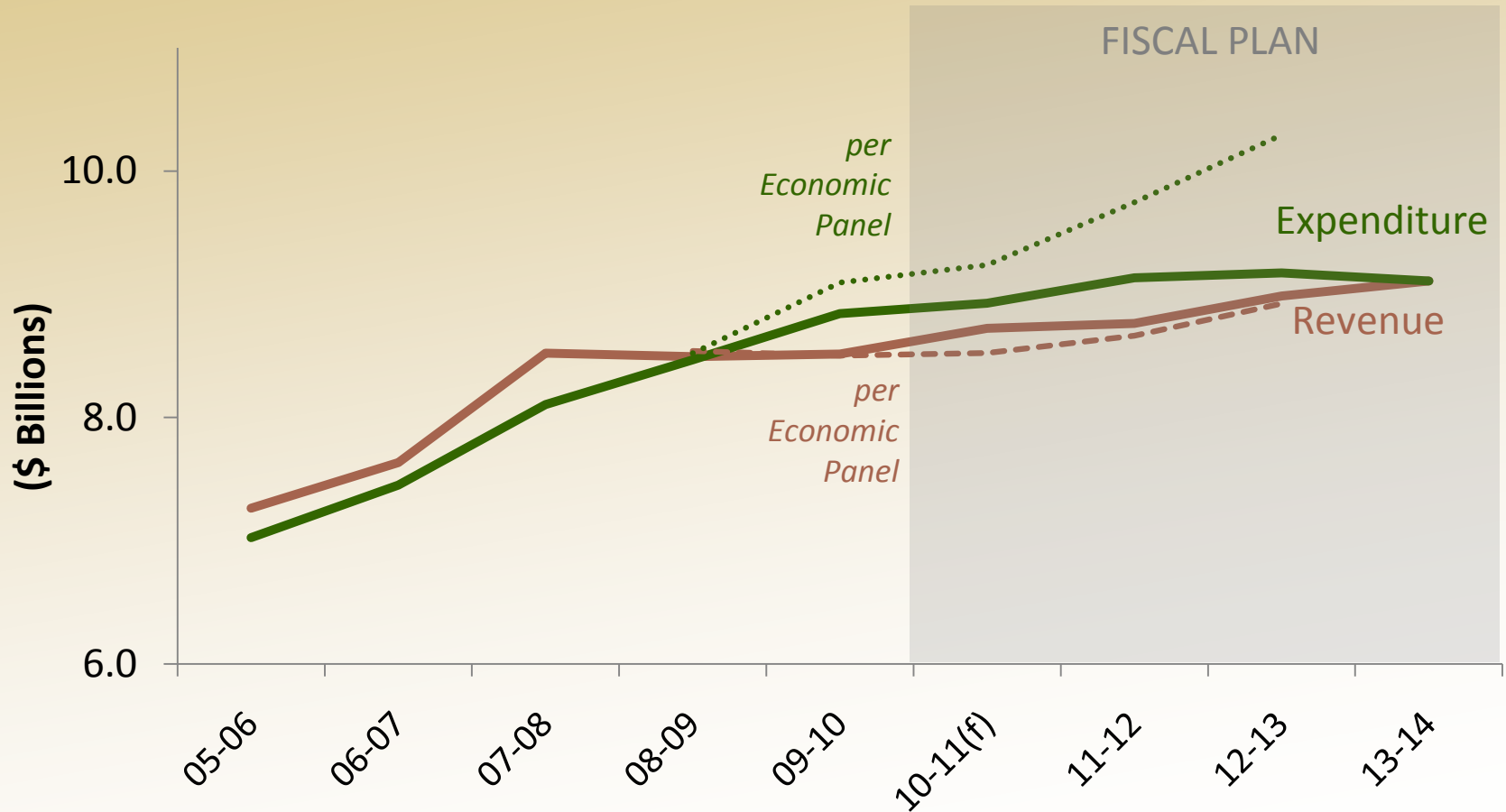


Cumberland County and Cross-Border Shopping

November 5, 2010

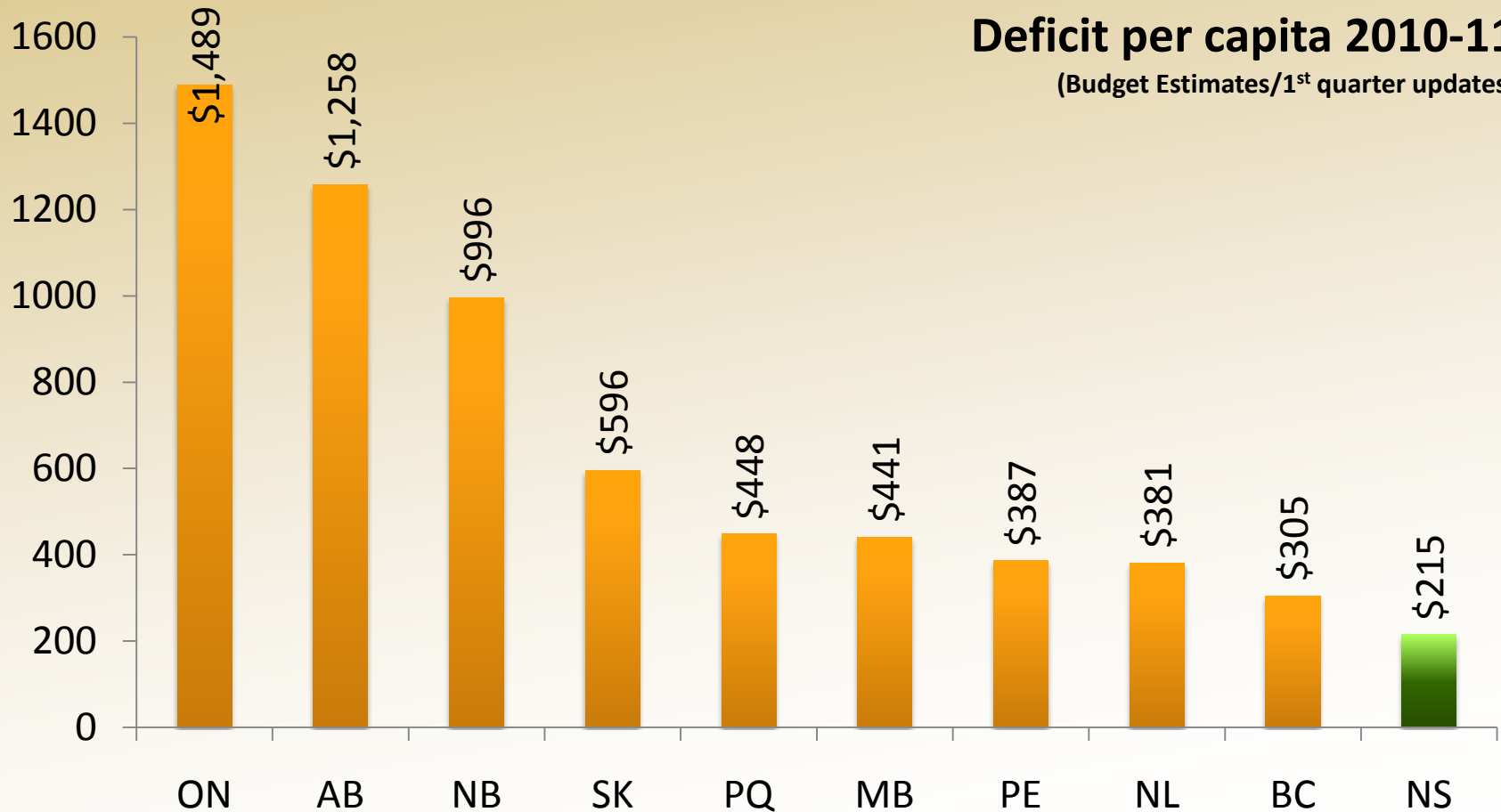
Nova Scotia's Fiscal Plan



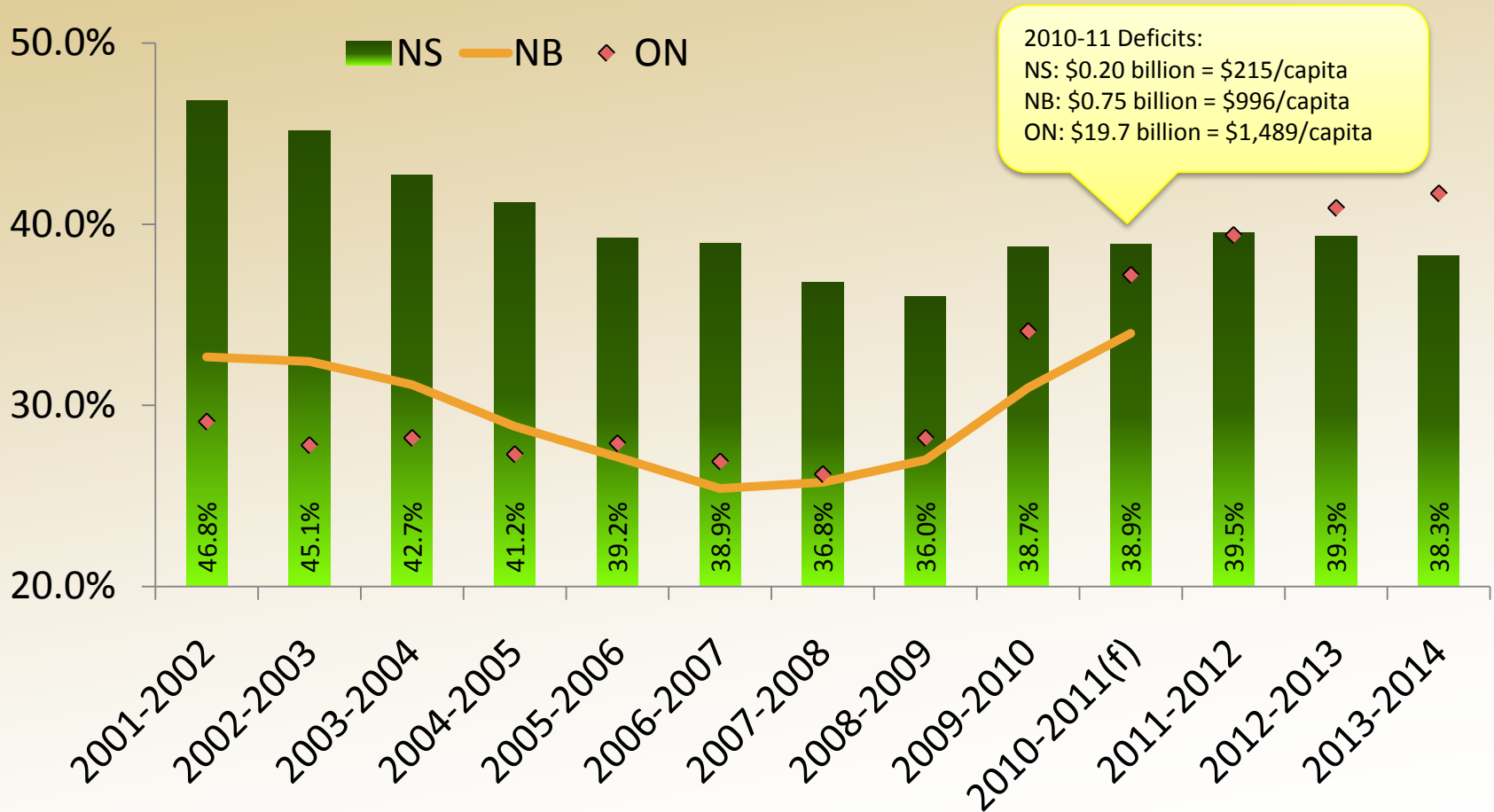
HST and the Fiscal Plan

Deficit per capita 2010-11

(Budget Estimates/1st quarter updates)

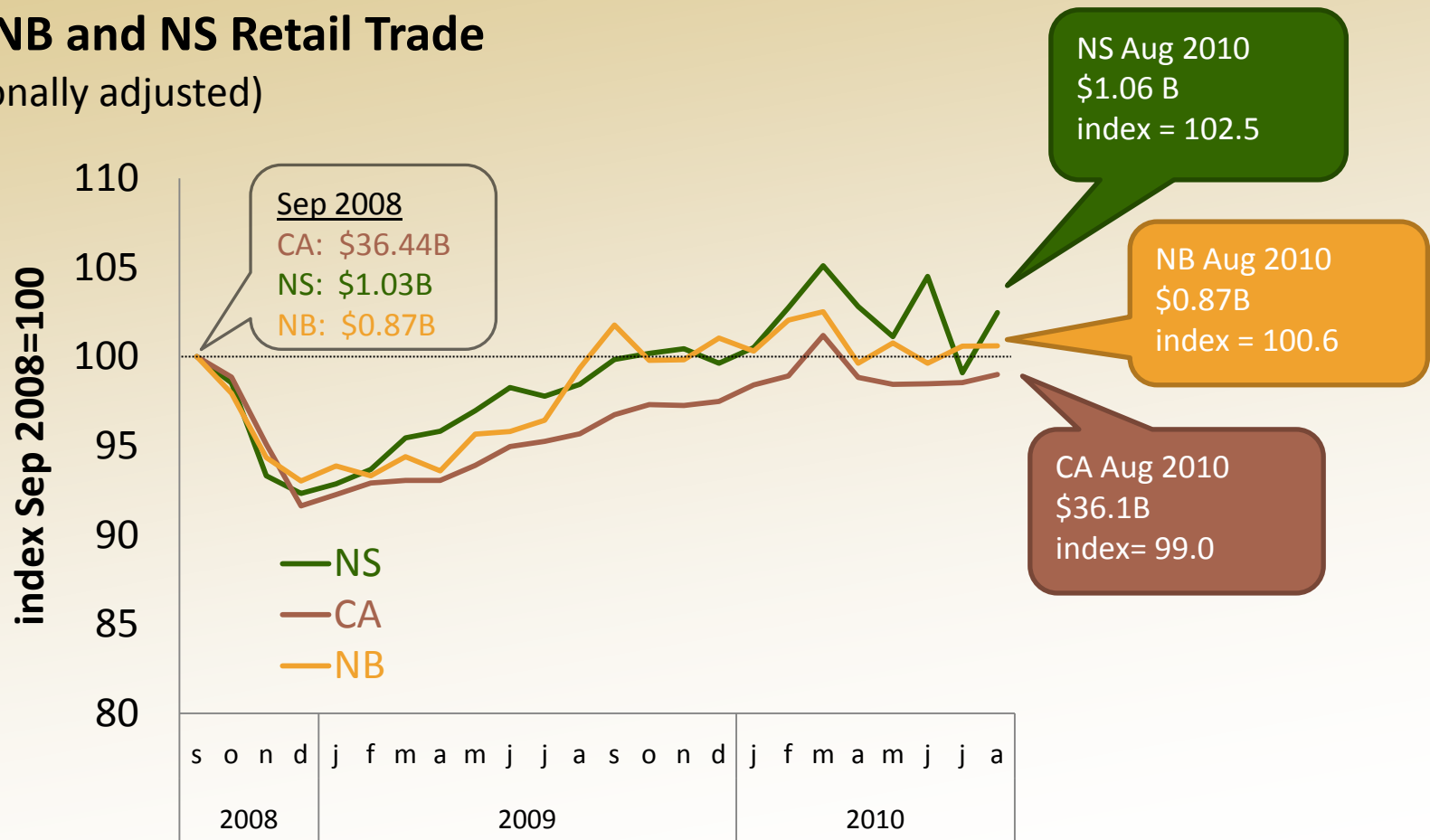


HST and the Fiscal Plan



HST and Retail Sales

CA, NB and NS Retail Trade (seasonally adjusted)



Related budget measures

New Affordable Living Tax Credit

New Poverty Reduction Tax Credit

New exemptions: children's clothes and shoes, diapers, feminine hygiene products

What we learned in April (Pre HST Increase)

Cross border shopping is a long-standing activity in Cumberland Co.

50 per cent of residents travel monthly

Main destination: Moncton (80%)

Cross border shopping is low volume

75% of residents make 75% of purchases in NS

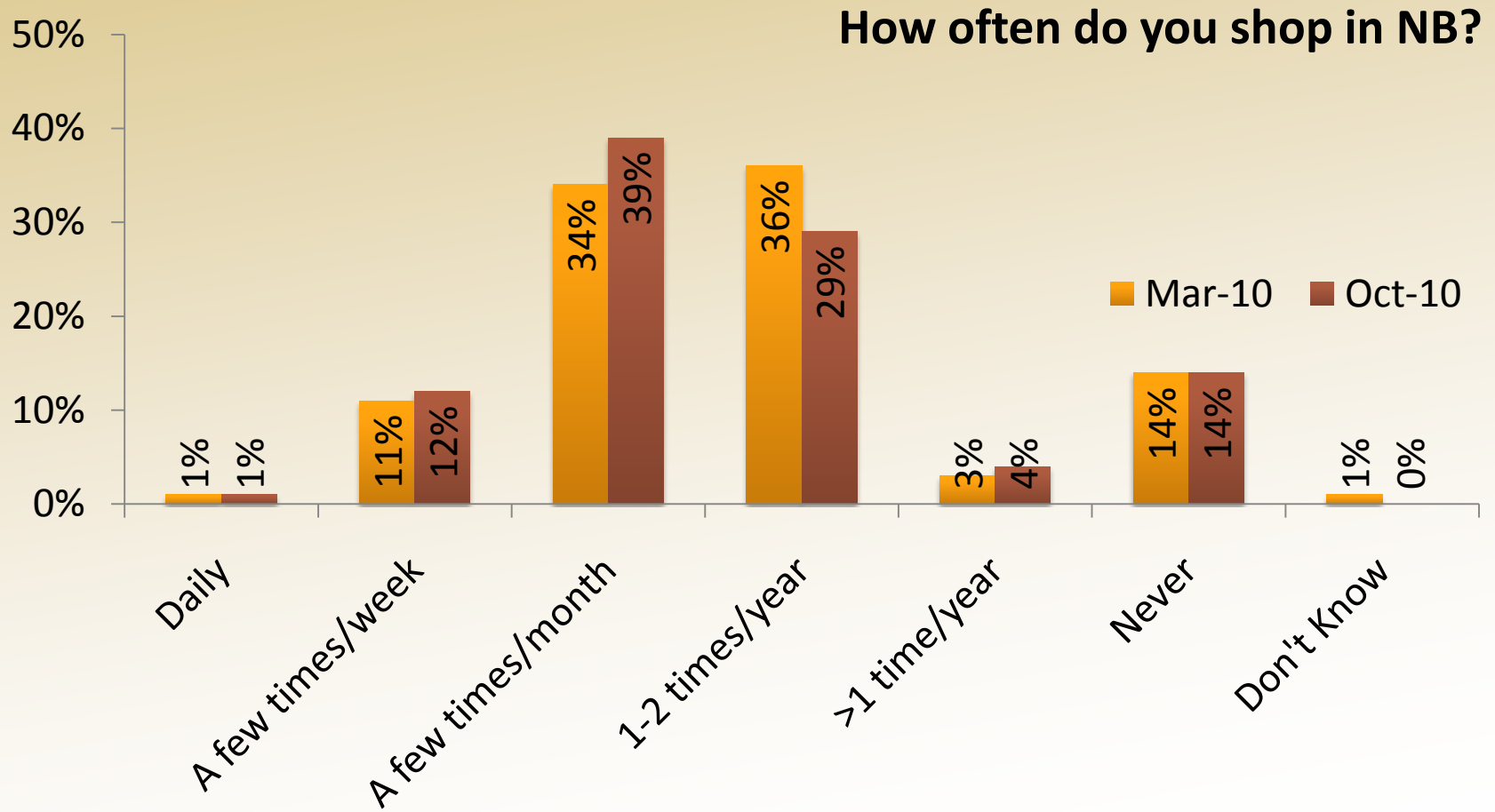
More for Amherst residents

NB shopping for routine items already growing in April

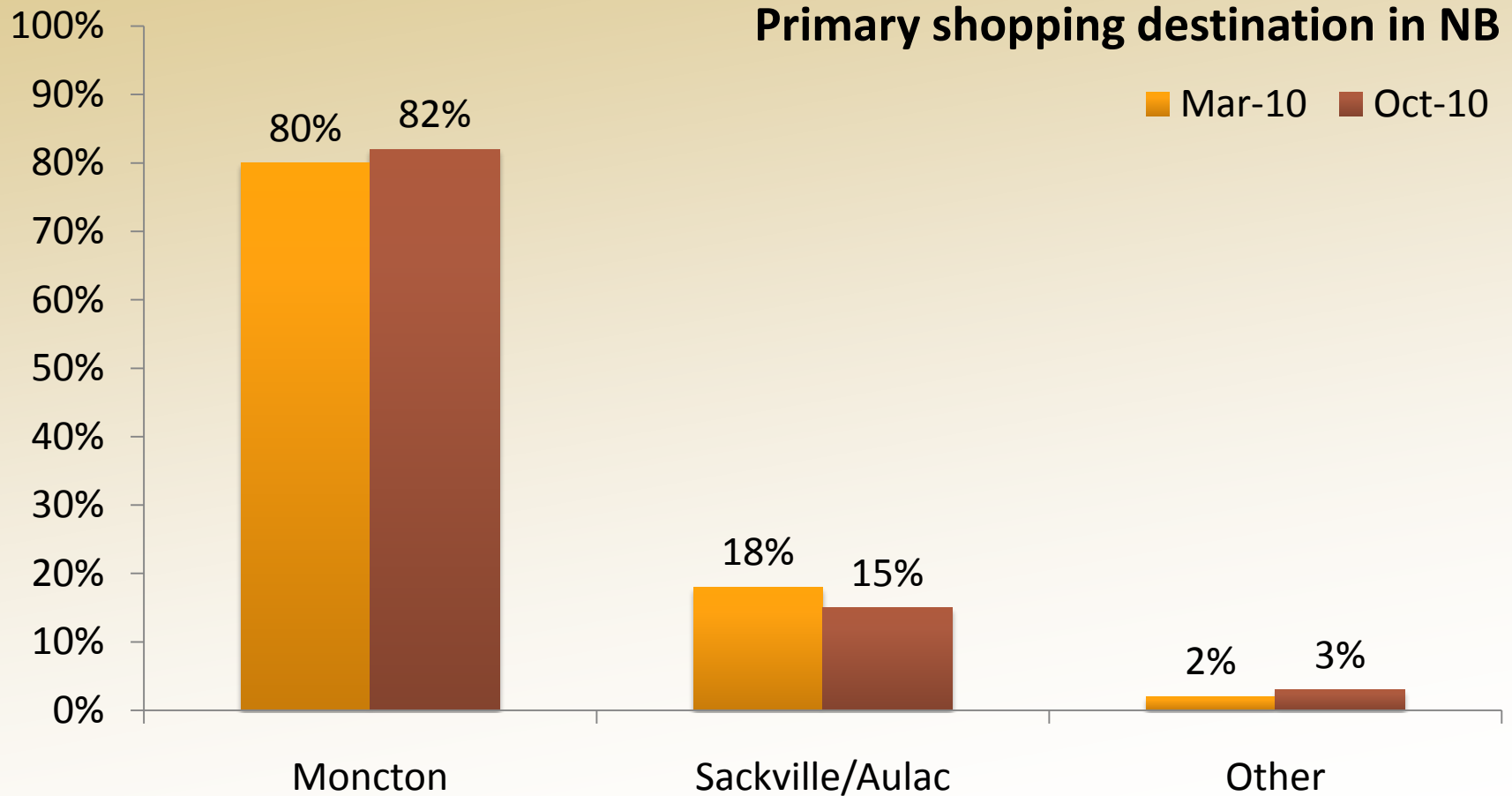
Prices determine cross border shopping for routine items

But for major purchases, selection and variety are important

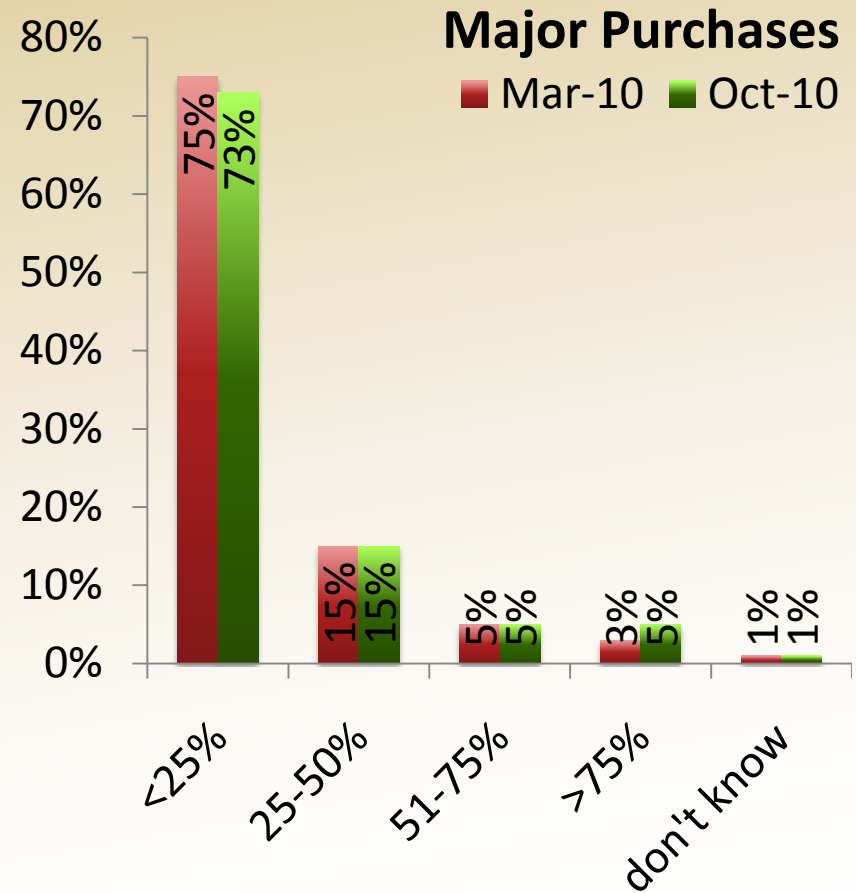
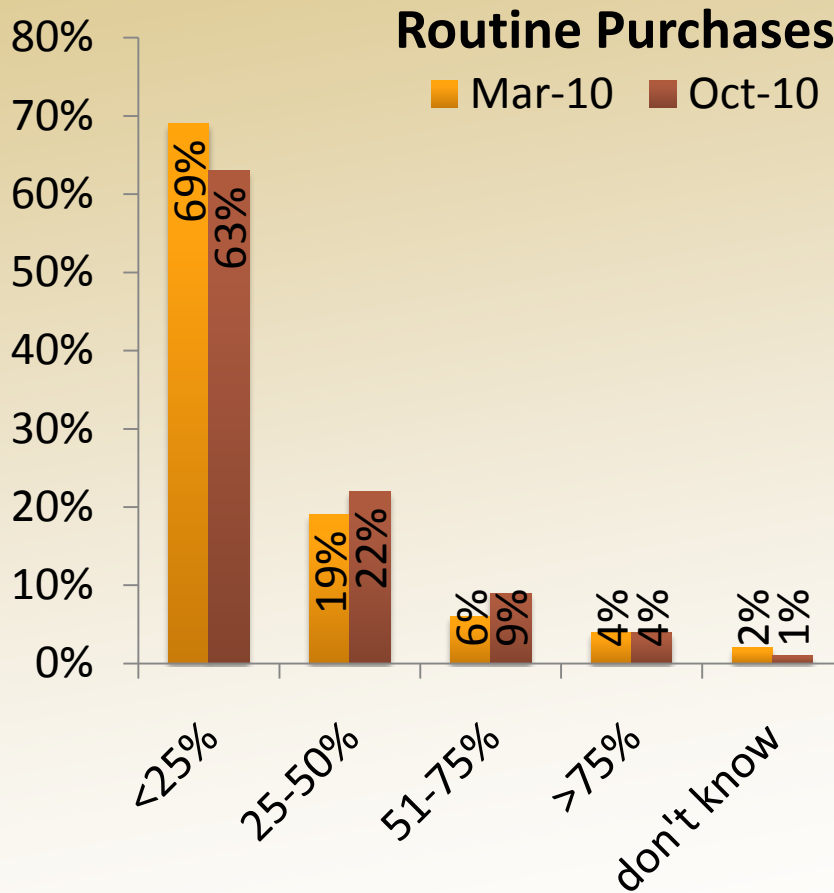
Cross Border Shopping Frequency



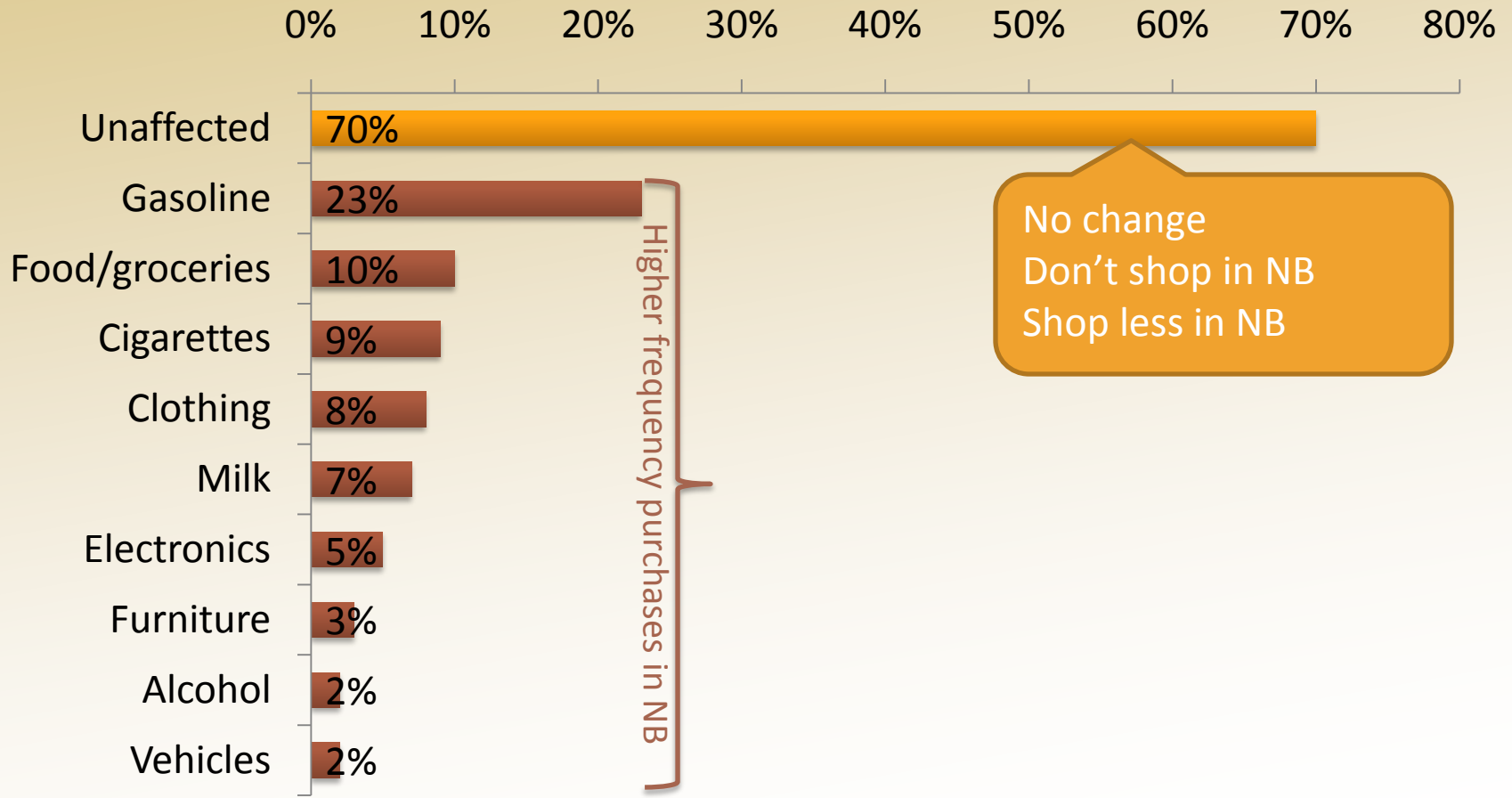
Cross Border Shopping to NB



Cross Border Shopping Volume



Has your shopping in NB changed...



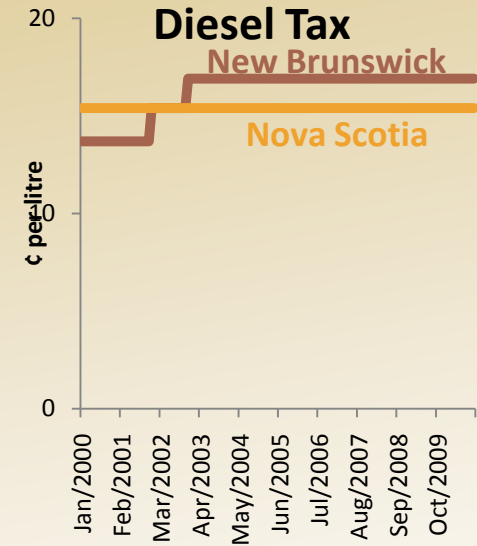
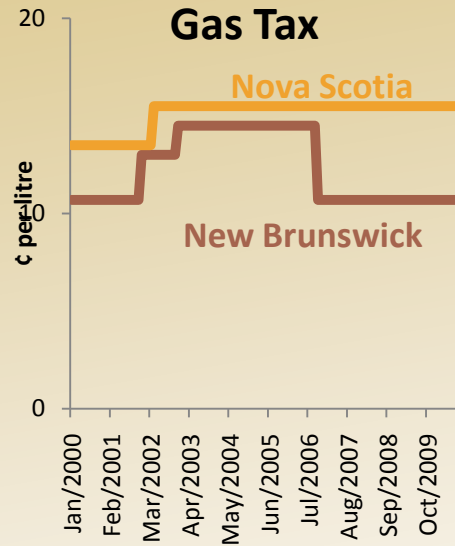
Fuel

Fuel tax- not HST- is the main driver of price differences

UARB advice is that the market is viable

Government will continue to monitor

Questionable that NB prices will continue in the future

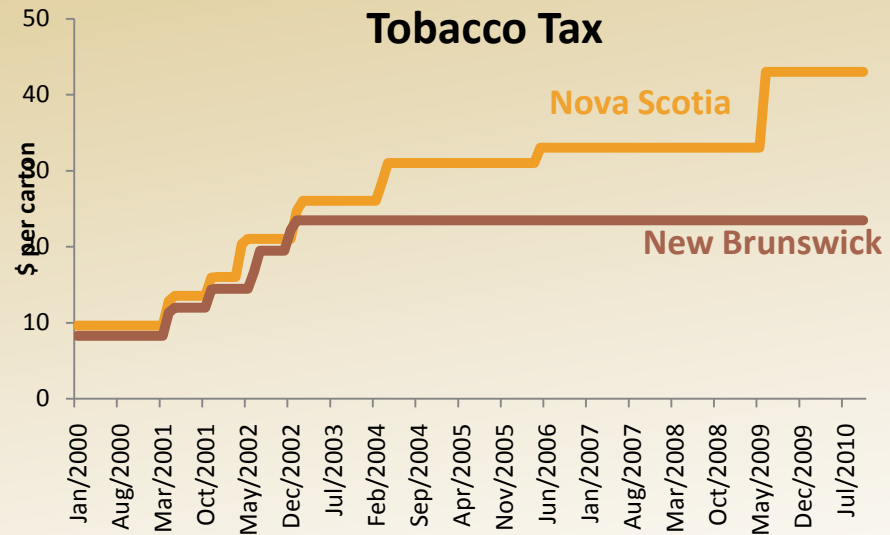


Tobacco

Price difference is not due solely to HST

NB faces greater smuggling challenges- tobacco taxes are kept low to stop the flow

It is also about health- Government has a responsibility to deter smoking



Milk and Groceries

Milk and basic groceries are not taxed

Some prepared and non-basic food—pop; snack foods—are taxed across Canada

If milk is more expensive in NS, it is due to wholesale and retail pricing: the regulated minimum price for milk in NS is lower than NB- \$2.69 .vs. \$3.04 (2L)

| As of May 2010- 2L | Regulated Minimum Price | Retail Price-grocery store | Retail-Wholesale Mark-up |
|--------------------|-------------------------|----------------------------|--------------------------|
| Aulac, NB | \$3.04 | \$3.67 | \$0.63 |
| Amherst, NS | \$2.69 | \$3.91 | \$1.22 |

Alcohol

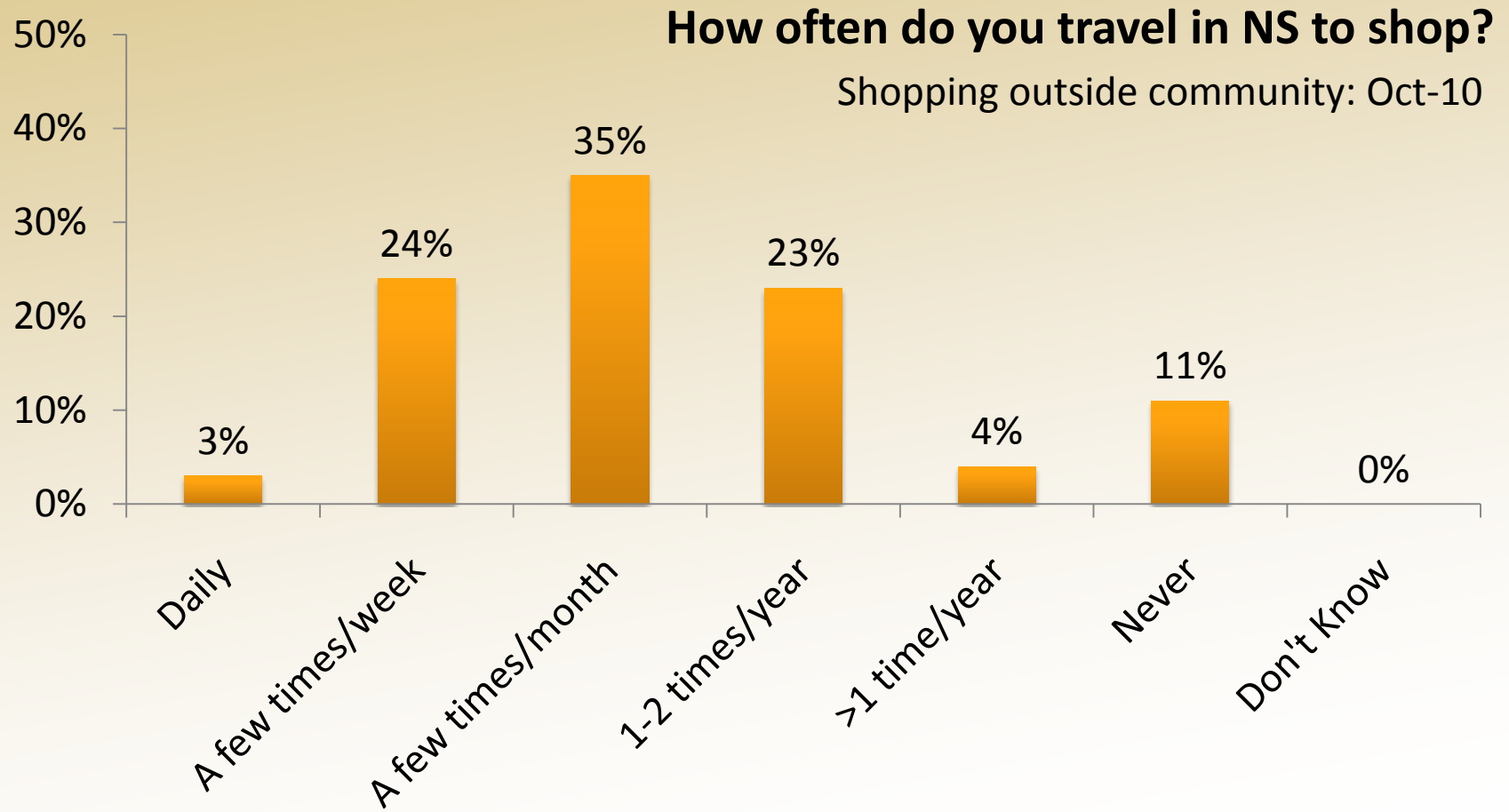
No evidence of across the board cheaper prices in NB

Some classes and brands of products are cheaper, some more expensive

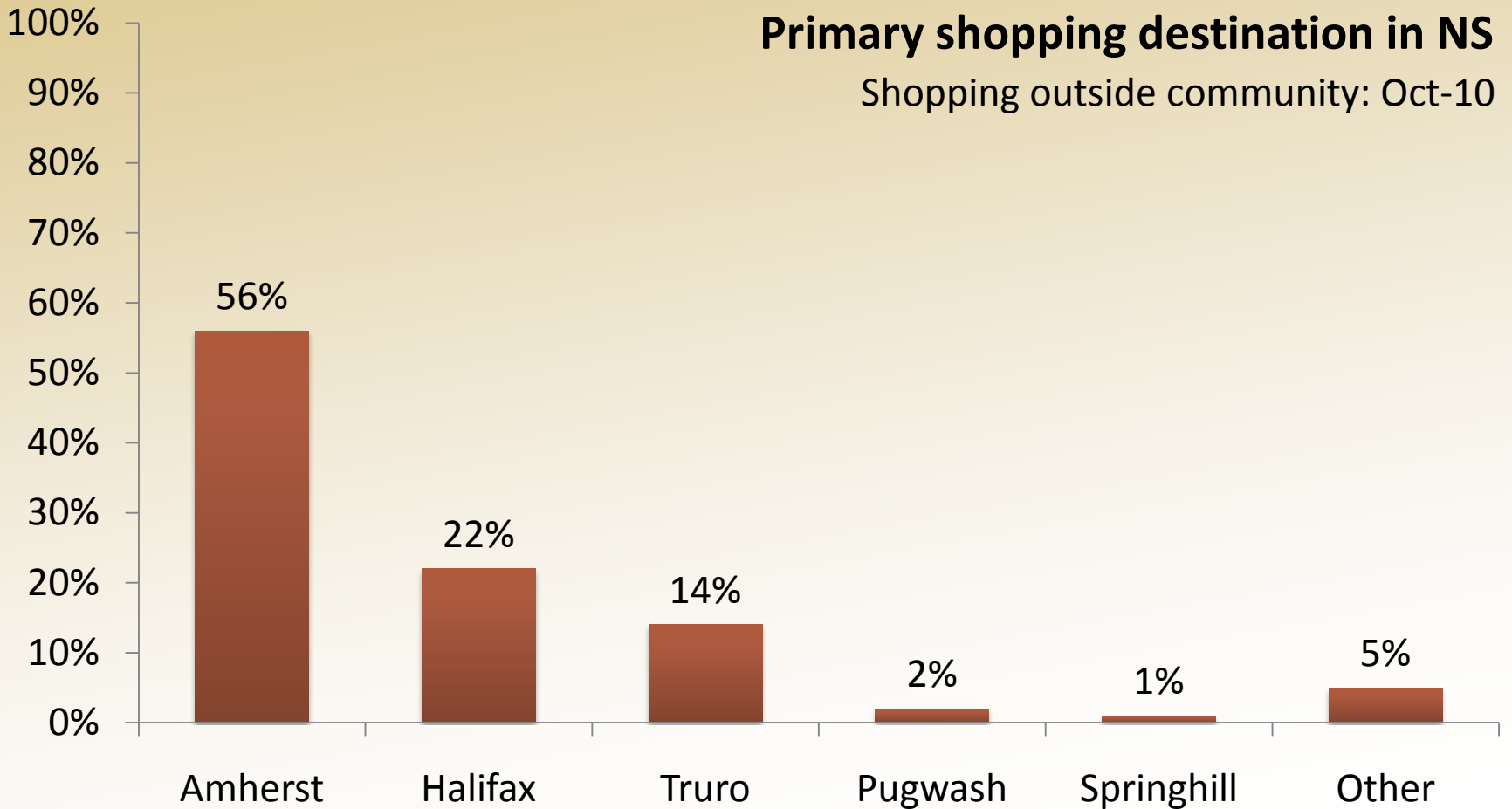
Numbers show a healthy retail market in Amherst compared to other comparable NS markets, e.g., Yarmouth

| As of October 2010 | Amherst | Yarmouth |
|----------------------|--------------|--------------|
| Population | 13,550 | 12,785 |
| Average Income | \$47,861 | \$47,293 |
| Main store size | 12,000 sq ft | 12,000 sq ft |
| Products available | 1871 | 1889 |
| Average spend p/pop | \$640 | \$649 |
| Average spend p/trip | \$30.23 | \$30.23 |
| Transactions to date | 144,696 | 138,846 |

Shopping travel within NS- New



Shopping travel within NS- New



Sales taxes: Canada & border states

