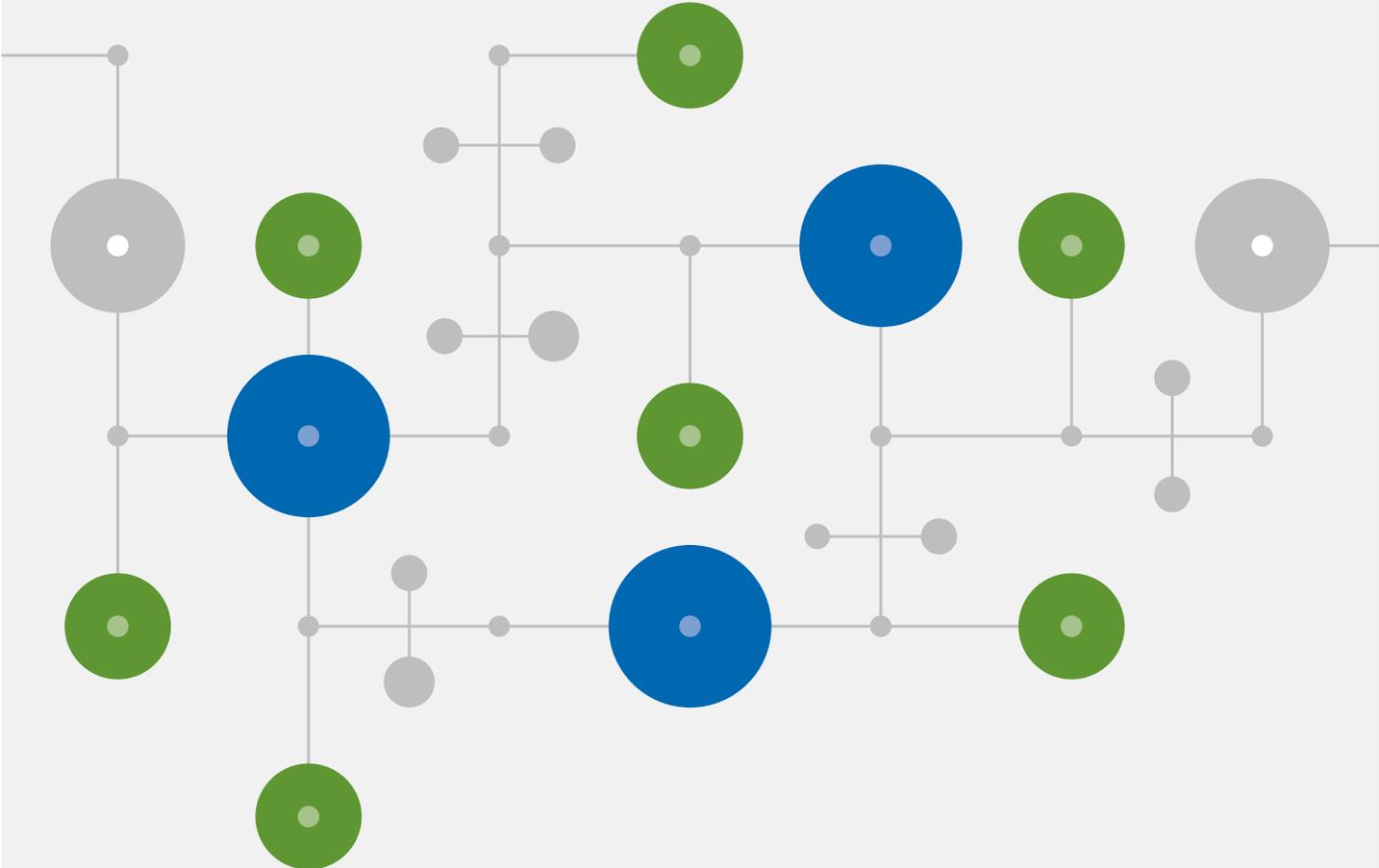


NOVA SCOTIA BUSINESS INC.

Business Plan 2017-2018



NOVA SCOTIA BUSINESS INC.
Business Plan 2017-2018

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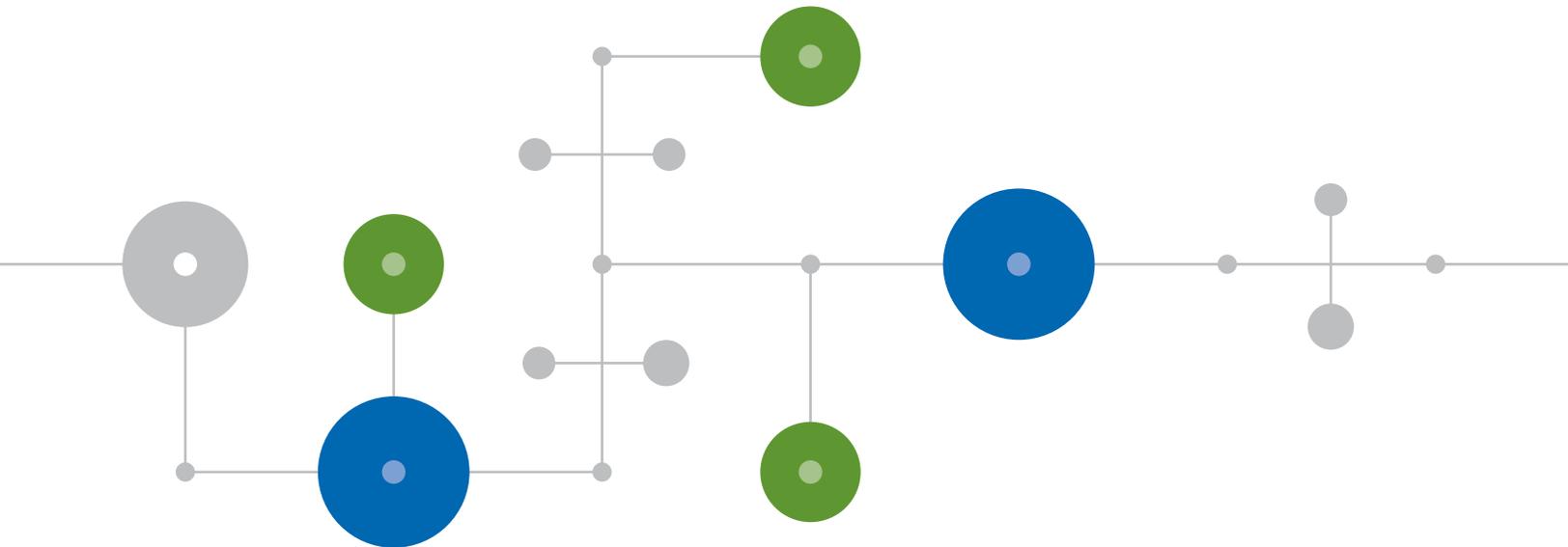
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Message from the Board Chair/CEO

Nova Scotia Business Inc. (NSBI), a Crown Corporation, is the private sector led business development agency for the Province of Nova Scotia. To strengthen and grow the Nova Scotia economy, NSBI supports Nova Scotia businesses by providing access to business advisory services, skills development and training, market intelligence, access to financing, and support accessing global markets, and attracts innovative, globally competitive companies to establish a business location in Nova Scotia.

As an organization working for positive economic outcomes for Nova Scotians, NSBI charted a course two years ago to change and to innovate so companies would have the services and tools to grow in our increasingly global economy. As a key component of this effort, NSBI and our partners put considerable emphasis on building export capacity within businesses across the province during 2016-2017.

During the year, we equipped new exporters to pursue certifications in export markets, we went into markets with our exporting companies to support their achievement of sales and market growth, and we identified innovative, new exporting companies outside Nova Scotia's borders to locate in our province, adding to our competitive mix of exporting companies.

In keeping with the constant change needed throughout Nova Scotia's economy, forward momentum in exporting and new company investments must not slow down. For 2017-2018, new NSBI tools and collaborative projects will help Nova Scotia exporting companies as they push innovation and competitiveness further.

NSBI's investment attraction efforts for the coming year will identify national and international exporting companies that will add innovative capacity to Nova Scotia's key sectors, and create sustainable positive returns for the province. NSBI will build on the province's capabilities, promote successes and demonstrate the competitive advantages to be realized from a Nova Scotia location, and will leverage opportunities like Canada's 150th birthday celebrations to share Nova Scotia's and Canada's value proposition with the world.

The Government of Canada and the four Atlantic Provinces are working together to build a vibrant economic future for Atlantic Canada by focusing efforts and resources to stimulate the region's economy. Through a new pan-Atlantic approach - the Atlantic Trade and Investment Growth Strategy - NSBI is joining forces with federal and provincial partners to design and implement collaborative trade and investment initiatives. Together, our work aims to build business connections at home and in key markets including China, the United States and Europe to help open doors for companies as they navigate new and long-standing trade agreements.

To achieve the export and investment outcomes necessary to grow our economy, the 2017-2018 NSBI business plan is rooted in evidence, continues to stay aggressive, and supports businesses to leverage existing and new opportunities that grow export and create sustainable economic growth for Nova Scotia.



Bert Frizzell
Board Chair



Laurel Broten
President and CEO

MANDATE

Nova Scotia Business Inc. (NSBI), led by a private sector Board of Directors, is a business development agency for the Province. NSBI's mandate is to help Nova Scotia businesses across the province grow exports through access to business advisory services, skill development and training to build export 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.

MISSION

Nova Scotia Business Inc. drives economic momentum in Nova Scotia through attracting and expanding investment and developing businesses in all communities to be more successful exporters.

VISION

A strong, thriving, and globally competitive Nova Scotia today and for generations to come.

Core Functions

EXPORT DEVELOPMENT

The Nova Scotia Commission on Building Our New Economy’s historic report (oneNS Report) recognized the critical role that trade plays in Nova Scotia’s economic prosperity and identified bold export growth targets of increasing the value of Nova Scotia exports and the number of Nova Scotia companies participating in export by 50% by 2024. The new \$20 million Atlantic Trade and Investment Growth Strategy, a pan-Atlantic collaboration between the Government of Canada and the four Atlantic provinces to drive trade and investment growth in Atlantic Canada, bolstered these goals by aiming to double the number of exporting enterprises from Atlantic Canada from 1,700 to 3,400 by 2025.

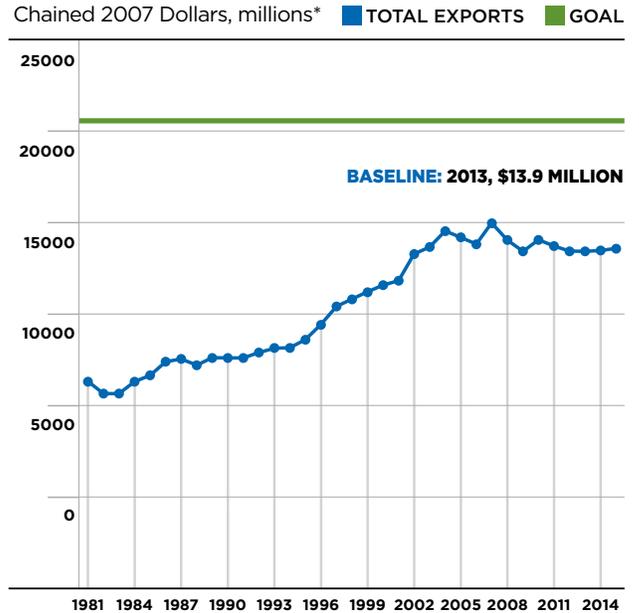
As the oneNS report succinctly highlights:

“Being a small province, and one with slow population growth, means that Nova Scotia has a small domestic market. For most businesses to grow significantly, whether good producers or service providers, they have to access larger external markets through trade activities.”*

If Nova Scotia is to sustain momentum toward the attainment of the goals within the oneNS Report and the Atlantic Trade and Investment Growth Strategy, businesses must, and accordingly NSBI will, drive export as a first priority. NSBI will continue supporting export curious, new exporters, and experienced exporters to improve productivity, drive innovation, and enter and expand into targeted export markets to gain greater competitive advantage and market share.

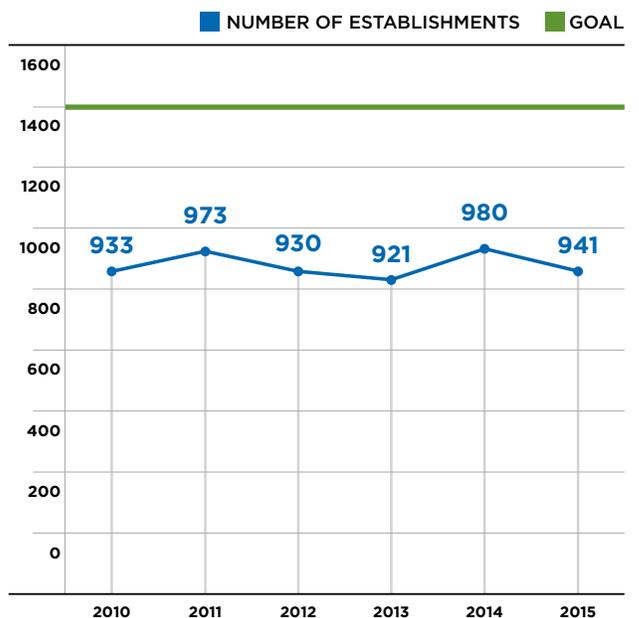
*Ray Ivany, Irene d’Entremont, Dan Christmas, Susanna Fuller, John Bragg, JoAnn Fewer, Mark Austin, and Carolyn Terry. **Now or Never: An Urgent Call to Action for Nova Scotia.** Nova Scotia Commission on Building Our New Economy (2014), p.29.

NOVA SCOTIA INTERPROVINCIAL AND INTERNATIONAL EXPORTS



*Chained 2007 Dollars are used to be consistent with the measurement approach adopted to track Nova Scotia’s progress towards the oneNS Report’s value of exports goal (Goal 5). Source: Statistics Canada, CANSIM table 384-0038

NUMBER OF NOVA SCOTIAN ESTABLISHMENTS PARTICIPATING IN INTERNATIONAL MERCHANDISE EXPORTS



Source: Statistics Canada, CANSIM table 228-0077

INVESTMENT ATTRACTION

Attracting foreign direct investment (FDI), which encompasses new investments into Nova Scotia from companies elsewhere in Canada and abroad, plays an important role in economic growth:

- **It is estimated that every \$1 of new FDI leads to \$1 in additional domestic investment.***
- **FDI stimulates innovation and can be a catalyst for research and development.**
- **International companies hire more new graduates and immigrants, invest more in training and development of their staff compared to domestic employers, and pay higher than average wages.**
- **FDI companies provide expanded supply-chain opportunities.**
- **FDI injects new skills and knowledge into our economy, which seeds the next wave of entrepreneurs and develops Nova Scotia's workforce.**

NSBI will attract foreign direct investment and innovative, exporting companies with a competitive advantage to be gained from a Nova Scotia location. Nova Scotia has unique assets across the province that are valuable to global companies – our highly skilled and educated workforce, our ports and gateway, time zone advantages, reliable infrastructure, a competitive business operating cost model, and proximity to global markets. NSBI will capitalize on these advantages and work with partners across the province to identify and attract companies that will benefit from a Nova Scotia location and will contribute to the development and growth of our economy.

REGIONAL BUSINESS DEVELOPMENT AND ADVISORY SERVICES

NSBI will continue to deliver 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. We will introduce new online tools and services to enable Nova Scotia businesses from across the province to connect to resources in a timely manner to support their growth, and we will deliver and implement initiatives to drive productivity and innovation.

MARKETING & PARTNERSHIP DEVELOPMENT

The oneNS Coalition's *We Choose Now* playbook emphasized the cultural change needed across the province to support a robust export agenda. NSBI recognizes and embraces the role we play in promoting an export-first business culture as the path to sustainably growing Nova Scotia's economy. We will be a positive business voice, sharing export success stories and demystifying the selling of products and services beyond our borders. NSBI is committed to working with businesses and partners across the province to build our export culture, and to grow and promote Nova Scotia's profile in key global markets. NSBI will collaborate with our federal and provincial counterparts across the country to put Canada on the global stage while we celebrate our country's sesquicentennial birthday.

*OCO Global, 2012.

PORTFOLIO MANAGEMENT

NSBI is responsible for the oversight, management and administration of the province's legacy Jobs Fund investment portfolio and the NS Business Fund, and will continue proactive, focused efforts to working with these clients on a day-to-day basis. As part of NSBI's portfolio management responsibilities, the agency also owns and oversees more than 3,500 acres of real estate in Nova Scotia. NSBI's real estate assets include multi-purpose marine facilities, green field industrial development sites on the deep waters of the Strait of Canso, and readily available industrial zoned building lots. NSBI works closely with relevant regulatory approval bodies, local government partners and private companies to stimulate private investment in sustainable development opportunities, resulting in economic growth for the province.

**FILM AND TELEVISION
PRODUCTION SUPPORT**

NSBI will build on our relationship with the film and television industry and with partners as we administer the Nova Scotia Film & Television Production Incentive Fund and the Eastlink TV Independent Production Fund Program. We will collaborate with ScreenNS to promote Nova Scotia's film and television success stories and strive for a deepened, client-centred focus in our sector development efforts.

Initiatives in Support of Core Functions

EXPORT DEVELOPMENT

NSBI will capitalize on valuable insight received from our clients to lift our export development efforts to a new level in 2017-2018. We will ensure a suite of offerings that respond to the needs of our clients across the province, providing timely, impactful export development resources when and where our clients need them. Our Trade Market Intelligence service will arm businesses with market intelligence, and the Small Business Development Program will enable our clients to engage the expertise they need to build export capacity and grow. The Export Capacity Building team will deliver one-on-one export development services and training tailored to the unique needs of our clients, and an Export Accelerator model will be utilized to help small and medium exporters in the province enhance their export culture, planning, preparedness, and competitiveness, with an aim to growing exports.

We will organize targeted inbound and outbound trade missions to connect Nova Scotia businesses in high potential clusters (ICT, Oceans, and Seafood & Agrifood) with global opportunities and partners in key international markets. NSBI will deliver the Export Growth Program to support businesses to travel to market in pursuit of innovation partnerships and the expansion of global relationships. To help ready our clients for in-market travel, we will utilize our extensive network to connect them to key partners around the globe through our Global Advisors Program.

The new \$20 million Atlantic Trade and Investment Growth Strategy provides Nova Scotia with a unique advantage to join forces on a pan-Atlantic approach to drive economic growth in the region. NSBI will maximize benefit from this strategy by working side by side with our federal and provincial partners to develop collaborative initiatives to ensure Nova Scotia's companies are prepared and have the training and skills to be globally successful and expand their exports into international markets. We will open doors for our companies through working with the Nova Scotia Department of Intergovernmental Affairs, provincial departments, agencies, and partners to develop and implement action-based, outcomes-focused engagement and business development plans for China, the European Union, and the United States. NSBI has heard from our companies that they need a foothold in the Boston market to support their efforts, and we will respond with an in-market presence to represent and grow Nova Scotia's exports into this market.

INVESTMENT ATTRACTION

2016-2017 saw NSBI continue to refine its investment attraction strategy with a targeted, regional focus – one which will continue to drive our efforts in the coming year. We will re-evaluate and strengthen our prospecting approach, utilizing intelligence tools and mining identified connections to Nova Scotia to narrow our targets. Our investment attraction efforts will identify innovative, national and international exporting companies with an interest and benefits to be gained from a Nova Scotia location, and they will be ROI positive, driving innovation and realizing real growth and return for the province.

NSBI will collaborate with our partners from across the province in our investment attraction efforts, implementing our “Team Nova Scotia” approach to build on our capabilities, promote our successes and demonstrate the competitive advantages to be realized from a Nova Scotia location. We will utilize our tools and incentives, including the Payroll Rebate Program, to attract and grow the high potential clusters of ICT, Oceans, and Seafood & Agrifood across the province.

NSBI will support the province’s innovation agenda and play a key role with the Nova Scotia Community College, the Waterfront Development Corporation, the Department of Business, the Institute for Ocean Research Enterprise (IORE), Innovacorp, and other partners in building the world-class Centre for Ocean Ventures & Entrepreneurship (COVE). Supported by the Federal Government of Canada, COVE will be a state-of-the-art collaborative facility for applied innovation in the ocean sector, located in the former Coast Guard facility on Halifax Harbour. COVE is a place where innovations will be developed and brought to market, and NSBI will play a lead role in attracting global ocean companies to COVE, and developing marine enterprises to grow, prosper and export from the Centre.

NSBI will work with the federal and provincial governments in Atlantic Canada to facilitate investment readiness, undertake research, and raise awareness of the competitive positioning of Nova Scotia and the Atlantic Region under the new \$20 million Atlantic Trade and Investment Growth Strategy. NSBI will showcase our province to potential international investors by building, maintaining, and promoting an online inventory of business investment opportunities available across the province (self-identified businesses seeking investors, businesses for sale, as well as commercial land and property), continuing our efforts to sell Nova Scotia to the world, and to sell the world on doing business in Nova Scotia.

MARKETING & PARTNERSHIP DEVELOPMENT

Canada's 150th birthday sets the stage for celebrating and promoting our country and our province's unique value proposition. NSBI will join our federal and provincial governments and partners in showcasing our country and region on the global stage, leveraging Canada's strong brand and crystallizing our unique offerings to target key global markets. We will ensure that more people know and recognize the unique advantages of doing business from Nova Scotia, and continue to expand our reach by broadening and deepening relationships with key players in China, the European Union, and the United States.

NSBI's marketing and communication efforts will recognize the role we play in building the province's export culture. We will reach across the province to promote Nova Scotia's business success stories and develop and support initiatives to increase awareness among companies of the importance and potential of exporting as a means to grow. We will develop and implement messaging and content that demystifies the risks and challenges of selling to global markets, building the foundation for an export-first business culture.

REGIONAL BUSINESS DEVELOPMENT AND ADVISORY SERVICES

2016-2017 saw NSBI further entrench the Regional Business Development team as the lead contact for the organization's business development efforts across the province. The Regional Business Development team worked with over 1000 unique businesses across the province last year, making referrals and connecting companies with the expertise, programs, and resources that support their growth. NSBI will continue proactively reaching across the province to identify and connect with businesses that can benefit from our suite of services and the offerings of our partners, and will foster connections to drive export growth. We will also design and implement an online funding navigation tool to provide businesses with a one-stop, timely resource so that they can identify relevant federal and provincial government programs and services from anywhere at any time.

Innovation is a key driver of business productivity and increasing provincial GDP. NSBI's Productivity and Innovation Voucher Program will help small and medium-sized businesses become more productive and innovative while building stronger linkages between businesses and Nova Scotia universities and colleges.

NSBI supported a successful pilot project to improve productivity in Nova Scotia's seafood industry in 2016-2017. NSBI will build on the success of this pilot and continue to refine and implement productivity initiatives with Nova Scotia companies to foster innovation and build global competitiveness within the high potential clusters of ICT, Oceans, Seafood & Agrifood. We will connect businesses in these sectors with the expertise and resources they need to be more productive and sell more products and services in ever-evolving global marketplaces.

PORTFOLIO MANAGEMENT

NSBI is the agency responsible for the oversight, management and administration of the province's legacy Jobs Fund investment portfolio, and the NS Business Fund. We will continue to ensure service excellence throughout daily interaction with Jobs Fund and NS Business Fund clients, while effectively navigating complex financial circumstances on behalf of the Province of Nova Scotia. NSBI will take the same diligent approach to managing our real estate assets to maximum efficiency and effectiveness. NSBI is also pleased to be involved with the Nova Scotia Credit Union Small Business Loan Guarantee Program to assist businesses from across the province access funding.

**FILM AND TELEVISION
PRODUCTION SUPPORT**

NSBI embraces our role in promoting and celebrating the province's film and television industry. We will build on our relationship with this industry and partners to highlight film and television success stories, collaborating with ScreenNS to share materials in support of further developing the sector. We will continue to strive for a client-centred approach in our administration efforts for the Nova Scotia Film & TV Production Incentive Fund and the Eastlink TV Independent Production Fund Program, providing timely feedback and ensuring that applicants have the information they need to apply for and benefit from these programs.

Performance Measures

MEASURES	2015 – 2016 RESULTS	2017 – 2018 TARGETS
1. Annual increase in NSBI client reported actual export sales	13.3% increase in actual export sales of NSBI's clients	10% increase in the actual export sales of NSBI's clients overall, and by clients within the high potential clusters of ICT, Oceans, and Seafood & Agrifood
2. Number of NSBI clients becoming new exporters	7 NSBI clients became new exporters	A minimum of 15 NSBI clients become new exporters, with a minimum of 10 clients within the high potential clusters of ICT, Oceans, and Seafood & Agrifood becoming new exporters
3. Actual payroll generated by NSBI clients	17.8% increase in the actual payroll generated by NSBI clients	15% increase in the actual payroll generated by NSBI clients overall, and by clients within the high potential clusters of ICT, Oceans, and Seafood & Agrifood
4. Return on investment (ROI) of Payroll Rebate transactions*	Not included in results for 2015 – 2016	Achieve an average ROI to the province of 30% on Payroll Rebate transactions
5. Business Climate Confidence	3.1% decrease in the Business Climate Confidence Index among NSBI's clients	Upward trend in the Business Climate Confidence Index among NSBI's clients
6. Linkages between business and Nova Scotia's universities and colleges	Productivity and Innovation Voucher Program not delivered by NSBI in 2015 – 2016	NSBI will issue 50 Productivity and Innovation Vouchers with a total value of \$1 million, resulting in 30 new linkages between business and Nova Scotia's universities and colleges

*Effort is in progress to design a new goal pertaining to NSBI's economic impact and contribution to Nova Scotia's GDP.

Financial Summary

	BUDGET 2016 – 2017 (\$ 000)	FORECAST 2016 – 2017 (\$ 000)	ESTIMATE 2017 – 2018 (\$ 000)
REVENUE			
Provincial Grants	37,733	40,631	55,259
Gain on Sale of Properties	0	1,147	0
NS Business Fund Revenue: Loans & Equity, and Real Properties	2,056	2,125	2,026
Miscellaneous Revenue	2,009	1,015	529
Total	41,798	44,919	57,813
EXPENSES			
Operating	15,890	14,987	16,832
Strategic investments	12,282	14,390	15,107
NS Film & TV Production Incentive Fund	10,000	10,700	22,849
Provision for credit losses	1,643	0	1,000
NS Business Fund Expenses: Loans & Equity, and Real Properties	1,754	2,312	1,358
Total	41,569	42,389	57,146
Surplus (Deficit)	229	2,530 *	667

*This surplus is primarily attributable to a \$1.6 million savings in Provision for Credit Losses (due to a \$2.0 million credit to the loan valuation account), and savings of \$0.6 million in Real Properties from deferred repairs and reduced decommissioning costs.

Appendix 1

STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS POLICIES AND GUIDELINES/PROCEDURES, NSBI 2017-2018 BUSINESS PLAN

PAYROLL REBATE

Overview

The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted payroll generation through the creation of incremental employment.

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.

Amount

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.

All other Nova Scotia provincial government assistance with respect to the project must be disclosed to NSBI and may influence the rebate amount.

Eligibility

The applicant's business must be considered eligible according to NSBI's operating regulations.

Applications for assistance must be project-based. Projects are expected to create sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance.

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.

Companies that have previously received assistance under the program will not be eligible for additional assistance unless the project is incremental to the peak FTE level attained by the company under the previously provided assistance.

Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.

The Applicant will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).

**STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS
POLICIES AND GUIDELINES/PROCEDURES, NSBI 2017-2018 BUSINESS PLAN****PAYROLL REBATE****Application Requirements**

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.

Acceptable reports providing information with respect to the company's ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company's operating risk.

Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness.

Criteria

The company and the project must have reasonable prospects (business plan) for continued growth and success. The company should be profitable, with a proven track record. In addition, the project should be mainly export oriented and/or be in a strategic economic sector.

The company must also demonstrate:

- strong management (corporate and local)
- compliance with Environment Act, Occupational Health and Safety 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

STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS POLICIES AND GUIDELINES/PROCEDURES, NSBI 2017-2018 BUSINESS PLAN

PAYROLL REBATE

Performance Conditions

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.

Companies may be required to achieve additional targets with respect to capital project completion including investment or export targets, if applicable.

The applicant must provide an annual report, which will typically be an auditor's report, certifying that the employment, wage and other targets have been achieved. The report must contain the following information:

- Incremental gross wage or payroll amount (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 amount (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.

Payment Terms

Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement.

In most cases, rebates will be paid annually on each anniversary from the project commencement.

Payment terms generally average five years.

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.

Regulations for the Nova Scotia Business Fund require determination of specific parameters for investment decisions and the profile of the portfolio on an annual basis.

The portfolio currently has approximately \$69 million outstanding to more than 37 companies located throughout the province. Net new capital needed for Nova Scotia Business Inc. to continue to meet the financing needs of Nova Scotia businesses is estimated to be \$200,000, with repayments of current outstanding investments estimated to be about \$5 million.

- **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).**