

Business Plan

2023-24

Invest 
NOVA SCOTIA

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Message

from the Minister of Economic Development

Building a stronger, more sustainable economy—together.

It's an exciting time to be Minister of Economic Development for Nova Scotia. After years of population stagnation, we are growing and so too our fortunes. To maximize the opportunities before us, we've created a new Crown corporation, Invest Nova Scotia.

As of December 1, 2022, the new Invest Nova Scotia has combined the expertise of the former Nova Scotia Business Inc. and Innovacorp. Together this team of exceptional, committed people will work with businesses from every corner of our province, from every sector of the economy and every stage of development to champion transformational opportunities and fuel economic growth.

In its first year, Invest Nova Scotia will work closely with the Department of Economic Development and our service delivery partners to foster the start-up ecosystem, make venture capital investments, drive entrepreneurship, strengthen our companies and grow their sales outside Nova Scotia, attract investment to the province, and drive community economic development.

As this business plan shows, Invest Nova Scotia will implement the economic policy objectives and the priorities of the Province of Nova Scotia, aligned to four key focus areas. Together, with the Department, Invest Nova Scotia will:

- Support innovators and entrepreneurs to invest in new ideas that grow the economy of the future.
- Work with companies in our strategic sectors to be more productive and profitable.
- Make sure more Nova Scotians benefit from better pay, greater opportunities, and participate in our province's economic growth.
- Continue to work at the community-level, so that every region of our province thrives.

We want all communities and Nova Scotians to prosper from our economic success, and the team at Invest Nova Scotia is dedicated to delivering on that commitment.

Susan Corkum-Greek

Minister of Economic Development and Minister responsible for Invest Nova Scotia

Key Areas of Focus

for 2023-24

Investing in New Ideas to Grow the Economy

Invest Nova Scotia works with companies at all stages of growth. Start-ups are a key focus for us. Our team provides expert advice to new business ventures that are focused on developing a unique and innovative product or service and bringing it to market. We also support deep tech start-ups that are focused on developing new technologies or applying existing technologies in innovative ways to solve complex problems. These high-growth companies are developing technologies that will enable Nova Scotia to be a leader in addressing some of the world's biggest challenges—from climate change, to ocean and food sustainability, to human health. They also create high-quality jobs and drive economic growth.

Invest Nova Scotia works with start-ups at all stages of their growth, providing programming and services to ensure they are supported as they grow in our province. Our acceleration initiatives provide Nova Scotia companies with the financial and non-financial support they need to reach the point where they can raise venture capital from the private sector.

Early-stage companies in Nova Scotia's technology sectors can benefit from being on-site with us at Invest Nova Scotia's lab, office, and light-industrial space and infrastructure that are hard for start-ups to access in the commercial real estate market. Resident companies also benefit from flexible leasing, on-site support, programming, and a community of like-minded innovators.

The Nova Scotia First Fund, a venture capital fund, focuses on making sure that early stage, high-growth start-ups can access the capital they need to grow and leverage additional investment from private investors. The fund fills a market gap, providing financing for emerging venture-grade technology companies.

Additionally, as companies mature, they have access to in-house business and export development expertise, as well as a suite of services that enable them to increase sales and expand business—in other words, increase the scale of their business.

2023-24 Priorities

- Invest Nova Scotia will support high-potential new technology companies and encourage entrepreneurial activity across Nova Scotia. We will run start-up competitions and initiatives to help move post-secondary research to market, deliver acceleration programs and services to start-ups to prepare them for investment, and support portfolio companies by working with them to address their operational, technical, and strategic needs.
- Invest Nova Scotia will provide incubation infrastructure and services through three sites. The Labs at Invest Nova Scotia focuses on companies in the life sciences industry; The Bays at Invest Nova Scotia targets companies in clean technology and other knowledge-based sectors, and Start-Up Yard at the Centre for Ocean Ventures and Entrepreneurship (COVE) is home to ocean technology ventures.

Key Areas of Focus

for 2023-24

Investing in New Ideas to Grow the Economy (cont.)

2023-24 Priorities (cont.)

- Invest Nova Scotia will make venture capital investments in high-potential Nova Scotia start-ups, both directly and through limited partnerships in external funds (e.g., Build Ventures, Concrete Ventures, Sandpiper Ventures). We will leverage investments through co-investors, with an emphasis on venture capital partners from outside Nova Scotia, provide tailored support to portfolio companies, and generate a return for Nova Scotia.

Competitive and Productive Sectors Across Nova Scotia

At Invest Nova Scotia, we know that our start-ups and other companies need to be productive and competitive so they can sell their products and services to more and larger markets outside our borders. It is through export, defined as selling products and services outside Nova Scotia, that we will achieve sustainable economic growth for our province. Invest Nova Scotia will work with businesses at all stages and in all regions to build the knowledge and skills they need to become more productive and competitive and grow through export.

2023-24 Priorities

- Invest Nova Scotia will provide advice and connect companies with resources to be successful from start-up through all stages of the business life cycle. Our Regional Business Development Team will continue to be a critical starting point for our work with companies across Nova Scotia. This team will serve as a “one window”, first point of contact for businesses across the province looking for tools, programs and services to help them grow.
- Invest Nova Scotia’s Export Development Team will work with companies through all the stages involved with selling products and services outside the province. This team will design and deliver workshops, training and education to make sure Nova Scotia businesses have the knowledge and skills they need to begin or continue selling their products and services in international markets. Recognizing how important and scarce time is for small businesses, educational resources will be easily accessible and available how and when our companies need them.
- Invest Nova Scotia will work with companies to travel to key markets, make connections, and grow their sales. We will support businesses in all regions of our province to access advice, adopt technology, travel to market, make virtual connections, and drive sales through the Export Development Program and Scale-up Hub initiatives, with a focus on key sectors (ocean technology, information and communication technology (ICT), seafood & agri-food).

Key Areas of Focus

for 2023-24

Competitive and Productive Sectors Across Nova Scotia (cont.)

2023-24 Priorities (cont.)

- Our companies need timely and accurate market research to make decisions on where to focus their sales strategy. Our Trade Market Intelligence Service and partnership with MaRS will provide start-ups and small and medium sized businesses across the province with the industry reports, research and analysis they need to make evidence-based decisions on the best markets for their products and services. The Scotians program will connect Nova Scotia companies with leading business executives in strategic markets who can provide advice on business conditions in their locations.
- We will help sell our businesses to the world through incoming and outgoing in-person and virtual trade missions. Our Digital Marketing Asset Development Program will support companies in key sectors to create and promote videos they need to showcase their business and grow sales.
- We will continue to have a focus on working with businesses that are 51%+ owned, managed, and controlled by Aboriginal and/or Indigenous Peoples, Persons with Disabilities, LGBT+, Veterans, Visible Minorities, or Women to connect them with procurement opportunities and position them for growth. As these companies grow in all regions, our diverse business community and workforce will grow with them.
- Invest Nova Scotia will connect industry with organizations across the province focused on the attachment of under-represented groups to the workforce to ensure the right partnerships are in place to maximize both company recruitment efforts and employment outcomes for more Nova Scotians.
- Partnerships are key to Invest Nova Scotia. We will continue to leverage and build our partnerships at home and abroad with organizations, including but not limited to; COVE; the Verschuren Centre, the Regional Enterprise Networks (RENS); the Halifax Partnership; the Cape Breton Partnership; the Chambers of Commerce; Invest in Canada; the Trade Commissioner Service; Global Affairs Canada; the Atlantic Canada Opportunities Agency; and the National Association of Software and Service Companies (NASSCOM).
- Invest Nova Scotia will continue to collaborate with provincial counterparts and federal partners through the Atlantic Trade and Investment Growth Strategy and Agreement, and we will work with provincial government departments to expand international partnerships and capitalize on trade agreements to drive growth in key sectors (ocean technology, ICT, natural resources, renewable energy).

Key Areas of Focus

for 2023-24

Driving Innovation and Creating More and Better Jobs in all Communities

Innovation and sustainability are at the root of everything we do and ensuring that green business practices are top of mind for Nova Scotia companies is more and more critical to their success. Invest Nova Scotia will support companies to make the investments they need to drive productivity and competitiveness and to ensure they are at the leading-edge of sustainability.

Foreign direct investment (FDI)—defined as new investments into Nova Scotia from companies elsewhere in Canada and abroad—plays an important role in our province’s sector growth and innovation agenda. Attracting firms (new, mature, multinational) aligned with our province’s strengths and strategic growth sectors will positively impact our economy. These new companies bolster export sales, create high-value jobs, add their leadership as we strive to be more sustainable, and connect domestic companies to global markets. Invest Nova Scotia will continue to drive innovation, sustainability and sector growth through targeted programming and investment attraction efforts across the province, ensuring that all Nova Scotians benefit.

2023-24 Priorities

- Invest Nova Scotia’s investment attraction work will attract innovative, sustainable exporters in key sectors (ICT, digital media, ocean technology, financial services, advanced manufacturing, clean technology, life sciences) that create high-value jobs across the province. We will work with these, and companies in all regions, to grow and support Nova Scotia’s population growth goals through the creation of high-paying jobs that keep Nova Scotians here at home and attract a skilled workforce to join us.
- We will work with colleagues across government to market and promote Nova Scotia as a top jurisdiction to live and work and support companies to implement remote working arrangements so they can benefit from hiring skilled workers in all regions of the province. Through initiatives such as these, we can make sure all regions and Nova Scotians benefit.
- Invest Nova Scotia will enable and drive economic development initiatives across the province to facilitate collaboration in key sectors and lead to large-scale private sector investment and growth.
- We will look for new ways to tailor and target our programs and services to ensure regions across the province benefit from economic success.
- The Innovation Rebate Program will enable Nova Scotia businesses to increase innovation capacity and drive green business processes through private-sector capital investments and the adoption of new technologies. We will support companies through these investments that will improve productivity and increase their competitiveness in global markets.

Key Areas of Focus

for 2023-24

Driving Innovation and Creating More and Better Jobs in all Communities (cont.)

2023-24 Priorities (cont.)

- Research and development connections between industry and post-secondary education institutions through the Productivity and Innovation Voucher Program (PIVP) will be created so that businesses can access the expertise they need to develop a new product or service, improve processes, and be more productive.

Performance Measures

Measures

2023-24 Targets

Venture Capital

Amount raised by portfolio companies

\$70 million

TVPI ratio (total value to paid-in capital)

3.0

Number of portfolio companies that raise Series A investment

2

Incubation Facilities

Occupancy rate at facilities (The Labs and The Bays at Invest Nova Scotia)

85%

Occupancy rate of companies that are venture-grade at The Labs and The Bays

50%

Acceleration Programs and Services

Number of new early stage opportunities in Invest Nova Scotia start-up client pipeline

250

Number of client companies that raise angel investment

10

Performance Measures

Measures

2023-24 Targets

Export and Investment

Value of Nova Scotia's exports

Clients will achieve a minimum of a 15% increase in export sales overall and within the high potential clusters of ICT, ocean technology, and seafood & agri-food

Nova Scotia's next exporters

A minimum of 30 clients overall will become new exporters, with a minimum of 10 within the high potential clusters of ICT, ocean technology, and seafood & agri-food

Market diversification

A minimum of 20% of clients diversify exports through sales to an additional market

Attracting innovative, sustainable and green businesses to establish or relocate to the province

A minimum of 5 innovative exporters establish or relocate in Nova Scotia

Grow payroll across the province

Clients increase their payroll by a minimum of 10%

Budget Context

2023-24

	Estimate 2022-23	Forecast 2022-23	Estimate 2023-24
Revenues			
Provincial Grants	0	38,912,400	56,262,000
Incubation (incl. IEC revenue)	0	435,300	1,339,400
Acceleration	0	61,500	112,400
NSBF: Loans & Property	0	371,800	1,096,300
Miscellaneous Revenue	0	753,800	1,031,300
Total	0	40,534,800	59,841,400
Expenses			
Incubation	0	1,212,800	2,857,500
Investment	0	541,500	1,256,600
Acceleration	0	2,477,800	3,502,000
Operating	0	9,007,400	17,819,000
Payroll Rebates	0	9,342,200	17,810,000
Innovation Rebate Program (IRP)	0	11,690,200	12,000,000
Export Development Program (EDP)	0	2,070,100	2,500,000
Productivity & Innovation Voucher Program (PIVP)	0	991,100	1,000,000
RHB liability transfer from FTB	0	1,764,000	0
NSBF: Loans & Properties	0	460,800	903,800
Total	0	39,557,900	59,648,900
Surplus before non-operating items	0	976,900	192,500
Other (income) expense			
Impairment of portfolio investments & loans receivable	0	500,000	600,000
Realized gains on investments	0	(7,600)	(1,800)
Depreciation	0	225,500	524,800
Amortization of deferred capital funding	0	(49,500)	(146,200)
Total	0	668,400	976,800
Surplus (Deficit) after non-operating items	0	308,500	(784,300)

Appendix A

Strategic Investment Funds (SIF)

Pursuant to Business Development Incentives Regulations, the business plan must include the policies and guidelines governing the payroll rebate program and any other business development incentive funded through the strategic investment funds. The Payroll Rebate Program is the only business development incentive funded by strategic investment funds (SIF) in fiscal 2023-24.

Payroll Rebate Program (the “Program”)

Overview

A payroll rebate is a discretionary, non-entitlement business development incentive (the “incentive”) intended to promote targeted payroll generation through the creation of incremental employment. Includes, where appropriate, the opportunity to target further incentives to key groups such as new residents, new graduates, underrepresented populations, and other groups deemed appropriate.

This incentive may be used when it can be shown that a company’s project generates an economic benefit to the province, which will 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 gross payroll, depending on the company’s strategic location in Nova Scotia or business sector and the economic benefit generated to the province. Additional rebate may be considered where the company is hiring individuals with specific skills or experience, new members of the Nova Scotia workforce, underrepresented groups, 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 and any federal emergency assistance that incents or subsidizes payroll or wages must be disclosed to Invest Nova Scotia and may influence the rebate amount.

Eligibility

The company’s business must be considered eligible according to Invest Nova Scotia’s operating regulations.

The incentive 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 jobs for at least 20 full time equivalents (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 an incentive under the Program will not be eligible for additional incentive unless the project is incremental to the peak FTE level attained by the company under the previously provided incentive.

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

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

Appendix A

Strategic Investment Funds (SIF)

Payroll Rebate Program (the “Program”) (cont.)

Application Requirements

Historical and/or projected financial statements of the company and any additional financial information that may be required by Invest Nova Scotia 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 Invest Nova Scotia 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 for continued growth and success, and with a proven track record. In addition, the project must be export-oriented and should be in a sector providing strategic economic benefit to the Province.

The company must demonstrate:

- Strong management (corporate and local)
- Economic benefit to the province (e.g., estimated number of FTEs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution)
- Going concern financial growth prospects
- A commitment to diverse and inclusive hiring practices for the Nova Scotia operation

Performance Conditions

The incentive is contingent on specific targets the company must achieve, which will typically be the creation of (x) FTEs by a specific date and with an average annual salary/wage of a specific 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 such as, but not limited to, investment or export targets, if applicable.

The company must provide an Independent Practitioner’s Reasonable Assurance Report on Compliance, 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 FTEs of the company on each anniversary date from the project commencement;
- Incremental employees’ province of residence;
- Applicable export, investment and capital project details (if applicable);
- Confirmation of existing Nova Scotia FTEs and payroll prior to the project commencement; and
- Substantiation of any other required targets.

Appendix A

Strategic Investment Funds (SIF)

Payroll Rebate Program (the “Program”) (cont.)

Payment Terms

Rebates will be paid following provision by the company of all information required by Invest Nova Scotia 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 B

Nova Scotia Fund

Pursuant to Business Development Incentives Regulations, the business plan must include the following information in respect of the Nova Scotia Fund.

The Nova Scotia Fund portfolio currently has approximately \$28.1 million outstanding to 12 companies located throughout the province. The annual portfolio lending cap is set at \$100,000 for fiscal 2023-24 solely for the purposes of realization costs.

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

The following outline the parameters utilized for past investment decisions under the Nova Scotia Fund. However, it has not issued any new business development incentives since fiscal 2014-2015.

- Annual sector lending limits are determined based on portfolio targets versus specific dollar amounts:
 - traditional: 16%
 - knowledge-based (information and communications technology and life sciences): 20%
 - manufacturing: 45%
 - energy: 9%
 - ocean technology: 5%
 - other: 4%
- Maximum loan and guarantee limit is \$15 million per company (investments exceeding this amount will be considered in exceptional circumstances).
- Maximum of 20% of the Nova Scotia Fund available for working capital investments.
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization).