

NOVA SCOTIA BUSINESS INC. THE FIRST FIVE YEARS



THE TIME IS NOW



## 2001

- The Honourable John Hamm, Premier of Nova Scotia, announces the creation of Nova Scotia Business Inc. (NSBI). NSBI is established as a private sector-led provincial agency comprised of business-focused people who are responsible for the promotion of business development in Nova Scotia.

## 2002

- Diaphonics Inc., a developer of speech recognition and voice security technologies, announces new financing assistance from NSBI.
- NSBI releases its first five-year plan.
- St. Margaret's Bay Hammocks Inc. is honoured as the New Exporter of the Year at the 2002 Annual Nova Scotia Export Achievement Awards.
- NSBI launches Export Prospector, a program that helps exporters make business connections in their chosen export markets.
- NSBI participates in Small Business Week activities throughout the province.
- NSBI and Team Canada Atlantic lead a delegation of 10 Nova Scotia companies on a trade mission to New York City.
- Ocean Nutrition Canada Ltd. increases capacity at its Mulgrave facility.

## 2003

- Doppleganger Canso Inc. opens its new facility in Canso.
- NSBI coordinates meetings with Nova Scotia companies and a delegation from Iceland to explore trade opportunities between Nova Scotia and Iceland.



## THE TIME IS NOW

**Nova Scotia Business Inc. (NSBI) was created in 2001 as the province's business development agency. NSBI was established as a private sector-led agency with the mandate to promote business development throughout Nova Scotia.**

The organization is governed by a board of 13 respected business leaders from communities across Nova Scotia who provide guidance and governance for NSBI's business activities. NSBI's employees have knowledge and expertise in trade development, business advising, business financing, venture capital and investment attraction. The organization delivers its services through offices located across the province.

NSBI's success in attracting businesses to the province and in assisting Nova Scotia businesses to grow makes the organization a key part of the provincial economic development strategy, *Opportunities for Prosperity*, released by the province in 2000. In all of its activities, NSBI's primary goal is to create sustainable, long-term prosperity for the people of Nova Scotia.

NSBI established two principle targets in its first five-year plan:

1. To create and retain 18,000 private-sector jobs in the province.
2. To generate a 100% return on investment for the province.

By working collaboratively with its clients and partners, NSBI achieved both targets.

In an ever-changing global economy, many Nova Scotia businesses have embraced innovation, improved the way they do business and have claimed a place on the global stage.

Since its inception, NSBI has periodically assessed its progress and results against its stated mission and the changing business climate. Three years into its first five-year plan, NSBI revised its visual identity to more accurately reflect what the organization was learning through its business clients and the strategies of other jurisdictions.

NSBI's new visual identity addressed the organization's awareness that while job creation at any level continued to be a primary goal, the long-term prosperity of the province through the generation of *high-value, sustainable* jobs was a principle of growing importance.

Revitalizing NSBI's brand resulted in: *Opportunity. Growth. Prosperity.* – three strong words that underscore the organization's commitment to deliver results to the people of Nova Scotia.

In 2006, the Province of Nova Scotia updated its economic growth strategy with the release of *Opportunities for Sustainable Prosperity*. Export development was identified as a key component, and this led to the development of the provincial strategy, *Going Global, Staying Local*. These strategies will assist NSBI as it approaches the next five years.

Moving forward, the agency will build on its successful results since 2001 and continue to deliver results that generate further business and economic growth for the province, its businesses and its people.

## 2003

- TeleTech establishes a new centre in Halifax.
- Covergys Corporation expands its Nova Scotia operations with a new facility in Truro creating its third centre in the province.
- NSBI launches Executive Development in Global Entrepreneurship (EDGE), an entrepreneurship initiative for Nova Scotia business leaders interested in enhancing their entrepreneurial skills and expanding their global business network.
- KLJ Field Services is honoured as the New Exporter of the Year at the 2003 Annual Nova Scotia Export Achievement Awards.
- NSBI hosts Paul Cellucci, former United States Ambassador to Canada, who delivers a keynote address to more than 700 attendees in Halifax.

## 2004

- Thirteen Nova Scotia companies participate in an NSBI-led trade mission to Trinidad and Tobago.
- FineLine Fuel Systems Inc. is honoured as the New Exporter of the Year at the 2004 Annual Nova Scotia Export Achievement Awards.
- Crossley Carpets announces the expansion of its Truro facility.
- Eight Nova Scotia ocean industry companies participate in an NSBI-led trade show to London.
- NSBI assists CGI Group Inc. with a new expansion in Halifax.

## 2005

- NSBI launches its Nearshore Campaign to promote Nova Scotia as a world centre for information and communications technology (ICT).

## AN ECONOMIC REFLECTION

## The global economy has changed since 2001, and so has the economy in Nova Scotia.

The world is getting smaller and globalization is moving at an accelerated pace. International business has a dramatic impact on how Nova Scotians live and work. The world is more interconnected than ever, whether it's through the flow of information, financial capital, technology, goods, services or people. Business supply chains are expanding across the globe and travel time no longer impedes strategic business growth.

China, India, Brazil and other emerging economies now play a larger role in the global economy. The impact of these countries was once a boardroom issue, but has now become a highly publicized matter that challenges the way businesses operate globally.

In addition, a rise in the Canadian dollar relative to the U.S. currency since 2003 has forced Canadian businesses to critically examine and remodel their operations through investment in new machinery, training and improved productivity.

Operating in the global economy requires efficiency and flexibility in every aspect of business. The ability to learn and innovate is the key to success and many Nova Scotia businesses have shown a capacity to adapt to changing global trends.

The need to adapt is reflected in the structure of the provincial economy, which, for decades, has transitioned from goods production and traditional industries, such as fishing and agriculture, to service industries like information technology (IT), health care and retail trade. The province has also been shaped by a variety of economic issues since 2001, including globalization and the impact of changing demographics on employment.

Nova Scotia continues to move through a demographic transition. Over time, the falling birth rate means that fewer young people will enter the workforce in the future. In addition, Nova Scotia's population is getting older and businesses are faced with challenges due to an aging workforce. These issues, combined with a downward trend in Nova Scotia's unemployment rate over the last several years, have resulted in increased difficulty for Nova Scotia businesses to attract and retain skilled employees.

The booming economic growth in Alberta has created challenges and opportunities for Nova Scotia businesses as they work to attract and retain a skilled and educated workforce. Higher paying salaries have resulted in the movement of employees from all areas of

Canada to Alberta. However, it has also provided export and partnering opportunities for Nova Scotia businesses as they work to stay competitive.

Although Nova Scotia's economy has grown, it hasn't kept pace with other jurisdictions across North America since the early 1980s.

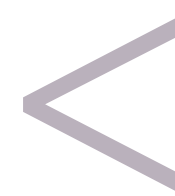
In 2005, the Voluntary Planning Sector Committee on Economic Growth and Competitiveness released its report, *Closing Our Prosperity Gap*. The report shows that Nova Scotia, as measured by gross domestic product (GDP) produced per Nova Scotian, is behind similar-sized North American jurisdictions in overall economic growth. Nova Scotia's GDP per capita is 22 per cent lower than the average of these jurisdictions.

If Nova Scotians were generating the same GDP per capita as the average of these jurisdictions, the province would see each household's after-tax income increase by \$12,500 and government tax revenues by at least \$1 billion annually.<sup>1</sup> To overcome this gap, provincial and business leaders must continue to collaborate on key economic priorities, including education, exporting and innovation in order to create higher quality, higher paying job opportunities.

Nova Scotia has proven that it can be a major global competitor in spite of many economic challenges, but it cannot be complacent. The world continues to evolve and the province must continue to evolve and grow with it.

Reflecting on the Nova Scotia economy since 2001 gives provincial and business leaders the knowledge and insight they need to move the province forward and to enable future business growth.

In the future, economic issues like globalization and the impact of changing demographics on employment will only continue to influence business growth. By embracing these challenges and finding ways to tackle them, Nova Scotia will continue to build on its economic success since 2001.



<sup>1</sup>Source: Voluntary Planning, Closing Our Prosperity Gap, 2005.

- The new Service Export Program provides financial assistance to exporters exploring new growth markets.
- Clarke Inc. announces the relocation of its head office from Ontario to Nova Scotia.
- NSBI participates in a Team Canada Atlantic mission to Chicago with 14 Nova Scotia companies.
- YachtSmiths International Inc. is honoured as the New Exporter of the Year at the 2005 Annual Nova Scotia Export Achievement Awards
- NSBI assists Unique Solutions Design Limited in completing its new body-scanning technology.
- Register.com announces the expansion of its Yarmouth facility.
- Ten Nova Scotia companies participate in an NSBI-led trade mission to Scotland.
- Convergys Corporation creates new job opportunities at its facility in New Glasgow.
- NSBI hosts its first annual Geared For Growth conference designed to provoke thought, generate ideas and inspire growth for businesses.
- TeleTech creates new job opportunities in Amherst.
- Led by NSBI, Team Nova Scotia attracts one of the world's most respected IT companies, Research In Motion, to the province. The company announces a new technical support operations centre in Halifax.
- Stonehame Farm Limited expands its facilities in Scotsburn.
- West End Capital Management expands its Halifax operations.

## THE RESULTS

**To demonstrate its accountability to provincial stakeholders, and in the spirit of transparency, NSBI completed third-party evaluations of the organization's results.**

The evaluations resulted in the completion of two independent studies, an assessment of NSBI's performance against other jurisdictions and an analysis of the economic impact NSBI and its clients have had on the provincial economy since 2001.

The results generated by the assessment of NSBI's performance against other jurisdictions formed the **Comparative Analysis**.

**The Economic Impact Analysis** assessed the economic impact of NSBI's activity and the activity of its clients over the past five years.

Both studies clearly indicate that NSBI and its clients have had a significant positive impact on the provincial economy since 2001, despite economic issues like globalization and the impact of changing demographics on employment.

### The Comparative Analysis

The Comparative Analysis was undertaken to better understand NSBI's overall business development performance against other jurisdictions, both nationally and internationally.

A preliminary list of more than 40 national and international jurisdictions was generated. Each potential jurisdiction was assessed to determine what performance metrics were used. It was concluded that more than 30 of these jurisdictions do not report formal performance measurements, including job creation and new investment.

“The personal income taxes generated as a direct result of NSBI's efforts are a multiple of the agency's annual operating budget.”

“Nova Scotia Business Inc., Investissement Quebec and Ireland have the most robust and thorough reporting mechanisms.”

As a result, the analysis compared NSBI to 11 other jurisdictions, including Ireland, New Brunswick, Quebec, Kansas and New South Wales, Australia.

Job creation is often considered one of the most effective measures of an economic or business development agency's performance. When standardized for the population of each jurisdiction,

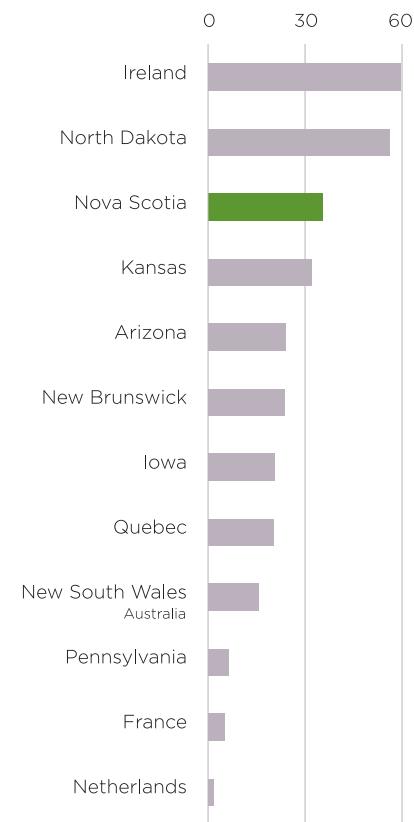
NSBI ranked third among the 11 jurisdictions in total job creation, behind only Ireland and North Dakota.

The analysis also compared the number of jobs created to the employment size of the department or agency. NSBI also ranked third in this metric, ahead of other jurisdictions, including Ireland, which is often referred to as the

model of economic development success.

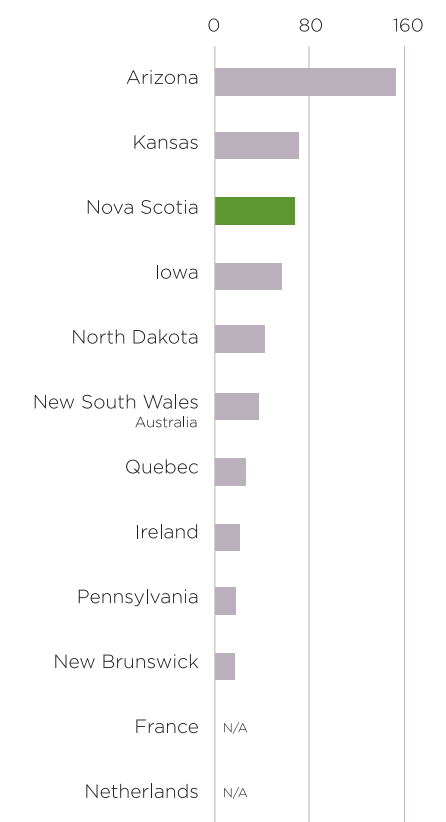
The quality of jobs created was also assessed using average annual wages paid. For this metric, NSBI ranked fifth for the three-year average and improved to third for 2005. This illustrates NSBI's continued efforts, through its clients, to create higher quality job opportunities for Nova Scotians.

Total Reported Jobs Created Per 10,000 Population



Source: Comparing Results: A Review of Leading Economic Development Organizations and their Performance Metrics. Prepared for NSBI by ShiftCentral Inc., September 2006.

Total Reported Jobs Created Per Agency Employee



Source: Comparing Results: A Review of Leading Economic Development Organizations and their Performance Metrics. Prepared for NSBI by ShiftCentral Inc., September 2006.

- C-Vision is honoured as the New Exporter of the Year at the 2006 Annual Nova Scotia Export Achievement Awards.
- Acrobat Research creates new job opportunities in Cheticamp.
- SolutionInc. Technologies Limited creates new job opportunities in Halifax.
- Consolidated Fastfrate expands its state-of-the-art transload, distribution and warehouse centre.
- NSBI assists IMP Inc. with the construction of a new hangar at the Halifax Robert L. Stanfield International Airport.
- NSBI hosts an event in Ottawa that generates awareness about Nova Scotia and its vibrant business environment.
- IMO Foods Ltd. creates new job opportunities in Yarmouth.
- L-3 Communications Canada, a leading defence and aerospace company, expands its Halifax operations.
- NSBI hosts the Information and Technology Association of Canada (ITAC) as it holds its board meeting in Atlantic Canada for the first time.
- The ITAC board visits Halifax West High School to help launch a new IT awareness program, *Where Will IT Take You?*
- NSBI partners with Intergovernmental Affairs, for 'Nova Scotia Day in Ottawa,' an event designed to generate understanding about Nova Scotia's priority issues with the Government of Canada.
- The Canadian Public Relations Society honours NSBI with a Gemstone Award of Merit for the 2006 Annual Nova Scotia Export Achievement Awards ceremony.

## The Economic Impact Analysis

The Economic Impact Analysis assessed the impact NSBI and its clients have had on the provincial economy since its inception in 2001. Specifically, the analysis was undertaken to determine NSBI's impact on the provincial economy with respect to:

- The two targets identified in its first five-year plan, job creation and return on investment;
- Other key variables, including direct and spinoff impacts on employment, household income, provincial tax revenues recovered, sales and GDP.

Over the five-year time span concluding in March 2007 – the anniversary date of NSBI's first five-year plan – a total of 11,700 direct jobs were created and retained by NSBI's clients. **The total number of jobs reaches 18,600 when both direct and spinoff jobs from these client initiatives are included.** These jobs were all in place as of March 2007.

In addition, capital expenditures associated with the expansion of NSBI-supported businesses resulted in the creation of 3,800 jobs during their development phase, including 1,800 direct jobs and 2,000 spinoff jobs.



“A critical focus of NSBI's strategy is to assist businesses that are export-oriented.”

“NSBI's contribution to the provincial economy has grown significantly over the past five years.”

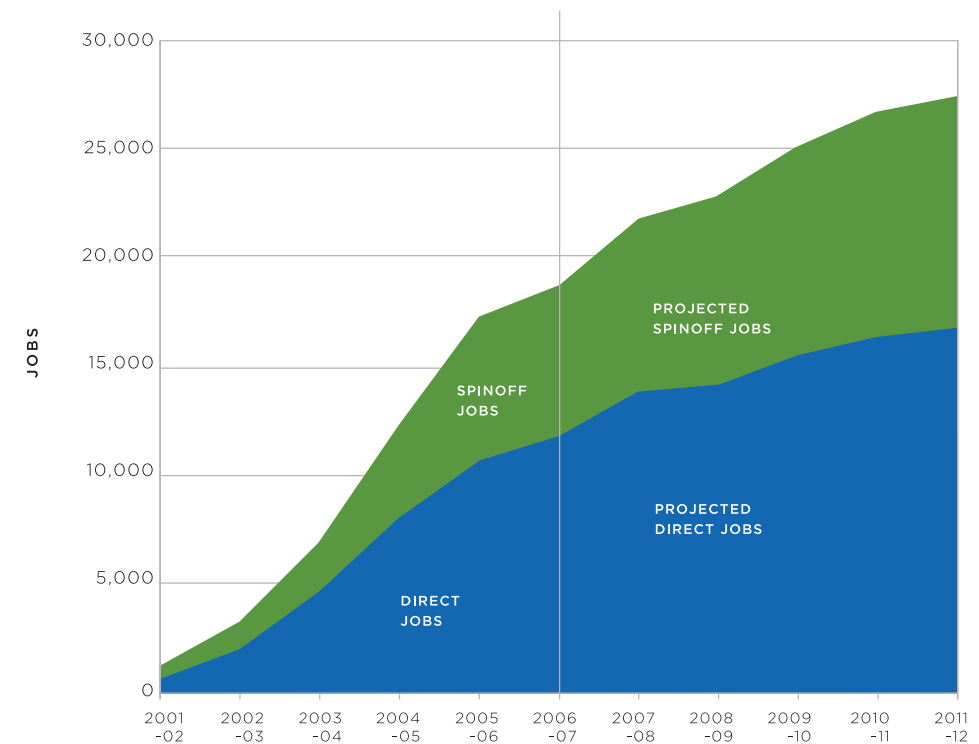
By 2011/12, 27,400 jobs are projected to be in place as a direct result of NSBI initiatives commenced during the past five years, including 16,800 direct jobs and 10,600 spinoff jobs in the Nova Scotia economy.

These figures exceed the job target set in NSBI's initial five-year plan.

Job creation creates payroll and other economic benefits. Since 2001, NSBI's clients have accounted for more than \$2 billion in total household income, which includes approximately \$1.3 billion in direct payroll and \$800 million in spinoff income. From 2001/02 to 2011/12, approximately \$6.6 billion in total household income is projected to be generated by

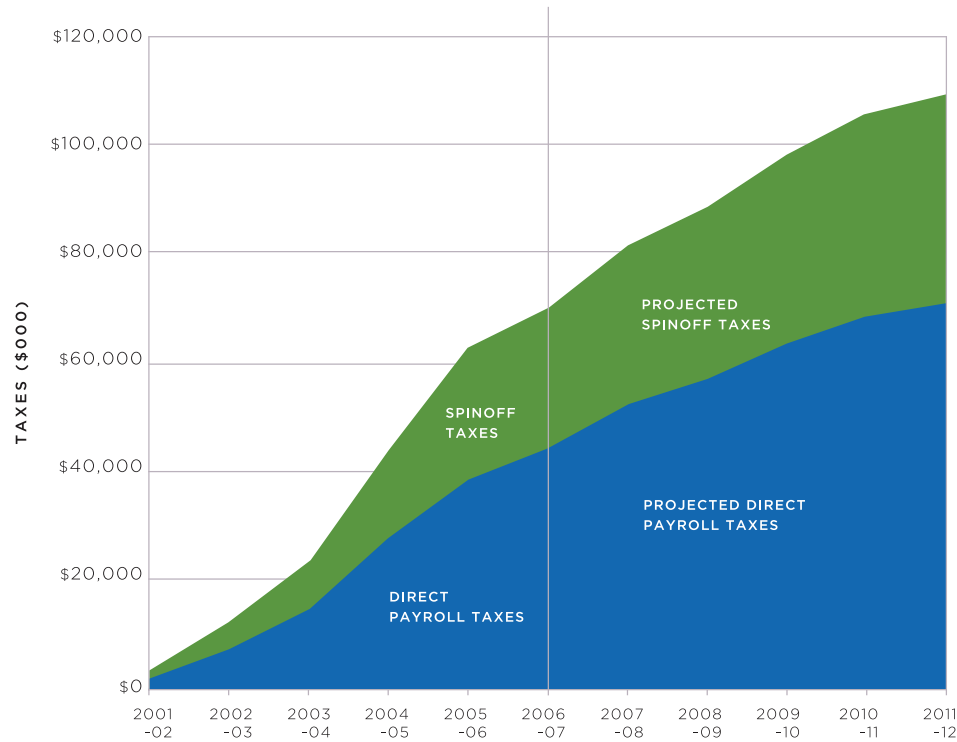
NSBI initiatives commenced before March 2007, including more than \$4 billion in direct payroll and an additional \$2.5 billion in spinoff income.

Cumulative Jobs, Current and Projected, 2001/02 to 2011/12



Source: Estimated by Collins Management Consulting Ltd from NSBI Data Sources and the Nova Scotia Input-Output Model

Taxes by Type and Year, 2001/02 to 2011/12, (\$000)



Source: Estimated by Collins Management Consulting Ltd from NSBI Data Sources and the Nova Scotia Input-Output Model

Increased payroll means higher tax recoveries for the province. Close to \$215 million in total provincial tax recoveries was generated by NSBI's clients since 2001/02, including the direct impact of \$134 million in taxes on personal incomes and \$80 million in spinoff taxes on personal incomes and expenditures.

From 2001/02 to 2011/12, approximately \$700 million in provincial taxes is projected from NSBI's clients and from spinoff activity throughout the province. This tax revenue is a direct result of NSBI initiatives commenced prior to March 2007.

NSBI's clients contributed \$539 million in direct GDP to the provincial economy in 2006/07, which is 1.8 per cent of total provincial GDP. This percentage has increased each year, reflecting NSBI's clients' growing contribution to the Nova Scotia economy.

To assess NSBI's success in meeting its second target, the analysis examined total revenues and expenses and calculated a total return on investment of more than 100 per cent. More specifically, the province receives more than \$2 for every dollar invested in NSBI and its clients.

NSBI, through its clients, has exceeded the two targets that it set in its initial five-year plan.

The work of NSBI and its clients since 2001 will be felt for years to come and will continue to assist the province as it invests in provincial priorities like health care, education and infrastructure.

## 2006

NOVA SCOTIA BUSINESS INC. THE FIRST FIVE YEARS

- Alberta-based Crape Geomatics expands its operations to Nova Scotia.
- Six regional development authorities (RDAs) implement the Business Retention and Expansion (BRE) model to encourage the stability and growth of local companies.
- NSBI attracts four of the world's largest financial services companies to Nova Scotia, including Butterfield Fund Services. The company expands its operations by creating new job opportunities in Halifax.
- Citco Fund Services, the leading global provider of administrative services to the hedge fund industry, opens an office and training centre in Halifax.
- Olympia Capital (Bermuda) Limited, one of the world's most respected hedge fund administrators, expands its operations in Halifax.
- Marsh, the world's leading risk and insurance services firm, establishes a technical centre of excellence.
- NSBI, chamber associations and RDAs host Small Business Week activities.

- The Economic Development Association of Canada honours NSBI with two awards for its work on re-branding the organization.
- Corporation Services Company (CSC) expands its operations in Yarmouth.
- Cape Breton-based Advanced Glazings Ltd. creates new job opportunities in Sydney.
- NSBI works with the Department of Energy to lead a group of 27 Nova Scotia manufacturers, metal fabricators and service providers to Alberta as part of Partner East, NSBI's biggest trade mission yet.

## 2007

- NSBI completes more than 3,000 meetings with small businesses across all areas of the province since its inception in 2001.
- xwave grows its defence, security and aerospace operations in Nova Scotia.
- Two new export programs, the Go-Ahead Program (GAP) and the ExportAbility Program, are launched.
- AF Theriault & Son Ltd. in Meteghan River receives support from NSBI to assist in its growth.
- EduNova, NSBI and the Department of Education partner on a joint mission to Ottawa that raises the profile of Nova Scotia and its world-class education system.
- Naturally Nova Scotia Health Products Ltd. expands its production facility in Lawrencetown.
- NSBI launches *techportjobs.com*, a dedicated information and communications job site that links recent graduates, local professionals, and expatriates with ICT employment opportunities in Nova Scotia.
- NSBI works with ServiCom Canada Limited to expand its Sydney operations.



To learn more about NSBI's five-year plan please visit, [www.novascotiabusiness.com/now](http://www.novascotiabusiness.com/now)

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