further identify potential contributions to transportation improvements.

Increased traffic due to economic activity can be considered as both an opportunity for the commission in terms of increased revenue and a threat in terms of increased congestion. At the same time, the commission's toll revenue is reliant upon bridge travel; thus, an economic slowdown could have an impact on the commission's cash flow.

Strategic Goals

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

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

Core Business Areas

As identified in our mission, "to provide safe, convenient and reliable passage for our patrons at an appropriate cost," safety, maintenance, efficient transportation, and fiscal management continue to be the focus of the commission's core business.

1. Safety

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

Continuous monitoring of bridge traffic through video surveillance, patrolling of the bridges and approaches, and providing prompt response to collisions are important tasks that are the responsibility of the Corps of Commissionaires (commissionaires).

The commissionaires conduct speed enforcement on the bridges to reduce vehicle speed. Mobile radar units have been utilized in patrol vehicles at both bridges since 2002. These units enable staff to be more proactive with speed enforcement during bridge patrols. In addition, the commissionaires conduct monthly speed surveys to determine the impact that enforcement has on vehicle speed. Collision summaries are also produced quarterly to determine if the collision ratio is reduced as a result of speed enforcement and/or other factors.

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

2. Maintenance

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

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

In 2003, for the tenth consecutive year, the commission conducted a major concrete repair program. The commission currently commits approximately $200,000 to this annual program. Also in 2003, the commission gave the cable crawler a trial. This platform will allow for a much more thorough and cost-efficient inspection and painting of the main cables.

3. Efficient Transportation

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

The commission promotes and distributes *MACPASS* via its online customer service centre, <www.macpass.com>, and through a call centre service. Also, the commission regularly assesses the opportunity to increase the number of dedicated *MACPASS* lanes.

Constant monitoring and effective response by the commissionaires to collisions and weather conditions helps to ensure efficient travel and also raises the level of customer service provided by the commission.

4. Fiscal Management

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

The commission continually reviews, develops, and implements policies, plans, and a budgeting process to support annual operating costs and capital projects. The commission's cohesive system of internal controls is vital to its successful fiscal management. Assessing risk and obtaining adequate and appropriate insurance coverage for the protection of its assets and revenue stream are also fundamental to fiscal management. The commission also works to ensure the most effective use of long-term borrowing and investment capabilities.

The commission's strong dedication to the maintenance of its assets, as well as the effective collection of tolls for over 31.8 million vehicles annually, significantly contributes to the commission's sound financial position.

Priorities for 2004–2005

Safety Priorities

The commission's safety priorities for 2004–2005 are as follows:

- enforce speed limits and take measures to reduce collisions to ensure safe passage for bridge patrons
- conduct a vulnerability assessment of the commission's property, which will guide the improvement of security at the bridges
- continue to develop and implement the emergency response plan
- continue to develop and implement a public safety manual

Maintenance Priorities

The commission's maintenance priorities for 2004–2005 are as follows:

- carry out the wearing surface replacement program on the Macdonald Bridge approaches
- paint the cables on the Macdonald Bridge
- upgrade the ice cast weather system in order to provide more comprehensive information and to allow enhanced accessibility
- continue with the concrete refurbishing program on the Macdonald Bridge
- continue conversion to "pre-wet" salt application to allow for a reduction in the volume of salt used for ice control on the bridges
- carry out trough fatigue analysis and repair program on the MacKay Bridge

Efficient Transportation Priorities

The commission's efficient transportation priorities for 2004–2005 are as follows:

- in conjunction with the Halifax Regional Municipality, conduct a study to determine the current capacity of the bridges and identify potential access and egress improvements
- implement web cameras for both bridges to allow patrons to view the status of bridge traffic online
- increase *MACPASS* usage through further marketing and promotional campaigns
- test a new multi-protocol reader and transponder for electronic toll collection to determine the feasibility of a more cost-efficient transponder

Fiscal Management Priorities

Through the review, development, and implementation of policies, plans, and budgets, the commission will continue to

- effectively collect tolls, both electronically and mechanically
- maintain the reliability of internal control systems
- meet obligations to bondholders
- meet capital project requirements
- manage the operating, maintenance, and administration budget
- use the commission's cash flow for capital expenditures and investment for the reduction of debt

Budget Context

	Forecast Year Ended Dec. 31, 2003 ($,000)	Budget Year Ended Dec. 31, 2004 ($,000)
Total Program Expense—Gross Current	18,110	19,134
Net Program Expenses—Net of Recoveries	(6,618)	(5,707)
Salaries and Benefits	1,365	1,580
Funded Staff (FTEs)	28.0	30.0

Core Business Areas	Forecast Year Ended Dec. 31, 2003 ($,000)	Budget Year Ended Dec. 31, 2004 ($,000)
Safety	692	717
Maintenance	1,456	1,786
Efficient Transportation	1,098	1,165
Fiscal Management	14,198	14,725
Administration	666	741
Total Gross Current	18,110	19,134
Total Program—Expenses Net of Recoveries	(6,618)	(5,707)
Salaries and Benefits	1,365	1,580
Funded Staff (FTEs)	28.0	30.0

Outcomes and Performance Measures

Core Business Area 1 *Safety*

Outcome	Indicator	Measures	Base Year 2003	Target 2004	Target 2005	Strategies to Achieve Target
Decreased number of collisions involving personal injury and property damage	Number of collisions per 100 000 vehicle kilometres traveled (VKTs)	Reduction of collisions resulting in personal injury or property loss	.26/100 000 VKTs (See Note 1)	.25/ 100 000 VKTs	.24/ 100 000 VKTs	• Improved signage at the tolls • Enhanced driver education • Vehicle Snow Removal Program
Compliance with posted speed	Average speed of vehicles on the bridges	Reduction of the average speed as per monthly surveys	• MacKay: 78.4 km/hr Posted speed limit: 70 km/hr • Macdonald: 62 km/hr Posted Speed Limit: 50 km/hr (See Note 2)	As close to the posted speed limit as possible	As close to the posted speed limit as possible	• Maintain speed enforcement program • Enhanced driver education

Note 1: During 2003, the recording procedures for collisions were changed to reflect only collisions involving personal injury, vehicle damage, or harm to the commission's property. This measure more accurately reflects the number of collisions per 100 000 VKTs.

Note 2: During 2003, the locations where statistics are gathered to provide speed survey data were changed to more accurately reflect areas of jurisdiction.

Core Business Area 2 *Maintenance*

Outcome	Indicator	Measures	Base Year 2002	Target 2004	Target 2005	Strategies to Achieve Target
Bridges maintained in superior condition:						
Main structures	Minimal loss of steel	Engineer's annual inspection report Periodic thickness testing	Painting staff take three painting seasons (May to September) to complete the bridges			• Annual painting program • Research new coating systems
Cables	Minimal flaking and cracking of main cable coating	Engineer's annual inspection report	0% complete	30% complete	65% complete	• Use of cable crawler for painting and inspections
Piers	Elimination of concrete spalling	Engineer's annual inspection report	66% complete	80% complete	87% complete	• The commission has routinely completed major concrete repairs for the last 10 years and expects this to continue for at least 5 more years

Core Business Area 3 *Efficient Transportation*

Outcome	Indicator	Measures	Base Year 2001	Target 2004	Target 2005	Strategies to Achieve Target
Reduced toll plaza congestion	• Queues for token purchases and change	Reduced number of vehicles lined up during peak periods				• Increase MACPASS usage • Add additional MACPASS-only lanes as volume allows
	• Queues for automatic toll lanes	Serviced lanes	12 vehicles	4 vehicles	4 vehicles	
		Automatic lanes	6 vehicles	3 vehicles	3 vehicles	
Increased number of transponders on the system	Number of MACPASS transponders in use	Greater usage of MACPASS				• Increase MACPASS usage through continuous marketing and increased distribution
		Total number of transponders on the system	36,000	64,000	72,000	
		MACPASS usage per month (as a percentage of total usage)	30%	48%	52%	

Core Business Area 4 *Fiscal Management*

Outcome	Indicator	Measures	Base Year 2001	Target 2004	Target 2005	Strategies to Achieve Target
Reduced net debt	Capital and sinking funds	Accumulation of capital and sinking funds	$5 million/ year	$5 million/ year	$5 million/ year	Maintain: • the bridges in superior condition • efficiency of crossings • effective toll collection • good internal controls • effective budget management • good cash management
Positive cash flow	Sufficient funds to run business, preventing the use of bank line of credit	Number of times the line of credit is utilized	0	0	0	
Meet obligations to bondholders	Fulfilment of trust indenture covenants and meeting interest payment requirements	Continuance of positive bond ratings	Bond ratings AA (low) and A+	Maintain baseline	Maintain baseline	

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

In*NOVA*corp
Business Plan 2004–2005

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Mission

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

Planning Context

It is a fact that productivity accounts for the real gap between the Canadian and US economies today. Both the provincial and federal economic growth strategies highlight the important role innovation needs to play in both driving the economy and accelerating the closing of this productivity gap. There is a continuing need to provide targeted and leveraged investments in infrastructure to enhance the ability of the private sector to adopt and commercially develop new technologies that improve productivity and competitiveness. InNOVAcorp, a provincial Crown corporation, is Nova Scotia's investment in catalysing the growth of this segment of the economy and is very proud of its role.

InNOVAcorp provides an important component of the innovation and commercialization function of the public sector. It operates two technology incubators, provides a mentoring and relationship management network for growing entrepreneurs, and is an active venture capitalist. It is a respected partner in a growing number of strategic areas of life sciences and information technology.

Since its inception InNOVAcorp has realized that small businesses (SMEs) are a key segment of the economy, fuelling new jobs, sales, and exports, and can play a significant role in closing the productivity gap. However, without assistance, roughly 65 per cent of these businesses fail at the early stages of development due to the lack of resources to assemble a well-seasoned and diverse management team. Consequently, the business struggles with developing and implementing strategies to access finance, secure a market position, and manage financial and human resources. Another contributor to failure is isolation from other entrepreneurs and professionals who could provide valuable advice to the management team. Experience indicates that business owners with access to focused management skills and business and technical intelligence dramatically increase their chances for success. InNOVAcorp has created a high-performance incubation system using both face-to-face and online tools that give entrepreneurs access to critical business advisory resources to overcome these challenges.

Since the inception of the corporation's first incubator in 1987, more than 70 businesses have graduated from our facilities. Further, more than 84 per cent of our clients remain operational in Nova Scotia after graduating from our high-performance incubation process, resulting in an ongoing positive economic impact on the region.

InNOVAcorp's key growth opportunities for incubation include developing a grow-out business incubator at 101 Research Drive for companies that have progressed beyond early stage incubation, allowing InNOVAcorp to optimize occupancy at the Technology Innovation Centre and the BioScience Enterprise Centre and increasing promotion of services to resident and affiliate clients.

The past few years have been challenging in the venture capital industry in Atlantic Canada and throughout North America. We are pleased the NSFF's portfolio performance and investment activity have been similar to the experience of other venture capital investment managers in Canada and the United States.

During the 2003–2004 fiscal year, the Province of Nova Scotia invested a further $8 million in the NSFF to support the investment activities of InNOVAcorp's high-performance incubation strategy. This investment makes available the capital required to invest in companies at or near the commercialization stage, in information technology, life sciences, and knowledge-related sectors of the province's economy. With additional investment funds, InNOVAcorp has the experience and relationships to substantially increase its venture investment activities in the commercialization process. The corporation is also examining ways to raise more capital for investment and for expansion of its partnering activities with other venture capitalists and financial institutions.

The 2004–2005 Business Plan continues to focus the corporation's strategic direction on providing access to a grow-out incubator and specialty incubation space, evolving InNOVAcorp's network of mentors and business advisors and online mentoring platform, and increasing venture investment activities through leveraging and new funds.

InNOVAcorp will continue to make a significant difference in the technology sectors and the broader economic growth of Nova Scotia by accelerating technology-based companies through the commercialization process.

Performance in 2003–2004

In*NOVA*corp achieved many significant objectives and milestones in the 2003–2004 business year.

- We hosted the announcement of the Premier's Advisory Council on Innovation, a council of independent experts advising government on how to stimulate the best conditions for innovation in Nova Scotia. The event included a mini trade show highlighting some of the province's existing innovative companies and the public launch of Innovative Nova Scotia, a policy to increase the use of knowledge-based innovation to levels that match or exceed those found in the nation's leading regions.

- We participated in policy development activities affecting the province's knowledge sectors, ensuring that Nova Scotia companies remain competitive globally.

- We chaired a Voluntary Planning Sector Committee, a community-based task force to examine and assess Nova Scotia's economic performance, productivity, and competitiveness and to identify opportunities for improvement. The task force has created a system to monitor and track economic performance in urban and rural communities.

- We were one of four recipients of Canada's prestigious Manning Innovation Awards for our work on an automated processing machine that removes meat from crab legs. The Air Chamber Crab Processor replaces traditional machines that required workers to hold the crab legs while a burst of compressed air forced out the meat and often led to a respiratory condition called "crab asthma."

- We played a lead role in the development of several major initiatives in the life sciences industry, including working with the province's biosciences industry association, BioNova, on an industry conference, BioPort 2003. We also worked with the Nova Scotia Bio Industries Team to ensure a strong presence at BIO 2003 in Washington, DC, the world's largest biotechnology conference and exhibition. Further, we led the creation of Atlantic Innovation Day, an event honouring and encouraging innovation in Atlantic Canada, focusing on the 2003 Manning Award winners.

- We represented Nova Scotia's innovation agenda at the 28th Annual Conference of New England Governors and Eastern Canadian Premiers in Connecticut, the first APEC Incubator Forum in Taipei, and the UK Business Incubator Conference.

- We partnered with a number of private and public organizations to develop Nova Scotia's knowledge sectors, creating an environment where local companies can thrive and be more competitive. Some of the organizations include Greater Halifax Partnership, BioNova, Information Technology Industry Association Nova Scotia (ITANS), Telecom Applications Research Alliance (TARA), NovaKnowledge, Business Development Bank of Canada (BDC), Nova Scotia Business Inc.(NSBI), Life Science Development Association (LSDA), Atlantic Canada Opportunities Agency

(ACOA), Industry Canada, Waterfront Development Corporation, World Trade Centre, Nova Scotia Film Development Corp., Nova Scotia BioIndustries Team, ACBA, Dalhousie University, Acadia University, University College of Cape Breton (UCCB), National Research Council, and Canarie.

- We continued to progress in our plan to convert our facility at 101 Research Drive into a grow-out business incubation facility for companies that have progressed beyond early stage incubation. We secured an anchor tenant for 101 Research Drive. A local nutritional product company is relocating its research and development laboratories from the BioScience Enterprise Centre and its management and administrative team, currently based in Bedford, NS, to the facility.
- We incubated 75 companies, both resident and affiliate, at our three sites in Dartmouth and Halifax; 75 new employees were hired by these firms.
- We maintained an average occupancy rate of 80 per cent at the Technology Innovation Centre and the BioScience Enterprise Centre.
- Four clients graduated from our resident incubation program, which means they reached business development milestones that made them ready to move from our premises into commercial real estate. From their new locations, these graduates continue to fuel the creation of new jobs, innovative products and services, sales, and exports.
- We maintained our partnership with a local commercial training company, to offer specially structured and priced professional development sessions to our clients. With sessions happening on site at our incubators, clients benefited from expertise in areas such as prospecting for new clients, high-performance leadership, negotiation selling, and effective communications skills.
- We extended our partnership with Entrepreneurs' Forum, a local organization that fosters the growth and development of knowledge-based companies by providing ongoing support, educational opportunities, and mentoring.
- We held more than 70 additional information sessions, training seminars and networking events for our clients. Ranging from formal opportunities to meet with visiting trade delegations to casual, fun social gatherings, these initiatives were rich with important business information. The gatherings also allowed client entrepreneurs to avoid the isolation that often accompanies early stage business development and to connect with people who could help them grow their companies.

- We continue to play a leading role in the Canadian Association of Business Incubators (CABI), serving on the association's Board of Directors, chairing the international relations committee, and managing the CABI newsletter.
- We attracted two technology patent agents as In*NOVA*corp affiliate clients to serve Atlantic Canadian innovators.
- We continue to proactively engage the outside business community to assist clients in strategic planning and execution. We also played an active role in helping to secure potential lead sales and industry partnerships for several organizations.
- We provided online business guidance to over 50 companies from across the province.
- Fifty-five information inquiries were handled through the Industrial Research Assistance Program (IRAP) supported information specialist through the partnership between In*NOVA*corp and the National Research Council (NRC).
- We continue to operate an active venture capital fund, the Nova Scotia First Fund (NSFF), a provincially based venture capital fund. This year our efforts have been directed toward growing our existing portfolio. We currently manage 11 investments, consisting primarily of investments in information technology and software and life sciences sectors.
- We continue to expand our strong network of venture capital companies to provide multi-investor deals. This approach has enabled the Nova Scotia First Fund (NSFF) to leverage its investment in excess of 10 times, when other venture capitalists, investors, and government funds are included, and to participate in larger and later-stage transactions. The result is a more diversified approach to investment risk.

Strategic Goals

In 2000 the Province of Nova Scotia released its economic growth strategy, Opportunities for Prosperity (OfP), recognizing innovation as one of the fundamental pillars of our overall economic framework. It also identified the growth of emerging industries such as life sciences, energy, advanced manufacturing, and the learning and digital economies as one of its key strategies.

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

In*NOVA*corp is committed to support the Province of Nova Scotia's economic growth strategy and its innovation agenda and is focused on the following strategic goals:

- Work collaboratively with public and private partners to champion and implement Nova Scotia's innovation strategy by providing leadership on matters related to technology commercialization.
- Enhance the growth of knowledge-based industry sectors by accelerating technology-based companies through the start-up and development stages of the commercialization process.
- Build and foster a dynamic and stable entrepreneurial culture by providing the environment where entrepreneurs can grow and prosper through shared experience and strategic relationships.

In*NOVA*corp's strategic goals align with the government priorities of building greater prosperity and fiscal responsibility and accountability as outlined in the government blueprint.

Core Business Areas

High-Performance Incubation

In*NOVA*corp is building an environment that provides entrepreneurs with access to crucial intellectual and physical infrastructure that in most ways affords small companies with support systems comparable to those of much larger organizations. In*NOVA*corp's core business function is high-performance incubation, and we do this by offering a network of critical business resources, including business incubation, mentoring, and investment.

Business Incubation

In*NOVA*corp manages two technology incubators, which currently host over 50 high-technology companies. The Technology Innovation Centre in Dartmouth targets companies in the information and telecommunications technology and the engineering industries. The BioScience Enterprise Centre in downtown Halifax focuses on companies in the life sciences industry. Both facilities offer a comprehensive mix of business incubation services that include flexible leasing of lab, industrial, and office space and shared administrative support.

A third facility, the former Nova Scotia Research Foundation at 101 Research Drive in Dartmouth, is being transformed into another business incubator, focusing on companies that have progressed beyond early-stage incubation but are still progressing towards commercial sustainability.

In*NOVA*corp is also actively involved in the growth of other incubators in the province.

Mentoring

The mentoring program helps entrepreneurs find a faster and less expensive path to success by leveraging the corporate knowledge base developed by In*NOVA*corp and the experiences of others within the business community. It helps identify and remove business obstacles and bottlenecks, keeping the entrepreneur focused on the business and moving in the right direction towards success.

Every company and entrepreneur has unique requirements for assistance. In*NOVA*corp delivers a suite of services that can be tailored to meet the unique characteristics of each company as it progresses through the stages of growth. A key component of the mentoring program is the provision of a fluid, collaborative, and open environment where entrepreneurs can also benefit from the experiences of one another.

Investment

Investment, in concert with business incubation and mentoring, support promising entrepreneurs from start-up to first-stage expansion through innovative financing. In*NOVA*corp manages the Nova Scotia First Fund (NSFF), which is an early-stage source of capital for Nova Scotia businesses. The NSFF was formed by the Government of Nova Scotia in 1989, and In*NOVA*corp was mandated to manage the portfolio in 1997. In*NOVA*corp currently manages 11 investments, which consist primarily of investments in the information, technology, and life sciences sectors. The NSFF provides venture investment in the range of approximately $500,000 in early-stage, fast-growing companies that meet the following criteria:

- an operational base in Nova Scotia
- a viable financial and business model
- a fully developed business plan
- a commercially viable product or process
- capable management with a proven track record

In*NOVA*corp's uses the same investment criteria as traditional venture capital firms. It targets early-stage companies from start-up to the development stage.

Priorities for 2004–2005

For 2004–2005 In*NOVA*corp's priorities include the following:

- Support the implementation of Nova Scotia's innovation strategy by providing advice to the Premier's Advisory Council on Innovation and other federal and provincial initiatives.
- Maintain current occupancy rates at the Technology Innovation Centre and the BioScience Enterprise Centre.
- Complete the transformation of 101 Research Drive into a grow-out business incubation facility.
- Provide tailored advice that will help promising entrepreneurs meet their specific business goals.
- Continue to develop a pool of mentors and business advisors to support In*NOVA*corp's high- performance incubation activities.
- Identify new opportunities for equity investments in life sciences and knowledge-based companies in Nova Scotia and make follow-on investments in existing venture portfolio companies to preserve and grow the value of our investments.

Budget Context

	Estimate 2003–04	Forecast 2003–04	Estimate 2004–05
Revenue			
Provincial Funding	2,195,000	2,151,000	2,195,000
Program Revenue and Recoveries	2,664,400	1,343,100	2,276,400
	4,859,400	3,494,100	4,471,400
Expenses			
Total Operating Expenses	4,854,900	4,265,900	4,346,000
Income before Other Items	4,500	(771,800)	125,400
Other Items			
NSFF Gains (Losses)	202,000	78,300	154,900
Amortization	(595,000)	(369,300)	(731,100)
Interest Income(Expense), Dividends, & Capital Gains (Losses)	1,000	(31,700)	(55,200)
Income (Loss)	**(387,500)**	**(1,094,500)**	**(506,000)**

Outcomes and Performance Measures

Core Business Area *High Performane Incubation*

Outcome (benefit/impact)	Indicator	Measures	Base Year Measure 2002–2003	2003–2004 (as of Feb 25, 2004)	Target 2004–2005	Strategies to Achieve Target
Technology-based companies accelerated through the 2nd/3rd stages of growth of the commercialization process	Clients, companies, in incubators, who exhibit growth	Economic impact (jobs)	226 jobs in incubated companies (at Dec 31, 2002)	85 new employees	Maintain or exceed baseline year	• Provide an integrated approach to clients in growing their businesses • Track number of jobs created in incubation companies
		Number of graduated companies	2–4/year	4	Maintain or exceed baseline year	• Provide an integrated approach to clients in growing their businesses
	Access to business advice	Number of business advisors and mentors serving on boards	No baseline available	No baseline available	50% increase	• Continue to develop a pool of mentors
		Number of companies served outside Halifax Metro	No baseline available	No baseline available	Maintain or exceed baseline year	• Incorporate the online mentoring platform into InNOVAcorp offering
	Smart incubation	Specialty incubation space	No baseline available	No baseline available	Maintain or exceed baseline year.	• Expand 101 Research Drive into a grow-out business incubation facility for companies that have progressed beyond early-stage incubation

Core Business Area *High Performane Incubation*

Outcome (benefit/impact)	Indicator	Measures	Base Year Measure 2002–2003	2003–2004 (as of Feb 25, 2004)	Target 2004–2005	Strategies to Achieve Target
Maximize shareholder value	Financial return to InNOVAcorp	% of leased space	58.5%	60%	Space increase above baseline	• Increase occupancy within 3 incubators
		Follow-on investments	2/year average	3 follow-on	Maintain or exceed baseline year	• New investment/follow-on investment
		Total investments	19 total (at Dec 31, 2002)	19 total (at Dec 31, 2003)	Increase above baseline	• Maximize the value of investments under management
		Average leverage ratio	12.9	13.7	Maintain or exceed baseline year	• Maintain or increase the leverage ratio • Invest in partnerships with existing and new venture capitalists
		Economic impact (jobs)	159 jobs in the investment companies (at Dec 31, 2002)	172 jobs in the investment companies (at Dec 31, 2003)		• Track the number of jobs created in existing and new investments.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Business Incorporated
Business Plan 2004–2005

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Mission

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

Planning Context

During its first full fiscal year, 2002–2003, NSBI met or exceeded its corporate objectives; and projections to the end of fiscal year 2003–2004 indicate that the organization continues on track. With customer satisfaction at 90 per cent, and a highly motivated, professional, and committed employee team, NSBI is poised for growth. And growth continues to be on the minds of businesses throughout the province.

In preparation for the planning period, NSBI commissioned research on business/economic opinions from businesses and the general public throughout Nova Scotia to validate findings from its own regional business case analysis, feedback from account executives, and a series of province-wide stakeholder feedback sessions. The results were encouraging.

Business optimism continues to remain high, despite SARS, the rising value of the Canadian dollar, strained Canada/US relations, and weakness in the US economy. Eighty-six per cent of businesses in the province remain somewhat or very optimistic about their business outlook over the next three years: 86 per cent plan to increase sales, 59 per cent plan to hire additional staff, 52 per cent will introduce a new product or service, and 47 per cent plan to invest in facilities or equipment.

However, Nova Scotia is not without its challenges. Only 65 per cent of businesses believe that Nova Scotia is an excellent or very good place in which to do business, and they continue to believe that improvement is necessary in areas such as infrastructure, attracting new businesses to our province, and helping existing businesses grow. Taxation, competition/maintaining market share, recruiting skilled workers, and the economic climate were cited as the most important issues facing companies. The most important issues facing small businesses in the province are training/upgrading employees, staying abreast of market trends, and gaining access to capital—particularly for smaller businesses and those operating in knowledge-intensive industry sectors.

NSBI also took the pulse of public opinion on awareness and performance: 30 per cent of businesses and 23 per cent of the general public were very familiar or somewhat familiar with NSBI—an increase over the results of the previous survey period. NSBI also found that the majority of respondents supported its role in assisting Nova Scotia businesses and attracting new business to the province and believed that it should operate 100 per cent independent of government, with a cost-recovery mandate.

Economic Landscape

Economic Update

Some highlights:

- Economic growth prospects for Canada have been trimmed back somewhat—expect 2 per cent or slightly lower overall GDP growth for 2003.
- Contributing factors to this weaker growth picture include; the SARS, BSE, and blackout shocks and inventory adjustments—a draw-down on existing inventories rather than new production. Some slack still remains in manufacturing capacity.
- On a positive note, consumer domestic demand remains strong and is expected to drive growth in 2004. A global recovery seems to be under way.
- Look for some strengthening in the Canadian economy in the third quarter of 2003 and through 2004.
- Core inflation is expected to stay below 2 per cent, at least until mid-2005.

  There are risks on the forecast horizon, the foremost being the following:

- There is uncertainty about the sustainability of the US economy beyond mid-2004. However, recent news of the sharp 8.2 per cent growth in third quarter GDP is encouraging.
- Uncertainty about likely changes in key global exchange rates and their impact on the Canadian economy will be felt more noticeably in 2004.

Nova Scotia

In September 2003 the Nova Scotia Department of Finance presented a downward revision to Nova Scotia's growth prospects for 2003. The forecast suggests that provincial GDP will grow by 2.3 per cent in 2003, with an uptake predicted to the near 3 per cent range in 2004. An earlier forecast had suggested provincial GDP growth in the 2.9 per cent range for 2003. Employment is still on track to grow by at least 1.5 per cent this year, reasonably good growth by Nova Scotia standards.

Uncertainty around the timing of offshore gas development and its associated capital expenditures is placing a drag on the forecast. As well, there has been somewhat of a pullback in overall consumer spending this year. Housing starts have been a source of strength. Starts are expected to tail off through the remainder of 2003 and into 2004, but will still outpace national growth rates.

Export Update

The latest export data (to end of August 2003) shows Nova Scotia exports up 7.3 per cent. The province continues to trail all other provinces in Canada in exports as a percentage of GDP. Destination of the exports has not changed significantly, with just over 80 per cent of exports going to the United States with approximately 44 per cent of this to New England and 22 per cent to the South Atlantic region. The next largest exporting destination is the EU with approximately 7 per cent of total exports.

The Productivity Challenge

> "Canada's lagging productivity is the main driver behind the substantial income gap between Canada and the United States …"
>
> "We are not talking about working people harder; it's about working smarter, which is what productivity is about."
>
> "Improve investment in machinery and equipment, which will allow workers to 'work smarter' and achieve more through breakthroughs with technology."
>
> (Conference Board of Canada)

Competitiveness in the global market place, and particularly long-term competitiveness, is tightly linked to productivity. In turn, productivity is a key factor influencing prosperity. Recent empirical work shows that there is a growing productivity gap between Canada and the United States along with the other G7 countries. What is more, the appreciation of the Canadian dollar against the US dollar has eroded the exchange rate cushion and unmasked Canada's competitive weaknesses dramatically. Cheap labour is no longer enough.

In Industry Canada's 2001 provincial and industry comparisons of labour productivity, Nova Scotia labour was just under 80 per cent as productive as the Canadian benchmark. It also indicated that Nova Scotia labour productivity has eroded slightly over the 1997–2001 period; so not only is Nova Scotia labour less productive than the Canadian standard, but the gap is widening.

Nova Scotia companies must adapt in the face of this productivity challenge. However, recent evidence collected by the Business Advisory Team, which is supported by a recent Bank of Canada survey, shows that Nova Scotia companies are not making adjustments to the rapid shift in exchange rate. Companies are watching their margins erode; adjustments in output and employment will inevitably follow.

Competition for Foreign Direct Investment (FDI)

Nova Scotia must compete intensely on the world stage with more than 160 national and 250 sub-national investment promotion agencies working aggressively to attract the kind of FDI that can accelerate economic transformation. Some figures place the number of investment attraction agencies in the US in excess of 2,500, including state and city agencies, universities, and utility companies—all attempting to sell their economic development story to a finite group of companies.

Given the size and wealth of its market, North America is a magnet for transnational investors. Proximity, lower costs, and NAFTA, which provides Canada with preferred access to the US market, situate Canada as a competitive alternative for North America–bound investment from Europe and Asia. While the US is a major source of FDI in Canada, it is also Canada's most direct competitor for North America–bound investments from Europe and Asia.

Foreign Direct Investment in Canada

- Since 1998, cumulative net FDI inflows have increased by $245 billion, to raise Canada's stock of FDI to $349 billion (two-thirds is from the US).
- Europe accounts for 29.3 per cent of FDI in Canada in 2002. The top five European investors in Canada are France, the UK, the Netherlands, Germany, and Belgium.
- North America and Europe accounted for 94.6 per cent of the total FDI in Canada last year.

Canada has been losing ground in the competition for FDI. Over the past decade, Canada's share of North America–bound FDI dropped from 6 per cent to 3.2 per cent, and its share of US direct investment abroad decreased from 16 per cent to 10 per cent. The decline has been most pronounced in manufacturing industries.

FDI in Atlantic Canada amounts to no more than 5 per cent of the national total, lower than the region's share of GDP (6 per cent), investment (6 per cent), and population (8 per cent). Nova Scotia's portion of FDI is just under 2 per cent of the national total. The US is the largest source of investment in Atlantic Canada, followed by the United Kingdom and other European countries. This is the context in which Nova Scotia is competing for its share of FDI.

Nova Scotia's Experiences in Fiscal Year 2002–2003

Nova Scotia typically competes with those regions and jurisdictions that boast similar cost structures, infrastructure, and skilled workers. In 2002–2003, Nova Scotia faced competition from US states, other Canadian provinces, and Mexico. The following table identifies the primary competition (by sector) that NSBI faced in the past year.

Improving Nova Scotia's Competitive Position

The intensity of competition for investment is increasing. Globalization and technological advances are breaking down borders previously believed to limit and direct the flows of FDI. For example, once recognized as a sound location for contact

	Customer Contact Centres	IT— Application Development & Outsourcing	IT— Software Development	Energy— LNG opportunity	Life Sciences	Manufacturing
Geographic Focus	US	US	New England region	Nova Scotia	New England	Europe
Primary Competitors	Quebec, Prince Edward Island, New Brunswick	India, Quebec	British Columbia, Alberta, New Brunswick, Quebec	New Brunswick, Maine	Quebec, Ontario	

centre operations, India is now regarded as a viable low-cost alternative for IT; in particular application development and outsourcing operations.

The level of incentives provided today continues to reach extraordinary proportions. As an example, in 2000 a large tire manufacturer (Michelin) was given by the state of Georgia and the local municipality a number of incentives to set up a plant in their state. They provided to the manufacturer the following:

- 748 acres of land free of charge
- a rail line ($5 million) and a road ($14 million) direct to the back of the plant (State-built specifically for the opportunity)
- costs associated with all employee training (6 months in advance),
- a payroll rebate of 5 per cent for 15 years
- the costs associated with the construction of the plant (the community increased the municipal sales taxes to pay for it)

The manufacturer built their plant in Georgia, indicating that the reason they proceeded was largely influenced by the commitment shown by the state and local municipality. Incentives are often the deciding factor in the decision making for capital intensive and manufacturing situations.

Strategic Goals

The concept of Nova Scotia Business Inc., a private-sector-led business development agency, was first introduced in 2000, with the release of *Opportunities for Prosperity*, the province's economic growth strategy. In November 2001, NSBI became fully operational and officially embarked on its five-year mission by helping existing businesses expand and attracting new investment to Nova Scotia.

NSBI's vision is to be the leading catalyst for business growth and the expansion of economic opportunities throughout the province—in other words, NSBI is the lead business development agency for the province. The organization provides customized business-focused solutions aimed at attracting companies to the province and helping existing firms grow through expansion and export development.

NSBI prides itself on generating a return on investment for Nova Scotia taxpayers by investing wisely in businesses that are export and growth oriented, innovative, and sustainable. This requires the organization to focus its resources in the areas that offer the greatest potential for economic growth—over the short term and the long term. NSBI concentrates activity in five strategic sectors in varying degrees, depending on their stage of development and growth potential: life sciences, IT, energy, advanced manufacturing and learning industries. NSBI also focuses on traditional industries—in particular in those sectors that provide opportunity for value-added products.

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

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

NSBI will continue to focus its attention and resources on the achievement of these goals over fiscal year 2004–2005.

Core Business Areas

During the past fiscal year, NSBI continued to refine its service offerings and streamline the corporation to better meet the needs of clients. As a result, a new business unit—Small Business Growth—was created by combining the Business Advisory Team and Export Development Group. The following outlines the role of NSBI's three core business areas—business attraction, small business growth, and financial services with specific initiatives for fiscal year 2004–2005.

1. Business Attraction

Bringing new, sustainable, and value-added business to the province is highly competitive as jurisdictions worldwide vie for opportunities that generate incremental economic growth and employment. NSBI has established a targeted, aggressive approach to business attraction and identifies companies with the greatest opportunity for success and long-term sustainability—companies that fit key target sectors.

NSBI actively markets the Nova Scotia business case to prospective clients to illustrate the competitive advantages of doing business in the province. In the past year, most effort was concentrated on the US marketplace. This upcoming year will include prospecting for investment opportunities in Europe; in particular the UK, Germany, Spain, and the Scandinavian countries. For companies considering Nova Scotia as a relocation option for all or part of their business, NSBI is a single point of contact. NSBI provides a seamless solution to clients—one that covers all aspects of their requirements, from financing and real estate, to labour and equipment—by harnessing the co-operation of appropriate levels of government and private-sector organizations.

NSBI has utilized incentives through Strategic Investment Funds, to facilitate companies' expansions in the province. These incentives help offset a portion of the costs through a performance-based investment that is paid to companies as they achieve predetermined milestones. These investments continue to generate a positive return on investment and have proven to be a fiscally responsible way to support Nova Scotia's existing strong business case. However, business climate issues, the regulatory environment, and shortages of highly skilled labour in certain sectors continue to be challenges for external investors.

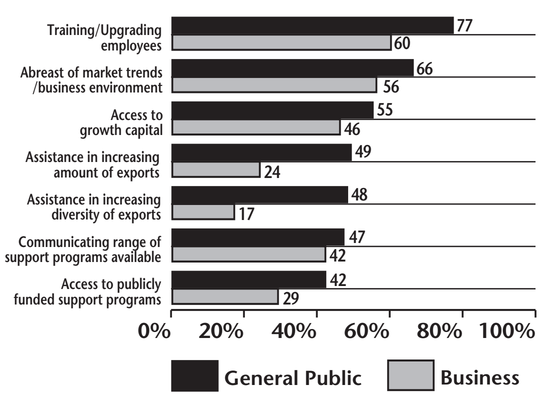
2. Small Business Growth

In Nova Scotia, more than 90 per cent of businesses have fewer than 50 employees—which accounts for more than 51 per cent of total employment in the province and contributes significantly to economic growth and prosperity. In order to better respond to the needs of growth-oriented, smaller businesses in Nova Scotia, NSBI realigned corporate resources, bringing the expertise of the export development and business advisory teams together in the Small Business Growth group, and further supporting the provincial "Blueprint Book" goal of strengthening assistance to small businesses through NSBI.

According to recent NSBI-commissioned research, there are a number of critically important factors for small businesses operating in the province that are not being adequately fulfilled by current service providers. In particular, small businesses cite training/upgrading employees, keeping abreast of market trends, accessing growth capital, and developing exports to be critically important to their continued growth and success.

Further research with Nova Scotia companies through one-on-one meetings and client feedback confirms that competitiveness and productivity improvements continue to be key areas of concern, affecting companies' ability to win business nationally and internationally. And according to recent studies, Nova Scotia is a "productivity laggard" in comparison with a peer group of "like" provinces and US states. This productivity gap is being exacerbated and unmasked by the rapid erosion of the Canada/US exchange rate buffer. Cost-effective labour and reliance on exchange rate advantage is no longer enough to create a competitive advantage for Nova Scotia firms. Margins are eroding, and adjustments in output and employment will follow.

Importance to a Small Business Operating in the Province



Source: General Public and Business

3. Financial Services

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

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

NSBI also takes a partnership approach in its financing activities and requires business owners to make a significant financial contribution that demonstrates their commitment and willingness to share risk. NSBI collaborates regularly with other financial institutions in order to ensure that provincial resources provide leverage—or attract further financing to support business growth and development.

Equity clients must demonstrate a sustainable competitive advantage, strong market potential, experienced and competent management, and a financial commitment from the founders and/or principals. When taking an equity position in a company, NSBI prefers to invest as part of an investor syndicate. A realistic exit strategy and appropriate valuation are key considerations.

Priorities for 2004–2005

As NSBI enters the fiscal year 2004–2005 planning period armed with a history of operating results and new feedback on its role and mandate, it is well positioned to develop and execute customer-focused services that clients need to grow and succeed in this globally competitive environment. In the coming fiscal year, NSBI will continue to adopt an aggressive business development strategy by delivering three core services: business attraction, small business growth, and financial services. Priority areas include the following:

- aggressively targeting new investment attraction opportunities in key sectors that match provincial strengths, drive high-value jobs to Nova Scotia, and result in incremental growth
- enhancing the service offerings of the newly formed "in-province" Small Business Growth team: entrepreneurship development, export development, and productivity enhancement
- Developing new financial solutions to support productivity growth for Nova Scotia companies and the development of early-stage, knowledge-intensive companies in key strategic sectors (e.g., life sciences, IT)
- continuing to generate a positive return on investment for Nova Scotia taxpayers

Business Attraction Priorities

NSBI has implemented a targeted, aggressive approach to business attraction based on the characteristics of a successful, competitive business: flexible, creative, responsive, professional, targeted, client focused, and proactive. Over the next fiscal year, NSBI will continue to

- aggressively target potential clients and opportunities within key industries
- dedicate at least 25 per cent of effort and resources to targeting longer-term innovative industries
- focus on developing industry channel partners that are experts in understanding the commercial expansion opportunities of our target industries

- leverage relationships with Nova Scotia companies to identify new opportunities within these companies, their partners, contacts and industries
- work with university and college faculties to ensure that industry targeting is supported by the new graduating workforces
- continue to niche the Nova Scotia Business Case to make it more relevant to individual businesses

Business Attraction Opportunities

Ten years ago the province of Nova Scotia started to focus on the contact centre industry. Today Nova Scotia has approximately 15,000 people employed in this industry; however Nova Scotia's labour pool will not sustain another 10 years of continued growth. A new focus is needed not only to develop new jobs to increase the level of employment, but also to target jobs that increase the average wage of Nova Scotians.

IT Sector

The immediate opportunity in IT is in the area of outsourcing. Corporate outsourcing is on the rise: more than 70 per cent of US firms are outsourcing at least some of their software development to offshore locations, fuelled by the need to decrease internal IT costs. While many firms are looking at locations such as India for low-cost solutions, increasingly there is resistance to sending mission-critical or security-conscious projects to an overseas distant location. Canada is seen as a cost-effective alternative, in particular for projects where constant communication is important. Client proximity and an understanding of business processes are critical for these types of projects, and Nova Scotia is perfectly positioned for this type of work. Large outsourcers in the US are looking to relocate or set up operations in Canada to capture this part of the market, often referred to as "nearshore outsourcing."

Similar to other jurisdictions that have ramped up their employment in knowledge-based economies, Nova Scotia also needs to have a business attraction strategy that is less cost sensitive and more innovation oriented. Nova Scotia like other successful economies builds its long-term investment strategies with leading-edge research and development at the university and college levels. Nova Scotia is known internationally for its effort in GIS and is beginning to develop an academic infrastructure around privacy and security. NSBI will continue to work on targeting product-oriented companies from both the US and Europe in these fields to complement and build on the innovation in these areas.

Energy Sector

Although the level of offshore exploration has decreased somewhat over the past year, NSBI has identified a role in supporting downstream opportunities in the energy sector. NSBI has been actively engaged in the development of a potential LNG project for the province and will continue to identify complementary operations that could take advantage of the additional supply of gas and the output from LNG activities.

Manufacturing

Manufacturing is an area where Nova Scotia has lost ground in terms of recent foreign direct investment. NSBI is engaged in renewing Nova Scotia's efforts to attract a new industrial base by focusing on companies that move our abundant natural resources up the value chain. The convergence with the natural gas sector and our abundant natural resources is allowing NSBI to target companies in the food processing, aerospace, and advanced building products industries.

Life Sciences Sector

The life sciences sector is small, but growing, in Nova Scotia. Capital investment required to fuel growth is considerable, and significant support is still required to continue to develop the necessary infrastructure and support for high-tech companies operating in this sector. NSBI has identified specific business attraction opportunities related to advanced manufacturing that capitalize on the province's inherent strengths in marine bioscience and neutriceuticals. A long-term approach is the targeting of R&D centres that can take advantage of the research and marine and medical expertise in this province.

A targeted approach to business attraction requires an in-depth knowledge of the industry strengths that we have in Nova Scotia. Taking inventory of individual businesses and research efforts in the province allows NSBI the ability to be proactive on new innovative opportunities. This stocktaking exercise will be an ongoing practice to ensure that Nova Scotia takes advantage of all possible inherent strengths.

Successful companies are often the best source of lead generation as they have relevant partners and contacts, know the Nova Scotia and global markets, and understand the best businesses and business practices. Leveraging contacts within successful Nova Scotia companies to identify opportunities through their partners and contacts continues to be a major source of lead generation for NSBI.

Lead generation comes from a number of other sources as well, and NSBI will continue to use all of these sources to generate targeted leads that flow through a sales qualification process to determine their "fit" for Nova Scotia. In particular NSBI will continue to use industry-specific in-market sales lead-generation experts and contacts to deliver qualified sales leads.

The strength of the new Small Business Growth group is its hands-on experience in combination with an extensive network of contacts and partnerships. The group plans to enhance its Export Development offerings in 2004–2005 and to introduce new small business support initiatives that help Nova Scotia companies increase their productivity and competitiveness.

Small Business Growth Priorities

NSBI's approach to small business is to provide a proactive, province-wide business development group that meets with businesses to identify their specific needs. This process generates qualified referrals for NSBI's lines of business or, where appropriate, partner organizations. NSBI employees are certified under the Business Retention and Expansion International (BREI) process and have adapted this internationally recognized approach to identify business challenges, opportunities, and obstacles for growth. Keeping strong Nova Scotia companies in the province is critical for continued growth and prosperity. As a result, NSBI will introduce an Executive Visitation Program, targeting the top 50 private-sector employers—in order to identify expansion opportunities, productivity challenges, or potential issues that would affect their long-term profitability and sustainability.

New Initiatives for Fiscal Year 2004–2005

Entrepreneurial Development

Building on NSBI's positive experience with the EDGE program (Entrepreneurial Development for Global Entrepreneurs) and the IT Boot Camp, further opportunities exist to provide entrepreneurs with access to the training and development opportunities they need to stay competitive. NSBI plans to develop and pilot-test an Entrepreneurial Coaching initiative to help qualified Nova Scotia companies acquire the services of specialized hands-on business coaches. This program will be delivered on a matching-of-funds basis to an overall NSBI assistance cap of no more than $5,000 per engagement.

Market Diversification

In 2004 NSBI will continue to support our exporters' efforts to open new markets and expand in existing domestic and international markets. "Export Prospector" will be a principal tool to assist in achieving our goals, as will targeted sales call programs in selected markets and strategic sectors. NSBI will continue to support the coordination of provincial trade activities in Nova Scotia, the Team Canada Atlantic Trade Mission Program and activities under an extended International Business Development Agreement. NSBI will also implement its new export diagnostic tool—Rxport for use by all Trade Team Nova Scotia partners and will complement the rollout with export development training sessions led by NSBI. NSBI may also expand its export services by launching an innovative new program aimed at helping exporters better exploit international trade shows and exhibitions, as well as evaluating a fee-for-service model for trade research. Following is a description of some of these initiatives.

- Export Prospector—is designed to help Nova Scotia companies enter new export markets. The program's specific intent is to help companies gather market intelligence, leads, and new customers. The process will provide the company with the opportunity to meet qualified leads within a structured format in the *new export market* of the client's choice. Export Prospector was delivered through fiscal year 2003–2004 as a pilot project with 20 companies enrolled to date. An evaluation of the program was carried out in August 2003, and the results were positive: clients appreciated the straightforward approach and client demand remains high. The most common response received during the review process was that both clients and their consultants found the program very flexible and adaptable to their specific export-related needs. Export Prospector is delivered on a matching-funds basis to an overall NSBI assistance cap of $5,000 per engagement.

- Prospector Plus—provides six targeted, in-market sales call programs for small company groups. This program offers a "no frills" approach to the trade mission experience, in combination with the Export Prospector focused approach to matchmaking. Prospector Plus has been piloted twice in 2003–2004—a four-company mission to South Carolina in June 2003 and most recently a five-company export development initiative to New England in early December.

- ShowStorm!—is an umbrella that covers a new strategic approach for helping companies at trade shows. Trade shows are an important part of the marketing efforts of Nova Scotia companies. ShowStorm! looks to supplement the natural hands-on strength of the team as "trade show experts." This will be done through providing support for trade show identification, company capability development, trade show reconnaissance, and trade show intelligence. This is all in response to companies' expressed need for in-market assistance and market information. Elements of ShowStorm! have been rolled out in 2003–2004, including a recent reconnaissance initiative at cdXpo in November in Las Vegas. Plans for 2004–2005 call for an emphasis on imparting tactics that make trade shows work more effectively for participants on a cost-shared basis.

- Supplier Development—The recent movement of the province's procurement framework to the Office of Economic Development offers potential for the hands-on involvement of the Small Business Growth group. There are aspects of the supplier-development process that lend themselves well to the hands-on expertise of the group. In particular, NSBI will explore opportunities to contribute by

- promoting awareness—how procurement works, how to access tender opportunities, and the importance of quality product and service
- working with and educating Nova Scotia companies
- encouraging increased export readiness through the supplier development framework
- promoting corporate networking

Financial Services Priorities

Access to capital continues to be one of the most pressing issues facing businesses in Nova Scotia, particularly small, rural, and knowledge-based businesses. Updated research continues to demonstrate the need for greater access to growth capital for businesses; almost half of business respondents cited access to capital as critically important to a small business operating in the province, but only 2 per cent of these respondents were completely satisfied with how their needs are currently being met. In addition, recent uncertainty in financial markets combined with the need for financial institutions to minimize risk and increase shareholder returns continues to shrink the availability of capital in Nova Scotia.

Further, tightening in financial markets continues to hamper the development of Nova Scotia companies, in particular, young technology-driven enterprises. These companies require seed and early-stage capital to grow—the type of capital in critical short supply in Nova Scotia. Since its inception, NSBI has been an active equity partner in the province. Through this experience, as well as continued consultations with industry associations, stakeholders, and businesses, further challenges and gaps in business financing have been identified. In fact, stakeholders have suggested that NSBI should more aggressively support companies' financial needs in the province by identifying opportunities to take higher risk.

NSBI will pursue aggressive business development strategies to place capital in the hands of growing Nova Scotia businesses. Key strategies include identifying new opportunities for existing clients, developing a network of referral sources for new business in key strategic areas, and launching innovative new services that continue to fill gaps for growth capital and meet customers' needs.

NSBI will also continue to maximize portfolio return while adhering to a responsible risk management framework, and continue to improve processes and turnaround time. Portfolio quality will continue to be a priority for NSBI, further building upon the creation of a special accounts management function in the past fiscal year, which is responsible for developing workable solutions to challenging situations. However, where appropriate solutions cannot be agreed upon, NSBI will make every effort to minimize loan losses.

Nova Scotia Business Fund

Financial resources for NSBI's lending and investment activities are provided through the Nova Scotia Business Fund on an annual basis. The existing portfolio of 170 companies totals $180 million outstanding and reflects financing commitments in communities throughout the province and in diverse industry sectors. During the previous planning period, a framework was developed to provide guidelines for investment decisions and the composition of the portfolio:

- annual sector investment targets:

– foundation	18 per cent
knowledge-based (IT and life sciences)	20 per cent
advanced 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, amortization, and optionality (e.g., interest capitalization, extended amortization)

Currently, the net new capital available for NSBI to continue to meet the financing needs of Nova Scotia businesses is $20 million. Repayments of current investments will be $10 million to $15 million from the existing portfolio, which is reinvested into the fund for a total estimated capital pool of between $30 million and $35 million for fiscal year 2004–2005.

New Initiatives

Small Business Lending
During fiscal year 2004–2005, increased activity is expected on the small business front, particularly in rural areas, as NSBI continues to expand its small business lending activity. Prospecting efforts will be directed to improving reach to viable small businesses throughout the province. With an active calling program in place, NSBI will improve on its lead conversion rate in 2004–2005 while continuing to refer clients to other financing sources, which may be better suited for their needs.

Productivity Enhancement Financial Assistance
To ensure that small businesses have increased access to capital for productivity enhancement initiatives that may not be eligible through traditional forms of financing, NSBI plans to introduce new productivity financing alternatives. Each

investment would generate a positive ROI, and repayment would be benchmarked against predetermined milestones.

Small Business Technology Investment Fund
With the recent retreat of the venture capital market, early-stage businesses have been hard hit. Deal flow has slowed significantly and has yet to rebound. This is not unique to Nova Scotia. In fact, it is a trend seen across North America. In instances where venture capitalists are actually investing, they tend to be in follow-on rounds for revenue-generating companies. NSBI proposes to create an early-stage/pre-venture fund, the "Small Business Technology Investment Fund," to fill an investment gap that is currently hindering the growth of Nova Scotia's knowledge-based economy.

The Small Business Technology Investment Fund (SBTIF) will provide early-stage high-tech companies with a source of equity to promote new job creation and economic growth. The fund will make early-stage equity investments in companies that have developed innovative technology products or services and that display significant competitive advantage and market potential. This initiative is contingent on finding the appropriate funding mechanism.

Strategic Investment Funds (SIFs)

Strategic investments create tangible returns for the province: clients generate more direct taxes than the amount paid back to them. For example, the payroll rebate—a performance-based investment—is paid to companies as they achieve predetermined milestones over a period of time, usually five to seven years. Last year, NSBI approved $22.5 million in payroll rebate commitments to 13 companies.

NSBI utilizes SIFs to provide innovative financing to companies through agreements such as payroll rebates. All opportunities that utilize these innovative financial tools must earn a positive ROI for the province, demonstrate incrementality, and generate a net economic benefit. By adhering to these basic principles, NSBI is able to balance the need for flexibility in meeting a client's unique business needs with the need to demonstrate accountability to its stakeholders. Strategic investment commitments are undertaken specifically to increase the growth and development of strategic business sectors following a thorough due-diligence process.

NSBI will continue to focus on business opportunities that demonstrate a positive ROI and to focus on quality business attraction that diversifies the province's investment portfolio. It is important to note that not all key growth industries are at the same level of maturity in the province. Consequently, it may be necessary for NSBI to develop new financing vehicles using the SIF.

Strategic Investment Funds Budget

NSBI forecasts $16.2 million for existing commitments and new services to ensure that the organization can improve responsiveness to client needs and improve transactional turnaround time.

Strategic Investment Funds	Current year forecast ($)	Fiscal year 2004–2005 ($)
Existing commitments	16,500,000	10,200,000
Amount approved by NSBI	1,100,000	6,000,000
Total amount approved	**17,600,000**	**16,200,000**

Marketing and Communications Priorities

Focused marketing and communications activities concentrate on supporting business development initiatives and positioning NSBI as an effective and efficient business-solutions provider for companies considering investment in Nova Scotia. This requires building awareness of NSBI among businesses and other stakeholders in the province and increasing the knowledge of Nova Scotia and its business advantages in key markets, particularly in the US. Although NSBI achieved an increase in awareness of its services among Nova Scotia businesses and the general public during the past fiscal year, continued emphasis is required to reach out to businesses throughout Nova Scotia that may benefit from NSBI services.

A key area of focus for marketing and communications in fiscal year 2004–2005 is increasing the support to NSBI's three core business lines. From a corporate perspective, strategic communications and media relations support, as well as effective government relations and event management continue to be a priority.

Goals and objectives include the following:

- Increase the visibility and positive awareness of Nova Scotia, its businesses and Nova Scotia Business Inc. within the province and abroad:
  - enhance the use of multimedia communication tools, including a new website and quarterly e-newsletter, and through links to partnering organizations
  - proactive media relations planning with regards to opinion editorials, daily features, news releases, and public relations
  - effective sponsorship planning and implementation to leverage sponsorship fully and equitably through business lines
- Create and enhance marketing and communication tools, events, and programs to build sales opportunities for Nova Scotia and our businesses:
  - create marketing collateral for each strategic sector of focus
  - coordinate and implement effective company visit procedures
  - develop and utilize in-market and sector-specific advertising plan
  - stage dynamic and detailed events specific to business development activities in key markets
  - organize VC East—a venture capital forum for Atlantic Canadian companies seeking venture capital funding and information

- liaise with and leverage the relationships built through the Toronto and Boston (NovaMass) Business Advisory Groups

- Provide corporate marketing and communications support:
  - distribute internal newsletters in partnership with HR
  - plan and organize internal meetings and events such as annual meetings, staff meetings, and social events
  - government relations activities as required
  - support another successful Export Achievement Awards

NSBI continues to refine positioning and messages that support the core business areas. Public and media relations will be aligned to support business development efforts in target markets. Three key initiatives are outlined in further detail below.

Partners

Partnership development is a critical component of NSBI's business development strategy. Growing and attracting business is not solitary work. It requires co-operation with companies and organizations located here and in target markets. Partnerships expand NSBI's reach and help promote Nova Scotia and its business strengths among key target audiences: potential clients, business leaders, industry associations, and key federal, provincial, and municipal leaders. Over the planning period, NSBI will actively engage key partners in business development strategies and continue to obtain input on ways to improve client service.

Partner Category	Goal of Partnership
Business Attraction	Foster strong relationships with economic development agencies and organizations ensuring NSBI access to all relevant investment leads for the province and the information and/or expertise required to take the lead from prospect to client
Small Business Growth	Foster relationships with industry associations, regional and community development agencies, and government departments to support and refer NSBI service offerings and export development initiatives
Financial	In keeping with the mandate of improving access to capital, build close relationships with other financial institutions and funding agencies to increase the total amount of capital accessible to companies and to leverage the risk involved in these transactions.
Corporate	At a corporate level, foster, support for further development of the NSBI organization and help to build awareness of NSBI's objectives, mandate and services.

Organization

NSBI continues to build a professional, experienced, and proactive team. To carry out the activities outlined in this plan and specifically deliver on the targets outlined in the Outcomes and Performance Measurement section requires additional resources from those utilized in fiscal year 2003–2004.

NSBI has completed a review of its operations and as a result has carried out a reorganization intended to focus all customer-facing activity on recruiting new customers for our Business Attraction, Small Business Growth, and Financial Services lines of business. Given that NSBI has a finite level of financial and human resources, all activity must be focused on clients who require our services. The reorganization has been discussed in earlier segments of this business plan.

NSBI has invested two years in the development and introduction of a Corporate Balanced Scorecard, which measures progress on identified goals. For fiscal year 2004–2005 the scorecard has been enhanced to focus even more on customer-driven results. All NSBI activity will be geared towards increasing the client base. Activity within Nova Scotia will be focused on increasing the number of clients in which NSBI invests and in recruiting new businesses for NSBI to offer its export development services. While activity outside of the province will be more tightly focused on attracting investment that will augment Nova Scotia's current industrial strengths. NSBI's monthly scorecard monitors activity to ensure that business development activity is delivering desired results.

NSBI remains committed to creating a results-oriented corporate culture where employees feel challenged and supported on both a professional and personal level. The previous implementation and ongoing use of an employee performance management system, which is linked to the Corporate Balanced Scorecard, focuses on the achievement of corporate, team, and individual goals. Performance evaluations continue to provide employee feedback and measures to recognize individual results and achievements. NSBI continues to enhance compensation-related programs to reward success and achievement. NSBI regularly reaches out to its employees to garner feedback on issues or concerns. This is done through employee surveys, suggestion boxes, and one-on-one confidential meetings. Continuous enhancements of internal communications remain a priority and are being accomplished through such things as an employee intranet, staff meetings, and offsite group meetings. The employees of NSBI have and will continue to provide input to the corporate planning process.

NSBI recognizes the need to make appropriate investments in employee professional development and training and continuously identifies opportunities to augment skill sets. The corporation is committed to enhancing business services provided to clients and in retaining the tremendous employees that make up the NSBI team.

Budget Context

Budget Summary

	Forecast 2003–2004 ($)	Estimate 2004–2005 ($)	Variance ($)
Operating Expenses	6,815,000	7,200,000	385,000
Loan Valuation Allowance	2,000,000	1,600,000	(400,000)
Strategic Investments	20,400,000	16,200,000	(4,200,000)
Overall Total	**29,215,000**	**25,000,000**	**(4,215,000)**

Outcomes and Performance Measures

This section outlines the planned outcomes for April 1, 2004–March 31, 2005, with an indication of the strategies that will be used to achieve these outcomes. Measures to gauge how well each goal is being met are indicated with a base for fiscal year 2003–2004.

The outcomes and measures for the upcoming year reflect NSBI's commitment to measuring results as well as the need to ensure that investment attraction efforts result not just in an absolute number of new jobs, but in higher-value opportunities.

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

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

1. Operating Budget	$7,200,000
2. Strategic Investment Funds	$16,200,000
3. Loan Valuation Allowance	$1,600,000
	$25,000,000
4. Capital Allocation	$20,000,000

This is a critical year for NSBI—a year in which, despite budgetary challenges, it is more important than ever to ensure that it is equipped with the resources necessary to be responsive to businesses and to be consistent in its approach. This will ensure that continued employment and economic wealth are generated for the shareholders—all Nova Scotians.

Outcomes and Performance Measures

Core Business Area

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

Goal	Indicator	Measure	Base Year 2003–04	Targets 2004–05	Strategies to Achieve Target
3. Provide access to capital for new/existing businesses in Nova Scotia, with the intent of enhancing value-added growth for the province's economy	Incremental value investment projects	# of financings with new/existing companies (80% in strategic growth sectors) utilizing Nova Scotia Business Fund	20 financings	32 financings	• New product offerings • Sharpened business development focus
	Flexible financing arrangements	% Nova Scotia Business Fund used for equity/working capital deals	Range 20–25%	Range 20–25%	• Maintain share of financing to companies in strategic growth sectors
	Partner for financing solutions	Leverage ratio of partner: NSBI	Ratio of 1:1	Ratio of 1:1	• Maintain co-investment philosophy
4. Increase the visibility and recognition of Nova Scotia—its business climate, advantages and capabilities—at home and abroad	External marketplace awareness of Nova Scotia and its business advantages	# of external inquiries on Nova Scotia business capabilities	280	300	• Present Nova Scotia's business case • Proactively target/meet with companies and lead-generating organizations in the US/ Europe • Nova Scotia Ambassadors
	Awareness of NSBI's role in Nova Scotia	% increase over base measure of awareness of NSBI	Business 30% Public 23%	2% 2%	• Business and community events, e.g., Export Achievement Awards • Communication tools, e.g., website, articles, advertising

Goal	Indicator	Measure	Base Year 2003–04	Targets 2004–05	Strategies to Achieve Target
5. Develop an action-oriented, client-focused organizational culture that encourages, empowers and supports high performance, entrepreneurial thinking, professionalism	Customer service	% increase of clients who are satisfied with NSBI' s services	90%	90%	• Expand existing customer service training
	Employee training and development	% of employee participating in training and development programs	50% of employees	80% of employees	• Provide and promote training and educational programs
	Business culture—deliver results within cost management structure	Operate within annual budget	$6.815 million	$7.200 million	• Maximize operating efficiency and cost effectiveness
Overall performance	Jobs within Nova Scotia	# of jobs retained and created by clients	3,700 maintained and new	3,700 maintained and new	• Attract companies to Nova Scotia • Help existing companies within Nova Scotia grow • Provide financial solutions • 5-year cumulative target of 18,000 jobs
	Export sales	Incremental export sales of NSBI clients	TBD	TBD	
	Provincial tax revenues	Incremental provincial tax revenues from NSBI clients	TBD	TBD	
	Total payroll	Total payroll impact of NSBI clients	TBD	TBD	

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Crop and Livestock Insurance Commission
Business Plan 2004–2005

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Mission

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

Planning Context

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

The commission reports to the Minister of Agriculture and Fisheries and is a key component of the business risk-management services that the department offers to the industry. The commission administers 13 crop insurance plans and a dairy livestock insurance plan. Effective April 1, 2003, the Canada–Nova Scotia Crop Insurance Agreement was superceded by the Canada–Nova Scotia Implementation Agreement, in keeping with the National Agricultural Policy Framework (APF). The agreement outlines cost-sharing arrangements and administrative requirements that govern the design and delivery of production insurance programs. Federal and provincial Ministers of Agriculture have indicated their desire to expand and strengthen the role of the program. Production insurance will expand to offer more coverage to commercially grown crops and livestock species. The commission will develop insurance products for crops and/or production systems that do not conform to conventional production insurance methodologies. The APF also suggests that new performance measures be implemented if the province is to maintain its federal-provincial cost-sharing arrangements.

The outbreak foot-and-mouth disease (FMD) in Europe in 2002 prompted a review of the commission's liabilities. The review was completed and a reinsurance was put in place in April 2003. Within six weeks bovine spongiform encephalopathy (BSE) was discovered in Alberta. Both diseases are insured perils under the dairy plan. The commission's exposure under the Loss of Income benefit was over $40 million in 2002. Changes to the benefit structure in the 2003 have limited the exposure, and private reinsurance protection was purchased for the 2003–2004 season. Discussions with reinsurers and legal counsel have highlighted the need to have an actuarially sound rate-making methodology developed to ensure the viability of the Dairy Insurance Plan. This was completed in 2003, and regulations are being revised to reflect the realities of the exposure to these diseases. Upon recommendation of the Dairy Farmers of Nova Scotia (DFNS), the commission is seeking to remove BSE and FMD from its list of insured perils.

The commission's information management systems have been in need of a major overhaul for some time. The backbone of its information management capabilities is a DOS-based relational database, circa 1988. The software is out of production and no longer supported by the vendor. The Resources IT-CSU has ceased software support for this product, leaving the commission to arrange its own system support. This poses a human resources challenge in securing in-house support personnel and a financial challenge in securing funds to replace the system. The present system does not provide the functionality required to offer the program enhancements expected under the APF.

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 expand programming to include new insurance plans under conventional production insurance and introduce product innovations that broaden the income stabilization capacity of farm businesses.
- To improve service delivery to clients by reducing red tape and decreasing turn-around time on client requests for program improvements.

Core Business Area

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

Priorities for 2004–2005

In support of government's goal of developing a competitive business climate that encourages economic growth and increases jobs in Nova Scotia's rural and coastal communities, the commission will pursue the following;

Program expansion/enhancements including the following

- Higher coverage levels (90 per cent of the long-term average production will be offered to growers of all crops that fit within the definition of conventional production insurance under the APF Production Insurance Guidelines.

- Weather derivative insurance products that allow more flexibility in valuing underlying assets and in dealing directly with the weather events that cause crop losses will be developed.
- Acreage loss insurance options that are based on the dollar value per acre rather than the tonnage produced will be developed.
- The Dairy Livestock Insurance Plan will be prepared for full cost sharing under the APF; this will allow producers to take advantage of the 60 per cent government cost sharing on premiums.
- Livestock insurance plans will be developed in consultation with commodity groups and in compliance with national guidelines.

Information technology

- In an effort to improve customer service and administrative efficiency and to reduce response time to stakeholder inquiries, the commission will replace its database platform. The current software is no longer supported by IT-CSU, and private-sector support is not readily available. Program enhancements/improvements cannot be facilitated within the current software architecture. A search for off-the-shelf replacements has been conducted without success. A term position for a Business Systems Specialist will be replaced with a permanent position. This position will provide ongoing support to the current system and lead in-house development of a replacement.

Red tape reduction

- The commission will continue to pursue a streamlined regulatory process that will allow more timely responses to client's product and service requests.
- In spring 2004, the commission will again request a revision of the Crop and Livestock Insurance Act, which will allow the commission to deliver its products in a manner consistent with insurance industry standards. This will include the ability to revise premium rates and unit prices annually according to actuarially sound methodologies and to do so in a timely manner so as to offer clients insurance coverage based on current market and risk conditions.
- The commission will continue to update its regulations to reflect modern language and to more clearly describe how its programs effect client risk management options.

Budget Context

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

Operational priorities outlined above have been costed and included in the budget estimate. The expected total cost of replacement of the information management system has not been included in these estimates, but rather, work will proceed in phases as system development is contracted to external contractors.

Estimate of Income and Fund Balances

	Forecast 2003–04 ($,000)	Estimate 2004–2005 ($,000)
Revenues		
Insurance Premiums Paid by Clients	480	358
Insurance Premiums Contributed by Federal Gov't	240	322
Insurance Premiums Contributed by Provincial Gov't	240	215
Interest Income	210	205
Total Revenues	1,170	1,100
Expenses		
Indemnity Claims	960	1,000
Reinsurance premiums	197	200
Bad Debt Expense	5	5
Total Expenses	1,162	1,205
Net Income From Insurance Activities	8	(105)
Crop and Livestock Insurance Fund Balance		
Beginning of Year	6,298	6,306
End of Year	6,306	6,201
Administrative Expenses		
Government Contributions (Canada)	493	501
Government Contributions (Nova Scotia)	330	392
Total Administrative Expenses	823	893
Net Govt Expenditure		
Canada (Premium + Administration)	733	823
Nova Scotia (Premium + Administration)	570	607
Total Program Expenditure	1,303	1,430

Outcomes and Performance Measures

Core Business Area

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Increased stability of farm businesses	Number of farms using crop insurance	500	520	560	• Improve program effectiveness through higher unit prices and increased coverage options
	$ value of coverage	$14.1 million	$18.1 million	$20 million	• Higher unit prices and coverage options
	Aggregate coverage level for program	76%	78%	79%	• Increase maximum allowable coverage to 90% for all eligible crops • Bring Dairy Insurance plan into APF platform
	Number of insurance products available	12	15	17	• Introduce weather derivative products for forage • Introduce acreage loss program for vegetables
	Months elapsed from commission approval to program implementation	12–18	6	4	• Replace information management software to allow in-house program modification • Work with Regulation and Compliance Branch and the Department of Justice to speed up review of regulations and to amend the Crop and Livestock Insurance Act to allow the commission to deliver its products in a timely manner

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Farm Loan Board
Business Plan 2004–2005

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Mission

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

Introduction

Active for more than 71 years, the Nova Scotia Farm Loan Board is an agricultural development agency acting to build greater prosperity by supporting agricultural and rural business development, by providing long-term loans at fixed interest rates, and through financial counselling services. A corporation of the Crown, the board is an integral part of the Nova Scotia Department of Agriculture and Fisheries and also operates as the Timber Loan Board.

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

Operations and interest rates are managed so as to cover all direct costs of operation and provide a modest net income, which offsets indirect costs of services provided by government to the board and provides resources for maintenance of systems and operations. At last year-end, the board's net farm loan portfolio totalled $157 million in 1,134 loans. Including lease property accounts, total lending to agriculture represents approximately 32 per cent of the debt capital of Nova Scotia farmers. Timber loans provided to forest mills to ensure a sustainable wood supply totalled $1.8 million to a total of 20 accounts.

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

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 emphasizes rural development and the effective use of credit to develop rural Nova Scotia

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

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

Planning Context

External Context

The agricultural industry is affected by local weather and other conditions affecting production and by conditions in competing regions that may affect general price levels for commodities produced, as well as market conditions, including the effects of branding, consolidation and national purchasing, and market access. For the most part, general climatic conditions were favourable in Nova Scotia during the past year. Weather patterns do remain a concern to agriculture, in particular, recent water shortages affecting some sectors and regions.

The bovine spongiform encephalopathy (BSE) case in western Canada and the more recent case in the United States have resulted in a decline in producer prices for beef and competing products, affecting Nova Scotia cattle and hog producers very directly, and have reduced the value of cull cattle to dairy producers. September's Hurricane Juan caused considerable damage to buildings, crops, and woodlands through an important agricultural section of the province. Although insurance and government compensation has helped, some clients have arranged deferral of loan payments, and others may need to pursue other options to refinance their operations.

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.

Interest rates remain low since declines during the previous two fiscal years. The Bank of Canada overnight rate has declined during the year from a high of 3.25 per cent to a March 2004 value of 2.25 per cent. Lending rates remain low relative to historical rates, with January–March 2004 Farm Loan Board rates only 30 basis points above their lowest levels since rates became linked to matched funding provided by the Department of Finance in 1997. US rates remain low as well with the federal funds target rate declining from 1.25 per cent to 1.00 per cent. The interest rate situation presents an opportunity for those requiring long-term financing, and will tend to support acceleration of capital investment and the trend towards greater reliance on technology. Rates for short-term and variable-rate loans remain significantly below long-term rates such as those generally provided by the board, although the gap has narrowed somewhat.

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

Short-term rates did not rise as expected during the past fiscal year. Although some clients still show a preference for short-term or variable rates offered by commercial lenders, the demand for longer-term loans has stabilized. It is anticipated that the board will advance $27 million in the current fiscal year for a net increase in the loan portfolio of $7 million. Requirement for board funding is expected to increase to approximately $30 million in 2004–2005.

Interest Rates Offered by the Board during the Year

Term	April 1, 2003 to June 30, 2003	July 1 2003 to Sept. 30, 2003	Oct. 1, 2003 to Dec. 31, 2003	Jan 1. 2004 to Mar. 31, 2004
1 to 5 years	6.25%	5.25%	5.25%	5.55%
6 to 14 years	6.55%	5.70%	5.70%	6.00%
15 to 19 years	7.10%	6.30%	6.30%	6.60%
20 to 24 years	7.30%	6.60%	6.60%	6.90%

Technology is providing for increased mechanization and automation and is being felt in a wide range of applications. This trend is supporting a broader trend toward consolidation of agricultural operations into larger units in attempts to gain efficiency through economies of scale. Larger operations present greater difficulties in providing for intergenerational transfer of family businesses, which must be addressed.

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

The provincial budgetary situation requires that the goals of each government entity be met in a cost-effective manner. The board will seek to further these requirements by presenting a positive net income on lending operations.

Ongoing Planning Focus

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

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

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

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

Strategic Goals

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

- Ensure industry access to stable, cost-effective, long-term developmental credit.

- – to create conditions that help the rural economy grow, support sustainable and environmentally responsible development of agricultural industries, and support development of a competitive business climate to support economic growth and increase jobs in rural communities

- Assist in identification and analysis of growth opportunities for rural industries by promoting the use of financially sound business principles.
  - – to meet industry needs through provision of training and counselling to clients and sponsoring and promoting learning opportunities within the agricultural community

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

Core Business Areas

1. Lending

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

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

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

2. Programs Administration

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

Priorities for 2004–2005

1. Lending

- Provide $30 million of new loan capital to the agricultural and timber industries in the 2004–2005 fiscal year

The focus is on development and long-term stability. Projections indicate that loans advanced will total $27 million and principal repayments $21 million in 2003–2004. With both advances and repayments above original budgets, this represents a net decrease of $1 million from original expectations.

While mortgage rates of similar terms are comparable, commercial lenders continue to offer short-term and variable-rate loans at rates significantly below board loan rates. It is believed that the financing requirements met temporarily by short-term loans have simply deferred demand rather than eliminated the need for long-term financing. High requirements are expected as short-term rates move closer to long-term rates in the future.

Total farm debt required by Nova Scotia farms grew 50 per cent between 1996 and 2001. Given the historical rates of growth in agricultural capital requirements, $30 million of new loans will result in the board providing approximately 30 per cent of total agricultural lending in Nova Scotia.

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

Loan accounting and lending support systems require renewal. A joint project with the Fisheries and Aquaculture Loan Board for implementation of a replacement system is planned for the 2004–2005 fiscal year, pending approvals. This will improve service to clients and increase efficiency and reliability. Most of the purchase cost of a complete integrated loan management system will be funded through the board's retained earnings held in reserve by the Department of Finance.

A new loan management system will replace the current network of DOS-based applications, spreadsheets, manual functions, and in-house database applications that are now required and that constrain the board's flexibility in meeting client needs.

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

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

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

- Red tape reduction priorities

  Board regulations are in place to permit the activities of the board rather than to regulate businesses. Clients have been encouraged to make payment by pre-authorized payment rather than cash or cheque (which are still accepted). System changes noted above will give the board greater capacity to provide clients direct access to their own information, although this will not be available for some time.

2. Program Administration

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

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

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

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

Budget Context

1. Lending

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

The funding arrangement has allowed the board to move from net losses prior to the arrangement to a net income position. The board reported a net income of approximately $2 million in the most recently completed fiscal year (2002–2003). Forecasts indicate positive returns to the province for the current year (2003–2004) and subsequent years.

Significant portions of the board's expenses, most notably insurance costs under the board's life insurance program and bad-debt expense are somewhat unpredictable and beyond short-term control.

The first known loss on the self-administered group life insurance program offered by the board occurred during 2003–2004 as the result of higher-than-usual death claims. Actuarial advice is to expect variations in results of this program from year to year.

During the 2003–2004 year, the board's provision for doubtful accounts was reviewed and determined to be significantly over-funded. An adjustment, reducing the reserve, has been included in the current year's forecasts. This adjustment is a one-time entry and will not have any affect on future budgets.

Operational Income Statement

2001–2002 Actual ($ 000)	2002–2003 Actual ($ 000)	2003–2004 Forecast ($ 000)	Description	2004–2005 Estimate ($ 000)
13,213	12,203	11,866	Interest	12,300
169	159	(204)	Insurance Operations	190
467	630	558	Fee Revenue / Recoveries	415
13,849	12,992	12,220	Total Revenue	12,905
(10,677)	(10,420)	(9,924)	Interest	(10,200)
(835)	(944)	(1,020)	Salaries and Benefits	(1,028)
(972)	(595)	1,000	Bad Debt Expense	(530)
(157)	(161)	(189)	Other Operating	(163)
(12,641)	(12,120)	(10,133)	Total Expenses	(11,921)
1,208	872	2,087	Income before Govt. Contribution	984
992	1,105	1,209	Government Contribution	1,186
2,200	1,977	3,296	Net Income	2,170

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

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

2001–2002 Actual ($ 000)	2002–2003 Actual ($ 000)	2003–2004 Forecast ($ 000)	Description	2004–2005 Estimate ($ 000)
Capital Funds				
171,888	172,782	170,262	Opening Principal	176,690
24,040	21,864	27,000	Add Loan Advances (excl property accts)	30,000
(23,000)	(23,473)	(21,500)	Less Repayments (excl property accts)	(18,000)
210	(717)	—	Other	—
(356)	(194)	(322)	Less Accounts Written Off	(500)
172,782	170,262	175,440	Closing Principal	188,190
Allowance for Doubtful Accounts				
6,957	7,506	7,907	Opening Allowance	6,585
(356)	(194)	(322)	Less Accounts Written Off	(500)
905	595	(1,000)	Additions (Bad Debt Expense)	530
7,506	7,907	6,585	Closing Allowance	6,615
165,276	162,355	170,105	Net Portfolio at Year End	181,575

2. Program Administration

2001–2002 Actual ($ 000)	2002–2003 Actual ($ 000)	2003–2004 Forecast ($ 000)	Description	2004–2005 Estimate ($ 000)
872	617	500	New Entrants to Agriculture Program	600
Total Staff				
19.3	19.3	19.3	Staff—FTEs	19.3

Outcomes and Performance Measures

Core Business Area 1 *Lending*

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Efficient program delivery	Net income (before government contribution) as a % of the average active loan balance	Base: 1998–99: 0.1% 1999–00: 0.9% 2000–01: 1.1% 2001–02: 0.7% 2002–03: 0.5% 2001–02: 0.7% 2002–03: 0.5% Forecast 2003–04: 1.34% (0.5% after adj for unusual items)	0.5% or above	0.5% or above	• Maintain interest rate margins in accordance with regulations while matching draws used to fund loans as closely as possible to loans issued in term and amount • Minimize operating expenses by efficient operating structure, practices, training, and electronic systems
Stable, long-term credit available	FLB loans as a percentage of total NS farm debt (based on calendar year data)	Base: 2000: 37.5% 2001: 34.8%[1] 2002: 31.8% Projected 2003: 30.4%	Original: 37% 2004 adj: 30.0%[2]	Original: 37% 2004 adj: 30.0%[2]	• Have reasonable long-term interest rates • Have trained professional staff available to identify and meet needs for financial counselling and loan assistance • Provide $30 million in new capital support to the industry • Explore additional opportunities and loan products (e.g., New Market Opportunity Loans) • Facilitate transfer of Landbank and ARDA lease program properties to industry ownership

[1] Revised downward from 37.0 per cent to reflect corrections to data and exclusion of timber loans.

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

Core Business Area 1 *Lending*

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Successful clients (as indicated by the proportion of accounts in difficulty)	Arrears (>$100) as percentage of value of all accounts	Base: 2000–01: 2.1% 2001–02: 2.5% 2002–03: 2.4% Projected: 2003–04: 2.6%	2.5% or less	2.5% or less	• Implement follow-up visit policies and track and monitor follow-up visits • Monitor arrears • Refer clients to industry resources
	Defaulted accounts held as real estate as percentage of total of all accounts	Base: 2000–01: 2.2% 2001–02: 3.3% 02–03: 3.5% Projected 2003–04: 3.3%	Original: 2.5% or less 2004 adj: 3.1% or less[3]	Original: 2.5% or less 2004 adj: 3.1% or less	• Clear up existing accounts in process for recovery
Client satisfaction	Combined courtesy, promptness, knowledge, commitment on client survey	Base: 2000–01: 92% 2001–02: 92% 2002–03: 96% Projected: 2003–04: 93%	90% or above	90% or above	• Monitor survey results • Review procedures for efficiency gains • Compare service results with commercial lenders to identify priorities for improvement

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

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

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Prudent financial management	Total program expenditures as compared to budget	($,000)	($,000)	($,000)	• Monitor programs in comparison to budget monthly
		Base: 2000–01: Expended: 706 Budget: 600 + 106 = 706	600	600	• Identify additional funding sources through development and application of federal/provincial funding agreements
		2001–02: Expended: 856 Budget: 600 + 256 = 856			
		2002–03: Expended: 611 Budget: 600+11			
		2003–04 Projection: Expend: $550 Budget: $600			
New entrances facilitated	Number of approved applications	Base: 2000–01: 48	50	50	• Counselling by professional loan officers
		2001–02: 55 2002–03: 50			• Industry awareness and monitoring suitability through consultation with industry organizations and representatives
		Projected 2003–04: 40			• Identify appropriate modifications to existing programs
					• Identify additional funding and support mechanisms

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

Outcome	Measure	Data	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Increased interest in farm ownership	Number of new entrants remaining in farming after 5 years as a percentage of those who started	N/A	N/A	80%	• Program provides interest rate assistance for first two years on loans acceptable to a lending agency with expectation of repayment • Requirement for business plan
More farms remain in family hands, succession planning is encouraged, and pace of consolidation reduced	Number of transfers to younger family members using this program	2000–01: 29 2001–02: 18 2002–03: 18	25	25	• Counselling family farm enterprises • Support for industry succession management workshops

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Film Development Corporation
Business Plan 2004–2005

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Mission

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

Introduction

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

A board appointed by the Governor in Council directs the affairs of the corporation. Members of the board are appointed for up to three-year terms and may be appointed for no more than two consecutive terms. The administration of the corporation and its programs and the implementation of the board's decisions are carried out by the Chief Executive Officer assisted by full-time staff including Director of Finance, Program Administrator, Locations Officer, Communications and Locations Assistant, Finance Assistant, and Office Administrator.

The Chief Executive Officer reports to the board and has chief responsibility for all programs administered by the corporation.

Legislation and By-laws

Nova Scotia Film Development Corporation Act—Bill No. 42

By-laws of the Nova Scotia Film Development Corporation

Nova Scotia Film Industry Tax Credit

Role

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

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

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

As a result of market conditions over the past several years, there have been significant declines in film production activity across the country. Until the current year, Nova Scotia's industry has been relatively unaffected by these conditions, and production levels have remained at healthy levels with some degree of fluctuation. Production levels are forecasted to reach $100 million for the year ended March 31, 2004, down significantly from $120 million the preceding year.

In an effort to address this development, the NSFDC has recently embarked on an initiative that will guide the future growth of the industry, provide an analysis of the economic value and benefits of the film industry to Nova Scotia, and create an Industry Development Strategy that will provide a blueprint for stakeholders to develop and grow Nova Scotia's film industry in a united manner, which will position the province as a leader in global markets. A coordinated effort among all stakeholders of the industry will enable the film industry to move forward on a directed path with all efforts working in unison to the benefit of the community at large. The industry-wide strategy for the film industry involves a broad stakeholder group to ensure that all aspects of the industry are covered, including provincial and federal government, labour, education and training, industry, financing, and infrastructure development. A stakeholder task force has been struck with membership from a cross-section of industry groups and government, including representatives from each of NSFDC, the Office of Economic Development, the Department of Finance, ACOA, Stewart McKelvey Stirling Scales, NSCAD University, indigenous producers, CBC Television, Atlantic Filmmakers Cooperative, the Film Advisory Committee, Telefilm Canada—Atlantic Region, CTV Television, the Independent Film Channel, RBC Financial Group, the Nova Scotia Community College, and, representing the unions, ACTRA and IATSE 849.

Planning Context

The Nova Scotia Film Development Corporation has two interrelated approaches to development of the film industry in Nova Scotia. The corporation's financial programs are aimed at indigenous filmmakers, and they include equity investments, development loans, new media equity investments, feature film distribution assistance, CBC/NSFDC Bridge Award, sponsorship and training awards, and travel/market assistance. Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit Program.

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

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

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

The second category of programs involves a Locations and Marketing Department, which markets the province as a place to film. The efforts of the Locations and Marketing Department result in attracting fully financed films and co-productions to Nova Scotia. The Locations and Marketing Department maintains an extensive library of photographs representing the entire province, and the corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available, locations photographs, and the *Nova Scotia Film and 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 Locations and Marketing Department is responsible for fostering strong community relationships with the various regions throughout Nova Scotia (primarily through Regional Development Authorities), as well as organizations that have or could have involvement in the film industry, typically through locations. These include, but are not limited to, federal, provincial, and municipal government departments. The primary purpose of these relationships is to educate target audiences about the economic benefit that film production will bring to their communities/organizations; promote, collectively, the various regions of the province in an effort to attract production; ensure that communities, organizations, and individuals are familiar with filming procedures so they are prepared to handle productions prior to and upon their arrival; ensure fair and equitable treatment both for communities/organizations and the productions themselves and to mediate any concerns that may arise; and ensure that the corporation is aware of policies, guidelines, and applications that exist so that its clients' questions can be effectively answered.

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

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

Investing in both local filmmakers and locations marketing contributes to the development of a stable film industry in Nova Scotia. In 2002–2003, the corporation had $2.3 million available for industry investment activities and $155,000 available for marketing activities. In addition, local and guest producers accessed a combined $8.9 million through the Nova Scotia Film Industry Tax Credit. During this same time period, 96 local projects were supported, and 13 guest productions shot in the province, generating $120 million in combined production activity and employing between 1,600 and 2,000 Nova Scotians.

Performance in 2003–2004

(Projected to Year End)

To date in 2003–2004, 37 projects have been supported, which includes equity investments in two feature films, nine television series, two television mini-series, 16 television specials, seven development projects, and one new media project. Documentary, drama, children's, comedy, lifestyle, and music variety genres are represented by these projects, resulting in $33.5 million in production activity for local companies, of which $25.7 million is spent directly in the province of Nova Scotia. The corporation has also supported one major sponsorship and four Partnerships in Training with total budgets of $1.7 million.

The corporation partnered with CBC Television, Atlantic Region, to sponsor the CBC/NSFDC Bridge Award for two emerging producers. Emerging producers Sonya Jampolsky and Jay Dahl were each awarded a $30,000 Bridge Award.

In 2003–2004, the corporation invested in NextDoc Training and Production Program and a Scholarship/Mentorship Program (through the Centre for Art Tapes), Totally

Television (through the National Screen Institute), and Film and Television Professional Development (through Moving Images Group).

Through its Feature Film Distribution Assistance Program, the corporation has supported one feature film with a marketing budget of $369,000. The program is available to support the theatrical release costs of a Nova Scotia–produced dramatic or animated feature film in which the corporation has an Equity Investment. The goal of the program is to enhance the marketing campaign for feature films and increase the Canadian box office returns.

The corporation sponsored bi-monthly screening nights, which are open to the public and provide an opportunity for Nova Scotian filmmakers to discuss their works and showcase them to the local community. In addition, the corporation partners with Empire Theatres to display longer form works at the Oxford Theatre on a quarterly basis.

The corporation sponsored the 23rd Atlantic Film Festival held in September. In partnership with the Atlantic Film Festival and Empire Theatres, the corporation sponsored a Celebration of Nova Scotia Filmmakers, a two-day screening opportunity for local productions held in November. The screenings included one feature film, four documentaries, and one episode each from five different television series.

To date, the corporation has received and broken down 38 out-of-province scripts for feature films, movies of the week (MOWs), or series. In addition, 58 general location inquiries have been received. Guest productions include six MOWs, one animated series, and one television mini-series. The guest productions to date have resulted in approximately $51.1 million of production activity and $20.9 million of direct spending in the province.

In September 2003, the corporation hosted the Vice President, Production, of MGM-Television on a tour to familiarize him with the province's locations potential and film industry infrastructure.

The corporation partnered with the other three Atlantic Canada film agencies, through Atlantic Canada Film Partners, to access ACOA funds for marketing the provinces as film locations. The corporation uses these funds to cover costs incurred by producers attending film and television festivals. The corporation provided travel/market assistance to approximately 43 filmmakers during the 2003–2004 fiscal year.

The corporation met with independent producers and several US broadcasters in New York in September 2003 as a follow-up to groundwork laid during a previous trade mission.

One of the major challenges faced by Nova Scotia's filmmakers is the distance between them and the broadcasters and distributors, which are located in Toronto or Montreal. As a service to Nova Scotian filmmakers, the corporation hosts Broadcaster/ Distributor Forums where key decision makers from each of the major broadcasters and distribution companies are brought to Halifax for two days. During these two days the broadcasters and distributors meet with Nova Scotian producers and allow them to pitch television show or feature film proposals. These forums have been very successful, and without exception, producers have been able to access licence fees or development monies as a result of these events. A forum was held in November 2003.

The corporation, through industry consultation, also identifies gaps in the industry and organizes and hosts a two-day Business Issues seminar each December, providing relevant industry expertise to local producers. This entrepreneurship training assists Nova Scotia producers in competing in the global film industry.

The corporation's website has been redesigned to provide a user-friendly format. The production guide is now available online, which allows easy access by both local and foreign producers. A digital library is in the process of being implemented and will be fully functional by 2005–2006.

To promote transparency and accountability, the corporation's Routine Access Guidelines and Annual Report have been made available on its website.

In an effort to streamline the Film Industry Tax Credit process, the corporation has hired a Finance Assistant. This position is dedicated to processing tax credit applications. To date, the corporation has registered 42 eligible productions for the Nova Scotia Film Industry Tax Credit (Part A), and 71 final certificates (Part B) have been issued for a total of $13.3 million.

Strategic Goals

- Cultivate the economic and export potential of Nova Scotia's film, television and new media industries.
- Provide or support mechanisms for advancement of Nova Scotia's film, television, and new media industries.
- Provide effective corporate service and accountability to government and industry stakeholders.

Core Business Areas

1. Economic and Export Potential

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

Investment Programs

Equity Investment, Development Loans, and New Media

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

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

The corporation provides equity investment up to $30,000 per new media project to a maximum of 33 per cent of the budget for projects such as CD-ROMs, DVD, and Internet-delivered programs that are related to film or television projects in which the corporation has an equity investment or that have stand-alone recoupment and financial structures separate from the underlying property.

Bridge Award

The corporation partners with CBC Television, Atlantic Region, to provide the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers in entering the industry. Successful applicants receive a $5,000 CBC broadcast licence, a $15,000 NSFDC equity investment, and $10,000 in services from the CBC. Two awards are offered in February each year.

Feature Film Distribution Assistance Program

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

Locations and Marketing Programs

The corporation will implement the 2004–2005 Marketing Plan primarily targeting the American entertainment centres of Los Angeles and New York, as well as Europe, through a variety of activities including trade missions, participation at festivals and markets, advertising, website, and familiarization tours.

Broadcaster/Distributor Forums

The corporation offers annual Broadcaster and Distributor Forums, providing access to national and international broadcasters and distributors, bringing relevant industry expertise to the local industry.

Travel Assistance for Market Development

The corporation provides assistance for local producers to attend markets and festivals with the goal of selling completed works or attracting co-production partners for projects in the development stage.

Script Breakdown/Locations Library

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

Scouting

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

Community Liaison and Ongoing Support

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

Film Industry Tax Credit

The Film Industry Tax Credit is a labour-based tax credit of 30–35 per cent of eligible Nova Scotia labour capped at 15–17.5 per cent of the total production budget depending on where the production is shot. The tax credit is a key financing tool used by producers to complete their film and television projects and can be accessed by both local and guest producers.

Partnerships

Atlantic Canada Film Partners (ACFP)

The ACFP is a partnership of Nova Scotia, Newfoundland and Labrador, New Brunswick, and Prince Edward Island, formed to increase the general production of film and television in the region, thereby generating more jobs in the film industry, encouraging foreign investment, and increasing the feasibility of productions in this region. Through ACFP, producers have access to international marketplaces, strategic professional development, business planning services, and industrial research. ACFP is financially supported by the Atlantic Canada Opportunities Agency.

Strategic Partners

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

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

Industry Support

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

Professional Development

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

NSFDC Initiatives

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

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

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

Partnerships

Industry Strategy
The corporation will participate in a joint government/industry task force comprising a wide variety of industry stakeholders. The task force has been organized to oversee the development of a strategy that will guide the development of the industry over the next five years, as well as outline the economic benefits of the film industry to the province. A third-party consultant will be selected and contracted by the task force to complete an industry study.

Atlantic Canada Film Partners (ACFP)
In partnership with ACFP, the corporation sponsors annual attendance by a local producer at the Alliance Atlantis Banff Television Executive Program.

Corporate Service and Accountability

Deliver effective corporate service to the government, the corporation's Board of Directors, and the industry by investing strategically in locally produced projects and supporting guest production that, in turn, employs Nova Scotians and supports local businesses. The corporation maintains industry statistics and produces monthly financial statements, an Annual Report, and regular reports to stakeholders. The corporation's Routine Access Guidelines and Annual Report are available on its website.

Priorities for 2004–2005

The film and television industry requires government assistance in order to attract incremental investment and create employment. This is not unique to Nova Scotia, but is the reality of the rest of the country, Europe, Australia, and most other areas, with the exception of the United States. Canada simply does not have the population base, or viewers, required to maintain a self-sufficient industry.

Nova Scotia Film Development Corporation's 2004–2005 Business Plan recognizes Nova Scotia's film and television industry as being at a crucial development stage. Along with being a multi-million dollar industry, it allows Nova Scotians to preserve their culture and display their talent with pride internationally. It is labour intensive, environmentally friendly, and appealing to our youth.

During 2004–2005 the Nova Scotia Film Development Corporation faces many challenges and opportunities. The film and television industry is complex and dynamic. In order to compete in this industry, organizations must stay aware of the ever-changing environment. They must continually learn and strategically partner with other organizations to synergize talents and compete globally.

The recent reductions in the corporation's budget allocation through March 31, 2004 have meant that the corporation could not put "first-in" funds into many Nova Scotia film projects, which precludes them from competing for other film-financing dollars. The corporation is counting on the province's support in the upcoming year to restore the levels of local production and continue growing this vibrant and environmentally friendly industry. This investment will be able to lever multi millions of dollars of funds from sources outside the province.

Red Tape Reduction

Some initiatives recently undertaken by the corporation in an attempt to reduce red tape and provide a business friendly environment include providing program guidelines online, accepting digital applications, and decreasing the turnaround time for processing tax credits. The corporation's priorities for red tape reduction include removal of barriers, streamlined processes, information dissemination, industry advocacy, client turnaround time, facilitation of connections, and regular reporting and communication of information to all stakeholders.

Budget Context 2004-2005

Over the past five years the Nova Scotia Film Development Corporation, received reduced budget appropriations to assist the province in its goal of a balanced budget. The corporation's reduced funding meant that fewer funds were available to seed film projects. These reductions resulted in the corporation not being able to provide "first-in" funds to projects. The corporation's funds trigger investment from the private industry and federal programs. Real opportunity costs are associated with the corporation's reduced level of funding, which include out of work Nova Scotians, companies ceasing to operate, and new trainees not being hired.

The film and television industry makes a significant contribution to the province's economy. For each dollar that the province invests in the film industry, including tax credit registrations and the Nova Scotia Film Development Corporation programs, in excess of $20 are attracted to the province from private investors and the federal government, placing the corporation's programs in the position of providing high-value programs at a low cost to the province.

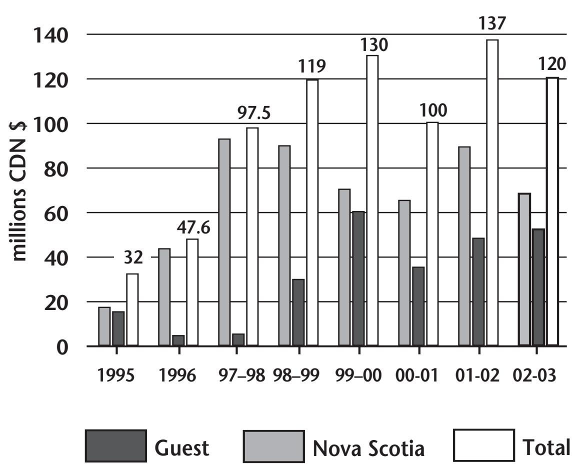
The attached budget reflects an appropriation of $2,508,700.

Budget Context

	Forecast 2003–2004 ($)	Estimate 2004–2005 ($)
Contributions		
Nova Scotia Government	2,700,000	2,508,700
Recovery of Equity Investments and Development Loans	150,000	150,000
Federal Government ACFP	75,000	0
Strategy Income	0	50,000
Other Income	0	40,000
Interest Income	25,000	25,000
Total Revenue	2,950,000	2,773,700
Disbursements		
Programming	2,310,500	2,114,700
Atlantic Canada Film Partners	75,000	0
Administrative	385,500	477,000
Advertising and Marketing	179,000	182,000
Total Expenses	2,950,000	2,773,700
Administrative Expenses (a)		
Salaries and Benefits	295,000	310,000
Telephone and Fax	6,000	6,300
Staff Training	5,000	5,000
Bank Charges	1,500	2,500
Consultants	7,000	75,000
Courier	6,000	2,500
Dues and Fees	4,000	6,500
Insurance	2,000	2,200
Conferences and Marketing	3,000	5,000
Board	13,000	20,000
Repairs and Maintenance	2,000	2,400
Capital Equipment	10,000	7,000
Office	15,000	16,000
Copier and Fax Rental	5,000	4,400
Postage	6,000	5,600
Professional Fees	5,000	6,600
Total Administrative	385,500	477,000

	Forecast 2003–2004 ($)	Estimate 2004–2005 ($)
Advertising and Marketing:		
Business Travel	40,000	40,000
Locations	40,000	67,000
Advertising and Marketing	30,000	35,000
Familiarization Tour and Marketing Materials	30,000	13,500
Annual Report	6,000	5,000
Location Scouts	9,000	9,000
Library Update	10,000	2,000
Photos and Location Services	8,000	10,500
Website	6,000	0
Total Advertising and Marketing	179,000	182,000

Growth of Nova Scotia Film Industry 1995 – 2003



	NS	vs.	Guest*
	(millions CDN $)		
1995:	17	vs.	15
1996:	43.3	vs.	4.3
97–98:	92.5	vs.	5.0
98–99:	89.5	vs.	29.5
99–00:	70	vs.	60
00–01:	65	vs.	35
01–02:	89	vs.	48
02–03:	68	vs.	52

Source: Nova Scotia Film Development Corporation

* Please note that "Guest" production refers to non-Nova Scotia projects filmed in Nova Scotia.

Outcomes and Performance Measures

Core Business Area 1 *Economic and Export Potential*

Outcome	Indicator	Measure	Base Year 2002–03	Target 2003–04	Target 2004–05	Target 2005–06	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 industries	Film, television and new media production levels	Production activity Nova Scotia portion of production activity	$120 million $68 million	$100 million $56 million	$120 million $68 million	$120 million $68 million	• Implementation of a strategic marketing plan • Continuation of the NS Film Industry Tax Credit • LA Trade Mission led by the Premier of Nova Scotia in June 2004 culminating with a celebration of Nova Scotia's film industry during the Consul General's Canada Day celebrations. Local producers will participate in the Trade Mission and will meet with LA-based producers, studio representatives, distributors, and broadcasters. • Continuation of investment programs with potential revisions to make programs more strategic and responsive to the needs of the industry • Provision of locations services

Core Business Area 2 *Industry Support*

Outcome	Indicator	Measure	Base Year 2002–03	Target 2003–04	Target 2004–05	Target 2005–06	Strategies to Achieve Target
To assist and promote the development of the film, television and new media industry producers and personnel in Nova Scotia	A planned and coordinated approach among all stakeholders in the development of the film industry in Nova Scotia	Level of stakeholder participation	N/A*	Completed strategy	Implementation of strategy	Implementation of strategy	• Participate in a joint government/industry task force leading to a complete film industry strategy; commence implementation in conjunction with all stakeholders
	Availability and quality of professional development opportunities	Client feedback	N/A*	Strategic professional development opportunities addressing industry needs	See 2004–2005	See 2004–2005	• Ongoing research into the gaps in industry and identifying solutions • Offering and supporting professional development initiatives
	Eliminating barriers to film production	Client feedback	N/A *	Create industry-accepted guidelines	Disseminate guidelines to the general public	N/A	• Working with provincial government departments impacted by filming to standardize and streamline the procedure through which requests for filming on government-owned property are processed. Also work with industry representatives to establish location fee guidelines to serve as a guide for private property owners who may consider renting their properties as a film locations

* New measures

Core Business Area 3 *Corporate Service and Accountability*

Outcome	Indicator	Measure	Base Year 2002–03	Target 2003–04	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Efficient and effective corporate service	Improved service delivery	Decreased processing time of tax credits for small productions once complete application package has been received	N/A*	75%	100%	100%	• Forward Part B application to the Department of Finance within two weeks of having received a complete application package
		Availability of resources online	70%	100%	N/A	N/A	• Making the Program Guidelines, Production Guide and additional program information available online
			0%	5%	25%	50%	• Locations Digital Library
	Records Management	Effective archive system	10%	10%	25%	50%	• Research archive system, have STOR approved, adopt, and begin implementation

* New measure

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Fisheries and Aquaculture Loan Board
Business Plan 2004–2005

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Mission

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

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 $753 million, with a market value of approximately $1.1 billion, and our aquaculture and recreational fishery sectors generate $130 million more. The industry is the main employer in many regions of the province and drives the economies of our coastal communities.

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

The Nova Scotia Fisheries and Aquaculture Loan Board and its predecessor have served the province and the fishing industry since 1936, by providing long-term stable development funding.

The board operates under the authority of the *Fisheries and Coastal Resources Act*. This act, by its name, emphasizes the coastal community development focus of the board's operations. Through this board, the Nova Scotia government ensures it has a cost-effective, positive, focused, and beneficial influence on the development of the fishing and aquaculture industries of Nova Scotia.

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

The aquaculture sector of the fisheries has experienced negative growth in the last five years. This is a direct result of the failure of a large steelhead operation in Cape Breton and the harsh winter of 2003. The Nova Scotia Fisheries and Aquaculture Loan Board is working with the department and industry in the development of an aquaculture strategy in hopes of turning this industry around.

The Fisheries and Aquaculture Loan Board borrows funds from the Department of Finance on a quarterly basis. The Department of Finance marks up the interest rate 15 basis points, and the loan board increases this rate by at least 1.75 per cent, thereby guaranteeing the province a profit on the board's loan portfolio. For the fiscal year ending March 31, 2003, the loan board's surplus was $1.5 million as per the Office of the Auditor General. With this financial arrangement in place, the loan board can fulfil the expectations and service needs of the fishing industry by providing long-term stable development funding, which will enable the fishers of Nova Scotia to take advantage of economic opportunities to maximize jobs and growth.

Strategic Goals

The Fisheries and Aquaculture Loan Board supports the goals and priorities of the government of this province and of the Department of Agriculture and Fisheries.

The board's strategic goals support the government and the department as follows:

- Support for the Nova Scotia Fisheries and Aquaculture Loan Board to address the needs of Nova Scotia fishers and aquaculturists to have access to capital and to stimulate growth and job creation in coastal communities.
- Focus on access to stable, cost-effective, long-term development credit and financing.
- Identify and analyse growth opportunities and assist in the development of fisheries and aquaculture sectors.
- Promote awareness and use of financially sound business principles.
- Increase production and market value of the fisheries and aquaculture industries in Nova Scotia.

Core Business Areas

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

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

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

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

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

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

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

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

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

Priorities for 2004–2005

In keeping with the goals for the board, Department of Agriculture and Fisheries, and government, the following represents the board's priorities for 2004–2005 by core business area.

1. Providing long-term fixed-rate loans for the development of the fish harvesting and aquaculture industries. The board reviewed 189 loan applications during the 2002–2003 fiscal year.

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

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

Each new vessel is inspected biweekly during construction to ensure that it is being built to rigid loan board standards. All used vessels financed by the loan board, as well as vessels for engine modification and equipment applications, are inspected to ensure that they are built to loan board standards. Inspections also guarantee that the funds lent by the loan board are secure in the value of the boat. The board carried out 505 new vessel inspections and 571 inspections of another nature during the 2002–2003 fiscal year.

- 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 that relates to the preparation of plans and drawings; also provide technical assistance relating to the construction of new vessels and modification of vessels.

3. Maintaining a loan collection program on a monthly basis to keep loan arrears to a minimum. Monthly collection activities reduce the arrears outstanding and minimizes writeoffs. The arrears percentage has been reduced to 1.8 per cent as of March 31, 2003, from 3.4 per cent on March 31, 2002.

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

4. Providing financial counselling and assessments for proposed projects.

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

Budget Context

Fisheries and Aquaculture Loan Board
Estimated Budget Expenditures

	Forecast 2003–2004 ($ 000)	Estimate 2004–2005 ($ 000)
Total Program Expenses: Gross Current	621	693
Net Program Expenses		
Net of Recoveries	514	519
Salaries and Benefits	497	570
Funded Staff (FTEs)	9.2	10.0

	Budget Year Ending Mar. 31, 2005 ($ million)	Forecast Year Ending Mar. 31, 2004 ($ million)	Actual Year Ending Mar. 31, 2003 ($ million)
Advances	23.0	22.0	20.6
Principal Payments	12.0	16.5	12.0
Interest Payments	5.1	5.0	5.0
Loans Receivable	80.0	75.0	69.1
Doubtful Accounts	0.9	0.9	0.9
Interest Expense	4.1	3.8	3.6
Net Income	2.0	1.7	1.5

Outcomes and Performance Measures

As stated previously, the Core Business Areas of the loan board are

1. Providing long-term fixed-rate loans for the development of the harvesting and aquaculture sectors of the fishing industry.
2. Maintaining a vessel inspection program for all new construction, used vessel purchases, and engine and equipment loans.
3. Maintaining a loan collection program on a monthly basis to keep loan arrears to a minimum.
4. Providing financial counselling and assessments for proposed projects.

In order to fulfil these Core Business Areas, the board has developed outcomes, indicators, measures, targets, and strategies to achieve these targets. These details are stated in the attached material which forms part of the board's business plan.

Outcomes and Performance Measures

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

Outcome	Measures	Data 2000–01	Targets 2005–06	Strategies to Achieve Target
Sustainable fishery and aquaculture industries	Industry income	Industry income ($648. m) (base)	Industry stability	• Continued interaction with the industry and government • 2002–03: Industry income was $816 million
Increase lobster landings and sales	Average individual fisher's income (lobster)	Individual fisher's income ($83,478) Average lobster income (base)	Increase average income levels (lobster) 2% per year	• Lending to meet industry needs • Development of new lending programs • Implementation of revised payment schedules • Individual lobster fishers average income now $113,833
Development of new fishery enterprises	Loan advances	Loan advances ($18.5 milllion) (base)	Increased annual advances	• Working with industry and government • Provide financing for the harvesting of under-utilized species • Loan advances as of March 31, 2003 were $20.5 million
Maintain and create jobs in Nova Scotia	Creation and maintenance of jobs	Creation and maintenance of jobs (7,992) direct and indirect (base)	Maintain and create jobs in Nova Scotia	• Provide long-term fixed-rate loans • Support new industry initiatives • Estimate now 8,173 jobs
Improve lending programs for the fishing and aquaculture industries	Increase in loan portfolio	Increase in loan portfolio ($53. million) (base)	Increase of 15%	• Support financially viable operations • As of March 31, 2003 the loan portfolio was $69.1 million

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

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

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

Outcome	Measure	Data 2000–01	Target 2005–06	Strategies to Achieve Target
Frequent collection activity	Percentage of accounts in arrears	Percentage of accounts in arrears (4.1%) (base)	3% arrears level	• Adequate operating budget to collect via monthly field visits • As of March 31, 2003 1.8% of accounts were in arrears • Sufficient staff to collect monthly
Decrease in arrears level	Percentage of accounts in arrears	Percentage of accounts in arrears (4.1%) (base)	3% arrears level	• Fisheries Loan Board loans secure in the value of the boat • Loan balances reducing as per repayment schedule • As of March 31, 2003 1.8% of accounts were in arrears

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

Outcome	Measure	Data 2000–01	Target 2005–06	Strategies to Achieve Target
Harvesters successfully expand their operations	Increase in fishers' income	Increase in fishers' income (base)	5–10% annual increase in fishers' gross stock	• Suitable lending programs • Well-trained staff • Landed value increased from $753 million to $816 million
	Percentage of annual write-offs	Percentage of annual write-offs (.25%) (base)	No increase in write-off amounts as a percentage of loan portfolio	• Patient lending • Regular client visits • Counselling for fishers and aquaculturists • As of March 31, 2003 write-offs stayed within this range

Crown Corporation
B U S I N E S S   P L A N S
FOR THE FISCAL YEAR 2004–2005

Nova Scotia
Gaming Corporation
Business Plan 2004–2005

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Mission

To provide entertaining and reliable gaming products in a responsible and regulated environment, optimizing the financial benefits for Nova Scotians.

The Nova Scotia Gaming Corporation (NSGC) is a Crown corporation governed by the provincial *Gaming Control Act*. Through legislation, it is mandated to conduct and manage the province's gaming business to optimize the economic return from gaming in a responsible manner.

Planning Context

NSGC, like most major organizations, is experiencing significant and rapid change in the environment and marketplace within which it operates.

Specifically, NSGC must address the following key internal and external environmental factors:

- the emergence of technology, both in the delivery of gaming products and in the type of gaming products offered to customers
- concerns around social responsibility, responsible gaming, and problem gambling
- changing demographics, which may lead to different needs and expectations of its customers
- increased competition for disposable income and the resulting need to provide greater entertainment choices and convenience to existing and new customers

The continued success of the province's gaming business will be contingent on identifying opportunities to advance new and/or enhanced gaming products and delivery options to meet consumer needs and expectations and to work collaboratively with gaming stakeholders to achieve a sustainable, socially responsible industry in Nova Scotia.

Strategic Goals

NSGC has identified seven strategic goals to guide its operations:

- Provide, through its operators and other business partners, high-quality gaming products that are responsive to the needs and expectations of its customers.
- Continue to identify and implement responsible gaming initiatives and to promote Nova Scotia as a leader in responsible gaming.
- Meet revenue commitments to the province.

- Be an efficient and effective business by managing resources well, leveraging business relationships, and focusing on tangible results and outcomes.
- Pursue new business opportunities that align well with its vision and other strategic goals.
- Achieve greater public awareness and acceptance of gaming as an entertainment choice.
- Develop and sustain a corporate culture that values entrepreneurialism, professionalism, and excellence and is committed to employing people who are motivated to fulfilling their independent and collective potential.

Core Business Areas

NSGC's business objectives are to

- be a significant contributor to Nova Scotia's economy by
  - generating employment
  - stimulating business development
  - supporting local suppliers of goods and services
  - capturing the gaming market to impede the loss of gaming revenues to illegal, unregulated gaming
  - ensuring that gaming revenues are available to fund local businesses, non-profit organizations and government programs and services
- ensure its products are offered with social responsibility, security and integrity; and,
- efficiently and effectively manage the province's gaming business in the best interests of Nova Scotians.

To meet these objectives, NSGC performs three core business functions.

1. Operations Management

This involves the effective management of NSGC's existing gaming businesses—ticket lottery, video lottery, and casino. There are three key areas under this core business function:

- Operator Management. This includes the management of and support to NSGC's operators—Atlantic Lottery Corporation (ALC) and Casino Nova Scotia (CNS)—to ensure optimal performance of agreed-upon indicators, as well as growth through the existing gaming businesses.
- Risk Management and Quality Control. This involves proactive risk management and effective quality control within a business environment.

- Compliance Management. Compliance management is a key component of a well-run gaming industry. NSGC ensures that all its business conforms to applicable legislation, regulations, contracts, and policies.

2. Business Development

Beyond the ongoing operations of ticket lottery, video lottery, and casinos, NSGC must strategically invest in initiatives that directly align with its goals:

- Responsible Gaming. NSGC is committed to being a leader in responsible gaming. Significant resources are dedicated to considering new initiatives, sharing information, consulting various experts, and managing ongoing responsible gaming projects.
- Industry Knowledge and Research. A sound knowledge of current industry trends and market and social research are necessary when considering new gaming opportunities. Hand in hand with exploring new business opportunities are research initiatives that are reflective of a customer-driven, publicly accountable organization.
- Planning and Policy Development. NSGC is committed to exploring new opportunities through proper planning and thorough policy consideration. The main focus of planning and policy development is to create an environment that is conducive to facilitating and advancing gaming opportunities in Nova Scotia, including expanded business and responsible gaming initiatives, which are aligned with the province's public policy objectives.

3. Relationship Management

Given the many stakeholders that contribute to gaming in Nova Scotia, NSGC's success is directly connected to its ability to forge and maintain successful relationships with several different groups. These groups can be broken into three segments:

- Shareholder Relations. NSGC is conducting and managing gaming on behalf of its shareholder, the Province of Nova Scotia. Through its Board of Directors, NSGC has a responsibility to keep government apprised of emerging issues related to gaming and to provide financial reporting on its operations.

- Operator Relations. It is imperative that NSGC has a strong relationship with its operators, ALC and CNS. To continue strengthening these reciprocal relationships, NSGC invests time to ensure that it is providing clear advice and direction and that both operators understand their respective roles in meeting NSGC's commitments to its shareholder and to Nova Scotians.
- Stakeholder Relations. Integral to ensuring that NSGC is successful in achieving its strategic goals is ongoing collaborative communications with retailer groups, the business community, problem-gambling specialists, the research community, and the media.

Priorities for 2004–2005

For NSGC, 2004–2005 will be a year focused on identifying opportunities to respond effectively to the environmental challenges identified in the Planning Context above and to build a sustainable, socially responsible gaming industry for the benefit of Nova Scotians into the future.

Gaming Products and Initiatives

For 2004–2005, the casino business line will continue its focus on expanding its share of the entertainment market in Atlantic Canada through further refinements to, and promotion of, the Casino Nova Scotia and Casino Nova Scotia Hotel brand.

Casino Nova Scotia will promote and strengthen its position as the premier entertainment destination in Atlantic Canada through high-calibre entertainment offerings featuring local, national, and international performers. In addition, it will partner with various special events and festivals to further grow and support community events. A variety of unique comedy, sporting events, and other entertainment offerings will also be pursued.

An updated casino website will provide customers with the opportunity to interact with the casino and request information updates on such things as upcoming entertainment, promotions, discounts, and hotel specials. This will ensure that product and service offerings are aligned with customer needs and expectations.

For the ticket lottery business line, 2004–2005 will see further game diversification and product development, including the enhanced Lotto 6/49 game and a new sports game that responds to growing market demand for this type of product.

Ticket lottery will focus on evaluating innovative new products to meet growing player demands and demographic trends, particularly the desire for more interactive and technology-based lottery games. An enhanced product development process will also be implemented to ensure that these initiatives have been researched from market and social impact perspectives and are launch-ready to allow for efficient, timely future introduction to respond to changing market and consumer trends.

The video lottery operations will focus on continued implementation of the game development program, which aims to assess and alter game designs and themes to ensure game freshness and variety that appeal to a broad, responsible player base.

Responsible Gaming

In 2004–2005, NSGC will continue its commitment to

- provide gaming consumers with clear, relevant information to allow them to make informed choices about gaming and to assist them in playing responsibly
- raise awareness and educate the public and players as to the importance of responsible play
- provide a conduit to problem gambling resources and help

Information to Make Informed Choices

A VLT player management program, which will help players become more aware of how much time and money they are spending on gaming, will be operational. The program will provide tools to players to assist them in budgeting, tracking their time and money spent, and engaging in responsible play behaviours.

The pilot project, which began in 2003–2004, to assess the feasibility of several modifications to the VLT responsible gaming features will be completed in 2004–2005 and a recommendation received as to whether the features should be expanded to VLTs province-wide. As with the original features, the objective of the modifications is to provide reality checks and breaks in play for VLT players who currently game responsibly or for new players.

Awareness and Education

The third annual Responsible Gaming Awareness Week will be held in October 2004, building on the success of prior years and continuing NSGC's focus on province-wide public and player education about the importance of responsible play. NSGC will also focus on the development of public awareness programs and initiatives designed to provide information and education about responsible gaming.

The responsible gaming training for video lottery retailers will be evaluated and, if appropriate, refreshed to ensure that it is effective and provides the best, most up-to-date information to the businesses that offer NSGC's gaming products. Responsible gaming training introduced in 2003–2004 will continue to be offered to ticket lottery retailers to ensure their awareness of responsible gaming practices and available resources for problem gamblers.

Conduit to Problem Gambling Resources

The results of a VLT self-exclusion process test that commenced in 2003–2004 will be evaluated, and, if the results show potential for the development of a successful program, a pilot test of a self-exclusion program will be explored.

NSGC's responsible gaming training will also contribute to the achievement of this commitment by ensuring that retailers are positioned to provide players with information about available resources.

Economic Return

NSGC's operators, CNS and ALC, will provide over 1,100 direct jobs to Nova Scotians in 2004–2005. NSGC will also provide approximately $54 million in retail commissions to local Nova Scotia businesses, $36 million to about 500 VLT retailers, and $18 million to 1,300 ticket lottery retailers.

The budgeted contribution to the province, to fund its programs and services, is $169.0 million (+/–2 per cent). This is a decrease of $6.5 million over 2003–2004. This downward trend is not isolated to gaming in this province and is being experienced in gaming jurisdictions across North America. In Nova Scotia, the decrease can be attributed to such environmental factors as product maturation in some business lines and increased competition for the entertainment dollar, as well as heightened responsible gaming awareness.

Efficient and Effective Management

The casino operations will focus on the implementation of its new gaming operating system, which will provide increased operating efficiencies and promotional abilities and allow for an improved customer loyalty program, leading to enhanced customer-specific marketing and promotional abilities that ensure that player desires are met.

In ticket lottery, emphasis will be placed on strengthening and expanding the current distribution channel to align with changing consumer buying trends and to build on the corporate accounts program designed to efficiently and effectively address the lottery needs of corporate stores and chain accounts. The new ticket distribution model and inventory management system will be implemented. This will ensure that products are efficiently distributed to retailers and that potential unavailability of stock at retail locations is mitigated, benefiting customers, retailers, and NSGC.

The video lottery business line will replace its aging central computer operating system. Following the completion of a preliminary requirements evaluation in 2003–2004, a request for proposals will be issued and an assessment of available options and customization of requirements will be made. The current system's outdated technology limits information-gathering capabilities required to efficiently manage the program and implement leading-edge responsible gaming initiatives.

Performance in 2003–2004

Gaming Products and Initiatives

Many initiatives were successfully undertaken to help enhance existing products and to introduce new products and distribution channels. The following summarizes several key accomplishments in 2003–2004.

Within the casino business line, the rebranding of the Casino Nova Scotia Hotel added synergy to the Stay and Play marketing strategy. The casino made further enhancements to its entertainment offerings during the year and also increased the complement of its Players' Club (customer loyalty program) by 40,000, bringing the total membership to almost 200,000.

Within the ticket lottery business line, several new Atlantic Canadian products were introduced, including such games as Instant Millionaire, by which a Nova Scotia couple won one of the three $1-million prizes, Gas for a Year, and a ticket based on the popular television show *The Price Is Right*. Promo Packs, which bundle lottery tickets for convenient purchase, continued to be enhanced to provide greater play value to customers.

In video lottery, a game development program was introduced to ensure that appropriate game variety and mix are available to players. This development plan will be reviewed on an ongoing basis to ensure that the best combination of games is available to appeal to a broad player base.

Responsible Gaming

NSGC continued to remain focused on social responsibility and to build on its commitment to responsible gaming in 2003–2004. Several key initiatives were completed and many others started that will come to fruition in 2004–2005 and beyond.

Nova Scotia's second Responsible Gaming Awareness Week was held October 19–25 and was more broad-reaching than last year. More than 1,000 people either attended awareness sessions or received information from mall displays throughout the province about what it means to play gaming products responsibly.

Lottery ticket retailers participated in training sessions about responsible retailing of ticket products. They were educated about what it means to game responsibly and provided with information about who problem gamblers can call to seek help. This program is similar to one that has been provided since 1999 to NSGC's video lottery retailers.

In August, NSGC's President and CEO became a member of the Board of Directors of the Responsible Gambling Council of Canada. She joins members from three other provinces, who will work together to develop a strategy for the council, which will focus on creating knowledge, pursuing research and analysis, and facilitating relationships among gaming stakeholders in support of responsible gaming and problem gambling issues in Canada.

In October 2003, a pilot test began in over 40 VLT retail establishments throughout the South Shore (from Lunenburg to Shelburne) to assess the effectiveness of proposed enhancements to the VLT responsible gaming features, first introduced on VLTs in 2001. This pilot stems from independent research on four original responsible gaming features (pop-up reminders, permanent clock, mandatory cash-out, and displaying actual dollars wagered). That research showed that the features had a positive impact and provided recommendations on ways to enhance them to make them even more effective. This pilot will test a number of those recommended changes.

A product assessment model was designed for new and existing gaming products to assist NSGC in delivering on its commitment to integrated, balanced management of gaming and informed business decisions that consider the economic and social impacts of product design, promotion and delivery.

Finally, a process test began in the Western and Valley regions of the province to ascertain whether an appropriate infrastructure can be put in place to support the implementation of a VLT self-exclusion program.

Economic Return

Through NSGC's operators, ALC and CNS, gaming provided over 1,100 jobs to Nova Scotians in 2003–2004 and generated $58 million in retailer commissions.

NSGC contributed $175.5 million to provincial programs and services across the province in 2003–2004, $3.2 million less than budget. This is due to a number of factors, including increased competition for disposable income, interruption in business due to Hurricane Juan, changes in play purchase patterns, maturity of some products, and potential impact of responsible gaming initiatives.

Efficient and Effective Management

In 2003–2004, NSGC continued to evaluate opportunities to improve operational efficiencies and implemented a number of strategies to effectively manage and optimize its resources in the current environment.

In ticket lottery, a new distribution model was pursued that will make use of advanced technology as well as courier services. One of the benefits of the new system is a more efficient product distribution, meaning that players' demands are better met and the service level for retailers is enhanced. The new system will be installed in 2004–2005.

The casino focused its marketing efforts on direct mail activity by leveraging its Players' Club database. As well, it leveraged its bus tour program for the Halifax Casino, which brings groups of guests from outside the city centre and/or Nova Scotia to enjoy an outing at the casino. Food and beverage services met its goal of breaking-even.

Within the video lottery business line, options to improve the central computer system were assessed. Through a request for proposal process, a company will be retained in 2004–2005 to install and integrate a new central computer system.

Budget Context

	Forecast 2003–2004 ($ 000)	Estimate 2004–2005 ($ 000)
Revenues		
Atlantic Lottery Corporation		
Ticket lottery	205,500	215,900
Video lottery	182,000	175,100
Halifax Casino Nova Scotia		
Casino	64,800	63,000
Beverage, food, and other	7,100	6,900
Sydney Casino Nova Scotia		
Casino	21,500	20,000
Beverage, food, and other	1,900	1,900
Interest income	300	300
	483,100	483,100
Expenses		
Atlantic Lottery Corporation		
Ticket lottery expenses		
–Prize expense	112,200	116,700
–Retailer commissions	19,200	18,000
–Operating and other	34,400	39,400
Video lottery		
–Retailer commissions	39,200	36,200
–Operating and other	25,550	25,950
Halifax Casino Nova Scotia		
Casino win tax	12,900	12,600
Operating	54,200	54,800
Capital replacement reserve	1,100	1,100
Sydney Casino Nova Scotia		
Casino win tax	4,300	4,000
Operating	13,500	13,700
Capital replacement reserve	500	800
Payments to operator	1,400	1,100
Responsible Gaming contributions and programs	3,100	3,100
Special Payments		
Harness Racing Fund	750	750
Office of Health Promotion	100	100
Department of Agriculture and Fisheries	50	50
Department of Education	50	50
NSGC management expenses	2,300	2,300
	324,800	330,700
Net Income	**158,300**	**152,400**
Total Payments to Province of Nova Scotia		
NSGC net income	**158,300**	**152,400**
Casino win tax	17,200	16,600
	175,500	**169,000**

Outcomes and Performance Measures

Core Business Area

Outcome	Indicator	Measure	Base Year Measure 2001–02	Target 2004–05	2004–05 Strategies to Achieve Target
1. Provide high-quality gaming products	Sales growth	$ sales	• $469 million	• $483 million	• VLT Game Replacement Program • Interactive CNS website • New and improved ticket lottery products
	Customer satisfaction	% of customers who rated products and services as good/very good	• 68%	• 72%	
	Retailers' satisfaction	% of retailers who rated overall service as good/very good	• 71%	• 75%	
2. Leader in responsible gaming	Responsible gaming funding	$ funding	$1.9 million	$3.1 million	• Responsible Gaming Awareness Week • Responsible gaming assessment tool for new products • Video lottery player management program • Education/awareness programs
	Public awareness of NSGC's commitment to responsible gaming	% of public aware of NSGC's commitment to responsible gaming	53%	8% increase	
	Players' awareness of responsible gaming features	% of VL players aware of responsible gaming features	20%	80%	
3. Meet revenue commitments	Total payment to province	$ payment	$178 million	$169.0 million	• Successful completion of outcomes # 1, 4, and 5

Core Business Area

Outcome	Indicator	Measure	Base Year Measure 2001–02	Target 2004–05	2004–05 Strategies to Achieve Target
4. Be efficient and effective	Payment to province in relation to revenue	% of revenue paid to province	38%	35%	• Return on investment of casino marketing strategy • Ticket lottery inventory management system • VL central system
	Operators' satisfaction	Rating of overall effectiveness of relationship	8.5/10	9/10	
5. Implement new business development opportunities	Sales from new business development initiatives	$ incremental sales	N/A	$12 million	• New games • New delivery channels • New products
6. Greater public awareness and acceptability	Public acceptability of gaming	% of public not opposed to any forms of gaming	34%	8% increase	• Communications Strategy • Public awareness activities
	Public awareness of NSGC	% of public aware of NSGC	8%	8% increase	
	Public consideration of gaming as entertainment	% of public who agree or strongly agree that gaming is entertainment	78%	80%	

Core Business Area

Outcome	Indicator	Measure	Base Year Measure 2001–02	Target 2004–05	2004–05 Strategies to Achieve Target
7. Positive corporate culture	Staff participating in training and development programs	% of staff participating in training and development programs	80%	85%	• Lunch and learn sessions • Satisfaction survey
	Staff awareness of current issues	% of staff who agree that they are kept informed of current issues facing organization	92%	95%	

N/A – Not applicable

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Government Fund Limited
Business Plan 2004–2005

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Mission

To fund alternative delivery initiatives for government.

Planning Context

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

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

NSGF continues to actively look for appropriate investments within the limitations of the offering memorandum. The opportunities for investment are further hampered by the significantly declining interest rates available from other sources that have decreased the attractiveness of the NSGF funds for investment.

Nonetheless, the NSGF has been able to identify the two investment projects required to meet the federal program requirements. NSGF is currently pursuing a third investment that will complete the five-year investment requirement of the first investment that recently was repaid. Funds not invested in projects have been safely placed where they can be accessed as qualified investment opportunities occur.

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

Strategic Goals

Federal and provincial investment criteria have limited suitable investment opportunities. In light of this the goals of the NSGF for the fiscal year 2004–2005 are the following:

- To ensure that the funds of all investors are safely invested.
- To direct the Nova Scotia Department of Finance to continue to invest any money not invested in qualified projects in liquid Canadian securities until such time as the investors' promissory notes come due.
- To continue to facilitate funding to investors when their notes become due.
- To take advantage of investment opportunities as they arise.

Core Business Area

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

Priorities for 2004–2005

- To ensure that the funds belonging to the investors are safely and soundly invested.
- To find/solicit and assess potentially qualifying investments as the opportunities arise.

Budget Context

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

Outcomes and Performance Measures

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

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Harness Racing Incorporated
Business Plan 2004–2005

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Mission

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

Performance in 2003–2004

During the 2003–2004 fiscal year, a total of 94 live race dates were achieved with the assistance provided by the Government of Nova Scotia, and this assistance was also responsible for the successful Atlantic Sire Stakes races. A dispute between horse owners and track management in Sydney caused the closure of Tartan Downs between May and October. There was also no pari-mutuel wagering in Sydney during that period. The race track reopened in October, 2003 and had 10 race dates with purses of $7,000 for each event. However, the temporary closure depressed the province's total wager for the year, as well as reducing the total number of live race events. The Liaison Officer divided his time between carrying out tasks for the Nova Scotia Harness Racing Industry and the new Maritime initiative.

2003–2004	**Processed Claims**
Special Stakes Races, Inverness, Truro, Tartan Downs	$ 30,000
Atlantic Sire Stakes	200,000
Purse Subsidy Reimbursement	364,000
Matinee Tracks and 4H	5,000
Maritime Provinces Harness Racing Commission	97,000 *
Operational Costs (Meeting Expenses)	1,500 *
Liaison Officer	$ 52,500
Projected Total For 2003–2004 Fiscal Year	$ 750,000

* Projected Expenditures

Strategic Goals

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

Core Business Areas

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

1. Live racing events/pari-mutuel wagering
2. Simulcast wagering/telephone account wagering
3. Gaming/video lottery terminals

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

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

Unfortunately, a dispute between horse owners and track management in Sydney temporarily shut down pari-mutuel betting and live racing at Tartan Downs. It also resulted in fewer live racing events for the province in total. The purses at racing events are very dependent on government funding support. Funding was reduced by $50,000 in 2003–2004, but closure of Tartan Downs allowed funds to be divided by two tracks rather than three. It also allowed the allotment to the Atlantic Sire Stakes to remain at the 2002–2003 level. Purses at Inverness Raceway were higher than previous years, and horse numbers were up significantly.

Simulcasting of racing events beyond the local raceways continues to be a major supporting funding source for the industry, making up 88 per cent of wager income. A new teletheatre site has been approved for Inverness Raceway in Port Hawkesbury. The Canadian Pari-Mutuel Agency reduced its requirements for raceways to be eligible to establish teletheatres to fewer than 50 race dates and has to be approved by the Maritime Provinces Harness Racing Commission. Smaller tracks such as Inverness and Tartan Downs can now negotiate sites within their market areas.

Video lottery terminals (VLTs) continue to be viewed as integral to the development of raceway entertainment centres.

Genetics

There were 401 Maritime-bred horses competing outside of the region in 2003. They generated earnings in excess of $4 million and were involved in over 7,000 total starts. The Atlantic Breeders' Crown showcases the best of Maritime breeding, and the event will be held in Truro in 2004. Three of the top six drivers in Canada (wins) have Maritime roots, and four have earned in excess of $2 million in earnings as trainers. 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 are key activities for both the farming communities of Nova Scotia and the live racing events at the province's three raceways.

Budget Context

Revenues	Actual 2002–2003 ($)	Forecast 2003–2004 ($)	Estimate 2004–2005 ($)
NS Funding (NS Gaming Corp.)	750,000	750,000	750,000
NS Funding (NS Agr. and Fisheries)	50,000	—	—
Total Revenues	**800,000**	**750,000**	**750,000**
Expenditures			
Special Stakes	30,000	30,000	—
Atlantic Sire Stakes	200,000	200,000	200,000
Purse Subsidy Reimbursement	430,000	364,000	393,500
Maritime Provinces Harness Racing Commission	84,551	97,000	100,000
Operational Costs—Meeting Expenses	1,416	1,500	1,500
4-H and Matinee Tracks	5,000	5,000	5,000
Liaison Officer Position	48,965	52,500	50,000
Total Expenses	**799,932**	**750,000**	**750,000**

Even though funding to the industry was reduced by $50,000 because Agriculture and Fisheries did not provide any funding, the Atlantic Sire Stakes allotment was maintained at $200,000. Officiating costs continued to grow and were projected at $97,000 where the previous year was less than $85,000. Purse subsidy reimbursement dropped from $430,000 to $364,000. Because Tartan Downs had only 10 live race dates that were funded by the track, purse assistance at the other two track locations was not adversely affected by the reduced allocation.

Operating Costs—Meeting Expenses (exclusive of administration costs) to manage the fund continue to run around $1,500 annually. An allocation of $5,000 continues to be set aside for 4-H and matinee tracks. Expenditures for the liaison officer will cost close to $52,000 with the additional Maritime initiative activities.

With three tracks racing this coming fiscal year, there will be a challenge to divide the purse subsidy reimbursement. The horse owners and owners of Tartan Downs have reached a five-year agreement. Officiating costs are also growing, so the expectation is that the costs will be approximately $100,000 in 2004–2005.

Outcomes and Performance Measures

Core Business Area 1 *Entertainment*

Outcome	Measure	Base Year	2003	Target 2008 Measure	Strategies to Achieve Target
More live races	Increase in live race events	2002: 100 race dates	94	Increase live race events	Long-term agreements
More horse owners	# of owners	2002: 403 owners	413	Minimum purse $1000 to $2000	Improved income for horse owners
Increased bet	Amount of bet	2001 gross bet: $12.8 million	Total wager: $11.2 million	Increase gross bet by 10%	Attract patrons
More entertainment options	Attendance	2001: 70,000	71,800	Higher attendance	Market existing and new additions

Core Business Area 1 *Genetics*

Outcome	Measure	Base Year	2003	Target 2008 Measure	Strategies to Achieve Target
More horses in race cards	Horse population	2001: 480 Standardbreds	490	Adequate minimum: 60 Horses per race event	Investment in breeding stock and property race card
Greater interest in horse ownership	Avg sales value	2001: $4400.00	$5400.00	Increase prices for NS-bred horses	Promote the horse race by 10%

- There were fewer live race dates in 2003 because one of the tracks was closed for a good part of the season.
- A five-year agreement was reached at Tartan Downs and we anticipate racing in 2004.
- Higher purses were paid out at Truro Raceway and Inverness Raceway due to closure of the one track.
- The total wager in Nova Scotia would have been slightly higher than the previous year if Tartan Downs had raced the full season.
- Horse quality has improved and there were more horses on the race cards at Truro and Inverness in 2004.
- The fall sale of yearlings in Truro brought an average price of $5,400, a $1,000 increase over the 2001 average.
- The long-range strategic plan for the industry is still valid.

Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2004–2005

Nova Scotia Housing Development Corporation

Business Plan 2004–2005

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Mission

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

Planning Context

The Nova Scotia Housing Development Corporation is responsible for managing the province's social housing assets and consolidating the revenues and expenditures associated with operating these assets. Its legislative mandate is set out in the Nova Scotia Housing Development Corporation Act.

The Minister of Community Services is the corporation's Chairperson, and the Deputy Minister is the President. The Executive Director, Finance and Administration, is the Chief Financial Officer of the corporation. The department provides management services to the corporation, including financial management; property management; program development, evaluation, and delivery; research and policy development; and communications and human resources support. An annual fee is paid by the corporation to the department for these management services. Department staff work on behalf of the corporation, but they are not direct employees and they receive no remuneration from the corporation.

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

The corporation owns approximately 11,590 senior and family public housing units, making it the largest residential landlord in the province. The property management for these units is delivered through seven housing authorities. The housing authorities also administer the Rent Supplement Program, which provides rental assistance to 800 low-income households in private and non-profit rental accommodations. The corporation also provides another 1,540 housing units—both rental units and homeowner units—under the Rural and Native Housing Program. These public housing, rent supplement, and rural and native housing units house approximately 25,000 Nova Scotians.

Challenges facing the corporation include the following:

- Managing and maintaining an aging public housing stock, which continues to need major capital expenditures on replacement and improvement to ensure that affordable housing continues to be a viable option for families, seniors, and individuals with low to moderate incomes

- Financially assisting low-income homeowners to undertake needed home repairs. Privately owned housing in the province is old. Based on 2001 census data, 47.4 per cent, or approximately 170,770, of the owner-occupied homes in Nova Scotia were built before 1971. Of these homes, 21.3 per cent were built before 1946. Older homes require ongoing maintenance and capital improvements in order to provide safe and adequate housing
- Developing an Asset Management Strategy to facilitate the establishment of asset-based financial goals and promote property-related decision making based on an appropriate balance of business principles and public policy objectives
- Providing more-seamless service to housing clients through more streamlined and coordinated services
- Providing affordable housing in the areas of greatest need, given the declining population in rural areas and the rural-to-urban shift in the spatial distribution of the province's population. For example, only 5 of 18 counties in Nova Scotia experienced a net increase in population between 1996–2001. The counties with an increase in population during this time period were Halifax County (4.7 per cent), Antigonish County (0.1 per cent), Colchester County (0.1 per cent), Hants County (2.6 per cent), and Lunenburg County (0.1 per cent)
- Providing financial assistance to help seniors to continue to live independently in their own homes. In 2001, approximately 14 per cent of Nova Scotians were 65 years of age or older, and this percentage is expected to increase for the next 15 to 20 years. Some small towns in Nova Scotia already have a high percentage of seniors (e.g., Town of Digby, 26.5 per cent; Town of Windsor, 23.3 per cent; Town of Truro, 20 per cent; and Town of Mahone Bay, 28.9 per cent)

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

Under the Social Housing Agreement, Nova Scotia's annual federal funding for federal/provincial Social Housing Programs was capped at 1995–96 levels, and the annual funding levels were set out until the year 2035 when the agreement expires. The level of federal funding declines over time. The corporation must manage funding so that sufficient funds will be available in future years to support the federal/provincial Social Housing Programs, or the province will be challenged to provide additional funding to meet this need. Other factors that have an impact on the management of these funds include such things as the increasing annual operation expenses for over 12,000 public housing rental units due to inflation. For example, key expenditures are utilities, home heating fuel, cost of maintenance, wages, and capital improvements. Full funding of these cost centres is continuously challenged by inflationary pressures on prices.

The department is continually exploring opportunities to generate additional funding and to put in place processes to promote effective and efficient management. For example, the department has installed a new property management software to improve our operating efficiencies in managing the corporation's housing properties. This new system is web-based software, which provides a sound foundation for operations, both today and in the future.

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

In 2002, we signed the five-year $37.26 million Canada–Nova Scotia Affordable Housing Agreement. This was an important step in support of Nova Scotians in need of affordable housing, and it is an important piece of the province's housing strategy. Under the agreement we will work with our housing partners to create or renovate 850–1,500 housing units. The federal government will provide $18.63 million in funding, provided that matching contributions are supplied by the province and other housing partners.

To deliver the funds available and ensure that it is focused on the housing needs of low- to moderate-income households, the Programs staff developed four housing programs: the Home Preservation Program; the New Home Ownership Program, which is restricted to identified urban areas of revitalization; the New Rental Program; and the Rental Preservation Program.

Construction has already begun on new housing projects through the funds made available by the Affordable Housing Agreement. A 15-unit project was completed in Middleton, and a new home ownership project was announced for Halifax in December 2003. Early in 2004 the department issued a request for proposals (RFP) for new rental housing. As a result of the RFP, Community Services will be in a position to announce a number of new rental housing projects in 2004–2005. Activity has also begun under the Home Preservation Program, as approximately 30 households were provided financial assistance to undertake major home repairs.

In November 2003, the Minister of Community Services, in his capacity as Chairman of the corporation, signed a three-year extension of the federal/provincial cost-shared renovation programs. These include the Homeowner RRAP (Residential Rehabilitation Assistance Program), the Disabled RRAP, the Rental/Rooming Housing RRAP, the Conversion RRAP, the Emergency Repair Program, the Home Adaptations for Seniors Independence (HASI) Program, and the Shelter Enhancement Program. These programs assist low-income homeowners, landlords, non-profit organizations and shelters undertake needed repairs. The HASI program, in particular, provides assistance to seniors to help them adapt their homes so that they can continue to live independently. RRAP also has a component to help homowners modify their homes for disabled family members. The corporation's total RRAP budget in 2003–2004 was $8.7 million ($7 million from the federal government and $1.8 million from the provincial government).

Also, the corporation administers Canada Mortgage and Housing Corporation's (CMHC) mortgage/loan portfolio for Nova Scotia. In addition, the corporation is working with other program units within Community Services and with the Department of Finance to provide direct lending to housing-related projects for long-term interest-rate risk reduction. Among the projects assisted are community-based residential projects for the Community Supports for Adults Program, which provides support services to developmentally challenged Nova Scotians. The corporation's assistance will help stabilize the per diem funding component for these projects.

Over the years the province has delivered a Residential Land Development Program. This program is being phased out in response to the increasing ability of the private sector to adequately supply the entry-level home-ownership market. The last phase of Millwood in Lower Sackville and Forest Hills in Cole Harbour, totalling 155 lots, is currently on the market and will be ready for home construction in the summer of 2004. The sale of these lots is expected to generate a profit in excess of $2 million.

Strategic Goals

The goals of the corporation are

- to foster healthy communities through housing
- to ensure a supply of safe, appropriate, affordable, and sustainable housing
- to optimize access to safe, appropriate, affordable, and sustainable housing

These goals are consistent with and support the priorities of the Government of Nova Scotia. Through housing programs, we recognize that safe, appropriate, affordable, and sustainable housing is a significant contributor to the health of our communities and to the personal well-being of all Nova Scotians. Good housing provides the environment and base needed to effectively deliver other social programs, such as home care, early childhood development, and education. In particular, it has a lasting effect on children as research has shown that poor housing conditions have a detrimental impact on early childhood development. Community Services' housing programs keep homes safe and comfortable for Nova Scotians, and these programs provide employment to tradespeople across the province.

Nova Scotia has a high percentage of seniors compared to many other provinces. It is recognized that seniors tend to remain healthier and more confident, the longer they are able to "age in place" in their own homes or in supportive environments. Community Services' housing home repair/adaptation programs help seniors adapt their homes so that they can remain in their homes and continue to live independently. In addition, the department continues to make adaptations to its senior public housing projects to assist senior tenants age in place so that they can continue to live independently.

Core Business Areas

In support of the Department of Community Services' housing mandate, the corporation's core businesses are

- managing the financial contributions of the provincial and federal governments to social and affordable housing
- managing the social housing portfolio
- providing mortgage guarantees and/or financing to qualifying housing projects
- managing the corporation's assets to protect the province from loss

Priorities for 2004–2005

In selecting priorities for the business plan, selection criteria were developed. These include, for example, looking at proposed priorities in light of such things as best practices, trends, and research findings; congruency with the corporation's Mission and Strategic Goals and government's objectives; sustainability in terms of financial resources and staffing; and whether the priority is measurable.

The following are the corporation's four priorities for the 2004–2005 fiscal year.

Priority

- Implement the Risk Management Strategy developed in 2003–2004.

  In 2002–2003 the provincial Auditor General recommended that the department put in place a risk-management strategy to monitor and control risk. A strategy was developed in 2003–2004 and will be implemented in 2004–2005. This is very much in keeping with government's priority of fiscal responsibility and accountability.

Priority

- Initiate an evaluation project on the programs under the 1997 Canada Nova–Scotia Social Housing Agreement based on the evaluation framework project to be completed early in the 2004–2005 fiscal year.

  Under the Canada Nova Scotia Social Housing Agreement, Nova Scotia must, every five-years, evaluate the social housing programs it administers. In 2003–2004 work began on an evaluation framework. With the framework project to be completed early in the 2004–2005 fiscal year, the task for the remainder of the year will be to begin the evaluations of the five social housing program areas.

  These evaluations represent a major undertaking. The department anticipates completing evaluations for the Rent Supplement, Urban Native, and Rural and Native Programs in 2004–2005. The overall purpose of the evaluations is to provide the corporation with information on the performance, results and cost-effectiveness of the housing programs covered by the agreement. This information will help the department develop processes for enhancing existing program management.

  All jurisdictions that have signed a social housing agreement with the federal government, for example Newfoundland and New Brunswick, are subject to the five-year program evaluation requirement. Therefore, early in 2004–2005, the department will consult with Newfoundland and New Brunswick to explore the possibility of conducting joint program evaluations. This joint effort would enable the three provinces to share expertise and to pool resources. Interprovincial co-operation and collaboration are possible because many of the housing programs are the same in the three provinces.

Priority

- Continue to implement the Affordable Housing Program.

  The Affordable Housing Agreement involves federal funding of $18.63 million, along with matching contributions from the province and our housing partners. This year, staff have been working in consultation with community agencies, non-profit organizations, and the private sector to identify areas of need across the province and have been conducting research to develop criteria for new programs to be established under the Canada–Nova Scotia Affordable Housing Agreement.

In December 2003 Community Services announced the development of six semi-detached homeowner units in Halifax under the New Home Ownership Program. This program is restricted to designated urban areas of revitalization. In terms of major home repairs, by the end of the year, approximately 30 households received financial assistance under the Home Preservation Program. The department is also in a good position, in 2004–2005, to initiate projects under the New Rental Housing Program given the Request for Proposals for rental housing projects that was issued at the end of the 2003–2004 fiscal year.

Priority

- Complete the integration of Housing Services, including the building technology section, into the department's Program Division.

  This integration is part of the department's 2003–2004 organizational re-alignment, which created a new Programs Division and consolidated Community Services' regional office structure. These changes will enable the department, for example, to take full advantage of the building support services and expertise that have historically rested with Housing Services as a separate division. The other program areas where these services have application include facilities under the Community Supports for Adults Program, Family and Children's Services residential facilities for children, and workshops funded through Employment Support Services. There is also the potential to make these services broadly available to housing and other facilities owned and operated by third parties.

Budget Context

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

Table 1. Nova Scotia Housing Development Corporation Funding

Funding Source	2002–2003 Actual ($)	2003–2004 Forecast ($)	2004–2005 Estimate ($)
Revenue from Government Sources	69,860,000	71,850,000	69,066,000
Revenue from Rents	48,624,000	48,824,000	49,524,000
Interest, revenue from Land Sales and other revenue	6,197,000	3,400,000	6,200,000
Total Funding	**124,681,000**	**124,074,000**	**124,790,000**

Table 2. Nova Scotia Housing Development Corporation Expenditure

Expenditure Source	2002–2003 Actual Audited ($)	2003–2004 Forecast ($)	2004–2005 Estimate ($)
Interest on Long-Term Debt	29,407,000	28,200,000	27,200,000
Property Management and Operations	40,980,000	41,800,000	41,800,000
Maintenance and Capital Improvements	18,156,000	18,700,000	19,183,000
Transfer to Housing Services*	19,696,000	19,674,000	19,500,000
Amortization of Investment in Social Housing	9,546,000	10,100,000	10,800,000
Administration Fee and Cost of Land Sold	6,878,000	5,600,000	6,307,000
Total Expenditures	**124,681,000**	**124,074,000**	**124,790,000**

Note: Under the terms of the Canada Nova Scotia Social Housing Agreement, Canada Mortgage and Housing Corporation transfers the federal subsidies to the corporation monthly. A portion of this funding is then transferred to the Programs Division of the Department of Community Services for Social Housing program subsidies.

Outcomes and Performance Measures

Core Business Area 1 *Manage the province's social housing portfolio*

Outcome	Measure	Data (BY= Baseline Year)	Target 2004–05	Strategies to Achieve Target
Financially viable social housing portfolio	Projection of the financial resources available to meet anticipated Canada–Nova Scotia Social Housing Agreement expenditures	Based upon current program revenue and expenditures projections, the current annual federal funding will decrease over the life of the agreement, which expires in 2035	The target is to ensure existing programs operate within the funding available	• Continue to monitor and pursue opportunities to generate new revenues • In the short term, conduct the initial five-year program evaluations for the housing programs the department assumed under the terms of the 1997 Canada–Nova Scotia Social Housing Agreement.

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

Outcome	Measure	Data (BY= Baseline Year)	Target 2004–05	Strategies to Achieve Target
Government has additional options in managing capital financing for government-sponsored housing	Number of qualifying housing projects receiving mortgage guarantees and/or financing assistance	**2001–02/BY:** 1 housing project **2002–03:** 6 housing projects	Assist a minimum of 3 housing projects per year	• Continue to foster and pursue partnering opportunities with other departments and government agencies.

Core Business Area 3 *Manage the corporation's housing to protect the province from loss*

Outcome	Measure	Data (BY= Baseline Year)	Target 2004–05	Strategies to Achieve Target
Financial reserve funds are adequate; risk of loss to the province is minimized	Percentage of co-operative and non-profit housing organizations that have adequately funded reserve	**2000–01/BY**: 62.5% **2001–02:** 68% **2002–03:** 71%	75%	• Continue to partner with the co-operative sector on training and education and on developing a co-operative network to build capacity and increase opportunities for information exchange. • Work with individual co-operatives and non-profit housing projects to assist and train management.

Core Business Area 4 *Deliver the Canada–Nova Scotia Affordable Housing Agreement Programs*

Outcome	Measure	Data (BY= Baseline Year)	Target 2004–05	Strategies to Achieve Target
More households in safe, appropriate, affordable and sustainable housing	Affordable Housing agreement funds committed to date on creating and renovating housing units	**2002–03/BY:** Committed $750,000 for a 15-unit project in Middleton **2003–04:** Committing $1.24 million.	Fully commit all funds available under the agreement by March 31, 2006	• Implement the Canada–Nova Scotia Affordable Housing Agreement through partnerships with community-based organizations, municipalities, and the private sector to create or renovate housing units.

Core Business Area 5 *Deliver the Canada Nova Scotia Housing Renovation Program Agreement*

Outcome	Measure	Data (BY= Baseline Year)	Target 2004–05	Strategies to Achieve Target
Better overall condition of existing owner-occupied homes in Nova Scotia.	Number of households assisted through funding made available under the Housing Renovation Program Agreement	**2002–03 BY:** 1,021 households	**Target 2005–06:** Continue to spend all funds available	• Deliver funding made available under the Canada–Nova Scotia Housing Renovation Program Agreement signed in 2003. Historically 100% of the available funds have been delivered each fiscal year.

(Note: This is a new core business for the corporation; therefore we are adding a performance measure for this core business.)

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Liquor Corporation
Business Plan 2004–2005

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Mission

- ***provide a consistently high level of customer convenience and service***
- ***support initiatives on the responsible use of beverage alcohol and operate in a socially responsible manner***
- ***support employees in developing their skills and abilities in an organization focused on achievement, equality and continuous learning***
- ***support economic development of the beverage alcohol industry in Nova Scotia***
- ***generate revenue through effective and efficient retailing.***

The Nova Scotia Liquor Corporation (NSLC) is a Crown corporation governed by the provincial *Liquor Control Act*. Through this legislation the NSLC is mandated to retail beverage alcohol in a socially responsible manner, creating returns to our shareholder.

Planning Context

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

The NSLC operates in a mature industry in Nova Scotia where over 90 per cent of the province's population lives within minutes of NSLC retail outlets. Growing its business will require new approaches to the business.

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

Customer Base

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

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

Economy

The Atlantic Provinces Economic Council (APEC) projects that in 2004 Nova Scotia will lead the Atlantic Provinces in growth with a projected increase in Gross Domestic Product of 2.8 per cent. According to APEC this growth will be driven by increased consumer spending as the government's 10 per cent tax reduction and reduced auto insurance premiums give consumers more disposable income. As well, APEC credits increased investment in offshore oil and gas exploration as an additional factor in Nova Scotia's projected growth for 2004. The unemployment rate is expected to remain unchanged in the 9 per cent range for the 2004 business period, while inflation will drop considerably from 3.5 per cent in 2003 to 1.5 per cent in 2004.

Retail Environment

The retail environment in Nova Scotia, as elsewhere, is undergoing significant change. Consumers are better educated, reflect greater diversity, have higher expectations, and understand their shopping alternatives. Retailers are responding by investing in systems, tools, and technology to allow them to better understand and measure the drivers of success in this changing retail landscape.

In this environment, retailers are facing challenges in attracting and, more significantly, keeping qualified staff. Retailers face the need to make substantial investments in technology and infrastructure—both on the retail side and in supply chain logistics. The retail world is advancing in its understanding of how to build better customer relationships and at the same time deliver improved bottom-line results.

With 100 retail outlets in the province, and $435 million in sales, NSLC is a major retailer and is experiencing all the challenges common to the Nova Scotia retail environment. This coming year will see a continued focus on the cultural, organizational, and staffing changes necessary to ensure that NSLC can successfully meet these challenges.

APEC is projecting a 4.5 per cent increase in retail sales during 2004 for Nova Scotia. This is a marked increase from the modest 1.6 per cent increase in retail sales experienced during 2003 and will have a significant impact on the NSLC's bottom line.

Labour Relations

NSLC has three groups of unionized employees, each with its own collective agreement. All three groups are represented by the Nova Scotia Government and General Employees Union (NSGEU). Unionized employees include many office staff, all permanent part-time and full-time store clerks and store managers, as well as most staff in the Distribution Centre. All three collective agreements expire during the upcoming fiscal year.

In recent years, NSLC and NSGEU have benefited from a joint commitment to open communications and problem solving. The number of grievances has fallen, and there is general recognition that the relationships have improved from years gone by. This determination to work together to resolve issues as they arise provides a constructive context in which to negotiate three new collective agreements.

Strategic Goals

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

- Meet or exceed revenue and earning commitments to our shareholder this year with a focus to increase profitability through investment over the longer term.
- Develop a culture of knowledge, advice, and sales throughout the entire organization in order to better serve our customers.
- Attract, develop, and retain employees focused on delivering a customer-centred, friendly, and knowledgeable retail experience.
- Develop and implement a corporate identity that conveys a distinctive personality that appeals to all NSLC stakeholders in order to reinforce the company's overall strategic direction.
- Create and implement a vision and set of shared values that will enable the NSLC to become a world-class retail organization.
- Continue to improve the governance of the organization by striving to establish best practices for the supervision, accountability, and strategy of a Crown corporation.

Core Business Areas

1. Store Development and Facilities Management

The NSLC Development Group is organized into two distinct operating units: Real Estate Development and Facilities Management. Real Estate Development is responsible for sourcing new store opportunities, including the planning, design, and construction efforts required, and for leasing administration for the retail network. The Facilities Management division is mandated the responsibility for the maintenance of the existing store network as well as the Distribution Centre/Head Office complex.

The Development Group contributes to the success of other NSLC divisions as it works to continually improve the store network—both the viability of the individual store locations and the condition of the property—to ensure that NSLC meets the changing customer expectations of selection and service.

The Development Group is preparing a Store Development Plan to best determine the location and size of stores in the respective markets. New full-service stores are planned where demand is currently underserved, and other stores are identified for relocations or upgrades to interiors, lighting, or signage. In addition, new concept NSLC retail outlets may be introduced during the year and new agency stores may be considered for underserved markets outside the HRM. All projects are funded within the corporate capital plan.

The Store Development Plan is guided by the following business objectives:

- to reduce base rents across the network, year over year, lowering operating expenses
- to "right-size" our network stores to meet the product requirements provided by the Merchandising Plan
- to "right-locate" our network stores to increase visibility, access, and proximity to consumers—all towards increasing revenue
- to renovate or re-energize our store interiors to better meet our customer expectations
- to minimize any business interruption due to construction or renovations
- to minimize capital expenditures through value-engineered turnkeys or other cost saving initiatives
- to sell surplus property
- to partner with firms with construction expertise and/or available properties to minimize any delay in meeting the aforementioned objectives.

The Development Group's strategy that best meets these priorities is to actively pursue "store in store" opportunities with other retailers that complement our business.

2. Operations

Primarily responsible for the operation of NSLC's 100 retail locations, the Operations Division encompasses all licensee sales (bars and restaurants for example), as well as sales to agency stores and private wine and specialty stores.

NSLC's retail operations continue to focus on improving customer service as a vital component of overall customer satisfaction. There is a clear recognition that well-trained, knowledgeable, and attentive retail customer service staff is the key to providing an enhanced level of customer service. This year there is a continued focus on staff selection, development, and education, as well as on improvements to the systems and tools provided to allow them to be top performers.

The Operations Division will increase resources dedicated to improving and developing the indirect sales channels (licensees, agency stores, etc.) with a greater emphasis on efforts to create effective business partnerships. In total, these alternative sales account for almost 20 per cent of NSLC's total sales volume. This is an important element of our business that will benefit from more focused attention this year.

3. Information Technology

The Information Technology division of the NSLC provides support for information systems. This focus also enhances the NSLC's strategic planning and business analysis by using the latest retail systems to further understand individual markets and customer trends.

The current information systems at the NSLC are outdated and not adequately integrated. Basic day-to-day operations are supported, but there is little capacity to enable growth or to support a dynamic business plan.

Over the next three years most, if not all, of the key information systems will be replaced or significantly upgraded. This includes application software, supporting hardware, and communications networking for our head office and point-of-sale systems and the communications network to the stores across the province. In addition, the internal capacity of the department will need to be aligned with current business needs.

A three-year IT renewal plan is under development and will be completed by the end of the first quarter of 2004–2005. The timetable for individual system replacement or new information systems will set by the business according to business needs prioritization. Two systems are already under development for delivery this fiscal year: a warehouse management system to improve inventory controls and warehouse efficiency and a central repository for data and decision-support tools that will improve the information available to support management decisions.

4. Human Resources

As NSLC continues to invest in developing and modernizing its business operations, a strong focus on the people side of the business is essential. During times of significant cultural and organizational change, investment in supporting and staff development people is a critical component of success.

The Human Resources function continues to evolve to be less administrative and more of a business partner within the organization. In support of corporate objectives key initiatives in Human Resources include:

- streamlining the organization's hiring and selection processes through the application of new technology
- continued enhancements to performance-management tools to support employees in achieving success

- better systems and education to support a safe and healthy workplace
- learning and development initiatives centred on improving customer service
- follow-up to Employee Survey results
- improved access to and use of HR data to support decision making

5. Corporate Communications

The NSLC has established a new Corporate Communications division to improve openness and transparency with all stakeholders. Working with all divisions of the organization, the Corporate Communications team will modernize all communications policies and procedures while designing and implementing a reputation management strategy for the company. Proactive internal and external communications initiatives will be undertaken, including a restructuring of all electronic and print publications. In addition, the Corporate Communication department is now responsible for managing all advertising of the organization with a focus on ensuring the consistency of the corporate identity communicated by the company.

Internal communications efforts will be aimed at improving and increasing the frequency and quality of information provided to all employees. Working with Information Technology, Corporate Communications will develop new methods of providing timely information and feedback to all staff.

The external communications focus will see a renewed effort to work with news media to provide timely and clear information on the NSLC's business. In addition, the team will develop a community-relations strategy designed to provide more direct information about the company's activities in every community the NSLC serves.

The introduction of a new corporate identity for the NSLC during the upcoming year will be a primary focus of the Corporate Communications division.

6. Social Responsibility

The promotion of the socially responsible use of beverage alcohol is a legislated mandate of the NSLC. The NSLC's Social Responsibility Committee is chaired by a member of the Board of Directors and includes representatives of key industry vendors and community groups.

Under the direction of the Corporate Communications team, the coming year will see a renewed focus on this responsibility with the development of a comprehensive cause-marketing strategy that will bring a higher profile to this issue in the province. New innovative approaches will be developed, making ample use of the knowledge of the key stakeholders in their promotion of the responsible use of beverage alcohol.

7. Merchandising Strategy

A key business strategy of the NSLC is to redefine and restructure the merchandise offered through our sales channels, increase our selection, and target the growing demands and diversity of our customers. The NSLC has redefined its product offering to ensure that it is truly customer focused and merchandise driven. As a result, the NSLC has implemented a strategic Category Management Program for growth and development in all beverage alcohol categories.

Spirit Category

For the first time in five years, the NSLC has increased sales in the Spirit category. This is the result of a number of category initiatives focusing on consumer lifestyle trends, strategic positioning of entry-level, mid-range, and premium spirit products, and the implementation of defined segmented category channels that target consumer purchasing preferences. New initiatives such as the introduction of flavoured alcohol beverages (FAB) and the Rum Shop are examples of product segmentation and marketing targeted at specific consumers within the spirit category. This segmented approach has resulted in a much more focused product assortment and has attracted younger consumers back to this category, as well as providing a much more diverse product assortment to existing spirit consumers in Nova Scotia.

Beer Category

The NSLC Product team continues to focus on development of the Beer category through increasing our product selection and targeting emerging lifestyle trends. The NSLC has been encouraged by the sales growth and our customer response to these new initiatives. The domestic brand offering continues to see positive growth fueled by aggressive marketing programs, positioning them as premium beers capable of competing with beers from around the world. The specialty beer growth has again seen double-digit increases as the NSLC expands our selection and continues to position our Beers of the World Program with a consumer learning and development approach. Lifestyle trends in beer over the next year will see an increased emphasis on light, low-calorie, and low-carbohydrate beers, along with the introduction of flavoured beers.

Cooler Category

We expect to see the explosive growth in this category begin to level out as younger, trendy consumers begin to move back into the spirit category through programs such as FAB. Managing the product assortments through defined channel segmentation will help to offset some of that migration as new consumers will be attracted to this category because of its focus on lifestyle marketing.

Wine Category

Targeted as our key growth category, both from sales and consumer acceptance, wines have seen an unprecedented growth in the overall category led by premium products. The NSLC will continue to utilize strategies to migrate customers to increasingly more sophisticated products within this category. A number of new and innovative marketing programs were launched in this category over the past year with outstanding consumer acceptance of the price, quality, and variety of the offerings. The NSLC will continue to provide industry-leading direction and innovation in this category to our customers as we increase our product offerings and overall presence of wines.

8. Marketing/Corporate Identity

The NSLC Marketing Program supports current and long-term business plan objectives, provides directional growth for our category development. Our marketing strategies are focused on lifestyle retailing programs, consumer behaviour trends, and category product development. The primary driver of these strategies is our market segmentation approach, which is based on ongoing consumer insight research.

With the mandate to make the NSLC a modern retail organization, the Marketing and Corporate Communications groups will also be focused on the development of a new corporate identity, positioning, and personality for the company.

9. Supply Chain

With the continued expansion of the product offering, it is imperative that we continue to enhance and optimize the distribution network. How we manage the product in inventory in both the Distribution Centre and in our retail outlets is critical to the NSLC's success as an efficient and effective retailer.

The Distribution team will ensure this optimization by a continued focus on inventory, warehouse, and logistics management. This focus will ensure our success and will enable us to continue to migrate towards becoming a world-class retailer.

The continued focus on inventory management will be assisted by the full implementation of a new Warehouse Management System. This new wireless, paperless solution will allow the efficient tracking of all inventories from entry into the distribution centre to arrival at our retail stores. This system is a real-time inventory system, which will also increase the overall efficiency and effectiveness of warehouse operations.

There will be a continued focus on logistics management within the NSLC in order to improve efficiencies within the distribution network. The coordination of the logistics of domestic as well as international freight is a significant cost to the organization. By focusing in this area we will improve the overall profitability of the organization.

The NSLC Distribution team is focused on re-engineering the supply chain process with an emphasis on initiatives that will improve our overall efficiency. Providing just-in-time inventory, optimal stock levels at retail locations, and increased inventory productivity and turnover ratios are some of the key areas targeted for increased efficiency. Category buying plans will be linked directly to forecasting models, which will provide greater flexibility and improved product flow through the supply chain system. The NSLC's ability to leverage the resources of all our partners within the supply chain process is targeted at improvements, which will see service levels increase and inventory ratios decrease resulting in substantial financial benefits for the NSLC.

10. Finance

The Finance Division of the NSLC compiles financial, volume, and budget information of the Corporation and provides it to stakeholders. Our mandate in 2004–2005 is to improve the ability to deliver more targeted, appropriate information through greater use of technology and system improvements. The Finance Division will tighten reporting deadlines to provide more timely information, consult with stakeholders to improve readability and information value, provide more concise information, and investigate alternative financial delivery methods.

The division will focus on reducing administration requirements of the store network and on the need to monitor/balance this information. These improvements will largely come from IT improvements in automating data collection from stores for both financial and payroll information.

The Finance Division's Order Entry group will continue to improve customer service to internal and external customers through training and increased product knowledge and in consultation with Store Operations.

The overall objective of the Tendering and Sundry Purchases Department, a new addition to the Finance Division, is to support corporate governance initiatives including the following:

- Reviewing tendering process to ensure compliance with the organization's Procurement Policies and Procedures.
- Implementing central control of tenders by all departments to ensure total compliance to policies and to have a central repository of all tender contractual documentation.
- The Sundry Purchases function will participate in implementing the new Warehouse Management System to ensure that the control of Supplies and Stationery inventory is efficient and cost effective.

11. Economic Development

As part of the NSLC's statutory mandate and mission statement, economic development of the beverage alcohol industry in Nova Scotia is a primary responsibility of the NSLC in conjunction with our local producers. Development of the production of beverage alcohol products in Nova Scotia adds value throughout the province, not only by producing high-quality products that are recognized worldwide and enjoyed by consumers here and abroad, but also by contributing to our local economy through job creation, agricultural development, and the vitally important tourist industry.

The NSLC is active in promoting local product development through various retail marketing programs such as the Taste of Nova Scotia initiative, which features locally produced wines and spirits, along with Beers of the World, showcasing our local micro brewery products. The NSLC is active in participating and working with various agencies in development of local industry such as the Farm Winery Monitoring Committee.

Priorities for 2004–2005

Goal 1

- Meet or exceed revenue and earning commitments to our shareholder this year with a focus to increase profitability through investment over the longer term.

Priority

One of the primary responsibilities of the NSLC is to return significant earnings of the Corporation to our shareholder—the Government of Nova Scotia. In delivering on this aspect of our mission, all Nova Scotians benefit through increased resources to fund the programs and services required of government. The NSLC will contribute $181.7 million to our shareholder in 2004–2005.

In addition, the NSLC will develop a three-year investment strategy that covers all operating divisions, which will result in long-term earnings growth for the company.

Goal 2

- Develop a culture of knowledge, advice, and sales throughout the entire organization in order to better serve our customers.

Priority

With our goal to make the NSLC a modern retail organization, the company will put in place a strategy that will begin to change the corporate culture to one of providing knowledge and advice to customers when they require it by

- improving product knowledge at the retail level through enhanced in-house training and partnerships with industry experts
- better aligning reward and recognition efforts with desired customer service behaviours
- developing or sourcing improved retail sales training material and programs as well as training for licensee sales order takers

Goal 3

- Attract, develop, and retain employees focused on delivering a customer-centred, friendly, and knowledgeable retail experience.

Priority

The NSLC has attracted an exceptional level of people over the years dedicated to the mission of the organization. The ability of the NSLC to attract and retain the level of employee required to make the company a modern retail operation requires a new investment in our people.

During the coming year, the NSLC will

- improve recruitment and selection through identification of competencies required to be successful in retail sales and retail sales management
- better align retail staff compensation with retail performance and customer satisfaction metrics
- expand and enhance training to support store managers in providing customer-service-skills coaching to retail staff

Goal 4

- Develop and implement a brand image that conveys a distinctive personality that appeals to all NSLC stakeholders in order to reinforce the company's overall strategic direction.

Priority

Successful businesses view their corporate brand and image as a critical asset to be developed, maintained, and enhanced. To successfully develop a consistent message across all critical points of contact that stakeholders have with the brand, it is necessary to have a well-defined brand strategy and positioning.

A brand strategy must possess a defined brand vision, as well as values and a personality that ensure that every element of the branding mix is maximized from nomenclature, corporate identity, internal and external communications, advertising, packaging, retail environment, and corporate culture.

During this fiscal year, the NSLC will redesign its corporate brand to reflect the needs of a modern retail organization and its legislated mandate.

Goal 5

- Create and implement a vision and set of shared values that will enable the NSLC to become a world-class retail organization.

Priority

While the NSLC has operated on a mission statement based strictly on the requirements of the *Liquor Control Act*, a modern retail organization requires the development of a shared vision and values. Successful businesses are able to articulate their purpose. Having a clear vision enables all business decisions to be made through this focus.

As part of the new corporate brand and the development of a reputation management strategy the NSLC will create a defined vision and values that will be reflective of and embraced by all of our stakeholders.

Goal 6

- Continue to improve the governance of the organization by striving to be a Board that establishes best practices for the supervision, accountability, and strategy of a Crown corporation.

Priority

The NSLC has substantially improved the governance and accountability of the organization since becoming a Crown corporation two years ago. The Board of Directors has developed a governance structure that ensures that the strategic direction and priorities of the shareholder are implemented by an accountable management team.

The board over the coming year will ensure that the strategic priorities outlined in this business plan are executed in the best interests of the organization. In addition, the Board is focused on ensuring that the recommendations and action plans arising from the operational and governance review conducted by the accounting firm Grant Thornton are implemented.

The board will also focus on continued governance improvements that will see the NSLC become a best-practices Crown corporation.

Budget Context

	Actual 2001–02 ($)	Actual 2002–03 ($)	Forecast 2003–04 ($)	Budget 2004–05 ($)	% Sales
Volumes: (hectos)	731,816	730,643	761,109	824,399	
Sales	391,560,050	412,706,222	436,842,620	477,009,007	100.00%
Indirect Sales Discount	(132,703)	(326,341)	(1,485,265)	(1,531,627)	0.32%
Net Sales	391,427,347	412,379,881	435,357,355	475,477,380	99.68%
Cost of Sales	197,562,720	202,805,624	214,052,884	232,582,913	49.00%
Gross Margin	193,864,627	209,574,257	221,304,471	242,894,467	50.92%
Stores Operating Expense	34,736,661	36,001,425	36,532,500	40,655,765	8.52%
Gross Operating Margin	159,127,966	173,572,832	184,571,971	202,238,702	42.40%
Warehousing and Distribution	4,217,296	4,090,299	4,205,128	4,531,586	0.95%
Depreciation	3,432,056	3,787,095	3,489,700	4,889,221	1.02%
Administrative Expense	8,609,139	9,195,383	11,396,301	11,619,057	2.44%
Other Expense	2,649,868	2,162,924	1,847,800	2,510,631	0.53%
Other Revenue	3,695,117	4,242,877	4,512,800	4,672,414	0.98%
Net Operating (Before Employee Future Benefits)	143,914,724	158,580,008	168,345,842	183,360,621	38.44%
Employee Future Benefits	55,982	714,900	1,576,400	1,645,762	0.35%
Net Operating Income	143,858,742	157,865,108	166,769,442	181,714,859	38.09%

Outcomes and Performance Measures

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

Net Income

	Actual ($)	Actual ($)	Projected ($)	Budget ($)
Net Operating Income	143,858,742	157,865,108	166,769,442	181,714,859

Supporting Operating Initiatives

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

Customer Satisfaction Index

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

The NSLC's goal of achieving a 70 per cent satisfaction level in 2004–2005 on our overall CSI is based on an accepted World Class Value Management structure for customer satisfaction. Understanding customer expectations in all measured areas of the CSI, assists the organization in understanding market trends and ensures that we are delivering what our customers expect.

Operating Expense Ratio (including employee future benefits—effective 2003)

Actual 2001–2002	Actual 2002–2003	Projected 2003–2004	Budget 2004–2005
11.9%	11.6%	11.7%	11.8%

Net Income Ratio

Actual 2001–2002	Actual 2002–2003	Projected 2003–2004	Budget 2004–2005
36.7%	38.3%	38.2%	38.09%

Supporting Operating Initiatives

Corporate Identity

A new corporate identity is successfully launched and begins to take hold with stakeholders.

Distribution/Supply Chain

The Warehouse Management System project is completed and operating successfully.

Information Technology

Over the next three years most if not all of the key information systems will be replaced or significantly upgraded.

Store Development

Complete and begin to implement a Store Development Plan to best determine the location and size of stores in the respective markets.

Human Resources

Successfully conclude new collective agreements with the NSLC's three unions this year.

Design and introduce a new training program for NSLC employees that assists in creating a knowledgeable retail environment.

Finalize and implement action plans from the 2003 Employee Survey and commence planning for follow-up survey

Social Responsibility

Create and implement a new strategic approach to the socially responsible consumption of beverage alcohol.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Municipal Finance Corporation
Business Plan 2004–2005

Contents

Mission

To provide financing to its clients for approved capital projects at competitive rates, within acceptable risk parameters, and to provide advice and assistance to clients regarding financial management.

Introduction

The Nova Scotia Municipal Finance Corporation (MFC) was established by an act of the Legislature of the Province of Nova Scotia in 1979. The corporation's purpose is to provide low-cost financing to its clients, which include municipalities, municipal enterprises, school boards, and hospitals. All municipalities, municipal enterprises, and school boards must finance, and hospitals may finance, their external capital requirements through the corporation. Exceptions occur for capital projects funded directly by the Province of Nova Scotia (e.g., most school board capital projects), short-term financing, and certain projects for which funds may be borrowed from other governments.

The MFC concept is widely used in Canadian provinces as a cost-effective, efficient means of raising long-term debenture funds to finance municipal capital projects. Studies have shown that municipalities regardless of their credit ratings, receive interest savings from MFC participation, and municipalities benefit from savings in the cost of administration on outstanding debenture issues.

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

Planning Context

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

- The MFC must ensure that it has access to capital markets and that it has the financial and administrative ability to meet local government demand for capital infrastructure funding.
- Identifying client needs and responding to them. Local governments in Nova Scotia are encouraged to undertake long-term capital planning and explore financing options.
- Building partnerships with organizations such as the Federation of Canadian Municipalities to provide a conduit for low-cost loans through the Green Fund.

- Keeping abreast of developments in local government capital finance. As a specialist organization, the MFC is challenged to develop, maintain, and demonstrate expertise in local government capital finance.
- Maintaining financial self-sufficiency. In order to meet its mandate, the corporation must remain economically viable in both the short and long terms. This includes a matching of assets and liabilities both to amount and maturity, maintaining banking arrangements and credit facilities, credit risk, adequate reserves, and the ability to manage administration expenses within its budget.

The major risk to the corporation is the availability of 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 MFC will continue to work with these provincial departments to align both sets of priorities.

Strategic Goals

- To work with clients, the province, and the investment community in providing capital financing to our clients at competitive rates, within acceptable risk parameters, for their particular debt structure and timing needs.
- To provide a sustainable source of financing to clients through prudent management of all financial aspects of the corporation, which includes credit risk and asset/liability management.
- To explore and develop new methods and products for meeting the needs of our clients through contact with the investment community, the public sector, and academic research.
- To help build financial management knowledge in municipalities that promotes municipal capital project planning and financing.

These strategic goals assist the MFC in meeting its mission of providing low-cost municipal financing for capital infrastructure and long-term financial planning and support the provincial government's priorities of economy, jobs, and growth. Capital infrastructure is a major component of economic development in both attracting and retaining business investment and promoting communities that are attractive places in which to live.

Core Business Areas

1. Provide low-cost funds to clients

- Provide financing for clients' approved funding requirements by pooling these requirements and issuing debentures. Pooling of capital requirements allows the MFC to issue debentures in the capital markets at rates lower than if single issues were placed for clients.
- Provide separate issues for single capital projects in amounts sufficient to permit a public issue, provided they do not preclude a pooled issue for other clients.
- Perform the intermediary/conduit role in enabling municipalities to access low-cost loans from national programs and non-profit organizations, such as the Federation of Canadian Municipalities' Green Fund.

2. Prudent financial management to ensure a sustainable source of low-cost funding for local governments in Nova Scotia

- 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 matched in both amount and maturity.
- Prudent administration of the corporation's financial resources to ensure that the corporation's administrative expenses and reserve balances are within approved limits.

3. Explore improved methods and products in meeting client needs

- Maintain communication 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.
- Prepare and review policy recommendations regarding the corporation's use of financial innovation techniques and instruments.
- Assist local governments in evaluating alternative methods of raising capital project financing including partnerships with the private sector.

4. Build financial management knowledge by encouraging municipal governments to adopt and maintain a professional approach to capital project planning and finance

- Partner with municipal clients on the topic of capital planning and finance through the identification of relevant professional association resources.

- Work with Service Nova Scotia and Municipal Relations and the Nova Scotia Association of Municipal Administrators in promoting an informed and responsible approach to capital planning and finance.

Priorities for 2004–2005

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

1. Provide low-cost funds to clients

- Meet all approved requests for debenture funding by issuing debentures for the amount required to meet municipal borrowing requirements (expected to be in the $50–60 million range) and lending a similar amount to municipal units and enterprises.
- Pooling of capital requirements allows the MFC to access capital markets and achieve pricing based off the Province of Nova Scotia spread.
- Facilitate the provision of low-cost Federation of Canadian Municipalities Green Fund loans, short-term loans, and bridge-financing requests within established policies.
- Consider the capital financing needs of non-municipal borrowers when approached by regional school boards and district health authorities.

2. Prudent financial management to ensure a sustainable source of low-cost funding for local governments in Nova Scotia

- 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 MFC debentures and loans to units.
- Manage the MFC's financial resources (budget and reserves) as per policies established by the corporation's Board of Directors.

3. Explore improved methods and products in meeting client needs

- Consult with municipal officials on capital financing needs and the preferred features in the debentures issued through the MFC.
- Consult with clients on additional financial services that they may require.
- Work with potential non-municipal clients on an "as requested" basis to identify the best ways of achieving client financing needs and MFC credit quality considerations.

- Undertake a MFC role/program evaluation initiative with MFC clients and other stakeholders.

4. Build financial management knowledge by encouraging municipal governments to adopt and maintain a professional approach to capital project planning and finance

- Continue to provide a leadership role in the Government Finance Officers Association (GFOA)/Association of Municipal Administrators of Nova Scotia (AMA) initiative to promote the financial and budgeting policies of the GFOA for Canadian Municipalities to municipal governments in Nova Scotia.
- Establish committees, as required by the board, to study the merits of financial innovation regarding the introduction of new products and services.
- 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 local government financial needs and the optimum means of satisfying them.

Budget Context

Estimated Budget Expenditures

	2003–04 Estimate ($) Thousands	2003–04 Forecast ($) Thousands	2004–05 Budget ($) Thousands
Total Program Expenses: Gross Current	337.0	330.1	340.5
Net Program Expenses: Net of Recoveries* (see note below)	0.0	0.0	0.0
Salaries and Benefits: Gross	241.1	240.2	232.8
Funded Staff (FTEs): Gross	3	3	3

* Note: The MFC 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, 2003) (Audited)

Assets	
Current Assets:	
Cash	$ 129,883
Short-term investments at amortized cost	5,461,055
Accrued interest receivable	10,371,094
Other receivables	1,904
Principal due within one year on loans to units	63,054,835
Long-term Assets:	
Loans to units	482,888,121
Less principal included in current assets	(63,054,835)
Investments at amortized costs	0
Deferred Charges:	
Discount on debenture debt	2,562,324
less accumulated amortization	(1,592,606)
Total Assets	**$ 499,821,775**
Liabilities and Equity	
Current Liabilities:	
Accounts payable	$ 47,199
Due to municipal units	1,175,055
Accrued interest payable	10,344,853
Principal due within one year on debenture debt	62,965,496
Accrued public service award	42,573
Long-term Debt:	
Debentures Payable	482,460,750
Less principal included in current liabilities	(62,965,496)
Deferred Credits:	
Discount on loans to units	2,557,525
Less accumulated amortization	(1,593,637)
Equity	
Reserve Fund	4,787,457
Total Liabilities and Equity	**$ 499,821,775**

Statement of Revenue, Expenses and Reserve Fund (year ended March 31, 2003) (Audited)

Revenue	
Interest on loans to units	$ 30,454,163
Amortization of discount on loans to units	250,185
Interest on short-term investments	147,069
Current discount on loans to units	609,014
Total Revenue	31,460,431
Expenses	
Interest on debenture debt and short-term loans	30,442,061
Amortization of discount on debenture debt	252,257
Debenture issue expense	373,221
Administrative expense	288,964
Total Expenses	31,356,503
Net Revenue	103,928
Reserve Fund, Beginning of Year	4,683,529
Reserve Fund, End of Year	$ 4,787,457

Outcomes and Performance Measures

Core Business Area 1 *Low-cost financing for clients*

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data** *(for baseline and sub-sequent years)*	**Target 2004–05**	**Strategies to Achieve Target**
To provide low-cost financing to clients in a timely manner	Percentage of requests for financing (both long term and short term) that received MFC financing	100%	100%	Ensure adequate credit approval system
	Average number of weeks between long-term loan request deadline and pooled debenture issue pricing	6 to 9	3 to 6	Ensure that credit enhancement and provincial approvals for borrowing and guarantees are in place at the beginning of each fiscal year (Note: Market conditions and trends play a major role in the timing of debenture issue pricing)
	Average number of weeks between short-term loan requests and receipt of funds	2 to 3	2 to 3	
Low-cost financing for clients	Quality of credit enhancement used; spread off Province of NS in basis points (BP) that are similar to MFC spreads in other Atlantic provinces 5-year terms 10-year terms	Same spreads 6 BP 11 BP	Maintain spreads	• Maintain quality of portfolio • Increase profile of MFC credit quality • Work with other municipal issuers to reduce the spreads between provincial and municipal issues

Core Business Area 2 *Prudent financial management of all of the corporation's resources*

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data** *(for baseline and sub-sequent years)*	**Target 2004–05**	**Strategies to Achieve Target**
Ensure that a sustainable source of funding is available for financing requests from clients and to ensure the operation of the corporation	Client default rate (default is defined as failing to make a principal or interest payment)	0	0	• Ensure that all loans are creditworthy • Review the current creditworthiness procedure to ensure that it remains 100% effective • Verify creditworthiness of loan applications with SNSMR prior to establishing pooled issue limits.
	Matching of assets and liabilities: similarity of aggregate amounts, terms, and timing of debentures and loans	Assets and liabilities are matched to term and timing	Maintain matched amounts	Match the term and timing of MFC debentures and loans to clients
	Reserve balance and equity position of the corporation	Recording net income at year-end	Maintain positive financial position	Monthly financial forecasts to the board

Core Business Area 3 *Improved methods and products in meeting clients needs*

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data** *(for baseline and sub-sequent years)*	**Target 2004–05**	**Strategies to Achieve Target**
MFC client awareness of new financial products and features that may help municipal units	Percentage of municipal units that are satisfied with products being offered by the MFC	35% (field visits)	75% (contact with municipal clients); no baseline data for client satisfaction survey	• Field visits with clients • Presentations at AMA regional meetings and conferences • Conduct a client satisfaction survey in 2004–05 to establish baseline data and new targets
Improved products that respond to clients' needs	Effective programs directed at clients' needs	N/A	2004–05 would establish the baseline data	Undertake MFC role/program evaluation with MFC clients and other stakeholders

Core Business Area 4 *To build financial management knowledge by encouraging municipal government to adopt and maintain a professional approach to capital project planning and finance*

Outcome *(immediate or intermediate)*	**Measure** *(outcome-based; quality, efficiency/ productivity, cost-effectiveness)*	**Data** *(for baseline and sub-sequent years)*	**Target 2004–05**	**Strategies to Achieve Target**
Increased financial management capacity in municipal units and use of best practices and/or recommended practices in financial management decision making	Increased awareness of best practices for financial management	Four best practices developed	Additional four practices developed	• Capacity building through training, education, and professional development • Continued development of GFOA best practices for NS
	Broader access to financial resources—efficient use of resources and building of networks among financial administrators	MFC website contains basic information on the corporation	Post recommended practices and programs offered on the website	Enhanced use of MFC and/or AMA website for sharing of best practices and financial information
	Exposure to conferences that develop and promote best practices in financial management	Sponsor a professional financial administrator as nominated by a joint AMA/MFC Committee	Maintain sponsorship	Continue to offer financial assistance in sponsoring professional financial administrator to attend the International GFOA Conference on an annual basis

Note: These measures have been changed from the 2003–2004 Business Plan. The measures contained in the 2003–2004 Business Plan were outside of the control of the corporation. The measures could be acted upon only through a decision of council. The corporation could influence those decisions through education; however, it cannot control the outcome.

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Nova Scotia Power Finance Corporation
Business Plan 2004–2005

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Mission

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

Introduction

Under an Asset Transfer Agreement, dated August 10, 1992, Nova Scotia Power Corporation (NSPC) transferred all of its existing assets, liabilities, and equity, except for long-term debt and related sinking funds, to the privatized company, Nova Scotia Power Inc. (NSPI), in exchange for matching notes receivable equivalent to outstanding long-term debt, matching notes payable equivalent to sinking fund assets, and an amount of fully paid common shares. The latter were sold in a secondary offering on August 12, 1992.

Subsequent to the reorganization and privatization, the business activities of NSPC continued under NSPI. Concurrently, the Nova Scotia Power Corporation changed its name to Nova Scotia Power Finance Corporation (NSPFC). NSPFC retained the long-term debt, which is guaranteed by the Province of Nova Scotia, and the related sinking funds. The entire original debt of $2,152,879,732, guaranteed by the province, was offset by sinking funds and the balance defeased as per the agreed schedule to December 31, 1997.

In terms of the Nova Scotia Power Reorganization (1998) Act, NSPI was reorganized as a holding company, NS Power Holdings Inc., in December 1998. The holding company structure does not change the underlying obligations under the existing agreements. The holding company changed its name to Emera Incorporated on July 10, 2000.

Planning Context

NSPFC continues to be on target of meeting its mission objective outlined above during the course of the current planning horizon.

Performance in 2003–2004

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 2004–2005

1. To ensure continuing progress towards elimination of NSPC debt guaranteed by the Province of Nova Scotia and defeased by NSPI.
2. To ensure that the defeasance assets are of such a quality that the defeasance program will have a very high likelihood of achieving its goals.

Budget Context

NSPFC has no employees. NSPI executes necessary transactions to create and maintain the defeasance portfolio. The monitoring of NSPI debt defeasance is performed by a Board of Directors, appointed by the Government of Nova Scotia, with staff support from the Nova Scotia Department of Finance. The accounting firm of Deloitte & Touche certifies the defeasance assets arranged by NSPC.

Under the terms of the privatization agreements, NSPI is responsible for the payment of all NSPFC expenses.

Outcomes and Performance Measures

Outcome

The entire outstanding debt is defeased in accordance with the Defeasance Agreement.

Measure

The Defeasance Agreement required the defeasance of a minimum of $1,381,600,000 of outstanding NSPC debt by December 31, 1997. This minimum has already been met and surpassed, $1,440,290,000, having been defeased by March 31, 1997.

Outcome

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

Measure

Outstanding debt as at 31 March 2003 was C$ 700,000,000 and US$ 300,000,000; defeased assets as at March 31, 2003 had the same principal amounts and market values of C$ 1,045,651,000 and US$ 428,433,268, thus rendering the guaranteed debt fully defeased. The adequacy of defeasance assets is certified by the auditing firm of Deloitte & Touche.

Crown Corporation

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

FOR THE FISCAL YEAR 2004–2005

Rockingham Terminal Incorporated

Business Plan 2004–2005

Planning Context

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

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

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

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

Crown Corporation

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

FOR THE FISCAL YEAR 2004–2005

Sydney Environmental Resources Ltd.
Sydney Steel Corporation

Consolidated Business Plan 2004–2005

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Mission

To safely clean up and redevelop the former Sysco site to a productive, self-sufficient business property, providing opportunities for future economic development.

Planning Context

Sydney Environmental Resources Limited (SERL)

Sydney Environmental Resources Limited (SERL) was incorporated under the Nova Scotia Companies Act on July 10, 1990. It replaced the former Sydney Tar Ponds Clean-up Inc. SERL's mandate was to decommission the physical assets of the former Sydney Tar Ponds Clean-up Inc; secure Nova Scotia's land holdings within the Muggah Creek Watershed and Sydney Steel Plant (Sysco) site; assist in decommissioning Sysco and industrial structures on adjacent lands; and provide labour-related services to the management of Sysco and the Sydney Tar Ponds Agency (NS).

Consistent with its mandate, SERL has provided substantial labour-related services to Sysco since the decision to liquidate the remaining Sysco assets and remediate the site. Approximately 400,000 hours of employment for former steelworkers have been coordinated through SERL.

The security and maintenance of the co-generation facility, commonly referred to as the incinerator, was a large part of SERL's operation. Toward the end of the 2003-2004 fiscal year, the corporation completed an internal assessment of the overall physical condition of the incinerator. The review concluded that the facility had depreciated to the point that it was no longer economically viable.

On March 4, 2004, the Province of Nova Scotia announced its intention to decommission and liquidate the incinerator. As well, the government stated its intention to combine the operations of SERL and Sysco to better coordinate the remaining decommissioning work at the Sysco site.

Sydney Steel Corporation (Sysco)

Steelmaking started in Sydney under the ownership of the Dominion Iron and Steel Company Limited in 1901. Over the next several decades, various private-sector companies operated the plant. In 1967, Hawker Sydley, the last private operator of the steel plant, announced it was leaving. The Government of Nova Scotia stepped in and took over the ownership and operations to avert the looming closure and serious economic consequences that would have resulted for Industrial Cape Breton.

As a result, the Sydney Steel Corporation (Sysco) was officially established by an act of the Nova Scotia Legislature and led to more than 30 years of government participation in the operation of Sydney Steel. During that time, the plant experienced many ups and downs.

Ultimately, several factors, such as changing technology and the condition of the world steel market, forced the end of Sydney's steel industry. Through the 1990s, government made several attempts to sell the plant to private owners. Despite these efforts, the last attempt concluded unsuccessfully in January 2001. Government's attention then turned to securing pensions and severance packages for workers. It commenced demolition and a site cleanup process, the selling of Sysco assets, and development of a plan for the future of the property.

Today, Sysco's key activities include demolition, site cleanup, the sale of scrap steel and slag and the redevelopment of the site as an industrial park.

Beginning with the 2004–2005 fiscal year, the operations of SERL and Sysco have been combined. Accordingly, the planning for future activity of the two organizations has been integrated.

Performance in 2003–2004

In the 2003–2004 fiscal year, there have been a number of changes to the SERL/Sysco operations aimed at building a new future and new opportunities for the site, the local economy and the Province of Nova Scotia.

Demolition

Demolition of the former Sysco site continues on time and on budget. The major steelmaking equipment has been sold to Maxsteel Limited of the United Kingdom. Demolition is more than 60 per cent complete.

To date, in excess of 30 buildings and structures have been removed. These include the machine shop, boiler shop, electrical repair shop, calcite plant, old roll shop, #2 open hearth and stacks, blooming mill pit building and stacks, #3 blast furnace and stoves, tieplate building, and rail-finishing mill.

The electric arc furnace (EAF) and universal mill buildings will be dismantled and moved off site, and several other buildings will be maintained for use in the planned industrial park.

Sysco has put in place a detailed decommissioning process to be followed before a building can be demolished. This includes a careful inspection to ensure that all environmental and safety matters are dealt with prior to the commencement of any demolition activity.

Occupational Health and Safety

Safety for workers and for the community is the first priority for both companies. They are committed to meeting or exceeding all requirements of Nova Scotia's Occupational Health and Safety Act and Regulations.

The job of demolition and site cleanup at Sysco has a high degree of complexity. The management team takes safety very seriously. The end goal is to keep workers safe and healthy so they can continue to make an important contribution to their workplace, their communities, and their families.

Sysco has a detailed site safety plan in place. It places a premium on continuously improving safety policies and practices. Contractors and sub-contractors must abide by this master plan. In addition, both companies have full-time safety officers who serve as watchdogs for the entire project.

Overall, Sysco places emphasis on proactive approaches to prevent accidents, injury, and illness through an internal responsibility system. This is based on the co-operation and involvement of all workplace parties in occupational health and safety matters. In the course of more than 170,000 hours of work, we were fortunate enough to have had only three lost-time accidents during 2003–2004.

Local Labour

Since the work on demolition and cleanup was initiated three years ago, it has been Sysco's practice to use local people wherever and whenever possible. During that time, hundreds of workers have been employed on various aspects of the site cleanup. To date, steelworkers have worked approximately 400,000 hours burning and cutting scrap steel, doing general site cleanup, and conducting environmental remediation work and equipment and building demolition work. All of the labour coordination has been contracted through SERL's effective manpower management services.

As demonstrated by past performance, Sysco's preferred route is to use the former steelworker labour pool for all labour needs. However, there may be circumstances where outside contractors are required for specialized services. In those circumstances, it will not always be possible to use only labour pool employment due to technical, contractual, training, or safety requirements for specialized contracts.

Recently, Sysco has clarified its commitment to local labour in tenders for the sale of Sysco-owned scrap steel. Sysco has put its long-standing commitment in writing. This includes the requirement for any scrap purchaser to negotiate with Provincial Energy Ventures Limited (PEV), the operator of the Sysco pier, to secure a safe berth and any other dock services that they may require. It also recognizes that any labour used in the loading of the scrap steel must be Cape Breton–based labour, wherever possible.

Remediation

Sysco is committed to cleaning up the former steel plant property so the site can be put to good use in the future. Funding for remediation was budgeted in 2001, and since that time, steady progress has been made. Overall, Sysco is taking a phased approach to remediation.

Sysco completed its Phase I Environmental Site Assessment, which outlined potential environmental issues. The final report noted that the issues identified are typical of those associated with industrial demolition and redevelopment projects, and that they can be addressed using conventional site assessment, remediation, site management, waste management and demolition methods. A project plan was developed to address the recommendations contained in the Phase I report.

For the purposes of the environmental assessment, the Phase I report recommended subdividing the property into 36 Site Classification Units (SCUs). These have been grouped into larger tracts of land with common characteristics in order to facilitate the discussion of environmental issues and to assist with future land use planning.

During 2003–2004 work was completed on Phase II Environmental Site Assessments for several portions of the site. Specifically, these include the following:

- the “high dump” area, which has also undergone a resource identification/ stratification study
- the blast furnace stockyard and tracts of land north of this area to the shoreline.
- the area adjacent to Victoria Road overpass, extending into the former maintenance shops area and south to the Coke Ovens Brook
- the area of the administration building and north to beyond the former mobile shops

As well, in 2003–2004, fieldwork for Phase III studies have been completed for the high dump area, blast furnace stockyard, and tracts of land north of the yard to the shoreline.

Essentially, all peripheral areas of the site have been examined. Further testing in the central portion of the site hinges on equipment removal and demolition schedules.

In addition to the phased decommissioning that Sysco is conducting, in compliance with the Canadian Council of Ministers of the Environment (CCME) guidelines, other remediation work that has been completed in 2003–2004 includes the following:

- cleaning and demolition of two 2.5-million–gallon bunker fuel oil tanks
- excavation/cleaning of approximately 3 km of underground fuel and coke oven tar lines
- removal/disposal of 50 000 kg of PCB waste
- removal/disposal of 600 000 kg of asbestos debris

- removal/disposal of 7 000 tons creosote timber
- removal/disposal of 600 000 kg industrial chemicals
- recycling and sale of approximately 800 000 litres of waste oils
- environmental baseline study (EBS) of the area where Millcreek Environmental Services Inc. is located

Site Redevelopment

Sysco continues to implement the Final Land Use Plan and Re-development Strategy for the Former Sysco Property completed by Environmental Design and Management Ltd (EDM) in 2002.

The plan recommended that the 180-ha (445-acre) site be redeveloped as a premier industrial park. It states that there is a real potential for the site to attract new and different businesses to the area that might not otherwise choose to locate in Sydney.

Sysco has land and buildings available that would be suitable for a wide range of businesses and projects from environmental remediation to port-related businesses to modern manufacturing and light industrial uses.

Although the Sysco property is not yet being marketed in any formal way, a number of companies have located here, and others have expressed interest in the site. Tenants currently include MillCreek Environmental Services Inc., Provincial Energy Ventures Limited (PEV), Elk's Fabricators Limited, John Ross and Sons Limited, Atship Services Limited (office space), Sydney Environmental Resources Limited (office space), and the Sydney Tar Ponds Agency (office space).

In the last year, initiatives have been undertaken to contribute to site redevelopment and improve the marketability of the site. These include the following:

- Sysco has partnered with Enterprise Cape Breton Corporation (ECBC) and retained Deloitte & Touche Fantus, a site locator for Fortune 500 companies, to help market the site and the region to potential tenants.
- A property management plan is under development looking at tenant mix, long-term management, and master plans for sewer, power, and water.
- A phased approach to business planning and establishment is being pursued. This will allow Sysco to capitalize on business opportunities as they arise for the benefit of all concerned.
- Short-term investments have been made to “shore up” certain site infrastructure. In 2003–2004, the following improvements were made:
  - rail track upgrade on the main line from the entrance of Sysco to the docks.

- completion of a preliminary power supply plan for the site.
- rerouting of power for the Sydney River Pumping Station to provide "interruption" protection.
- creation of a water supply for PEV and Logistec Stevedoring (Atlantic) Inc.
- signing of a power infrastructure agreement with PEV and Nova Scotia Power Inc.

- Street infrastructure improvements have been made.
- Demolition is moving forward on budget.
- The environmental site assessments and remediation are progressing at a steady pace to allow for appropriate development.
- Contact with local stakeholders will continue to be fostered through Sysco's community relations manager.

Sydney Ports Access Road

Construction is nearing completion on the Sydney Ports Access Road, connecting Highway 125 to the Sysco and Nova Scotia Power piers. The road opened to truck traffic in late 2002 and has been well utilized. Sysco continues to work with partners like the Cape Breton Regional Municipality to build the road quickly, safely, and efficiently—in a way that works for local businesses, residents and taxpayers. The road is expected to be fully opened to regular traffic in the summer of 2004.

Sale of Scrap Steel

Sysco has also had success with the sale of scrap steel. To date more than 115 000 tonnes have been sold for total revenue of $17 million. In 2003–2004, a total of 41 000 tonnes of steel were sold.

Slag Operations

In 2003–2004, Sysco processed and sold approximately 100 000 tons of blast furnace slag as aggregate. This material was used in projects including the Sydney Port Access Road, CBRM Regional Landfill, Logistec Coal Handling Facility, PEV Coal Handling Facility, on-site redevelopment, and other uses throughout CBRM.

In addition, research has been initiated in conjunction with Dalhousie University to determine higher, value-added applications for slag. Potential uses include septic bed sand/gravel, cement, and concrete.

A large stockpile of slag on site will ensure continued operations, employment, and revenue into the foreseeable future.

Strategic Goals

The overall goal of SERL/Sysco is to create a vibrant industrial site where new industries and businesses will locate. The site will be a good place in which to work or establish a business. SERL/Sysco's specific goals for 2004–2005 are:

- To promote sound occupational health and safety policies and practices.
- To continue to fulfil all commitments for the wind-up of Sysco—provide employment opportunities for steelworkers, seek the best return on assets, pursue a site cleanup, and chart a new plan for the future of the site.
- To remediate the site for future uses in an environmentally sound manner.
- To redevelop the Sysco site into a premier industrial park, providing business and other opportunities to the communities of the Cape Breton Regional Municipality.
- To work with the community as partners on future directions and opportunities for the Sysco site.
- To maximize financial returns to the shareholder from the sale of scrap steel, the sale of slag, and the leasing of property through sound financial management.

Core Business Areas

SERL/Sysco will focus on the following six core business areas in 2004–2005. Together, they form an ambitious agenda to further the Province of Nova Scotia's commitment to remediate and redevelop the Sysco site for the benefit of Cape Bretoners and Nova Scotians.

Demolition

By the end of 2005, the demolition of the Sysco is expected to be between 80 and 90 per cent complete. The largest demolition projects to be completed this year will be the EAF and universal mill buildings following the removal of their equipment. The remaining structures will be assessed for their ultimate removal or re-use in the new site development plan.

Local Labour and Supplies

Overall, the commitment to using local labour for Sysco projects throughout the site will continue for the duration of Sysco's mandate. SERL/Sysco is also committed to continuing its practice of purchasing local supplies and services whenever possible and feasible.

Liquidation and Sale of Major Equipment, Scrap, and Slag

All of Sysco's major equipment has been sold. The last items, the electric arc furnace and associated steelmaking equipment, have been sold and will be removed in 2004. Following the removal of the remaining equipment, the remaining scrap steel will be harvested for future sale. As well, anticipated slag sales for 2004–2005 are projected at more than 100 000 tons.

Site Redevelopment

The following initiatives are planned for the upcoming fiscal year:

- Re-open the west bridge to provide public access to the main entrance of the administration building.
- Complete the water supply study and make a decision regarding the future water supply source for the site.
- Complete engineering survey, preliminary detailed infrastructure plans, and related costing analysis on the front (or south) end of the site.
- Create a long-term global information systems database for property management.
- Complete engineering, survey, and detailed plans for the greening project for the Whitney Pier area adjacent to Sysco and the Sydney Ports Access Road.

Environmental Remediation

Major initiatives that will be undertaken regarding environmental remediation in 2004–2005 include the following:

- The "hig- dump" area. The next step is the development of an environmental management plan (EMP) that will outline a strategy for the future of this area. This EMP will detail where remediation is necessary, where slag mining is practical, and what other activities are reasonable.
- The blast furnace stockyard and tracts of land north of this area to the shoreline. An EMP will also be developed for these areas, outlining the longer-term plan for the site and any remediation that must occur.
- The area adjacent to Victoria Road overpass, extending into the former maintenance shops area and south to the Coke Ovens brook. From the Phase II some additional testing (Phase III) will be conducted to delineate all environmental issues and remediation approaches.
- The area of the administration building and north to beyond the former mobile shops. A Phase III of this area will be completed this year.

Additional plans for 2004–2005 include:

- cleaning and demolition of the two remaining 2.5 million–gallon oil tanks
- removal/disposal of remaining PCBs (estimated at 50 000 kg)
- removal/cleaning oil/tar lines (approximately 2 km)
- removal/disposal of remaining industrial chemicals
- removal/disposal of remaining asbestos
- environmental baseline study (ESB) of the area where Elk's Fabricators Ltd. and John Ross and Sons Ltd are located

Moving expeditiously towards a better understanding and characterization of these areas will help identify any additional issues with respect to the redevelopment of these properties.

Budget Context

The Province of Nova Scotia has accounted for the anticipated costs of decommissioning the site and addressing the environmental remediation issues. Beginning in 2004–2005, Sysco and SERL will be combined and reported as one operating entity. The data below includes a forecast of the separate operating results of SERL and Sysco for the current fiscal year and the combined budget for 2004–2005.

Budget Context

	Forecast 2003–2004 ($)	**Forecast 2003–2004 ($)**	**Forecast 2003–2004 Total ($)**	**Budget 2004–2005 ($)**
	Sysco	SERL	Total	
Revenue:				
Contribution from Province	11,620,000	1,609,000	13,229,000	22,280,000
Other	7,850,000	17,000	7,867,000	850,000
Total Revenue	**19,470,000**	**1,626,000**	**21,096,000**	**23,130,000**
Expenses:				
Payroll	1,060,000	407,000	1,467,000	1,490,000
Consulting	1,350,000	27,000	1,377,000	1,340,000
Scrap Processing	1,670,000		1,670,000	
General and Administration	3,150,000	321,000	3,471,000	2,520,000
Security	730,000		730,000	710,000
Demolition and Environmental Remediation	6,930,000		6,930,000	16,290,000
Coke Ovens		283,000	283,000	300,000
TPW (Dept. of Transportation and Public Works)		169,000	169,000	200,000
Incinerator/Water Treatment		419,000	419,000	280,000
Total Expenses	14,890,000	1,626,000	16,516,000	23,130,000
Surplus	4,580,000	NIL	4,580,000	NIL

Crown Corporation
BUSINESS PLANS
FOR THE FISCAL YEAR 2004–2005

Trade Centre Limited
Business Plan 2004–2005

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Mission

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

Introduction

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

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

Trade Centre Limited, in the fall of 2003, underwent a strategic planning process that resulted in a renewed strategic vision and supporting plan for TCL, which was approved by the Board of Directors in December 2003. The plan is intended to position the organization for future growth by capitalizing on its cumulative experience and event successes in the business hospitality and entertainment industry. Under the previous strategic plan, TCL was not due to have reassessed its strategic direction until 2005, but it was felt that significant changes in TCL's business environment necessitated an earlier review. Specifically, both on the meetings and conventions side of the business, and on the entertainment side, customers' needs are changing and evolving rapidly, and infrastructure weaknesses are preventing TCL from being able to fully maximize existing and emerging opportunities, even as competitors from across Canada and the United States are growing their facilities.

Planning Context

TCL business units are all engaged in "bringing people together," and through this, TCL is a major contributor to the Halifax and Nova Scotia economies. In 2002–2003, TCL welcomed a record number of 1.2 million visitors to the Convention Centre, the Metro Centre, and Exhibition Park. The economic impact of spending by those visitors, planners, promoters, delegates, and exhibitors amounted to $99.6 million in direct expenditures and $60.2 million in spin-off expenditures. High-profile events included the 2003 World Junior Hockey Championship, which broke all previous attendance records, the Nokia Brier, the East Coast Music Awards, the World Theatre Congress and Festival, the World Trade Centres General Assembly (held in Canada for the first time), and a host of important national and international conventions, including the International Lions Convention, Rendezvous Canada, and the G8 Finance Ministers Summit. As well, Exhibition Park has become a major trade and public show venue with such annual shows as the Ideal Home Show, the Maritime Fall Fair, the International Boat Show, and others.

As TCL's business has grown, so has the need for expanded facilities. With current infrastructure, Halifax is optimal for meetings with attendance up to 1,000; events above this number are challenged by the convention space available. Even though Halifax outperforms its competitors in the Canadian associations market, the destination is in danger of losing business in this size range due to the increasingly inadequate size of facilities. In addition, TCL attracts between 1 and 4 per cent of US/international meetings and conventions business, while competitors' event mix comprises 16 per cent of international events. We are losing competitive ground on two fronts: (1) we are unable to service more Canadian business due to the increasingly inadequate size of our facilities, and we are missing opportunities in the larger US and international markets (1,000+ attendees); (2) the wear and tear placed on our facilities over the past 20 years is negatively affecting our reputation as a premier destination. Key competitors include Ottawa, Toronto, Quebec, Montreal, Winnipeg, Edmonton, Calgary, Vancouver, and Hamilton. Moncton is very competitive with Exhibition Park for regional trade shows. All of those cities, except Hamilton and Moncton, offer more convention and exposition facilities than Halifax, although few have the destination appeal.

A new and expanded convention centre would continue to serve the existing base of meeting and convention business, retaining current associations that require more space, while opening new business opportunities for Halifax in the areas of large (1000+ participants) national and international events. The needs of the expanding meetings and convention market could be most cost-effectively served through redevelopment of the Metro Centre arena to provide added meeting facilities. In combination with the WTCC, the size is appropriate, and the downtown location within the central business and tourist district would protect one of Halifax's natural competitive advantages. The redevelopment of Metro Centre to provide needed meeting facilities would therefore reinforce Halifax's strengths and would encourage a major hotel development of 500 rooms or more. As well, a new Metro Centre would enhance overall growth opportunities, increase attendance in both facilities, and provide growth in the tourism market. Significant revenue opportunities all lead to net economic growth for the province.

TCL's recent strategic review was driven by the realities of its competitive environment and by the opportunities that present themselves as a result of a growing reputation for successful event delivery. If TCL is to remain competitive in the events industry, in the next five years it must have in place plans for major capital investment to expand existing meeting and convention space and build a new and more modern sport and entertainment complex.

Strategic Goals

Based on TCL's mission of creating economic impacts by bringing people together in Halifax and Nova Scotia, TCL has developed the strategic intent of **becoming the best events destination in North America within 15 years**. To support the mission and the intent, strategic goals have been set as follows:

- To ensure that we have sufficient capital and operating revenue to sustain existing infrastructure and operations and to take full advantage of growth opportunities available to TCL.
- To achieve confirmation of the stakeholder commitment that is necessary to firmly establish Halifax as the best events destination in North America.

- To achieve the infrastructure necessary to host major national and international events. Necessary infrastructure includes, but is not limited to, convention centre expansion, a new entertainment complex, and a sports stadium.

Key strategies to achieve the above goals are as follows:

– Complete a feasibility study that identifies infrastructure needs along with capital and operating funding needs.

– Identify current facility utilization and service offerings and identify the capital funds necessary to keep facilities at maximum utilization.

– Launch a stakeholder communications program that supports the process of stakeholder alignment that is necessary to support TCL major initiatives.

– Develop a market research–based approach that is based on an ongoing collection of best practices to measure results against and establishes the basis for ongoing performance measurement.

Core Business Areas

Trade Centre Limited's core business is bringing people together through events and trade activities for economic benefit. That happens through the work of the following business units:

1. **Atlantic Canada World Trade Centre**—a membership-based organization that belongs to a global network of 300 world trade centres in 90 countries engaged in creating trade opportunities for small and medium-sized businesses by providing trade research services, trade education, and trade consulting.

2. **World Trade and Convention Centre**—the premium meeting and convention facility in Atlantic Canada with 100,000 sq. ft. of contiguous meeting and exhibit space.

3. **Halifax Metro Centre**—a 10,000-seat sports and entertainment centre in Atlantic Canada whose primary activity is delivery of live entertainment experiences and events, managed by TCL on behalf of HRM.

4. **Exhibition Park**—the largest exhibition space in Atlantic Canada with 200,000 sq. ft.; primary activity is presentation of trade and public shows. Exhibition Park houses the annual **Maritime Fall Fair**, an annual anchor event, which is treated as a separate TCL business unit and which is designed to highlight the importance of the agricultural sector in Nova Scotia

5. **Events Halifax**—a research-based organization that identifies large national and international sporting and cultural events for Halifax and Nova Scotia

Priorities for 2004–2005

Business priorities for 2004–2005 will include a number of functional strategies from each business unit, which have been developed to support the corporate strategies listed above.

- **Atlantic Canada World Trade Centre** will focus on establishing relationships with a wider audience of Nova Scotian exporters and importers and expanding consulting and trade servicing capability.
- **The World Trade and Convention Centre** will focus on managing and maximizing existing business opportunities while preparing to plan for the business anticipated for new facilities, in recognition of the long planning spans necessary for this business sector (i.e., national and international conventions).
- **Halifax Metro Centre's** strategic focus will be to strengthen relationships with key clients by delivering events with optimal efficiency. The goal is to create additional event days by working with promoters to increase the success of existing events and build additional event days through new activities and growth in new facilities
- At **Exhibition Park** the priorities are to achieve an operating profit while continuing to bring operational components into line with TCL customer service standards and to expand activities, particularly in the area of new trade shows.
- **Events Halifax's** priority is to use its expertise and leadership position to build partnerships with sports organizations and all levels of government to bring even more major sporting and cultural events to Halifax and Nova Scotia.

Performance in 2003–2004

ACWTC

The Atlantic Canada World Trade Centre (ACWTC) had a successful year, exceeding in the goals of making trade happen for Nova Scotian companies and fiscal responsibility.

A key area of new business effort for ACWTC is administering federal government trade services. Currently, the ACWTC is the project manager for ACOA's Trade Mentoring and Intern Mentoring Programs and Team Canada Atlantic's trade missions to Washington and Chicago. Through these programs the ACWTC has helped over 150 mainland Nova Scotian companies with their export efforts.

Another key area of business delivery is membership services. Over the past year, ACWTC provided many trade services, including an internship program, trade research, and trade training—helping our members become more successful with their business.

With regard to fiscal achievement, ACWTC is forecast to make a positive bottom-line contribution to Trade Centre Limited revenues. Key areas of continuing effort will be to deliver new trade services for Nova Scotian companies and continue to contribute positively to TCL's revenue growth.

WTCC

The World Trade and Convention Centre experienced a successful year in terms of the number of national and international events. However, in keeping with industry trends, actual delegate counts, along with food and beverage functions, were down for a number of the national conventions.

There were a record number of international social groups, including International Order of Oddfellows (Aug 2003, 1000 persons), Harmony Inc. (Nov 2003, 1000 persons), and Telecom Pioneers (Aug 2003, 950 persons).

Canadian corporate bookings were strong with a number of annual general meetings and conferences. A sample of these groups included CN, Grant Thornton LLP, Shoppers Drug Mart, and Re/Max Corporation.

Canadian association meetings continued to contribute largely to revenue. Examples of groups booked were National Managers Secretariat Conference (May 2003, 900 persons) and Canadian Association for AIDS/HIV Research (April 2003, 350 persons).

Exhibition Park

In 2003, 2004, Exhibition Park continued its growth as a premier trade and consumer show facility, with the Maritime Fall Fair as an anchor event designed to highlight the achievements of the agricultural sector in Nova Scotia.

Major consumer shows dominated the roster of events. Shows such as the Halifax RV Show, Atlantic Woodworking Show, Halifax Antique Car Show, Spring and Fall Ideal Home Shows, 50+ Expo, as well as the Outdoor Sports and RV Show proved that "'Ex' marked the spot" in 2003 and 2004.

Sporting events are becoming a growing part of the business mix, with the Black Belt Canada 2003, Golf Show 2003, and Atlantic Canada Gymnastics Competition bringing increasing numbers of spectators and consumers to Exhibition Park.

Banquets are also a growing market at Exhibition Park. Christmas parties alone produced valuable revenue for non-peak rental days. Ongoing weekly activities such as the Sunday flea markets and indoor soccer leagues also contribute valuable income in non-peak periods.

Events Halifax

Events Halifax (Eh!) was involved in helping to win the bid, create a sponsorship program, and advise the organizing committee of the 2003 Eastern Canadian Gymnastics Championships held at

Exhibition Park May 9–10, 2003. The 2003 World Theatre Congress and Festival was held in HRM July 13–19, 2003. Eh! had helped to win this event and during 2003 advised the executive committee. Eh! helped to set up the steering committee for the 2003 Canadian Under-14 Boys and Girls Soccer championships held in October 2003. Eh! is involved in the ticket campaign and bookkeeping for the 2004 World Women's Hockey Championship held March 28–April 04, 2004.

In the summer of 2003, Eh! won the right to host the 2004 FIBA Americas World Qualification Tournament in Halifax July 28–August 1, 2004 as well the 2004 Master Card Skate Canada Championship in October. Eh! also been instrumental in helping to win the right to host the 2009 World Senior Canoe Championship and are helping to set up the event steering committee.

Office Tower

The office tower continued to be fully occupied over the last year.

The rent budgets are being met, with the exception of the planned increase in federal rents upon lease renewal. The period began with several tenant moves to create over 4000 sq. ft. of office space on the eighth floor for a new tenant—Destination Halifax.

TCL Property Management worked with tenant representatives to establish current office space requirements as the first step of long-term lease renewals. Block plans for proposed new consolidated offices for the Office of Economic Development; the Department of Tourism, Culture and Heritage; Nova Scotia Business Inc; Industry Canada, and Agriculture; and Agri-foods Canada were developed.

In particular, floor layouts were reviewed, common areas were identified, and methods were established to maximize the rentable area of each floor. Such changes will improve the ratio between tenant useable space and common area assessment. Additionally, TCL addressed issues related to modernizing building infrastructure. Various projects include upgrades to heating, ventilation, air conditioning, elevators, lighting, electrical, lighting, communications, electronic surveillance, washrooms, plumbing, equipment controls, walls, ceilings, and flooring. Preliminary budgets have been developed for various office space layouts (leasehold improvements) and building infrastructure projects. Work began with provincial representatives to forge a document requesting provincial capital funding.

Upon securing funding, much of the fourth, fifth, sixth, and seventh floors will be renovated to modernize the building infrastructure and reconfigure the tenant spaces and part of the eighth floor to accommodate current needs.

HMC

Halifax Metro Centre continued to attract high-profile events in 2003–2004. Among them were the WWE Raw and SmackDown, popular wrestling shows that were broadcast in 125 countries and 12 languages. Well-known groups such as Shaggy, Def Leppard, Matchbox Twenty, Sum 41, Snoop Dogg, and Nickelback all included Halifax in their touring circuits last year and drew large audiences. The International Tattoo once again attracted 60,000 attendees over eight shows. On the sports side, in addition to a full season of junior hockey by the Mooseheads, there was a Canada/Russia Challenge featuring the Quebec Major League All Stars game in November, and in September, an NHL pre-season game with the Boston Bruins vs. the Pittsburgh Penguins.

Key event announcements in the past year included the successful bid by Halifax to host the 2004 Under-21 Tournament of the Americas which is a qualifying event for the FIBA Under-22 World Championships—qualifying tournaments have been held in Canada on only three previous occasions. As well, a press conference was held to announce that Halifax once again broke a national ticket sales record—outselling all previous host cities for the 2004 World Women's Hockey Championship, two months before the tournament was actually due to begin. Another significant event announcement was related to the legacies of the 2003 World Junior Hockey Championship—the hugely successful Halifax tournament earned record profits, divided among Hockey Canada, the Canadian Hockey League, and the 12 provincial branches of Hockey Canada. Hockey Nova Scotia's share amounted to $288,000, which will be used for sport development throughout Nova Scotia.

Budget Context

For the year ended March 31

		Estimate 2003–2004 ($)	Forecast 2003–2004 ($)	Estimate 2004–2005 ($)
Revenues		$11,125,503	$10,453,561	$10,730,318
Expenses				
	Event Operations	4,448,061	4,211,190	4,132,446
	Salaries and Benefits	2,569,585	2,432,266	2,713,446
	General Operations	2,960,323	2,982,355	2,979,125
	Taxes and Insurance	1,056,450	1,048,132	1,084,396
		11,057,968	10,673,943	10,909,413
Income (Loss) before Other Items		67,535	(220,382)	(179,095)
Other Income		60,000	20,500	30,000
Income (Loss) before Depreciation		$ 127,535	$(199,882)	$(149,095)
Depreciation		1,650,000	1,640,645	1,650,000
Income (Loss) for the Year		$(1,522,465)	$(1,840,527)	$(1,799,095)

Note: Revenues and expenditures for the Halifax Metro Centre are not reflected in this budget. The Halifax Metro Centre is owned by the Halifax Regional Municipality and operated by Trade Centre Limited under a management agreement. All operating deficits or surpluses accrue to the municipality.

Outcomes and Performance Measures

Goal 1 *To achieve the infrastructure necessary to host major national and international events.*

Outcome	Indicator	Measure	Target 2004–05	Target 2005–06	Strategies to Achieve Target
A convention facilities plan that can be validated	Approval for go-forward plan	Increased level of bookings	Complete study for presentation to key stakeholders	Executive council decision	• Conduct feasibility study • Conduct economic impact study • Develop partnership opportunities • Present plans to appropriate government leaders

Goal 2 *Ensure that TCL has sufficient capital funds and operating revenue to sustain existing infrastructure and operations and to take full advantage of available growth opportunities.*

Outcome	Indicator	Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Level of profitability that can sustain operations and nominal capital expenditures	Annual audited financial statements	Income before depreciation	Operating revenue: $10.7 million Capital funding: $1.65 million		• Identify areas for efficiency improvements and expansion opportunities in current operations • Assess current facility utilization and service offerings and assess level of capital funding sustain existing infrastructure • Review and enhance current economic contribution to Nova Scotia by TCL to support case for capital and operational support

Goal 3 *Achieve confirmation of stakeholder commitment*

Outcome	Indicator	Measure	Target 2003–04	Target 2004–05	Strategies to Achieve Target
Confirmation of the necessary stakeholder commitment to firmly establish Halifax as the best events destination in North America	Stakeholder satisfaction	Level of stakeholder support, as measured by a stakeholder survey	Secure necessary agreements	Begin facility expansion planning presentations to key stakeholders	• Identify key stakeholders and appropriate messaging • Design stakeholder relations program

Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2004–2005

Waterfront Development Corporation Limited

Business Plan 2004–2005

Table of Contents

Mission

To serve as champion of a dynamic vision and to plan, coordinate, promote, and develop properties, events, and activities on designated waterfronts within Halifax Harbour.

Planning Context

Mandate

Waterfront Development Corporation Limited is a Crown corporation established in 1976 to revitalize the waterfronts of Bedford, Dartmouth, and Halifax. Its current mandate includes the following:

- property acquisition, management, and development within designated areas in Bedford, Dartmouth, and Halifax
- marketing and promotion designed to attract public use of the waterfronts
- coordination and planning of the waterfronts of Bedford, Dartmouth, and Halifax, including championing assets owned by the province throughout the entire harbour

As a result of the expanded mandate of WDCL in Dartmouth and Bedford, there has been an increase in staff complement. The mandate is also being expanded to have the corporation become more active in waterfront issues around the entire harbour. This new mandate will require changes in operational budget, and additional resources may be required as WDCL undertakes new activities.

Organizational Structure and Financial

The corporation has a staff of 15: 7 involved in planning, development, and administration, and 8 in maintenance and parking operations.

The corporation's ordinary revenues ($3,000,000 in the year ended March 2003) are derived primarily from building and ground leases ($1,100,000, or 37 per cent) and parking lot operations ($1,900,000, 62 per cent). In the year past, ordinary expenses were approximately $1,800,000 and re made up of property expenses (maintenance and repair, taxes, depreciation, $973,000, 54 per cent), corporate overhead, including planning, ($94,000, 5 per cent), interest expense ($280,000, 15 per cent), and contribution to public facilities, both owned and non-owned ($296,000, 16 per cent).

The corporation's loan balance at the end of the fiscal 2003–2004 will be $8,665,000. Capital projects to fulfil the 2004–2005 Business Plan in the coming and future years will generate loan balances of:

2003–04 = $ 8,665,000.00

2004–05 = $ 9,849,000.00

2005–06 = $10,766,000.00

2006–07 = $14,906,000.00

The financial health of the corporation is largely dependent on revenue sources from parking fees and tenant rents. For the past fiscal year budget targets for parking revenues were down, and this year's forecast has been adjusted accordingly. Rents from tenants are subject to economic and market conditions. The provincial government allows an interest rate 1 per cent below prime guarantees loans of the corporation. Increased revenues have positively contributed to our financial health and the ability to carry out capital projects and partner with others. A combination of these increased revenues allows the corporation to pay down the principal on its loan, and decreased interest rates have benefited the overall financial status. Should there be a regional economic downturn, revenue sources and the funds from private sector partnerships could be reduced.

This year the corporation will be strategically assessing its revenue generation capability, particularly on the Halifax waterfront where visitor attraction and special event opportunities are high.

Hurricane Juan caused significant damage to WDCL's properties and infrastructure in Halifax Harbour. Total damage is estimated at $360,000. A minor portion will be covered by insurance. Federal disaster relief guidelines exclude Crown corporations from aid relief but include municipalities. The corporation is appealing this to the federal government on the basis that the public infrastructure that it builds and maintains is similar to that of a municipality. Not receiving disaster relief will be a significant financial burden.

The loan balance of the corporation is anticipated to approach its current credit facility of $14.5 million through a loan guarantee from the province and $3.6 million available with a negative pledge of assets. It is important to note that property assets of the corporation, which are scheduled for development, have a significantly higher value than that allowed to be shown on our books. Not including new land being created in Bedford and land dedicated to public space, real estate assets are valued between $40 million and $45 million.

Also it should be noted that revenues in later years are temporarily reduced in the transition from parking lots to development sites during the construction period.

Finally, the development projects anticipated in this plan will generate more than $100 million in private investment.

Halifax

The lion's share of the corporation's property assets is on the Halifax Waterfront. The corporation has been working jointly with Halifax Regional Municipality (HRM) to achieve a financially viable plan. The Halifax Waterfront Openspace and Development Plan has yet to be approved due to continuing discussions with HRM on the eventual planning guidelines for the corporation's development sites. Full implementation of the plan, with its significant open space and reduced development intensity, is dependent on achieving a financial partnership agreement with Halifax Regional Municipality. HRM believes that provincial financial contribution to the plan is necessary.

A major project involving an expansion of the Maritime Museum of the Atlantic and a private associated development is under analysis, with the results expected in 2004. In addition to the private-sector investment. this development requires significant provincial and federal financial support.

Tall Ships 2004, which is being managed by WDCL, is being strongly supported by provincial and municipal governments, with federal support being applied to the After Port program. The event from a budget perspective is targeted to have a surplus of $280,000. The economic impact to the region and province should be comparable to Tall Ships 2000. The budget success of the event depends primarily on visitation, which is in turn dependent on weather.

Dartmouth

The Dartmouth Harbourwalk concept plan developed in partnership with HRM is being completed in phases. Construction was completed on a 1-km portion on the Nova Scotia Hospital lands. Continuing the link to the Woodside Ferry Terminal was delayed as a result of concerns that the trail would conflict with future marine industrial potential on the hospital lands. It is anticipated that an alternative route will be selected, which will allow it to be completed in 2004. Detailed design is being completed by HRM on another portion of the trail to Old Ferry Road. The achievement of the Dartmouth Harbourwalk is dependent on municipal contributions and private sponsorship, which will have to be negotiated. The corporation's next priority is extending the trail through Dartmouth Cove.

A purchase and sale agreement for corporation land in downtown Dartmouth was not consummated as planned in 2003, and subsequently another RFP was issued for the site. Three proposals were submitted, but none met the objectives of the corporation. Also in Dartmouth, the corporation is in discussions and planning stages with the Nova Scotia College of Art and Design for the location of their second campus to the waterfront. In order for this initiative to be successful, it will require financial support from the province, possibly special incentives by the corporation, and partnership with the private sector. Discussions are under way for a public-private partnership in the joint development of the corporation's lands in Dartmouth Cove and the Dartmouth Marine Slips, which are to be purchased by the private sector.

Bedford

The fill project and creation of additional land for public use and development continues. This fill site has also provided a much-needed environmentally sound ocean dumping area for pyritic slate. It is anticipated, subject to the availability of slate, that five to eight years will be required to complete the filling. For the long term, development of the land in a partnership with the owner of a portion of the area is being considered. There also continues to be an outstanding legal issue with this same private landowner left over from Phase I development and inherited when the Bedford Waterfront Development Corporation and WDCL were amalgamated. As well, there will be opportunities for other developers. The completion of Phase I has been delayed due to negotiations between Provident Development Limited on a change in use of the last lands in Phase I from commercial to residential.

The corporation will be seeking a review of planning policy for Phase II from HRM, and a public consultation and planning process will be undertaken. There is an opportunity to fulfil needs of the community in terms of public space and facilities, a public boat launch, as well as new private development for residential, commercial, and marine use, including a marina. The completion of the South Jetty, public boat launch, and extension of the Bedford Basin Harbourwalk will occur in 2004.

Strategic Goals

The corporation's strategic goals are to provide infrastructure, opportunity, and support for further public and private investment that will enhance the capital region as a place to live, do business, invest, and visit. By enhancing the quality of the waterfronts for residents and visitors, the corporation creates the opportunity for continuing economic growth by creating increased leisure traffic and meeting and convention activity, as well as additional residential, institutional, and commercial development. An emphasis is placed on quality development and programs that will make all Nova Scotians proud of their capital region and province and encourage people to visit Nova Scotia.

Core Business Areas

1. Acquisition, management, and development of waterfront property in Bedford, Dartmouth, and Halifax
2. Marketing and promotion (public relations) of the waterfronts as centres of year-round activity and interest for residents and visitors
3. Coordination and planning of waterfront activities and development

Priorities for 2004–2005

1. Acquisition, management, and development of waterfront property in Bedford, Dartmouth, and Halifax

- Acquisition
  - Acquire/dispose of assets essential for realization of waterfront plans.
  - Create new land for public space and development through infilling of waterlots.
- Management
  - Manage property leasing and parking operations to provide funds for investment in further development.
  - Promote/advertise berthing for visiting vessels in Bedford, Dartmouth, and Halifax.
  - Maintain properties and public spaces (including limited winter maintenance) to a high standard and use best practices, in coordination with other stakeholders e.g., HRM.
  - Undertake repairs to existing deteriorating infrastructure along the Halifax Harbourwalk.
  - Improve quality of seasonal vending establishments through design, construction, and leasing structures to tenants.
- Development
  - As a result of a call for proposals in 2003, obtain planning and development approval of land at the foot of and to the south of Salter Street in Halifax to achieve additional public space and private-sector development opportunities.
  - Negotiate a partnership with the Nova Scotia College of Art and Design for the location of a second college campus on the Dartmouth Waterfront to include the corporation's land in Dartmouth and private land at the Dartmouth Marine Slips.

– Negotiate a partnership with the private-sector land and water lot owner adjacent to Phase II in Bedford to achieve access and a joint development opportunity.

– Resolve legal actions related to Phase I Bedford.

– Resolve land-use change with developer of Site 3.2 in Phase I.

– Improve public facilities in all waterfront areas, in particular trails, washrooms, and public spaces.

– Complete Phase I of the Dartmouth Harbourwalk between Woodside and Cusack Street; initiate Phase II in Dartmouth Cove.

– Continue to evaluate timing of expansion of the NovaScotian Crystal Building.

– Completethe South Jetty in Bedford, construct a public boat launch, and extend the waterfront boardwalk to the South Jetty.

– Enter into a partnership with the local Rotary Club to build a commemorative kiosk at South Battery Park.

2. Marketing and promotion of the waterfronts as centres of year-round activity and interest for residents and visitors

- Develop a communications plan to expand public relations coverage with media interviews, paid advertising, direct mailings, and participation in business networking sessions and events.
- Install interpretation panels for the Halifax Waterfront to improve overall visitor experience.
- Co-operate with Downtown Development Commissions in promoting business development.
- Source and encourage new events and festivals to use the waterfront(s) as event sites.
- Provide leadership, in co-operation with the Maritime Museum of the Atlantic, in advancing a Visiting Ships program, to include periodic tall ships visits and a potential tall ships festival every four to five years.
- Work with community groups and private sector art program to the waterfront(s).
- Examine the need for additional staff resources to implement this program.

3. Coordination and planning of waterfront activities and development

- Champion and coordinate with HRM, on waterfront park and trail development along the Dartmouth waterfront, from the MacDonald Bridge to Woodside Ferry Terminal, and seek public- and private-sector funding support.
- Continue to establish partnership/policy agreements with Halifax Regional Municipality in areas of planning and maintenance.
- Coordinate with others in the planning and development of the Nova Scotia Hospital lands in Dartmouth.
- Resolve title issues associated with certain water lots claimed by the Halifax Port Authority.
- In co-operation with HRM and other provincial and federal agencies, develop a vision and plan for Halifax Harbour.
- Jointly with the private sector, determine the feasibility of a public/private partnership in expansion of the Maritime Museum of the Atlantic and development of adjacent Queen's Landing.
- Provide support to annual waterfront festivals and events, such as Canada Day Celebrations, International Buskers Festival, Halifax-Dartmouth Natal Day Celebrations, Atlantic Film Festival, and Bedford Days Festival.
- Provide a leadership role in coordinating provincial interest in lands on Halifax Harbour via the Deputy Minister's Committee on Port Development and Land Use.
- Assess alternatives and develop a plan for Bedford Phase II, including meeting a commitment for a public boat launch.
- Review policy and guidelines for signage on the Halifax waterfront.
- Continue to explore the feasibility of a marina at Mill Cove in Bedford.
- Seek to have the development of George's Island as a tourist attraction a higher priority of the federal government.

Budget Context

	02/03 Actual	03/04 Estimate	03/04 Forecast	04/05 Estimate
REVENUE				
Rent	1,108,950	1,162,798	1,173,517	1,101,846
Parking	1,870,307	1,910,765	1,872,218	1,885,345
Recoveries	27,123	9,200	9,069	9,200
Interest Revenue	5,379	4,500	5,300	4,500
Other	20,721	2,000	1,700	2,000
	3,032,480	3,089,263	3,061,804	3,002,891
PROPERTY EXPENSES				
Operating	652,296	600,000	559,317	600,000
Taxes	18,217	32,750	29,970	32,000
Amort. & Deprec.	385,329	371,000	371,424	371,000
Non-owned infrastructure	213,183	–	2,770	–
	1,269,025	1,003,750	963,481	1,003,000
INCOME BEFORE OTHER ITEMS	1,763,455	2,085,513	2,098,323	1,999,891
CORPORATE EXPENSES				
Directors	36,768	32,000	49,475	50,000
Office Op.	62,872	65,000	64,236	67,000
Audit	13,000	14,000	14,500	14,500
Legal	33,221	20,000	183,617	80,000
Promotions & Public Rel.	41,688	6,000	43,317	6,000
Salaries & Ben.	439,918	426,500	465,423	566,912
Staff Expenses	31,052	34,000	32,000	34,000
Tall Ships Recoveries (sal. & exp.)	–	–	–	78,347
Doubtful accounts	91,890	–	–	–
	750,409	597,500	852,568	896,759
PROGRAM EXPENSES				
Consulting	63,642	375,000	130,000	390,000
Festivals & Promotions	30,107	60,000	40,665	75,000
	93,749	435,000	170,665	465,000
Loan Interest	280,017	310,500	272,000	208,000
NET EARNINGS	639,280	742,513	803,090	430,132
plus: amort. & deprec.	385,329	371,000	371,424	371,000
less: infrastructure fund contrib.	400,000	400,000	400,000	400,000
Funds available for development	624,609	713,513	774,514	401,132
DEVELOPMENT PROJECT EXP.	765,137	1,169,500	800,000	1,580,500
Borrowing for Dev't. Projects	–	455,987	25,486	1,179,368
Other funds				
Working capital	536,539	–	(200,000)	–
Sale of Assets	52,500	1,350,000	(52,500)	–
Grants & Recoveries	–	105,000	25,000	25,000
Recovery (Expense) - Juan	–	–	(200,000)	200,000
Tall Ships Recovery (Expense)	–	–	(110,000)	177,000
NS Gov't Contribution	112,400	112,400	109,732	133,400
Bedford fill	2,455,163	613,350	500,000	–
Total other funds	3,156,602	2,180,750	72,232	535,400
Ending cash	(360,980)	46,198	(14,234)	41,797
Increase (decrease) in debt	(3,500,000)	(1,600,000)	300,000	700,000
Loan & Infra. Fund Balance, Y/E	**7,899,325**	**8,795,365**	**8,665,083**	**9,849,472**
Prime rate		5.5%	4.5%	5.0%

Outcomes and Performance Measures

Outcome	Indicator	Measure	Base Year Measure	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Lease of Salter Block	Lease of property	Percentage leased	3.3 acres	100%	N/A	• Lease agreement
New land for public use/development in Bedford Phase II	Acres of land	Acres created	11	13.5	16	• Selling of dumping space for slate
Continued growth rates in revenue	Gross revenue	% increase [1]	$1,480,000	3%	6%	• Increase efficiency & control expenses, increase occupancy
Increased usage of berthing facilities	Revenue	% increase	$27,000	3%	6%	• Advertising, improvement to facilities
High-quality visitor experience	Visitor satisfaction	Increase in visitation	1,011,000 (2001)	3% increase	6% increase	• Best practice and coordination with HRM
Value of assets maintained	Annual maintenance cost	Change in maintenance cost				• Capital investment in infrastructure
New kiosk	Number of kiosks	3	3	0		• Leasing of WDCL-owned kiosk
Public/private development on Salter Street block [1]	Leasing of land	Percentage of land leased	3.3 acres	100%	N/A	• Planning and development approval by HRM

[1] While revenue projections are proposed to increase because approximately 63 per cent of revenue comes from temporary parking lots, there will be fluctuations in revenue as sites are developed and revenue is transformed from parking to more permanent uses.

Outcome	Indicator	Measure	Base Year Measure	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Development of land in Dartmouth Cove	Agreement with NSCAD and private sector	Acres of land under agreement	Partnership Agreement	100% of agreement	N/A	• Seek partnership with NSCAD and private sector including $$
Joint development agreement	Successful negotiation of agreement	Legal agreement	Agreement to fill land of private owner	100% of agreement	N/A	• Seek partnership with private owner
Resolution of legal actions in Phase I Bedford	Effect on budget	Cost of settlement	N/A	N/A	N/A	• Negotiation/arbitration
Resolution of land use change on Site 3.2	Agreement	Legal agreement	N/A	N/A	N/A	• Negotiation
Improvement to public facilities	Visitor satisfaction	Increase in visitation	1,011,000 (2001)	3% increase	6% increase	• Invest in new public infrastructure
Public access to waterfront in Dartmouth	Visitor satisfaction	Lineal kms of trail	1km	2 km	4 km	• Completion of trail on NSHL and partnership with HRM
Addition to NovaScotian Crystal	Increase in leaseable space/revenue	Percentage increase in leaseable space	4500 sq. ft.	4500 sq. ft.	21,000 sq. ft.	• Feasibility of expansion
New facilities in Bedford	Completion of South Jetty and boat launch	Completed facilities	N/A	Finished project	N/A	• Completion of construction
Public Facility on Halifax Waterfront	Partnership with Rotary	N/A	N/A	Construction	N/A	• Partnership with Rotary

Outcome	Indicator	Measure	Base Year Measure	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Profile of corporation	Public awareness of corporation	Increase in awareness	N/A	N/A	N/A	• Communications plan and survey
Improved visitor experience	Visitor satisfaction	Increase in visitation	1,011,000 (2001) [2]	3% increase	6% increase	• Seek partners and sponsors for displays
Business growth	Tenant revenue	Increase in revenue	N/A	N/A	N/A	• Partnering with business commissions
New events	Visitor satisfaction	Percentage increase in visitors	1,011,000 (2001)	3% increase	6% increase	• Sponsor and partner in events, Tall Ships 2004, new Maritime Festival
Visiting ships	Number of ships	Number of ships	5 ships	40 Ships for Tall Ships	10 ships	• Partner and improve facilities
Use of Georges and MacNab's Islands	Visitation	Percentage increase	1,011,000 (2001)	3% increase	6% increase	• Partner in and support access to islands
Improved visitor experience	Visitor satisfaction	Percentage increase	1,011,000 (2001)	3% increase	6% increase	• Visitor intercept survey
Public- and private-sector support for trail in Dartmouth	Sponsorship/ partnership funds	Contributions	$75,000	$150,000	$200,000	• Partnering with HRM
	Formal agreements	Approved co-operative agreements	N/A	N/A		• Meetings at executive level
Coordination of provincial interest	Coordinated development	N/A	N/A	N/A		• Deputy Ministers Committee and staff working group

[2] This number is derived from the median of two recent studies, WDCL Economic Impact Assessment by CanMac Economics, 2002 Limited and the Strategic Plan for the Canadian Naval Heritage Foundation by Economic Planning Group 2002.

Outcome	Indicator	Measure	Base Year Measure	Target 2004–05	Target 2005–06	Strategies to Achieve Target
Clear title on certain water lots	Agreement with HPA	Title to water lots	N/A	N/A	N/A	• Negotiate with HPA
Harbour Vision/Plan	Adoption of vision/plan	Support from public and other governments	Agreement to develop vision/plan	Adoption of vision/plan		• Work co-operatively with HRM and other governments
Determination of feasibility to expand Museum of Atlantic	Feasibility study	Financial viability	Phase I analysis	Public- and private-sector interest	N/A	• Develop consensus on concept and examine private-sector response
Co-operative partnerships for events	Successful events	Visitor increases	1,011,000 (2001)	3% increase	6% increase	• Co-operative partnerships and sponsorships of events
Coordinate approach to provincial waterfront land	Provincial policy	Support for projects and programs	N/A	N/A		• Continued work of Deputy Minister's Committee and Staff Working Group
Plan for Bedford Phase II	Public support	Adoption of plan	1990s plan	Draft Plan	Final Plan	• Hire consultants and public consultation
High-quality signage and vendors	Visitor satisfaction	Increased visitation	1,011,000 (2001)	3% increase	6% increase	• Standardization of signage and vendor kiosk
Marina in Bedford	Feasibility assessment	Economically viable	8 ships	N/A	N/A	• Determine feasibility
George's Island open to public	Federal priority	Phased construction	N/A	N/A	N/A	• Seek to have federal priority