

Crown Corporation Business Plans 2016–2017

Nova Scotia
Business Incorporated



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Message from the Chair and the CEO

Nova Scotia Business Inc. (NSBI) is a business development agency for the Province of Nova Scotia, led by a private sector board of directors. In order to strengthen and grow the Nova Scotia economy, NSBI's primary efforts are focused on helping Nova Scotia businesses across the province grow exports through access to business advisory services, skill development and training, market intelligence, financing, and support in accessing global markets, and by attracting innovative, globally competitive companies to establish a business location in Nova Scotia.

For NSBI, 2015–2016 was a year of realignment, restructure, renewed focus, and the initiation of a 10-year trajectory to deliver against the robust targets set out in the ONE NS report. NSBI's 2015–2016 business plan charted the course for a foundation-building year, one that developed detailed evidence-based plans and established transparent outcomes-focused metrics. With a foundation-building transition year recently completed, NSBI is poised for a future of export service delivery excellence and aggressive, targeted investment attraction efforts aimed at strengthening the province's high potential clusters of ICT, Oceans, and Seafood & Agrifood.

At NSBI, we believe in export as the path to sustainable economic growth for Nova Scotia. In 2016–2017, NSBI will drive efforts to focus and align resources to build export capacity within our client firms so they can thrive, and not just survive, in our ever-changing global economy. We stand behind the Government's Framework for Private Sector Growth and the action plan outlined by the ONE NS Coalition in the *We Choose Now* report. We know that we need to do more to create more first-time exporters, to better equip companies pursuing certification, and to bring new export markets within reach for companies within the province's high potential clusters. NSBI will build internal expertise around certifications required for market entry and develop robust online export resources to become a single delivery window for companies, offering improved availability and access to export resources across the province.

NSBI has created an aggressive, evidence-based business plan for 2016–2017 to deliver against the Government's Framework for Private Sector Growth, the ONE NS report, and the *We Choose Now* report, a business plan that will require the organization to maximize all resources to full efficiency and effectiveness. At NSBI, we will bring an evidence-based, targeted approach to improving global competitiveness and growing exports and investment in support of the province's high potential clusters. We look to the year ahead with renewed focus and enthusiasm and are excited to work with our clients and partners to build Nova Scotia's future economic prosperity.

Sincerely,

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

Laurel Broten
President and CEO, Nova Scotia Business Inc.

Mandate

Nova Scotia Business Inc. (NSBI), led by a private sector board of directors, is a business development agency for the province.

NSBI's mission is to help Nova Scotia businesses across the province grow exports through access to business advisory services, skill development and training to build trade capacity, market intelligence, financing, and support in accessing global markets, with a focus on developing new exporters and attracting innovative, globally competitive companies to establish a business location in Nova Scotia.

Alignment with Government's Priorities

Government priority: Innovation

Government outcome: Nova Scotia has a strong and globally competitive economy and a sustainable government.

Government goal: Create the climate for private sector and social enterprise economic growth to support ONE NS economic goals.

Government's Framework for Private Sector Growth is guiding the province's actions to create the climate for private sector and social enterprise growth to achieve the goals set out in the ONE NS report. NSBI's core mandate is directly related to the government's goals of driving the global competitiveness of Nova Scotia businesses and stimulating export growth, and increasing domestic, national, and international investment in Nova Scotia.

"... Nova Scotia has a small domestic market. For most businesses to grow significantly, whether goods producers or service providers, they have to access larger external markets through trade activities.

... in a small economy, it is difficult to imagine how a lasting economic turnaround and renewal might be accomplished without a lot more businesses generating a lot more exports of goods and services than is currently the case."¹

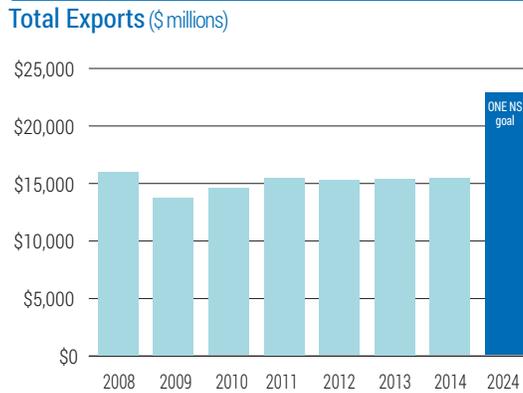
"There is no question that the decline in international exports from Nova Scotia has played a role in the province's weak economic performance in recent years."²

When it comes to increasing the total annual value of exports and expanding the number of Nova Scotia businesses exporting, to meet the goals established by the Nova Scotia Commission on Building Our New Economy, Nova Scotia must begin to climb to an export-positive position.

Nova Scotia must, and accordingly NSBI will, drive export as a first priority. NSBI will continue supporting businesses as they progress from being export curious to new exporters, and from new exporters to experienced exporters. NSBI will undertake a robust, evidence-based strategic approach to trade that maximizes opportunities for Nova Scotia companies with exportable

¹ Ray Ivany, Irene d'Entremont, Dan Christmas, Susanna Fuller, John Bragg, Jo Ann Fewer, Mark Austin, and Carolyn Terry. *Now or Never: An Urgent Call to Action for Nova Scotia*. Nova Scotia Commission on Building Our New Economy (2014), p. 31.

² David Campbell. "Fostering More Export-Based Entrepreneurs in Nova Scotia," in *Now or Never: An Urgent Call to Action for Nova Scotia*, 184–97. (2014), p.184.



Source: Statistics Canada, CANSIM Table 384-0038 for 2008–2014 data, 2024 ONE NS goal from ONE NS report.
 Note: Total Exports are interprovincial and international exports of both goods and services.

value-added products and services and delivers measurable results through focused efforts in markets with the greatest opportunity.

NSBI will attract foreign direct investment (FDI) and exporting companies best suited for success through a Nova Scotia location, attracting sustainable investment in high potential clusters across the province. NSBI will break down silos and create partnerships between Nova Scotia companies and FDI investors, opening up global value chain opportunities for Nova Scotia businesses. NSBI will also help Nova Scotia businesses access capital in order to increase their global competitiveness and drive growth.

NSBI will share and promote Nova Scotia’s story at home and abroad. NSBI will work with its partners to build awareness, outside our borders, of high potential clusters in Nova Scotia and serve as Nova Scotia brand ambassadors in national and international markets. NSBI will also be a positive business voice, continuing to build on networks across the province, celebrating success and building confidence and capacity, positively impacting the business climate in the province.

The following are some of the key ways in which NSBI, along with partners, works with the private sector to support the priorities of the Government’s Framework for Private Sector Growth:

1. Strive for Global Competitiveness, Trade, and Investment

- Work with firms to increase the value of their exports.
- Help companies across the province to become first-time exporters.
- Increase the value of capital investment and actual payroll reported by NSBI clients.

2. Build Capacity in High Potential Clusters

- Help companies in high potential clusters expand into key markets
- Market and promote Nova Scotia’s high potential clusters in targeted markets

3. Improve the Business Confidence

- Improve the business climate confidence among NSBI clients.

Actions

The following are some of the key actions that NSBI, along with partners, will undertake to support the priorities of the government and the Government’s Framework for Private Sector Growth:

Strive for Global Competitiveness, Trade and Investment

- Develop and implement a robust, targeted export development strategy and delivery model to focus, align, and strengthen internal and online resources, ensuring best-in-class programs and services through a coordinated, one-window service delivery structure:

- Focus NSBI's programs, tools, services, and in-market activity on three broad target groups: the export curious, new exporters, and experienced traders. NSBI will focus on capacity building, supplier development, and market development to become the go-to partner for export support, working with partners to provide a suite of services and referrals to help businesses navigate the world of international trade instead of navigating government's trade services.
- Working with partners, provide companies across the province with market-entry intelligence, including certification and regulation support, training, and business advisory services in support of building trade capacity.
- Expand and organize targeted inbound trade missions to connect Nova Scotia businesses in high potential clusters (ICT, Oceans, and Seafood & Agrifood) with lower-cost opportunities to create and deepen global connections.
- Facilitate mentorship and collaboration among experienced and emerging exporters across the province through organizing roundtables, creating best-practice sharing opportunities, and leveraging the ConnectNS network.
- Administer the Nova Scotia Film & TV Production Incentive Fund through collaboration with industry and partners.
- Collaborate with the Nova Scotia Department of Fisheries and Aquaculture, federal partners, other Atlantic provinces, and industry associations to develop strategies for priority markets in the European Union, Asia, and the United States, positioning Atlantic Canada as a supplier of premium and sustainable seafood products.
- With a primary focus on Nova Scotia's high potential clusters (ICT, Oceans, and Seafood & Agrifood), identify and attract innovative foreign exporting companies with a competitive advantage to be gained from locating in Nova Scotia.
- Working with partners, build relationships with ICT incubators/accelerators in other jurisdictions. Through the promotion of Nova Scotia's skilled workforce, attract innovative ICT start-ups to locate here and grow.
- Through evidence-based research, identify companies considering ICT related acquisitions, identify potential Nova Scotian targets, and develop and implement a plan to support acquisitions.

Build Capacity in High Potential Clusters

- Maximize existing assets to help experienced exporters in high potential clusters (ICT, Oceans, and Seafood & Agrifood) to expand into key markets through robust market intelligence, results-driven inbound trade missions, and in-market advocacy.
- Working with the Department of Business, Invest Nova Scotia, and partners, develop and implement cluster development strategies in support of innovative activities within Nova Scotia's high potential clusters (ICT, Oceans, and Seafood & Agrifood).
- Working with partners across the province, further crystallize and tailor Nova Scotia's value proposition, highlighting our competitive advantages to capitalize on opportunities within key target markets (i.e., China, Europe), with a specific emphasis on the province's high potential clusters (ICT, Oceans, and Seafood & Agrifood).

- Develop and implement a cost-efficient marketing and communications plan to build awareness of Nova Scotia as an attractive jurisdiction in targeted key markets that recognizes and promotes the unique assets within high potential clusters (ICT, Oceans, and Seafood & Agrifood) and communities across the province.
- Implement an engagement strategy to deepen and strengthen NSBI's international relationships with embassies, consulates, and trade commissioners in target markets.
- Working with the Department of Labour and Advanced Education, the Nova Scotia Office of Immigration, and partners, develop and implement a robust workforce attraction strategy and plan to attract talent from across Canada in support of Nova Scotia's high potential clusters (ICT, Oceans, and Seafood & Agrifood).

Improve the Business Confidence

- Improve the business confidence among NSBI's clients by delivering business advisory and navigation services across the province, enabling businesses to easily connect with expertise, programs, and resources that support their export growth and competitiveness.
- Embrace and demonstrate a culture of thinking export first, promoting and celebrating Nova Scotia's business stories and export success across the province.

Core Responsibilities

Government outcome: The delivery of core services by the government to Nova Scotians is effective and efficient.

NSBI is responsible for the oversight, management and administration of the province's legacy Jobs Fund investment portfolio.

Action

- Through daily interaction with Jobs Fund clients, ensure service excellence while effectively navigating complex financial circumstances.

Outcomes and Performance Measures

NSBI instituted a client survey in fiscal 2015–2016 to measure its efforts through the results achieved by its private sector clients. The survey collects metrics from NSBI's clients, focusing on three key areas:

1. Trade
2. Investment/payroll
3. Nova Scotia's business climate

A client survey is conducted early in the fiscal year to establish benchmarks in each of these three areas. As a means of measuring NSBI's impact on the success and growth of our private sector clients, NSBI conducts a follow-up client survey in February/March of the fiscal year to measure client progress with respect to

trade growth, investment in Nova Scotia, and perceptions of the business climate in the province.

As 2015–2016 was the first year of the client survey to measure NSBI's efforts, trending data from past years is not available; however, results from the first year of the client survey will be available in April of 2016.

Strive for Global Competitiveness, Trade, and Investment

Outcome: Growth in the value of exports and number of companies exporting and investing in Nova Scotia.

NSBI's efforts in working with companies across Nova Scotia to improve global competitiveness and grow trade and investment will help support the achievement of this outcome. NSBI has developed measures of the number of NSBI clients reporting their first-ever export sale; the annual increase in NSBI client-reported actual export sales; actual payroll in 2016–2017 generated by NSBI clients; amount of capital investment in Nova Scotia by NSBI clients; and the number of NSBI FDI clients establishing a business operation in Nova Scotia.

NSBI will target working with a minimum of 15 companies across Nova Scotia to become first-time exporters in 2016–2017, a 5 per cent increase in actual export sales among NSBI's clients, a 10 per cent increase in payroll generated by NSBI clients, a 5 per cent increase in capital investment by NSBI clients, and a 10 per cent increase in the number of NSBI FDI clients establishing a business operation in Nova Scotia, with an increased focus on the province's high potential clusters.

Build Capacity in High Potential Clusters

Outcome: Growth in the value of exports and number of companies exporting and investing in Nova Scotia, within the high potential clusters of ICT, Oceans, and Seafood & Agrifood.

NSBI will work with clients in the ICT, Oceans, and Seafood & Agrifood clusters to achieve this outcome. NSBI has developed the following measures for this outcome: the number of NSBI clients within ICT, Oceans, and Seafood & Agrifood reporting their first-ever export sale; the annual increase in NSBI client-reported actual export sales of clients within ICT, Oceans, and Seafood & Agrifood; actual payroll in 2016–2017 generated by NSBI clients in ICT, Oceans, and Seafood & Agrifood; amount of capital investment in Nova Scotia by NSBI clients in ICT, Oceans, and Seafood & Agrifood; and the number of NSBI FDI clients establishing a business operation in Nova Scotia from the ICT, Oceans, and Seafood & Agrifood sectors.

NSBI will target for a minimum of 10 of the 15 first-time exporters in 2016–2017 to be from within the high potential clusters of ICT, Oceans, and Seafood & Agrifood, a 5 per cent increase in actual export sales, a 10 per cent increase in payroll, a 5 per cent increase in capital investment, and a 10 per cent increase in the number of NSBI FDI clients establishing a business operation in Nova Scotia within these high potential clusters.

Improve the Business Confidence

Improve the business-climate confidence among NSBI clients.

NSBI's efforts to improve the business confidence among its clients will be measured through the Business Climate Confidence index of NSBI's client survey. NSBI will target a 10 per cent improvement in the Business Climate Confidence index among its clients in 2016–2017.

Financial Summary

	Budget 2015–16 (\$)	Forecast 2015–16 (\$)	Budget 2016–17 (\$)
Revenue			
Provincial Grant	26,239,000	25,883,000	37,733,000
Gain on Sale of Properties	—	313,000	—
NS Business Fund Revenue: Loans and Equity, Real Properties	3,091,000	2,863,000	2,056,000
Miscellaneous Revenue	2,530,000	1,081,000	2,009,000
Total	31,860,000	30,140,000	41,798,000
Expenses			
Operating Expenses	16,571,000	15,862,000	15,890,000
Strategic Investment Fund	11,482,000	10,286,000	12,282,000
Nova Scotia Film & TV Production Incentive Fund*	—	—	10,000,000
Provision for Credit Losses	716,000	716,000	1,643,000
NS Business Fund Expenses: Loans and Equity, Real Properties	3,844,000	4,390,000	1,705,000
Total	32,613,000	31,254,000	41,520,000
Surplus (Deficit)	(753,000)	(1,114,000)	278,000
Depreciation	44,000	54,000	50,000
Surplus (deficit) after depreciation	(797,000)	(1,168,000)	228,000

* The Nova Scotia Film & TV Production Incentive Fund was created effective July 2015. Although applications have been approved, certain criteria must be met prior to the disbursement of funds. No funds have been disbursed to be recorded in the 2015–2016 forecast. The 2016–2017 Budget provides \$10 million for disbursement in the 2016–2017 fiscal year.

Appendix 1

Strategic Investment Funds Pursuant to NSBI Regulations Policies and Guidelines/Procedures, NSBI 2016–2017 Business Plan

STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS POLICIES AND GUIDELINES/PROCEDURES, NSBI 2016-17 BUSINESS PLAN	
	PAYROLL REBATE
Overview	<p>The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted payroll generation through the creation of incremental employment.</p> <p>This financial incentive may be used when it can be shown that an applicant’s project generates an economic benefit to the province, which may include export development, investment in the province, or improved competitiveness of existing businesses, in one or more of the province’s key economic sectors.</p>
Amount	<p>Rebates will be equivalent to between 5% and 10% of the applicant’s gross payroll, depending on the applicant’s strategic location in Nova Scotia or business sector and the economic benefit generated to the province. Additional rebate may be considered where the applicant is hiring individuals with specific skills or experience, new members of the Nova Scotia workforce, is increasing export activity, undertaking a capital project deemed strategic to their Nova Scotia region, or establishing or expanding its presence in rural Nova Scotia.</p> <p>All other Nova Scotia provincial government assistance with respect to the project must be disclosed to NSBI and may influence the rebate amount.</p>

<p>Eligibility</p>	<p>The applicant's business must be considered eligible according to NSBI's operating regulations.</p> <p>Applications for assistance must be project-based. Projects are expected to create sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance.</p> <p>Eligibility requires that all projects should result in creation of at least 20 jobs (FTEs) in Nova Scotia. Projects creating fewer than 20 FTEs will be considered when there is high strategic value or strong economic benefit.</p> <p>Companies that have previously received assistance under the program will not be eligible for additional assistance unless the project is incremental to the peak FTE level attained by the company under the previously provided assistance.</p> <p>Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.</p> <p>The Applicant will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).</p>
<p>Application Requirements</p>	<p>Historical and/or projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company.</p> <p>Acceptable reports providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk.</p> <p>Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.</p>
<p>Criteria</p>	<p>The company and the project must have reasonable prospects (business plan) for continued growth and success. The company should be profitable, with a proven track record. In addition, the project should be mainly export oriented and/or be in a strategic economic sector.</p> <p>The company must also demonstrate:</p> <ul style="list-style-type: none"> • strong management (corporate and local) • compliance with Environment Act, Occupational Health and Safety and Labour Standards Code (if already established in Nova Scotia) • economic benefit to the province (e.g., estimated number of jobs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution) • an acceptable credit history

<p>Performance Conditions</p>	<p>Assistance is contingent on specific targets the company must achieve, which will typically be the creation of (x) jobs by (date) with an average annual salary/wage of \$ (amount). These targets are expected to still be in place at the end of the rebate period.</p> <p>Companies may be required to achieve additional targets with respect to capital project completion including investment or export targets, if applicable.</p> <p>The applicant must provide an annual report, which will typically be an auditor’s report, certifying that the employment, wage and other targets have been achieved. The report must contain the following information:</p> <ul style="list-style-type: none"> • Incremental gross wage or payroll bill (including benefits) and the number of incremental and/or maintained employees and hours worked according to the Company’s records on each anniversary date from the project commencement; • Gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the project commencement; • Incremental employees province of residence; and • Applicable export, investment and project details.
<p>Payment Terms</p>	<p>Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement.</p> <p>In most cases, rebates will be paid annually on each anniversary from the project commencement;</p> <p>Payment term generally average five years.</p>

Appendix 2

Nova Scotia Business Fund:

The Nova Scotia Business Fund is the source of capital for Nova Scotia Business Inc.'s business financing clients. The portfolio currently has approximately \$98 million outstanding to more than 50 companies located throughout the province. For 2016–2017, net new capital needed for Nova Scotia Business Inc. to continue to meet the financing needs of Nova Scotia businesses is estimated to be \$5 million, with repayments of current outstanding investments estimated to be about \$6 million.

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

- Annual sector investment targets:
 - traditional: 16%
 - knowledge based (information and communications technology and life sciences): 20%
 - manufacturing: 45%
 - energy: 9%
 - ocean technology: 5%
 - other: 5%
- \$15 million maximum per company (investments exceeding this amount will be considered in exceptional circumstances).
- Maximum of 20% of the Nova Scotia Business Fund available for working capital investments.
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization).