
Business Plan 2019–2020

Working for Nova Scotians.

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Message from the Board Chair & President and CEO

Working for Nova Scotians.

As the business development agency for the Province of Nova Scotia, we work with companies who do great things.

As Nova Scotians, we are committed to our people, our communities, and our province. We work on behalf of Nova Scotians to build prosperity today and for future generations of Nova Scotians.

Strengthening businesses for export

Our programs and services tackle the most common issues that Nova Scotia businesses face along their export journey. Progressively since 2015, our team has embraced a no wrong door model as we search out, nurture, and support growth-oriented enterprises.

We work with them to build their capacity, diversify their exports, and expand so they can be ready when opportunity knocks. In 2019–2020 Nova Scotia Business Inc. employees will continue to be the feet on the street working with companies to connect them with the programs, partners, and resources they need to export and progress through their growth journey.

Navigating opportunities for inclusive growth

We recognize that not all Nova Scotians have the same opportunities – nor do the various regions and communities throughout our province.

Two years ago, we developed the Export Development Businesses of Diversity Engagement Plan. Our approach is a long-term commitment to bring about new business and export growth. We have dedicated ourselves to understanding and respecting cultural differences and nuances in working with diverse

businesses. The same is true of our commitment to working with Nova Scotia's various regions and communities across our province. Rooted in the identified assets found in each region, we are building capacity for unique opportunities. We believe targeting and fostering the growth of companies that create long-term, high-value employment is the starting point of our work throughout our regions and communities as we build capacity together with our partners.

In 2019–2020 we will continue helping businesses navigate obstacles to growth, and our work will focus on specific challenges and barriers preventing companies from reaching their full potential. Through our investment attraction work, we will raise awareness, target, and match the advantages between regions of our province with potential employers able to grow in Nova Scotia. We will also encourage employers to hire from under-represented populations as we work with companies to attach new graduates and new Nova Scotians to the workforce in order to ensure that all Nova Scotians benefit from our efforts.

Implementing new initiatives

Our ability to be agile and responsive remains a priority. In collaboration with our federal and provincial partners, we will continue to look for new and better ways to meet the needs of Nova Scotia businesses looking to sell beyond our shores.

Our new initiatives for 2019–2020 are in response to our conversations and experiences in working with

“The Commission sees a profound need for Nova Scotians to come together around a shared vision for real change in the province, one in which the different regions, communities and economic sectors can all see a better future...”

The Report of the Nova Scotia Commission on Building Our New Economy.

over 700 businesses across the province last year. We heard the challenges and have new programs to add to our existing suite of services designed to support companies as they look to scale and overcome obstacles standing in the way of export growth.

Scale-Up Hub Cambridge will build on its success from the past year. In 2019–2020 we will investigate and develop a strategy to expand the Scale-Up model to a second market to help reduce the risk for companies as they seek to drive export sales.

Capitalizing on global opportunities

Canada has new trade agreements coming onstream in 2019. We will work with businesses to put these agreements into action, expanding their reach and opportunity to sell their products and services.

The landscape for foreign direct investment is competitive. Through our Team Nova Scotia approach, we will continue to leverage the collective strength we and our partners have to showcase Nova Scotia, our sophisticated sectors, and the growth opportunities here. We will continue our work with provincial and federal partners through the Atlantic Trade and Investment Growth Strategy to implement initiatives that help businesses and communities better prepare for investment opportunities that support growth. It's about making a difference together.

Investing in Innovation

Innovation lies at the root of all we do. At its most basic, innovation is about change: Without it there is no progress. Innovation is the single most crucial component of long-term economic success for our province, and we do not tackle this alone because each of us – every Nova Scotian – has a responsibility to innovate.

As an economic agent within Nova Scotia's innovation ecosystem, our role, supported by the Province of Nova Scotia, is to help businesses in all communities in Nova Scotia look for new and better ways to do valued things.

Through the Innovation Rebate Program, we will continue to support businesses across the province with the capital investment needed to innovate and improve productivity. We also understand that collaboration is essential in creating an environment that breeds new ideas. We will continue to deliver the Productivity and Innovation Voucher Program to foster deeper partnerships between industry and the wealth of research expertise within our universities and community college campuses to accelerate innovation and commercialization.

Looking back on 2018–2019, we witnessed incremental shifts, tried new strategies, spotted gaps, worked to fill them, and learned all along the way. What we have learned from the past year is that our work builds momentum for what lies ahead.

Marie Mullally | Board Chair
Laurel Broten | President and CEO

Mandate

Nova Scotia Business Inc. (NSBI), led by a private-sector board of directors, is a lead 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, skills 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.

NSBI's Role and Focus for 2019-2020

Strengthening Nova Scotia Businesses

NSBI's Regional Business Development team was face-to-face with over 700 unique companies in 2018-2019, implementing a client-centric approach to serving as the critical first point of contact for businesses. Our Regional Team's no wrong door model ensures that companies across the province have a single window into our suite of services and the offerings of our partners, providing the resources and connections necessary to increase export capacity, improve productivity, and grow from Nova Scotia.

NSBI will build upon the successful 2018-2019 launch of the Innovation Rebate Program, supporting Nova Scotia firms across the province through the capital investment they need to innovate and improve productivity. Our continued delivery of the Productivity and Innovation Voucher Program will focus on developing deeper partnerships between industry and the research and development expertise resident within Nova Scotia's post-secondary education system, with an eye to commercialization.

We will be the feet on the street, working with companies in traditional and non-traditional sectors that are at all stages of the business growth lifecycle to connect them with the programs, partners, and resources they need to progress through their export journey.

Figure 1. Nova Scotia Participants in Export Trade

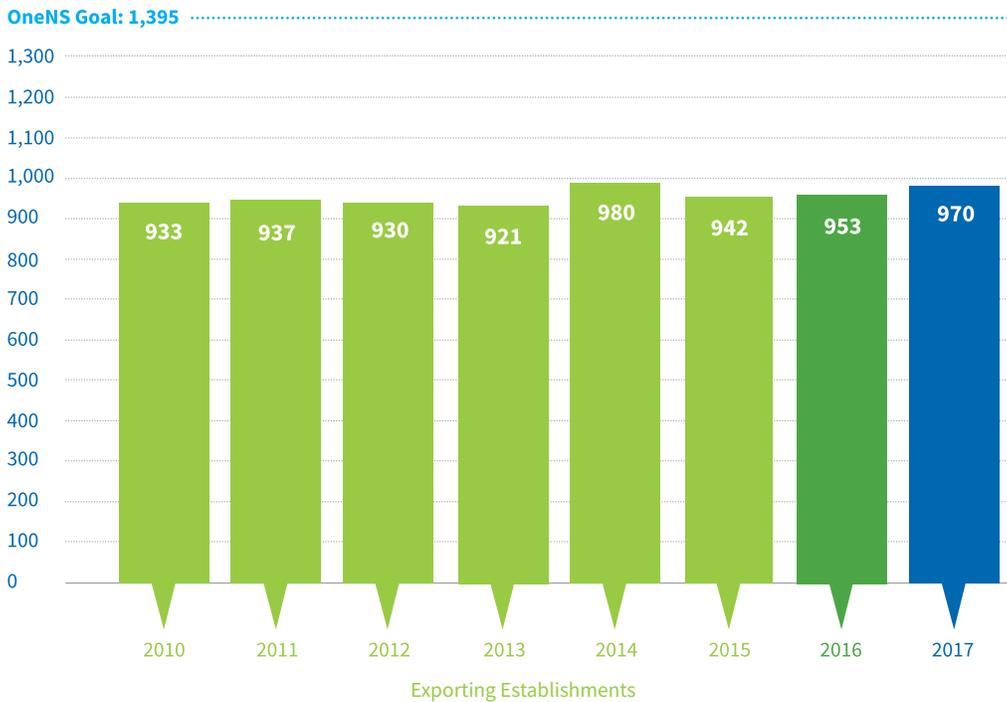


Figure 1. Statistics Canada. Table 12-10-0098-01 Trade in goods by exporter characteristics, by industry of establishment (x 1,000) <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1210009801> (Accessed 1/18/2019)

One Nova Scotia. Goal 6: Firms Participating in Export Trade – Deep Dive. <https://onens.ca/goals/goal-6-export-trade/> (Accessed 1/18/2019)

Export Development

In 2019-2020 NSBI will ensure that Nova Scotia businesses are ready, willing and able to capitalize on global opportunities revealed through the emergence of trade agreements such as Canada-United-States-Mexico Agreement (CUSMA), Comprehensive European Trade Agreement (CETA), and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and within the growing Association of Southeast Asian Nations (ASEAN) market.

Our Capacity Building team will work one-on-one with new exporters to identify and prepare for the changing international landscape and its impact on their business, and our Small Business Development Program will enable our emerging export clients to hire the expertise they need to build export capacity and grow.

We will continue our efforts to identify and customize our export support services for companies with owners and leaders from an under-represented group, exploring opportunities for projects, both new and existing, that will address the specific challenges and barriers preventing these businesses from reaching their full potential.

At Nova Scotia Business Inc., we want businesses across the province to “Think Export”. We want companies to understand that export is not only an opportunity, but imperative – now and for future generations.

NSBI will work with provincial and federal partners to implement an Export Accelerator for already successful exporters to scale-up and sell more products and services outside our borders. We will work to provide a tailored approach for high-potential exporting firms to build the management expertise necessary to address obstacles standing in the way of export growth.

Market diversification will remain at the core of NSBI’s export focus, as we deepen Nova Scotia’s footprint in Cambridge, Massachusetts, and explore another key market of interest in the United States. Through the \$20 million Atlantic Trade and Investment Growth Strategy, we will prepare and take Nova Scotia companies in-market, and build capacity, relationships, and networks as the pathway to export growth. NSBI will organize results-oriented, inbound and outbound trade missions for businesses in ICT, Oceans, and Seafood & Agri-food, leveraging our Global Advisors Program to help companies connect and maximize the impact of their time abroad.

NSBI’s Export Growth Program will offset the cost of in-market travel, with a focus on companies across the province that have a proven record of achieving growth through export. We will continue to maximize the increased efficiency that we have achieved in the delivery of the Export Growth Program in 2018-19, processing claims within ten days to get funding in the hands of our clients where it can have the greatest impact.

As an organization, we will also continue to look for ways to take our own advice. We have made improvements in the delivery of our programs, specifically around Export Growth Program and the Nova Scotia Film and TV Production Incentive Fund, so that they are more efficient and effective, and we will continue this line of thinking into 2019-2020.

NSBI will develop and find new ways to deliver timely, impactful online export resources to ensure Nova Scotia businesses can access the trade intelligence they need when they need it. Our Trade Market Intelligence for our clients will take the first look into the viability of products and services in new markets, and we will continue to share Special Export Reports with a wider Nova Scotia industry audience to expand the benefit of our research and learnings.

We will build on pilot programs from 2018-2019, including our Export Logistics Service, to mitigate risk and enable companies to join forces to reach international markets. With NSBI's suite of programs and services, coupled with those of our partners, Nova Scotia companies will have access to the support and resources they need to chart their path for export growth.

Figure 2. Nova Scotia Interprovincial and International Exports

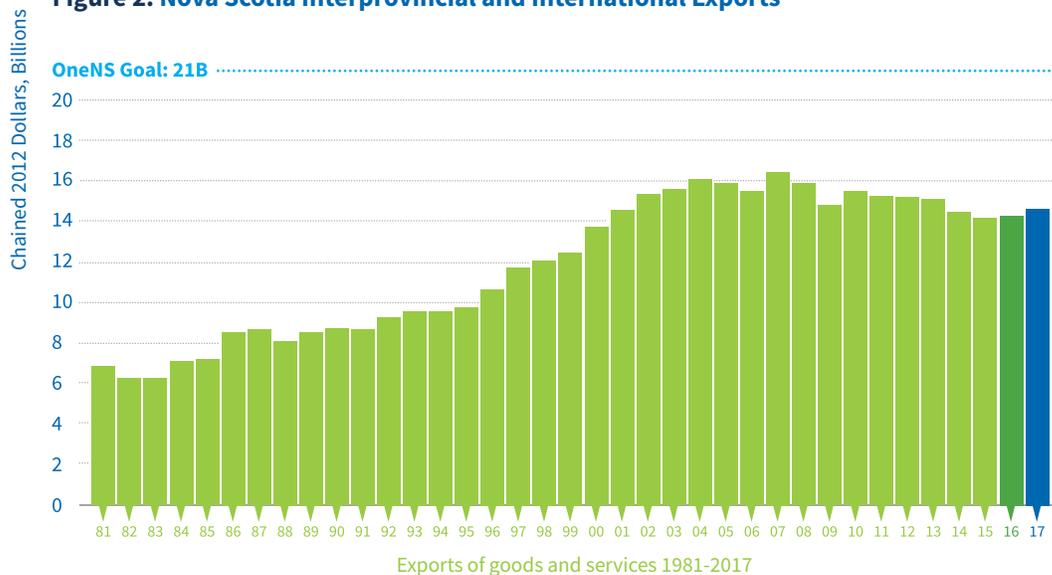


Figure 2. Statistics Canada. Table 36-10-0222-01 Gross domestic product, expenditure-based, provincial and territorial, annual (x 1,000,000) <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610022201> (Accessed 1/18/2019)

One Nova Scotia. Goal 5: Value of Exports. <https://onens.ca/goals/goal-5-value-of-exports/> (Accessed 1/18/2019)

Investment Attraction

2018-2019 saw NSBI's newly created data mining methodology successfully identify global companies looking to expand into a new jurisdiction, aiding in the development of an evidence-based pipeline of investment attraction prospects. NSBI will continue to develop and mine this pipeline to attract innovative, exporting companies within priority sectors that would benefit from a Nova Scotia location.

We created a more sophisticated process for evaluating investment opportunities. With our new data-mining methodology, we are now able to identify global companies looking to expand and use our evidence-based approach to attract innovative, exporting companies to join our ecosystem – here at home.

To help us achieve our mandate of increasing export and attracting investment, we have continuously strived for a holistic approach in our efforts, and we have broadened the scope of our toolkit, better matching our services to the needs of businesses throughout Nova Scotia's regions. Our investment attraction activity will provide a positive return to the province and focus on maximizing the employment income for Nova Scotians.

We will continue working with our clients to attach new graduates and new Nova Scotians to their workforce, and pilot an improvement to the payroll rebate tool to more strongly encourage the hiring of other under-represented populations, ensuring that Nova Scotians across the province benefit from our economic development efforts and the growth of the businesses with which we work.

Nova Scotia's ecosystem is performing in the development of advanced ocean technology, health innovations, clean technology and more.

Our efforts will continue to uncover and connect potential investors, highlighting Nova Scotia's opportunities for equity investment and working with our companies to be pitch-ready and maximize the impact of their face-to-face meetings and materials, with a particular focus on Japan, China, and key ASEAN nations. With an eye to businesses in need of succession, our Regional and Investment Attraction teams will identify and make connections to secure the future viability of businesses in communities across the province.

Our investment attraction activities will lever the strengths of our partners through the Team Nova Scotia approach to selling our province, which has proven to resonate with companies looking for their next business location. We will work with our private and public-sector partners to implement an account management framework that will ensure our new businesses benefit and contribute to Nova Scotia's inclusive economic ecosystem, easily making the connections needed to hire, innovate, and grow.

NSBI will work with our federal and neighbouring provincial governments through the \$20 million Atlantic Trade and Investment Growth Strategy to implement investment readiness initiatives that will better prepare communities across the province to identify and respond to investment opportunities. We will continue to work with companies onsite in the Centre for Ocean Ventures & Entrepreneurship (COVE) through their export journey, and promote COVE as a place where high-quality marine infrastructure, unparalleled access to the ocean, and collaborative space secure Nova Scotia's place on the international oceans stage.

NSBI will help drive global awareness of the Ocean Supercluster, with the goal of fostering new partnerships between industry, post-secondary education institutions, government, and other partners to accelerate innovation and commercialization and to ensure sustainable economic growth from our oceans.

Marketing & Partnership Development

The oneNS Report's call to action has been heard and embraced by NSBI over the five years since the release of the ground-breaking report. We fully acknowledge and continue to uphold, represent and drive the cultural change needed across the province to effectively grow our economy through export.

Our messages have been crystal clear in their promotion of export as the pathway to economic prosperity, and we have used new channels and platforms to share the stories of our companies as they choose Nova Scotia as the home from which to sell their products and services to customers all over the world. We will continue to promote Nova Scotia as a top jurisdiction in which to live, work and do business, and bring the learnings from selling in global markets home through telling of our own experiences and those of our clients – enabling all Nova Scotians to build the confidence to grow along the export continuum.

Film and Television Production Support

2018-2019 saw the Nova Scotia Film & TV Production Incentive Fund reach new funding levels, and we look forward to continuing the delivery of this program into 2019-2020. NSBI and the film and television industry have benefitted from the rigor and client-centric approach that has been implemented in the Nova Scotia Film & TV Production Incentive Fund and we look forward to continuing to work with this creative sector as we support the award-winning productions that are made in our province.

Portfolio Management

NSBI is the agency responsible for the management and administration of the Nova Scotia Business Fund and the province's legacy Jobs Fund investment portfolio. We will continue to work with clients, ensuring service excellence while navigating complex financial circumstances on behalf of the Province of Nova Scotia. NSBI will also manage our real estate assets to maximum return, and continue our support of the Nova Scotia Credit Union Small Business Loan Guarantee Program to provide funding to businesses across the province.

Performance Measures

Measures	2019 - 2020 Targets
1. Annual increase in NSBI client reported actual export sales	15% increase in the actual export sales of NSBI's clients overall, and by clients within the high-potential clusters of ICT, Oceans, and Seafood & Agri-food
2. Number of NSBI clients becoming new exporters	A minimum of 25 NSBI clients become new exporters, with a minimum of 10 clients within the high-potential clusters of ICT, Oceans, and Seafood & Agri-food becoming new exporters
3. 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 & Agri-food
4. Employment income generated for Nova Scotians	Attract a minimum of \$70 million in committed employment income through payroll rebate transactions signed in 2019-20 and other investment attraction efforts, with a minimum of 10% targeted to the attachment of Aboriginal and/or Indigenous persons, African Nova Scotians, persons with disabilities, veterans, LBGTQ, new graduates, new residents and others currently under-represented in Nova Scotia's workforce
5. Actual expenditures of projects supported by the Innovation Rebate program	Incent a minimum of \$22.5 million in private-sector capital investment aimed at increasing innovation or the adoption of new technologies and/or business processes
6. Diversification of export markets	A minimum of 10% of NSBI clients diversify markets through exporting to an additional country

Budget Context

(Amounts in \$000s)	Budget 2018-19	Forecast 2018-19	Estimate 2019-20
Revenue			
Provincial grants	\$59,474	\$61,265	\$67,786
Gain on sale of properties	-	439	127
NS Business Fund: Loans & equity, plus properties	1,640	1,943	1,535
Miscellaneous revenue	999	1,666	2,288
Total	\$62,113	\$65,313	\$71,736
Expenses			
Operating	\$17,876	\$18,792	\$20,464
Strategic investments	16,597	13,962	18,610
NS Film & TV production incentive fund	20,000	24,177	20,000
Innovation Rebate Program	5,000	5,000	10,000
Provision for credit losses	1,000	5,119	1,000
Transfer payments to Province of NS	-	439	127
NS Business Fund: Loans & equity, plus properties	832	601	838
Total	\$61,305	\$68,090	\$71,039
Surplus (deficit)	\$808	\$(2,777)	\$697

Appendix A

Strategic Investment Funds (SIF)

STRATEGIC INVESTMENT FUNDS PURSUANT TO NSBI REGULATIONS POLICIES AND GUIDELINES/PROCEDURES, NSBI 2019-20 BUSINESS PLAN

PAYROLL REBATE PROGRAM (the “Program”)

Overview	<p>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.</p> <p>This incentive may be used when it can be shown that a company’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 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, 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>
Eligibility	<p>The company’s business must be considered eligible according to NSBI’s operating regulations.</p> <p>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.</p> <p>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.</p> <p>Companies that have previously received 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.</p> <p>Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.</p> <p>The company will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).</p>
Application Requirements	<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>

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 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 FTEs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution)
- Financial stability

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 including investment or export targets, if applicable.

The company must provide an audited 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 FTEs 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 term generally averages five years.

Appendix B

Nova Scotia Business Fund

The Nova Scotia Business Fund is the historic source of capital for Nova Scotia Business Inc.'s business lending activities. The Nova Scotia Business Fund has not issued any new business development incentives since fiscal 2014-2015.

The portfolio currently has approximately \$48.8 million outstanding to 27 companies located throughout the province. Net new capital needed for Nova Scotia Business Inc. to continue to meet the financing needs of current clients is estimated to be \$100,000 with repayments of current outstanding investments estimated to be about \$1.8 million.

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 following outline the parameters for investment decisions for the Nova Scotia Business Fund should new business development incentives be issued:

- 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).