

Crown Corporation

B u s i n e s s P l a n s

for the fiscal year 2015–2016

Nova Scotia Business Incorporated

Business Plan 2015–2016

Table of Contents

Message from the Chair and the CEO

Mission

Vision

Mandate

Purpose

Driving Principles

Planning Context

Core Business Functions

Strategic Goals and 2015–2016 Annual Priorities

Budget Context

Performance Measures

Appendices

Message from the Chair and the CEO

Nova Scotia Business Inc., a Nova Scotia Crown Corporation, led by a private sector board, is the lead business development agency for the Province of Nova Scotia. In order to strengthen and grow the Nova Scotia economy, Nova Scotia Business Inc.'s primary efforts are focused in two key areas: attracting global investment to Nova Scotia to create new jobs and supporting Nova Scotia's businesses to grow and succeed in the global economy through business advisory services, skill development and training, financing, and support to access global markets.

For the Province of Nova Scotia, 2014 was a year of reflection, review, and looking toward the future. The Nova Scotia Commission on Building Our New Economy's historic report identified bold targets with respect to increasing exports, as well as exporters, by 50 per cent over the next 10 years. 2014 also saw the completion of independent reviews of provincial economic development assistance programs and structures, and as a result, Nova Scotia Business Inc. will welcome a new mandate and new delegated authority in 2015.

Nova Scotia Business Inc. acknowledges and embraces the critical role it must play in supporting the attainment of the Nova Scotia Commission on Building Our New Economy's goals in order to ensure a strong prosperous future for all Nova Scotians. As a result, Nova Scotia Business Inc.'s efforts over the next five years starting in 2015–2016 will focus on developing and implementing strategic action plans designed to achieve success in three key areas:

1. Increase the number of exporters and the value of Nova Scotia's exports by helping Nova Scotia businesses to become exporters for the first time or to expand and increase exports by targeting key strategic markets and promoting unique value-added products and services that are in demand around the world.
2. Attract and grow high-value investments from domestic, national, and international companies to expand Nova Scotia's opportunities in key targeted sectors such as financial services, information and communications technology, ocean technology, aerospace and defence, and creative industries, as well as secure job creating investments in targeted regions such as Nova Scotia's rural communities by bringing value-added, sustainable innovation to the traditional sectors of mining, forestry, agriculture, aquaculture, and fisheries.
3. Establish Nova Scotia as an international jurisdiction of choice in which to invest, work, and do business.

Nova Scotia Business Inc.'s programs and advisory services will continue to support and enhance the climate for private sector growth. Nova Scotia Business Inc. will work in partnership with Nova Scotia businesses new and old to create high-skilled, knowledge-based employment and innovative value-added products and services, both of which are integral to a strong, vibrant, and growing Nova Scotia economy.

In addition, new centralized trade operations at Nova Scotia Business Inc. will bring a focused and coordinated approach to both new and emerging sectors and opportunities as well as to Nova Scotia's traditional industries. The re-introduction of the business development advisors with regional responsibility will allow Nova Scotia Business Inc. to strengthen our proactive client-centred advisory and navigation services across the province and will allow Nova Scotia Business Inc. to redouble our efforts with a coordinated and strategic focus on job creation and economic development in both rural and urban communities across the province.

For Nova Scotia Business Inc., 2015–2016 will be a foundation-building year as we develop detailed evidence-based market and strategic plans and establish transparent outcomes-focused metrics in order to guide our activities and measure their impact. At Nova Scotia Business Inc., we will bring a targeted focus to our efforts, strengthen our partnerships, and drive measurable results as we continue to sell the world on doing business in Nova Scotia and to sell Nova Scotia businesses to the world. We look to the year ahead with refreshed motivation and emphasis and are excited about the role Nova Scotia Business Inc. will play in building Nova Scotia's future economic prosperity.

Sincerely,

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

Laurel Broten
President and CEO, Nova Scotia Business Inc.

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.

Mandate

Nova Scotia Business Inc. was created in 2001, by the Nova Scotia Business Incorporated Act, to be the lead business development agency for the Province of Nova Scotia. Led by a private sector board of directors, Nova Scotia Business Inc.'s goal is to be a key point of contact for businesses in all communities to help them grow and prosper in the province and beyond. Nova Scotia Business Inc.'s dual focus is to attract global investment to Nova Scotia to create new jobs and help Nova Scotia's businesses to grow and succeed in the global economy through business advisory services, skill development and training, financing, and support in accessing global markets.

The act requires Nova Scotia Business Inc. to fulfill the following:

The object of the corporation is to promote business development in the province by working directly with businesses to support economic growth through

- (a) business development, retention and expansion,
- (b) the establishment of new businesses in the province, and
- (c) trade operations to connect businesses in the province with new markets or new trade opportunities,

in accordance with strategic directions established by the Department and the strategic plan of the corporation. (2000, c. 30, s. 15)

Purpose

Seize opportunity and create growth.

Driving Principles

The development of Nova Scotia Business Inc.'s business plan has been guided by the following driving principles.

Think Exports First

Nova Scotia Business Inc. is driven by the opportunities we see outside our borders. As the oneNS report reinforced, Nova Scotia must reach beyond its borders to achieve sustainable economic growth. We must export our goods and services to larger markets than our own, and we must attract investment from outside of our province. Economic growth through export expansion and the attraction of investment is the cornerstone of Nova Scotia Business Inc.'s mandate and forms the foundation for our business development efforts. Nova Scotia Business Inc. is committed to selling Nova Scotia's businesses to the world and selling the world on doing business in Nova Scotia.

Focus on Our Strengths

Nova Scotia has unique assets and advantages that are valuable in the global economy: our highly skilled and educated workforce, our ports and gateway, our traditional industries, a proximity to global markets, our creative industries, and value-added products and services in demand here and around the world. Nova Scotia Business Inc. will continue to market and promote Nova Scotia's assets through our global outreach efforts. We will utilize our networks to make global connections for Nova Scotia businesses, and we will broadcast that Nova Scotia is open for business. Nova Scotia Business Inc. will target our efforts to set the stage for Nova Scotia businesses to export to larger national and international markets, drive private sector growth, and create new jobs here at home.

Position the Private Sector to Lead

Nova Scotia Business Inc.'s Board is comprised of business leaders representing regions across the province. We benefit every day from the value of the expertise and experience of the people who sit around our board table. Letting the private sector lead from all regions of the province is woven into the fabric of Nova Scotia Business Inc., and it defines our corporate culture. We recognize that true economic growth is created by private sector companies in all communities, who look for new opportunities, define their competitive advantage, and work hard every day to create innovative products and services. Nova Scotia Business Inc. acknowledges and embraces the critical role we must play to support these efforts and drive economic growth for Nova Scotia through business advisory services, skill development and training, financing, and support to access global markets.

Evidence-Based Decision Making

Nova Scotia companies know the importance of a long-term evidence-based strategy, with progress markers and benchmarks to guide their activities and to measure and drive success. These same principles must apply to Nova Scotia Business Inc.'s approach to economic development. Our operational strategy development and supporting action plans will be rooted in data and research, will incorporate our extensive in-market learnings, and will be monitored and evaluated on an ongoing basis in order to ensure that our efforts drive results for all of Nova Scotia.

People as Our Foundation

The oneNS report has called all Nova Scotians to action to ensure a strong, prosperous future for our province. The Province of Nova Scotia, private sector businesses, and Nova Scotians alike are being called upon to raise the bar. At Nova Scotia Business Inc., we will rise to the challenge. Nova Scotia is home to 10 universities and 13 community college campuses – fundamental assets in growing our economy. Nova Scotia Business Inc. will draw on these and other valuable resources to develop the capabilities of our clients and ourselves. We will ensure that our organizational structure positions us to be at our best to help Nova Scotia businesses grow and thrive in the global economy. Nova Scotia Business Inc. will be intentional about the development of our organization and our people to support the attainment of our strategic goals. We will ensure that our internal resources are aligned with these goals, and we will stop investing in activities that are not delivering results.

Collaborate for Results

At Nova Scotia Business Inc. we know we can't do it alone. We will collaborate – with the Regional Enterprise Networks, municipalities across the province, the Halifax Partnership, the chambers of commerce, businesses in all communities, government departments and other agencies, the universities and community college, and other stakeholders with a vested interest in Nova Scotia's economic success. Whether it's to reduce duplication, leverage resources to maximize benefit, provide collective solutions or a coordinated approach, Nova Scotia Business Inc. will continue to partner for the right reason – to drive results and support economic growth for Nova Scotia.

Planning Context

For Nova Scotia as a whole, 2014 was a year of reflection, review, and looking toward the future. Nova Scotia Business Inc.'s five-year plan has been undertaken in a planning context rich with advice and insight from many, including the 2014 Report of the Nova Scotia Commission on Building Our New Economy (the oneNS report) and the independent review conducted by Tom Traves, which examined provincial economic development assistance programs and structure and which in turn led to a new mandate for Nova Scotia Business Inc.. For Nova Scotia Business Inc., 2015–2016 will be a foundation-building year as we develop detailed evidence-based market and strategic plans and establish transparent outcomes-focused metrics in order to guide our activities and measure their impact.

Nova Scotians have been clear that they support the goals in the oneNS report, and Nova Scotia Business Inc. is committed to capitalizing on opportunities to support private sector growth in the province. The coming year will focus on driving exports, encouraging investment, enabling job creation to attract and retain top talent, and extending collaboration with the Departments of Energy, Natural Resources, Agriculture, and Fisheries and Aquaculture.

The oneNS report on Building Our New Economy identified many challenges facing the Nova Scotia economy and put forward a comprehensive list of goals for transformation. With regard to trade, they succinctly highlighted the Nova Scotia reality as follows:

We Have to Trade to Grow

“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 goods producers or service providers, they have to access larger external markets through trade activities.”¹

The oneNS report established a number of economic development goals to be achieved by 2024 in order to meet Nova Scotia's economic development challenges, including establishing a bold target for increased export on a variety of fronts:

¹ Ray Ivany, Irene d'Entremont, Dan Christmas, Susanna Fuller, John Bragg, Jo Ann Fewer, Mark Austin, and Carolyn Terry. *Now or Never: An Urgent Call to Action for Nova Scotia*. Nova Scotia Commission on Building Our New Economy (2014), p. 29.

Goal 5: Value of Exports

“Nova Scotia will have increased the total annual value of exports (international and interprovincial), currently in the \$14 billion range, by 50% to exceed \$20 billion.”
(p. 48)

Goal 6: Firms Participating in Export Trade

“The number of Nova Scotia firms participating in export trade will have increased by 50% over the current level of 850.”
(p. 48)

Goal 15: Fisheries and Agriculture Exports

“The value of exports from the fisheries (including aquaculture) and the agriculture sectors will each have doubled on a sustainable basis.”
(p. 49)

The provincial government has consolidated all of the goals outlined by the Nova Scotia Commission on Building Our New Economy into four key areas of focus:

- **Fiscal** – Government is committed to balancing the budget by 2017–2018 and achieving ongoing fiscal sustainability.
- **Economy** – Create the climate for private sector and social enterprise economic growth to support oneNS's economic goals.
- **Education** – Increase workforce participation and entrepreneurship by improving the early childhood and P–12 education system and continually improving opportunities for skills development and knowledge through post-secondary education, training, and apprenticeship.
- **Demographics** – Increase net interprovincial in-migration and international immigration levels; enhance wellness & health initiatives; enhance workforce participation of youth, older workers, and marginalized communities; and enhance communities and social well-being.

Nova Scotia Business Inc. recognizes the importance of these four key areas of focus – most importantly Nova Scotia Business Inc.'s role to help strengthen and grow the Nova Scotia economy while operating under responsible, accountable, and sustainable fiscal management practices. In this aim, Nova Scotia Business Inc.'s efforts over the next year will be focused on developing and implementing strategic action plans designed to achieve success in three key areas:

- **Increase the number of exporters and the value of Nova Scotian exports** by supporting Nova Scotian businesses in all communities to become exporters for the first time or to expand and increase export by targeting key strategic markets and promoting unique value-added products and services that are in demand around the world.
- **Attract and grow high-value investments from domestic, national, and international companies** to expand Nova Scotia opportunities in key targeted sectors such as financial services, information and communications technology, ocean technology, aerospace and defence, and creative industries, as well secure job creating investments in targeted regions such as Nova Scotia's rural communities by bringing value-added sustainable innovation to the traditional sectors of mining, forestry, agriculture, aquaculture and fisheries.

- **Establish Nova Scotia as an international jurisdiction of choice** in which to invest, work, and do business.

Global Economic Environment

Nova Scotia does business in a global economy and is impacted by what's happening across Canada and around the globe. Because growth depends on our ability to export our products and services to larger markets outside our borders, it is important to have regard for the state of the economy in national and international markets.

The recovery from the 2009 global recession has been slower than expected, largely due to varying growth among major world economies, with some rebounding quicker than others.² The recovery in China, the United Kingdom, and the United States has been strong; however, China's growth is beginning to soften. Sluggish growth in continental Europe, Japan, Russia, and Latin America has also slowed global recovery.³

The end of 2014 brought with it a sharp drop in the price of crude oil, which has had significant impacts both globally and here at home. Since crude oil exports are a large contributor to Canada's economy, the value of the Canadian dollar compared to the US dollar has been dropping. The drop of the Canadian dollar was also influenced by the decision of the Bank of Canada to cut interest rates from 1 per cent to 0.75 per cent, and there is speculation that further cuts can be expected.

The drop in the value of Canadian dollar is expected to last through the end of 2016.⁴ What does this mean for Nova Scotia? While the low Canadian dollar will put pressure on Canadian consumers, who will have to pay more for goods and services from outside the country, it will help make Nova Scotia's exports more attractive to customers in the United States. All things considered, Nova Scotia will most likely see higher growth in terms of real GDP when compared to the national average through the end of 2016.⁵

As a result of the drop in the global price of crude oil, Alberta's GDP is expected to shrink by 6.6 per cent in 2015.⁶ A decline in Alberta's economy could bring some Nova Scotians who have left the province for work out west back home. However, despite a projected drop in employment, Alberta's unemployment rate is still expected to be significantly lower than Nova Scotia's, which will likely limit the number of Nova Scotians returning eastward.⁷

2 United Nations. *Global Economic Outlook*. Chapter 1: World Economic Situation and Prospects 2015. New York, NY (January 2015).

3 The World Bank. *Global Economic Prospects: Having Fiscal Space and Using It*. Chapter 1: Global Outlook. Washington, DC (January 2015).

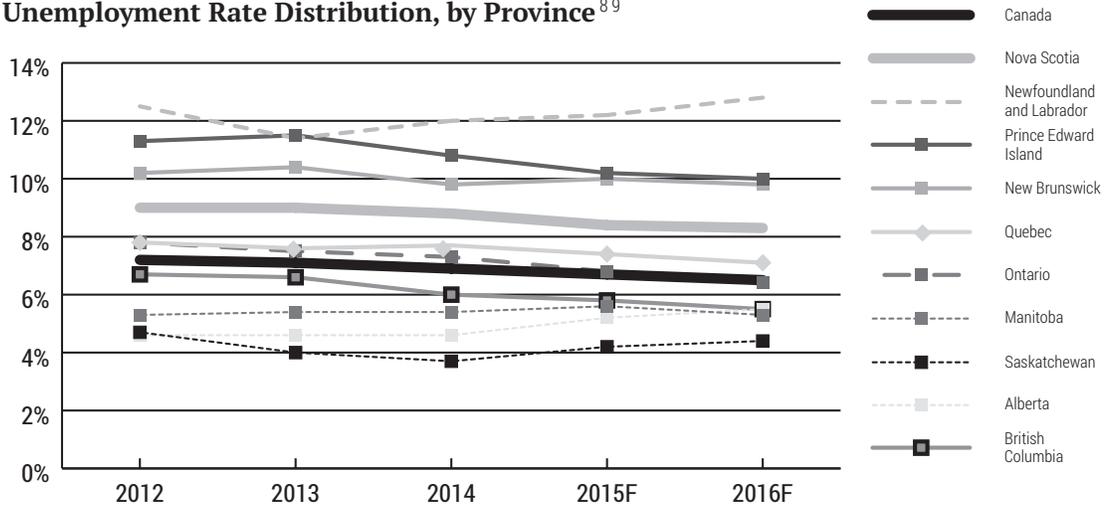
4 Scotiabank. *Foreign Exchange Outlook*. Toronto, ON (February 2015).

5 TD Economics (www.td.com/economics). *Canadian Provincial Economic Forecast Update* (January 2015).

6 TD 2015.

7 BMO Capital Markets Economics. *Provincial Economic Outlook* (February 2015).

Unemployment Rate Distribution, by Province^{8 9}



Core Business Functions

Nova Scotia Business Inc.'s core business functions focus on attracting global investment to Nova Scotia to create new jobs across the province and helping Nova Scotia's businesses grow and succeed in the global economy, through business advisory services, skill development and training, financing, and support in accessing global markets. Generating awareness of Nova Scotia as an attractive business jurisdiction in the global economy plays a critical foundational role in growing exports and investment, as does ensuring a positive, export-oriented business culture here at home.

Trade

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

In a small economy, it is difficult to imagine how a lasting economic turnaround and renewal might be accomplished without a lot more businesses generating a lot more exports of goods and services than is currently the case."¹⁰

"There is no question that the decline in international exports from Nova Scotia has played a role in the province's weak economic performance in recent years."¹¹

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

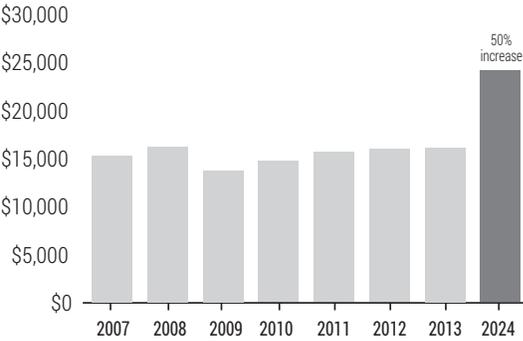
8 Statistics Canada. CANSIM table 282-0087 and Catalogue no. 71-001-XIE.

9 BMO 2015.

10 Ivany et al. 2014, p. 31.

11 Campbell, David. "Fostering more export-based entrepreneurs in Nova Scotia," in Ivany et al. 2014, p. 184.

Total Annual Value of Exports (\$ millions)



Total Exports¹²

In order to drive export growth, Nova Scotia Business Inc. will immediately develop a robust evidence-based, targeted trade strategy that maximizes opportunities for Nova Scotia companies with exportable value-added products and services and delivers measurable results through focused efforts in markets with the greatest opportunity. Nova Scotia must, and accordingly Nova Scotia Business Inc. will, drive export as a first priority.

Investment

“We cannot control the major forces shaping the global economy, but we can heighten our responsiveness to opportunities that emerge from these changes, especially if we focus our resources wisely.”¹³

More and more jurisdictions are pursuing decreasing levels of foreign direct investment (FDI) dollars. The increased global competition for FDI dollars will require Nova Scotia Business Inc. to fine tune our attraction strategy, building on our past success and focusing our limited resources wisely to maximize the impact of our efforts.

Attracting foreign direct investment, which encompasses new investments from outside Nova Scotia both within 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 is export intensive, highly productive, and accelerates supplier development through strategic partnerships or joint ventures with local companies.
- 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 world-class workforce.

Nova Scotia has unique assets and advantages that are valuable to global companies: our highly skilled and educated workforce, our ports and gateway, time zone advantages, reliable infrastructure, a competitive cost model, and proximity to global markets. Nova Scotia Business Inc. will capitalize on these advantages, refine our approach to attracting foreign direct investment, and identify the companies best suited for success through a Nova Scotia location.

¹²Nova Scotia Department of Finance and Treasury Board. Daily Stats, November 18, 2014. Nova Scotia Total Trade Components 2013.

¹³Tom Traves. *Review of Economic Development Assistance Tools: Assessment of Current Practices and Future Potential for Nova Scotia* (2014), p. 7.

Nova Scotia Business Inc. also helps Nova Scotia businesses secure investment in order to drive growth. Our focus is on small to medium-sized businesses that are committed to driving sustainable, competitive growth through export. Nova Scotia Business Inc. provides facilitation and referral services, programs, and direct access to capital to improve competitiveness and productivity aimed at increased export. We are well positioned to support the growth of investment from domestic companies through the Capital Rebate Program (CRP) and the Small Business Development Program (SBDP). The CRP and SBDP will target the support of globally competitive exporting companies in all communities with plans to expand in the province.

Marketing and Communications

One of the biggest challenges for any small jurisdiction, such as Nova Scotia, that competes in the global economy is building awareness. Although Nova Scotia is often recognized by its homegrown successes, the companies that have chosen to do business here, and by its unique assets, there remains considerable work to be done to build Nova Scotia's profile in key global markets.

Nova Scotia Business Inc. will work with its partners to build awareness, outside our borders, of key sectors in Nova Scotia, such as financial services, information and communications technology, aerospace and defence, ocean technology, and creative industries. Nova Scotia Business Inc. will serve as Nova Scotia-brand ambassadors in national and international markets.

The oneNS report has highlighted the need for an attitude and cultural change across

Nova Scotia. Nova Scotia Business Inc. recognizes and embraces the role we play in building our domestic business culture. We will be a positive business voice, continuing to build on our networks across all regions of the province, celebrating success and advocating for looking first beyond our borders to grow our economy.

Strategic Goals and 2015–2016 Annual Priorities

Nova Scotia Business Inc. has outlined the following goals and annual priorities to deliver on our mandate:

1. Increase the Total Annual Value of Nova Scotia Exports.

- Working with our partners, identify key strategic growing export markets where Nova Scotia firms have a competitive advantage – Eastern United States, emerging markets in Asia, and free trade opportunities in Europe.
- Develop a targeted export growth strategy and plan that focuses specifically on small and medium-sized enterprises (SMEs) with a competitive advantage that recognizes and supports the unique business needs within communities across the province.
- With partners, support the development of strategic sector and micro-cluster growth plans that focus on industries with export potential and in which Nova Scotia can build scale.

- Identify and proactively reach out to companies that produce high-value goods and services and have the potential to export or expand export to Nova Scotia Business Inc.'s key export markets.
- Support Nova Scotia businesses in identifying and entering targeted export markets through outcomes-focused export readiness initiatives, robust market-entry intelligence, and targeted in-market relationship building.
- Help experienced exporters to expand into key markets through results-driven trade missions and by advancing export transactions and projects through in-market advocacy.
- Build on Nova Scotia's strong base of creative industries by helping them thrive in Nova Scotia and expanding the exports of our creative industry's goods and services into new markets.
- Through market intelligence, supply-chain insight, and supporting sustainable innovation in traditional sectors, help Nova Scotia businesses gain greater competitive advantage and market share.
- Celebrate Nova Scotia's export success and bring together exporters in all communities through annual provincial Export Achievement Awards.

2. Grow the Number of Firms in All Communities Participating in Export.

- Refine Nova Scotia Business Inc.'s trade program to support and give preference to businesses exporting high-value goods and services and those exporting to Nova Scotia's key export markets.

- Develop and implement a robust, targeted first-time exporter strategy aimed at identifying and supporting potential high-value exporters in all communities.
- Break down the silos and create partnerships between Nova Scotia companies and FDI investors in Nova Scotia. Connect Nova Scotia businesses with global value-chain opportunities created by FDI clients.

3. Secure Increased Investment and Payroll Expenditures from Domestic, National, and International Companies in Order to Grow and Expand Businesses in the Province.

- Develop a concrete strategy and plan focused on attracting sustainable investment in targeted sectors across Nova Scotia that recognize and promote the unique assets within communities across the province.
- Identify companies with a competitive advantage to be gained from locating in Nova Scotia, maximize outreach initiatives, and attract prospective companies to visit Nova Scotia, engaging partners and stakeholders to maximize our impact.
- Revise and revamp the payroll rebate guidelines to maximize efficiency and return on investment to the province.
- Provide business advisory and navigation services to new FDI businesses, facilitating effective connections to drive their growth once in the province.
- Continue to provide advice and tools for partners in all communities to assist in increasing the province's competitiveness

and improving our ability to identify and respond to new investment opportunities.

- Leverage the Capital Rebate Program to assist and incent domestic, globally competitive exporting companies across all regions of the province.
- Assist small and medium enterprises, entrepreneurs, and start-ups across the province in identifying and accessing sources of capital, through training, navigation assistance, and facilitation.
- Target the Small Business Development Program to support globally competitive exporting companies in all communities in the province with plans to expand.

4. Establish Nova Scotia as an International Jurisdiction of Choice in which to Invest, Work, and Do Business.

- Working with our partners, further crystallize Nova Scotia's value proposition and competitive location advantage, highlighting our highly skilled and educated workforce, ports and gateway, reliable infrastructure, and competitive cost model.
- Develop a cost efficient marketing and communications strategy and plan to build awareness of Nova Scotia as an attractive business jurisdiction in targeted key markets that recognize and promote the unique assets within communities across the province.
- Develop and implement an engagement strategy to deepen and strengthen Nova Scotia Business Inc.'s international relationships with embassies, consulates, and trade commissioners in key markets.

- Working with our partners, develop and implement a robust workforce attraction strategy.
- Identify and capture testimonials from globally successful companies in Nova Scotia to promote and showcase the province as an attractive business jurisdiction.
- Capitalize on Nova Scotia's export and investment growth to promote Nova Scotia as an international jurisdiction of choice.

5. Strengthen Nova Scotia's Business Climate Confidence and Export Culture.

- Review, map, and streamline the application processes for Nova Scotia Business Inc.'s programs and services to ensure ease of navigation, efficient delivery of information, and speed of response to business.
- Maximize information technology and associated systems to provide a user-friendly, accessible, and easy-to-navigate application process for businesses.
- Working with the Regional Enterprise Networks and other economic development partners, coordinate and reduce duplication of effort and emphasize Nova Scotia Business Inc.'s role as a key point of contact for business in all communities.
- Through daily interaction with businesses across the province, listen for the obstacles and challenges standing in the way of private sector growth to better position Nova Scotia Business Inc. as a provincial voice for business.
- Develop and implement a strategy that maximizes Nova Scotia Business Inc.'s advisory and navigation services in all

communities, connecting businesses with expertise, programs, and resources to support their growth and competitiveness.

- Promote and celebrate Nova Scotia's business success stories, and share lessons learned from unsuccessful business ventures to reduce negative stigma and celebrate a culture of entrepreneurship.

Budget Context

	Budget 2014-15 (\$ 000)	Forecast 2014-15 (\$ 000)	Estimate 2015-16 (\$ 000)
Revenue			
Provincial grants:			
Operating grant	10,017	9,967	14,041
Strategic investment funds	8,509	9,284	11,482
Loan valuation allowance	2,420	2,420	716
Gain on sale of properties	1,123	1,172	0
Capital/revaluation gain (loss)	1,630	0	0
NS Business Fund revenue: loans & equity	2,959	2,937	2,476
NS Business Fund revenue: real properties	662	1,086	615
Misc. revenue	2,639	3,170	2,530
Total revenue	29,958	30,035	31,860
Expenses			
Operating expenses	12,655	12,838	16,571
Strategic investments expenses	8,509	9,284	11,482
Provision for credit losses	2,637	21,637	716
NS Business Fund expenses: real properties	3,289	2,930	*1,801
NS Business Fund expenses: loans & equity	2,094	2,299	2,087
Total expenses	29,184	48,988	32,657
Surplus (deficit) of revenue over expenses	774	(18,952)	(797)

* Reflects a one-time cost (\$652) associated with the removal of industrial drywall waste from a Nova Scotia Business Inc.-held property.

Performance Measures

Nova Scotia Business Inc. has historically focused on measurements of activity to evaluate the results of the organization. While activity remains important and will continue to be tracked and monitored, going forward the organization's performance will instead be measured on outcomes-based results.

The following section provides detail on the types of metrics that are currently under examination to evaluate the results against the Nova Scotia Business Inc. goals established for 2015–2016.

Outcomes-Based Metrics

In 2015–2016, Nova Scotia Business Inc. will be identifying and instituting the metrics and checkpoints to ensure that our efforts are measured based on outcomes and results achieved by our private sector clients. Outcomes-based metrics will be developed to measure Nova Scotia Business Inc.'s results, through our clients, in the following four key areas:

1. Trade
2. Investment/payroll
3. Awareness and perception of Nova Scotia
4. Nova Scotia's business climate

A client survey will be conducted early in the 2015–2016 fiscal year to establish benchmarks in each of these four areas.

As a means of measuring Nova Scotia Business Inc.'s impact on the success and growth of their business, Nova Scotia Business Inc. will continue to measure client progress throughout 2015–2016 with respect to trade growth, investment in Nova Scotia, and perceptions of the business climate in the province.

Trade: Increase the total annual value of Nova Scotia exports.

Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
Nova Scotia businesses exporting a higher value of goods and services	Client-reported actual export sales (include both domestic and international companies' sales) compared with one year prior	Increase the actual export sales of Nova Scotia Business Inc.'s clients by at least 5%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Trade: Grow the number of firms in all communities participating in export.

Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
More Nova Scotia businesses exporting	Number of Nova Scotia Business Inc. clients reporting their first-ever export sale in 2015–16	A minimum of 15 additional Nova Scotia Business Inc. clients report their first ever export sale	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Investment/Payroll: *Secure increased investment and payroll expenditures from domestic, national, and international companies in order to grow and expand businesses in the province.*

Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
Increase in the actual payroll reported from Nova Scotia Business Inc. clients	Actual payroll in 2015–16 generated by Nova Scotia Business Inc. clients	Increase the actual payroll generated by Nova Scotia Business Inc.'s clients in 2015–16 by at least 110%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the value of capital investment in Nova Scotia	Amount of leveraged capital investment in Nova Scotia by CRP clients	Increase the amount of leveraged capital investment by Capital Rebate Program clients by a minimum of 4.25%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the value of capital investment in Nova Scotia	Amount of capital investment in Nova Scotia by Nova Scotia Business Inc. clients not participating in the CRP	Increase the amount of capital investment by Nova Scotia Business Inc.'s non Capital Rebate Program clients by at least 5%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Awareness and Perception of Nova Scotia: Establish Nova Scotia as an international jurisdiction of choice in which to invest, work, and do business.

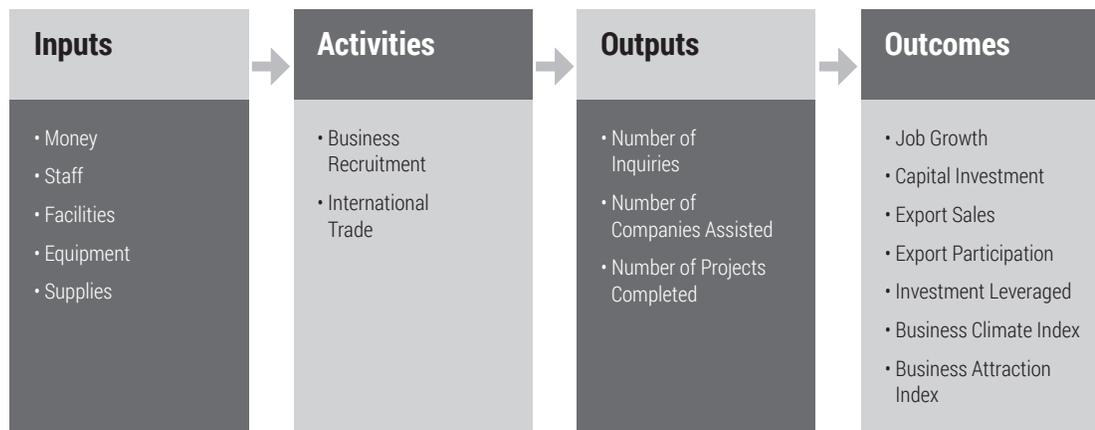
Outcome	Measure	2015–16 Targets	Trends	Strategies to Achieve Target
Greater recognition of Nova Scotia as an international jurisdiction of choice in which to invest, work, and do business	Generate positive earned media	5% increase in positive earned media	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Greater recognition of Nova Scotia as an international jurisdiction of choice in which to invest, work, and do business	Increase in the number of new engaged visitors to Nova Scotia Business Inc. website	15% increase in the number of new, engaged visitors to Nova Scotia Business Inc. website	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
More companies choosing Nova Scotia as a location to establish a business	Number of Nova Scotia Business Inc.'s FDI transactions	Increase in the number of Nova Scotia Business Inc.'s FDI transactions by a minimum of 10%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the value of capital investment in Nova Scotia	Amount of capital investment in Nova Scotia by Nova Scotia Business Inc. clients	Increase the amount of capital investment by Nova Scotia Business Inc.'s clients by at least 5%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities
Increase in the actual payroll reported from Nova Scotia Business Inc. clients	Actual payroll in 2015–16 generated by Nova Scotia Business Inc. clients	Increase the actual payroll generated by Nova Scotia Business Inc.'s clients in 2015–16 by at least 10%	2015–16 will be a benchmark year for data	Listed above under Strategic Goals and 2015–16 Annual Priorities

Nova Scotia's Business Climate: Strengthen Nova Scotia's business climate confidence and export culture.

Outcome	Measure	2015-16 Targets	Trends	Strategies to Achieve Target
Improvement in rating of Nova Scotia's business climate	Improvement in business climate index among Nova Scotia Business Inc. clients	Achieve an upward trend in the business climate index among Nova Scotia Business Inc. clients	2015-16 will be a benchmark year for data Business climate index to be developed	Listed above under Strategic Goals and 2015-16 Annual Priorities
Increase in the reach of Nova Scotia Business Inc. across the province	Increase in the number of businesses working with Nova Scotia Business Inc. across the province	Nova Scotia Business Inc. working with over 900 unique businesses across the province	2015-16 will be a benchmark year for data	Listed above under Strategic Goals and 2015-16 Annual Priorities

Conversion Rates

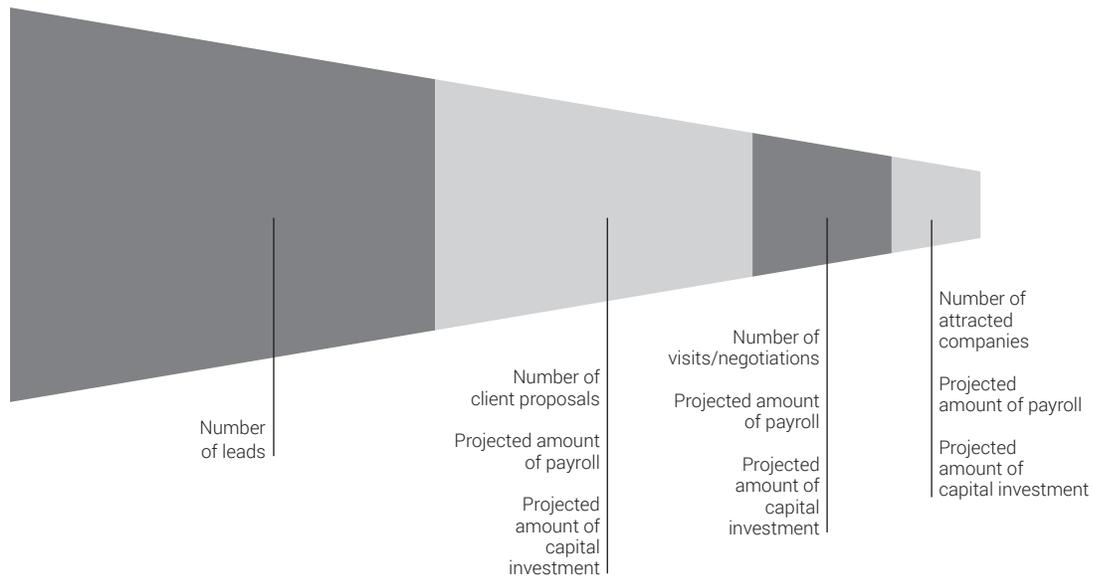
As an indicator of organizational effectiveness, we will continue to track and evaluate how Nova Scotia Business Inc. activity leads to results. Nova Scotia Business Inc. will complete a conversion rate analysis through collecting and examining data from 2015–2016 client interactions, as illustrated below.



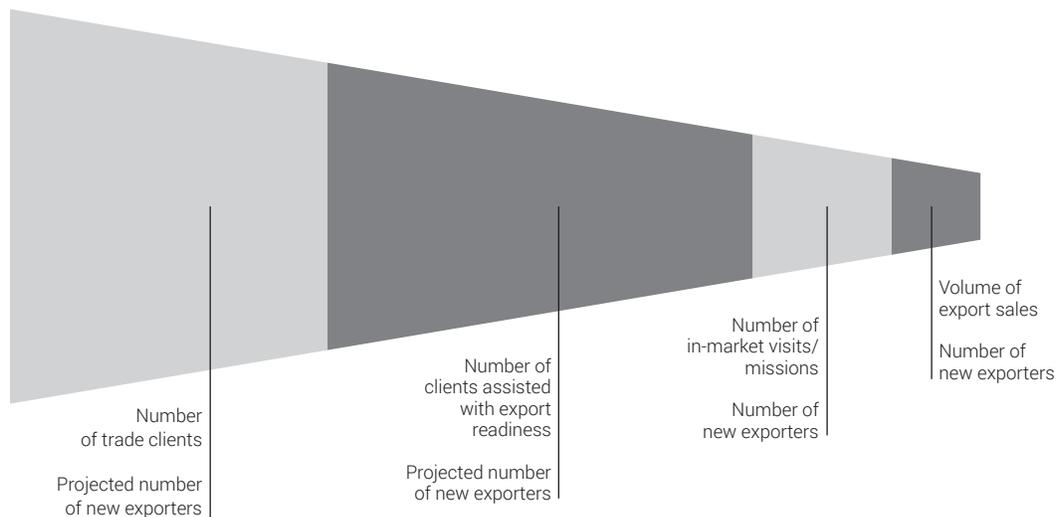
Benchmarking

The following will be benchmarked in 2015–2016 to measure outcomes-based results:

Investment Attraction – Activity to Results



Trade – Activity to Results



Appendix 1

Strategic Investment Funds Pursuant to NSBI Regulations Policies and Guidelines/Procedures, NSBI 2015–2016 Business Plan

	Payroll Rebate
Overview	<p>The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted payroll generation and maintenance or creation of employment.</p> <p>This financial incentive may be used when it can be shown that an applicant's project generates an economic benefit to the province, which may include export development, investment in the province, or improved competitiveness of existing businesses, in one or more of the province's key economic sectors.</p>
Amount	<p>Rebates will be equivalent to between 5% and 10% of the applicant's gross payroll, depending on the applicant's strategic location 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 or are new members of the Nova Scotia workforce, or is increasing export activity.</p> <p>All other Nova Scotia provincial government assistance with respect to the project must be disclosed and may influence the rebate amount.</p>
Eligibility	<p>The applicant's business must be considered eligible according to NSBI's operating regulations.</p> <p>Applications for assistance must be project-based. Projects are expected to create or maintain sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance.</p> <p>By undertaking projects to improve their competitiveness or increase activity in export markets through either productivity improvements or investments in product development, companies may be eligible for a payroll rebate to maintain operations and payroll.</p> <p>Eligibility requires that all projects should result in the maintenance or creation of at least 20 jobs (FTEs) in Nova Scotia. Projects creating or retaining fewer than 20 FTEs will be considered when there is high strategic value or strong economic benefit.</p> <p>Companies that have previously received assistance under the program will not be eligible for additional assistance unless the project is either incremental to the peak FTE level attained by the company under the previously provided assistance or it encourages private investment and contributes to sector development.</p> <p>Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.</p> <p>The Applicant will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).</p>
Application Requirements	<ul style="list-style-type: none"> • 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.

	Payroll Rebate
Criteria	<p>The company and the project must have reasonable prospects (business plan) for continued growth and success. The company should be profitable, with a proven track record. In addition, the project should be mainly export oriented and/or be in a strategic economic sector.</p> <p>The company must also demonstrate</p> <ul style="list-style-type: none"> • strong management (corporate and local) • compliance with Environment Act, Occupational Health and Safety and Labour Standards Code (if already established in Nova Scotia) • economic benefit to the province (e.g., estimated number of jobs created/retained, linkages with other sectors, improved competitiveness, non-competition with Nova Scotia industries, import substitution) • an acceptable credit history
Performance Conditions	<p>Assistance is contingent on specific targets the company must achieve, which will typically be the creation or maintenance of (x) jobs by (date) with an average annual salary/wage of \$ (amount). These targets are expected to still be in place at the end of the rebate period.</p> <p>Companies may be required to achieve additional targets with respect to project completion, including investment or export targets.</p> <p>The applicant must provide an annual report, which will typically be an auditor's report, certifying that the employment, wage, and other targets have been achieved. The report must contain the following information:</p> <ul style="list-style-type: none"> • Incremental and/or maintained gross wage or payroll bill (including benefits) and the number of incremental and/or maintained employees and hours worked according to the company's records on each anniversary date from the project commencement; • Gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the project commencement; • Incremental and/or maintained employees province of residence; and • Applicable export, investment and project details.
Payment Terms	<p>Rebates will be paid following provision by the company of all information required by NSBI to verify compliance with the terms and conditions of the payroll rebate agreement.</p> <p>In most cases, rebates will be paid annually on each anniversary from the project commencement.</p> <p>Payment terms generally average five years.</p>

	Management Development and Support
Overview	<p>Management Development and Support is a discretionary, non-entitlement tool intended to assist Nova Scotia small and medium-sized businesses in addressing deficiencies in management capabilities, especially with respect to financial and operations management.</p> <p>Many small and medium-sized businesses have deficiencies in management and management information systems. This may include a lack of skills on the part of an owner-operator, lack of internal financial or operational expertise, or poor information systems. These issues can pose serious threats to growing companies and may prevent otherwise sustainable companies from accessing conventional forms of financing.</p> <p>The program is anticipated to have the following benefits:</p> <ul style="list-style-type: none"> • Decrease NSBI loan write-off rates by addressing management deficiencies of lending clients. • Improve the ability of Nova Scotia SME's to attract conventional financing and reduce the need for government capital sources. • Improve the success rate of growing companies by providing critical support in the area of financial management before problems arise.
Eligibility	<p>The applicant's business must be considered eligible according to NSBI's operating regulations.</p> <p>The company must be a lending or facilitation client of NSBI Business financing.</p>
Application Requirements	<ul style="list-style-type: none"> • Completion of an application form. • 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	<p>The company must have reasonable prospects (business plan) for continued growth and success.</p> <p>Qualified expenditures will include</p> <ul style="list-style-type: none"> • support for owner/operators in the area financial and operations management • funding for external consultation or support beyond that normally provided by external accounting professionals • cost share for investment in upgrading internal information systems • cost to establish a board, advisory board, or mentor support <p>The program is intended to supplement assistance available through existing provincial or federal programs. The company may be directed to access other funding sources if applicable.</p> <p>The company must demonstrate compliance with the Income Tax Act (Canada), Environment Act, Occupational Health and Safety and Labour Standards Code.</p>
Payment Terms	<p>NSBI will provide assistance to offset qualified expenditures, with assistance disbursed directly to service or product providers.</p>

Appendix 2:

Nova Scotia Business Fund

The Nova Scotia Business Fund is the source of capital for Nova Scotia Business Inc.'s business financing and equity financing clients. The portfolio currently has approximately \$114 million outstanding to more than 80 companies located throughout the province. For 2015–2016, net new capital needed for Nova Scotia Business Inc. to continue to meet the financing needs of Nova Scotia businesses is estimated to be \$3 million, with repayments of current outstanding investments estimated to be about \$7 million.

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

- Annual sector investment targets:
 - traditional: 16%
 - knowledge-based (information and communications technology and life sciences): 20%
 - manufacturing: 45%
 - energy: 9%
 - ocean technology: 5%
 - other: 5%
- \$15 million maximum per company (investments exceeding this amount will be considered in exceptional circumstances)
- Maximum of 58% of the Nova Scotia Business Fund available for working capital / equity investments (target of 8% maximum available for working capital and target of 50% maximum available for equity investments)
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization)