



# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2009–2010

#### Nova Scotia Business Incorporated *Business Plan 2009–2010*

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## Mission

***To deliver client-focused business solutions that result in sustainable, value-added economic growth for Nova Scotia***

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## Vision

As Nova Scotia's business development agency, Nova Scotia Business Inc. (NSBI) works with businesses to help them grow and prosper. As a private-sector-led agency, NSBI works to attract new companies to Nova Scotia and assists local companies to meet growth potential through advisory services, trade development, financing, and venture capital.

NSBI's vision is

*A strong, prosperous and competitive Nova Scotia*

The primary goal is to expand business activity in Nova Scotia. In doing so, NSBI will

- raise the level of wealth and prosperity for the people of Nova Scotia
- increase revenues for the Province of Nova Scotia

## Corporate Mandate

NSBI's approach to business development directly supports the province's mandate and works in concert with existing strategies such as the province's trade development strategy, Going Global, Staying Local. The plan also builds on the province's "green" initiatives and proposes incentives to encourage companies to employ environmental practices. In all of its activities, NSBI's primary goal is to create sustainable, long-term prosperity for the people of Nova Scotia.

In its first five years of operations, NSBI worked to create jobs, with the corporate objective of its clients creating and maintaining 18,000 private-sector jobs across the province. In 2007, NSBI achieved this objective and introduced a new plan, directing NSBI's next five-year cycle. Building on its first five years of operations, this plan outlines a key accountability metric not just of job creation, but of total payroll created and retained by its clients. This metric captures average salaries in addition to job creation. With this in mind, NSBI's new target is \$800 million in total client payroll created and retained over the next five years.

In developing this, our second five-year plan, along with its metric and targets, NSBI made a number of key assumptions. The first assumption was that Nova Scotia's



business climate would remain competitive. The global economic downturn and the uncertain length of the recession signals challenging times for companies across the province and will challenge NSBI's ability to reach the \$800-million payroll target.

Despite the current state of the economy, the pillars of the corporation's five-year plan remain relevant: regional growth, competitiveness, talent, leadership, and collaboration. NSBI is guided by these pillars as the corporation works with clients not only to create jobs, but, just as important, to retain jobs. In a time of economic uncertainty, the term "retention" has become a critical building block for growth. With this in mind, NSBI will continue to support the retention of viable businesses across the province and the jobs associated with those operations. In addition, the corporation will also strive to retain the foreign direct investment that has been secured in key growth sectors and build on the awareness NSBI has developed for this province in key international markets and industries since its inception. Above all, the corporation, along with its clients, will work harder than ever before to collectively navigate the economic downturn and position the province for a prosperous and sustainable future.

## Planning Context

The current economic climate is presenting new challenges and unique opportunities for Nova Scotia businesses. Discussions with existing clients, partners, and stakeholders have guided the business planning process and have prompted a directional shift for the corporation.

While some companies are meeting challenges head on, others are less inclined to make investments, explore new markets, or take risks for fear the economy may get worse. This scenario is more acute in areas where manufacturing and traditional industries make up a higher percentage of business activity and where small and medium-sized businesses are reliant on a single market or industry for future growth.

From both a strategic and a tactical perspective, NSBI's 2009–2010 business plan has been developed to support companies in maintaining their presence in current markets while further enhancing their overall competitiveness. This approach is critical across the province, but more specifically in rural communities. The initiatives outlined in this business plan demonstrate the corporation's in-depth understanding of the current economic climate and its responsiveness to the changing needs of Nova Scotia businesses. The plan outlines initiatives to engage and support more companies to become export ready and proposes additional flexibility in

the application of certain programs and services provided by NSBI. With regard to NSBI's investment attraction efforts, the corporation is determined to maintain and build relationships with influencers in key sectors by demonstrating the increased relevance of Nova Scotia's value proposition in light of the current economic downturn.

NSBI considered the following key economic risk factors during the development of its 2009–2010 business plan:

- Economists have little doubt that the U.S. recession, which is officially dated to have begun in December 2007, will be one of the most severe in the post-war period. It has already become the longest U.S. contraction since 1982.
- Canada's economy contracted in the fourth quarter of 2008, and many economists expect the GDP to decline further within the first half of 2009 as consumers, reeling from the housing collapse, stock market plunge, and job losses, continue to decrease spending.
- Economists forecast Nova Scotia's economic growth (0.3 per cent consensus) at a rate greater than the forecasted national GDP growth (–0.5 per cent consensus) in 2009. The economic view for Nova Scotia is not optimistic in the short term; however, it is believed that the province will not see the drastic downturns that many North American jurisdictions will experience in 2009–2010.
- Nova Scotia exports close to 80 per cent of its products and services to the U.S. Although the stabilization of the Canadian dollar in relation to the U.S. dollar has had a positive impact on the competitiveness of a number of Nova Scotia's industries, this has been negated by the U.S. economic downturn.
- As a result of an equipment upgrade, Nova Scotia's economic activity in 2008 benefitted from an increase in output from the Sable Island offshore gas field. However, the boost in 2008 will not be repeated in 2009, with prices for natural gas and petroleum products projected to be much lower than in previous years.
- In 2008—via the Nova Scotia Business Retention and Expansion (BRE) program—more than 2,000 companies were consulted on the current business climate. The greatest concern reported was workforce quality and availability. However, the recent drop in oil prices has led to a slowdown in the Alberta oil sands, returning more Nova Scotians home in search of work. This western labour pool has added to the skilled workers who continue to graduate from the province's strong post-secondary education system.
- Manufacturers of construction products and newsprint will continue to face weakening demand in North America, which will have an adverse affect on the Nova Scotia economy.



- In a time when other sectors of the Canadian economy are lagging, the defence, security, and aerospace sector is growing, with revenues of \$23 billion in 2007, up from \$21 billion in 2004. According to the Aerospace Industries Association of Canada (AIAC), the sector will remain robust in these challenging economic times.
- The 2009 Canadian federal budget contains \$43 billion in economic stimulus, spread out over the course of the next four years. Its effectiveness will depend on how quickly programs can be implemented, as well as their impact in stimulating economic growth and job creation. This fiscal stimulus package is believed to be worth up to 1.5 per cent to 2 per cent of GDP in 2009, combined with the lowest interest rates in 50 years. Despite that, economists are still uncertain if it will be enough to resuscitate the economy in the short term.

## Core Business Areas

NSBI's core focus is to work directly with businesses to deliver results for the province. To achieve this, the organization offers customized, client-focused solutions through its business units: business advisory, trade development, business financing, venture capital, and investment attraction.

Located in offices across the province, the business advisory team is the frontline contact for Nova Scotia companies. Business advisory personnel work closely with the trade development, business financing, venture capital, and investment attraction teams to jointly meet client needs. The team takes a proactive approach to business development and is highly skilled at building partnerships and assisting businesses through a variety of services.

The trade development team collaborates with other agencies and organizations that share the common goals of increasing exports from the province. Not only does the trade development team work cooperatively with its partners to deliver results, it also directly administers programs. These programs, including NSBI-led trade missions, are specifically targeted at assisting Nova Scotia exporters to explore new business opportunities in export markets.

NSBI's business financing team offers flexible financial tools, ranging from loans to guarantees to payroll rebates for the purposes of competitiveness initiatives. The team works directly with companies to structure financing packages with terms and conditions tailored to their specific needs. NSBI's financial solutions assist in bridging financial gaps in the marketplace and are often provided in partnership with other financial institutions.

As a mid-to late-stage investor with the ability to do follow-on investments, NSBI's venture capital team focuses on equity financing in a variety of sectors and growth opportunities and often partners with national firms. The team provides capital, strategic direction, and advice to help promising companies achieve their full potential.

Attracting sustainable, export-oriented, and value-added business investment to the province is the main objective of the investment attraction team. In pursuing this goal, NSBI takes a targeted and aggressive approach to attract and retain businesses that have a strong "fit" with Nova Scotia's key assets. In this role, NSBI proactively promotes the competitive advantages of doing business in Nova Scotia.

## Strategy and Priority Areas

### ***Business Advisory***

NSBI's business advisory team (BAT) is on the frontlines for much of NSBI's interaction with Nova Scotia companies. For the upcoming year, NSBI will continue to proactively seek out Nova Scotia companies with business opportunities.

BAT will continue to enhance its profile as extensions of NSBI's core business units—trade development, business financing, venture capital, and investment

attraction—to create a broader awareness of the programs and services offered. The team will continue to increase and improve its networks with local stakeholders, including government agencies, financial institutions, chambers of commerce, and other partners.

In 2009–2010, BAT will continue to fill its pipeline with qualified leads that can result in solid business retention and expansion opportunities in rural Nova Scotia. Through its work with NSBI's business units, the team will continue to support the retention of existing businesses and the jobs they represent by providing customized advice and solutions designed to help them achieve their strategic goals.

### ***Trade Development***

In light of the current economic climate, the trade development team will be increasingly called upon in 2009–2010 to assist Nova Scotia companies in diversifying markets. Interest in market diversification grew steadily in 2008–2009 and is expected to increase even further in the coming year. As a result of this interest, NSBI's trade development team is expected to see new export opportunities taking shape in markets such as the Caribbean and the United Arab Emirates, in addition to mining opportunities in the U.S., Western Europe, and the European Free Trade Association (EFTA) countries. In the spirit of diversification, the trade development team is also expected to



conduct exploratory work in Central and South America, Northern Canada, and the Nordic countries in 2009–2010.

NSBI, in partnership with Nova Scotia Economic and Rural Development, is working to develop and implement two new programs for the coming year. The first program will focus on assisting Nova Scotia exporters who require mandatory certifications of their products and services in order to penetrate new markets. The second initiative—expected to be facilitated by NSBI’s business financing team—will assist Nova Scotia exporters in filling critical financing gaps in order to enter new markets or fulfill export contracts.

Service to clients will be enhanced by the addition of a market research resource within the trade development team to assist clients in identifying potential markets for their products and services. Although Nova Scotia exporters acknowledge the importance of diversification and new market exploration, the trade development team recognizes the need for more concrete research in order to better educate exporters on future opportunities.

The promotion of trade programs and services will be a primary focus in the coming fiscal year, as the team continues to market the benefits of exporting and market diversification. The promotional strategy developed in fiscal Q4 2008–2009 will be implemented more fully in 2009–2010. The central partners in Trade Team Nova Scotia

(ACOA, NSBI, DFAIT, NSERD) also plan to resurrect the export rally concept last used in 2000 in order to share information with potential new exporters.

Additional solutions to help increase the level of export in the province include

- waiving and/or eliminating the \$500 trade mission fee
- extending the reach of programming through additional flexibility (e.g., Export Prospector has been extended to attend trade shows), as well as loosening the parameters around other offerings, such as the Go Ahead program

### ***Business Financing***

In 2009–2010, NSBI’s business financing team will continue to support growth-oriented businesses in Nova Scotia through a variety of financing options. These will include maintaining and enhancing partnerships with business and government through joint financing projects, working closely with NSBI’s other business units and with various associations and membership organizations that support business development in Nova Scotia. In addition, NSBI will aggressively promote its enhanced payroll rebate tool in 2009–2010, which is designed to assist Nova Scotia businesses as they undertake productivity enhancements to improve competitiveness.

Financing proposals will continue to be assessed on their merits as well as a broader

net economic benefit model that more accurately analyses the total impact to the province.

As with all of NSBI's business units, the business financing team will be supportive and diligent in identifying mutually satisfactory solutions to help existing clients work through challenging business conditions. These solutions include the following:

- Eliminate the retention factor on the modified payroll rebate tool, allowing full payout on a retained job versus being discounted based on a largely subjective analysis of the risk associated with job loss. This will require an adjustment to the corporation's targeted ROI, as each retention rebate has a negative return.
- Obtain approval for a blanket guarantee that would allow NSBI to extend guarantees to qualifying businesses that have modest requirements from \$25,000 to \$50,000. The guarantee would backstop lines of credit for small businesses that are unable to access operating credit in traditional ways.
- Introduce incentives to companies that employ environmental or sustainable practices as part of productivity enhancements.
- Eliminate the 1 per cent transaction fee.

### ***Venture Capital***

NSBI's venture capital team provides equity investment in mid-to late-stage Nova Scotia companies seeking growth capital. NSBI's approach is to assume a non-controlling interest and partner with entrepreneurs and investment partners. Companies are eligible for venture capital if they are rapidly evolving and growing within their market and have a sustainable competitive advantage with a defined, defensible market niche.

This team currently manages 11 portfolio companies, with several legitimate opportunities in the pipeline. In 2009–2010, the corporation will continue to focus on companies in the information communications technology (ICT), defence and aerospace, energy, advanced manufacturing, and life sciences sectors. NSBI will also look at ways to invest in companies in the emerging green technologies sector. To support these initiatives, NSBI requires financing solutions consistent with venture capital requirements. Promoting NSBI's venture capital team to prospective clients and strengthening relationships and key connections with equity financing and private equity firms in other jurisdictions remain its key priorities.

### ***Investment Attraction***

Since 2006, NSBI's investment attraction team has proactively concentrated on three primary sectors: financial services, ICT, and



defence, security, and aerospace. The strength of Nova Scotia's value proposition in these industries has allowed the corporation to achieve success on an international scale and continues to offer opportunities going forward.

In 2009–2010, the investment attraction team will continue to proactively target these three core sectors, while also increasing its focus on new emerging markets and advanced manufacturing.

The investment attraction team will also focus on assisting existing payroll rebate clients affected by the economic downturn. The team will be proactive in working with clients to ensure their continued success in Nova Scotia. Competitive pressure on existing clients in 2009–2010 will require flexible solutions in order to maintain existing jobs.

NSBI will continue to work with all regions of Nova Scotia to maximize their strategic assets to attract investments that best fit their competitive strengths. The investment attraction team will work closely with NSBI's domestic business units to identify and prospect foreign direct investment opportunities in industries and communities across the province.

NSBI's investment attraction team, with support from its partners, is outlining marketing efforts, collaborative project plans, and industry tactical plans for the coming year. These will assist the corporation in directing its investment

attraction efforts to proactively promote Nova Scotia as a location of choice for business investment and raise the province's visibility within targeted sectors and markets. Now is the time to market Nova Scotia and make the contacts that will have a long-term positive impact in the province. Our value proposition will remain strong when the global economy rebounds.

Investment attraction will continue to explore ways in which its payroll rebate terms can be more flexible for their clients and continue to work with Economic and Rural Development and other partners to customize competitive incentives solutions where required. Consideration will be given, where appropriate, to modifying the percentage payout of the payroll rebate, to support companies in recruiting and hiring people with certain skills and experience. This modification recognizes the important of talent to the overall economy and can be used as an incentive to encourage the hiring of people with certain skill sets.

### ***Marketing and Communications***

NSBI's marketing and communications team will continue to support the initiatives of frontline departments in developing business across the province. In 2009–2010, the team will achieve this by working to drive more alignment of its activities and of sponsorships to the business goals and frontline initiatives of NSBI. This includes, for example, communications planning, editorial

development, advertising, brand awareness, sponsorship strategy development, and partnering as a way to open new avenues for meaningful communications.

In order to reach potential clients across the province and around the world, NSBI will continue to enhance the corporate website's usability and functionality, with the bottom-line objective of strengthening its effectiveness as a branding, marketing, measurement, communication, and business tool for NSBI. The website will continue to evolve into a more technology-focused means of communication and measurement. This will include support of NSBI-wide business objectives, e-marketing tactics that provide relevant information to our clients, multi-media, and other communications that deliver the benefits of a relationship with NSBI.

### ***Corporate Services***

NSBI's corporate services team is responsible for providing support services to the organization, including accounting, IT, and information management services. The team is focused on bringing improvements to internal processes and services, allowing client-facing employees to concentrate on client solutions. Business objectives for 2009–2010 include increased technology adaptation across all business processes, information management, and improved environmental efficiencies. Corporate services is also responsible for the

management of NSBI's land portfolio. The objective for 2009–2010 is to expand collaboration with local communities to maximize local and provincial benefit from industrial assets.

### ***Human Resources***

The human capital strategy for 2009–2010 is clear—attract and retain the best and brightest. The human resources (HR) team will make several key moves in 2009–2010 to position NSBI as a preferred employer in the region.

NSBI has traditionally been a strong advocate of continuous learning by supporting the training and development requests of its employees. As this builds a more highly skilled and engaged workforce, this practice will continue in 2009–2010; however HR will work to enhance the process by linking the budgetary planning process to include a development component of the Performance Management System. Furthermore, to ensure that NSBI continues to play a proactive role as a progressive employer, the HR team will pay particular attention to building a happy and healthy employee base. Additional voluntary wellness programs will be made available to staff throughout the year in both mental health and physical health.



## **Overall**

To support the core focus of working directly with businesses to deliver results for the province, NSBI's five key pillars will play important roles in shaping the province's economic growth over the coming years.

- **Regional Growth:** Work with all regions to maximize their strategic assets to maintain companies and attract investment that best fit their competitive strengths.
- **Talent:** Assist businesses in creating high-value opportunities that will attract and retain the very best and brightest people in Nova Scotia.
- **Competitiveness:** Continue to create strategies that maximize growth, promote innovation, and deliver results that increase wealth and prosperity for the province.
- **Leadership:** NSBI wants to be recognized as an advocate for business by elevating the dialogue on issues that its clients and partners see as impediments to economic growth.
- **Collaboration:** Continue to build effective stakeholder relations to collectively strengthen the province and its regions, enabling them to complete on a global scale.

The **Regional Growth** and **Leadership** pillars are designed to build a foundation for business development activity in all

areas of the province, both urban and rural. NSBI will work with all regions to maximize their strategic assets to maintain companies and attract investments that best fit their competitive strengths. Specific objectives include

- assisting business communities across the province to be investment ready, asset mapping for each business community, and systematically addressing the identified weaknesses and concentrating on strengths in order to recognize business opportunities
- continuing to support the NSARDA Business Retention and Expansion Program and formally linking to the Executive Pulse database to improve information sharing across organizational lines
- the continued use of the payroll rebate tool to encourage business productivity enhancements to help retain jobs throughout Nova Scotia
- a head office visitation program for both foreign-direct investment businesses and domestic businesses to understand growth opportunities as well business concerns in this economic downturn
- increased collaboration with partner agencies to understand the current needs of Nova Scotia businesses and a prioritized business visitation program by region

- supporting Nova Scotia's strategy towards a greener future by hiring a resource to explore green opportunities as well as possibly diversifying our investment attraction industry focus to include environmental technology

Through the execution of these tactics, NSBI's goal is not only helping Nova Scotia businesses to navigate this economic downturn but to come out of it stronger and better suited to grow their business in the future.

Nova Scotia's success in maintaining and developing its workforce (**Talent**) will continue to play a critical role in both attracting world-class companies to the province and enabling its home-grown companies to prosper. The forecasted economic climate in 2009–2010 presents Nova Scotia with an opportunity to maintain, retool, and prepare its workforce to combat future projected shortages of skilled labour. NSBI will assist existing businesses with managing their employee base, while concurrently attracting relevant world-class companies who could benefit from the talent pool in the province. NSBI will engage with its partners to develop Nova Scotia's workforce through organic growth based on effective retraining, youth outreach programs, and targeted immigration practices. NSBI will help to educate current and potential employers in the province on the benefits of hiring immigrants, young professionals, and retrained workers to

ensure that our business community is well positioned to grow and prosper based on the available pool of talent.

Strategic investment funds (SIFs) are tools used to attract businesses and foreign-direct investment to the province and to retain existing Nova Scotia-based businesses. The payroll rebate is the primary financing tool available under the SIF. It is a performance-based incentive vehicle intended to promote targeted creation or retention of employment and payroll. The minimum job target is 20 FTEs and is consistent with the **Competitiveness** pillar of the five-year plan, which states that NSBI continues to create strategies that maximize growth, promote innovation, and deliver results that increase wealth and prosperity for the province. The tool was expanded to include discretionary terms and conditions for companies that undertake improvements (e.g., new equipment) to increase competitiveness and become stronger international competitors. Payroll rebate details can be found in Appendix 1, while details on the interest rebate, the second financing tool of the SIF, are included in Appendix 2.

The Nova Scotia Business Fund is the source of capital for NSBI's business financing and equity financing clients. The portfolio currently has approximately \$166 million outstanding to more than 100 companies located throughout the province. For 2009–2010, net new capital needed for NSBI to continue to meet the financing needs of



Nova Scotia businesses is estimated to be \$20 million, with repayments of current outstanding investments estimated to be in the \$7.5–15 million range.

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:
  - foundation 18 per cent
  - knowledge-based (IT and life sciences) 20 per cent
  - manufacturing 48 per cent
  - energy 9 per cent
  - other 5 per cent
- \$15 million maximum per company.
- 25 per cent maximum available for working capital/equity investments.
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization)

Finally, **Collaboration** touches all areas of the organization's activity. NSBI will continue to build effective stakeholder relations to collectively strengthen the province and its regions, enabling them to complete on a global scale.

## Budget Context

	Estimate* 2008–09 (\$ 000)	Actual 2008–09 (\$ 000)	Estimate 2009–10 (\$ 000)
<b>Revenue</b>			
Provincial grants:			
Operating grant	11,156	11,405	10,905*
Strategic investment funds	15,134	10,557	11,500
Loan valuation allowance	1,600	1,600	2,100
Gateway Initiative	—	172	1,100
Gain on sale of parks	1,600	35	1,600
NS Business Fund and misc. revenue	8,488	9,123	8,345
	<u>37,978</u>	<u>32,892</u>	<u>35,550</u>
<b>Expenses</b>			
Operating expenses	11,978	12,195	12,375
Strategic investments	15,134	10,557	11,500
Provision for credit losses	1,600	5,899	2,100
Gateway Initiative expenses	—	172	1,100
Nova Scotia Business Fund Expenses: Parks	548	377	488
NS Business Fund and misc. expenses	5,993	5,780	5,839
	<u>35,253</u>	<u>34,980</u>	<u>33,402</u>
<b>Excess of Revenue over Expenses</b>	<u>2,725</u>	<u>(2,088)</u>	<u>2,148</u>

Please note the following:

1. Certain 2008–2009 estimate figures have been reclassified to conform with the financial presentation adopted in the 2008–2009 forecast and 2009–2010 estimate.
2. Atlantic Gateway Business Development Grant: This is an estimate only; funding to be finalized in due course.

\* There was an error in the amount of the revenue operating grant that was presented in the 2009–2010 Nova Scotia Crown Corporation Business Plans document tabled on September 25th, 2009. The correct amount of the operating grant should have been \$10,905,000 not the \$11,605,000 that was presented. Total revenue of \$35,550,000 is unchanged.



## Outcomes and Performance Measures

NSBI holds itself to the highest standards of corporate governance and accountability. As a results-driven organization, NSBI remains fully committed to measuring results that directly impact the goals of the organization. Under the new five-year plan, NSBI's key accountability metric is total payroll created and retained by its clients. This captures not only job numbers, but also average salaries.

In 2009–2010, NSBI will continue to focus on high-value opportunities and retaining high-value businesses currently in the province. In doing so, NSBI will assist in creating and retaining corporate and personal taxes for the Province of Nova Scotia.

# Outcomes and Performance Measures

## Overall Performance

Indicator	Measure	2008-09 Actual	Targets 2009-10	Strategies to Achieve Target
Total payroll	Total forecasted new and retained payroll	\$108 million	\$120 million	<ul style="list-style-type: none"> <li>• Attract companies to Nova Scotia</li> <li>• Help existing companies within Nova Scotia to grow</li> </ul>
Fiscally prudent financing	Forecasted average portfolio return on investments utilizing strategic investment funds (SIFs)	70.1%	40% or greater	Strategic utilization of payroll rebates to establish growth industries

## Core Business Area

### Attract leading-edge, sustainable business investment to Nova Scotia

Indicator	Measure	Base Year Data 2007-08	Targets Data 2009-10	Strategies to Achieve Target
Foreign direct investment (FDI) in Nova Scotia	No. of projects committed by Investment Attraction clients	10	12	Seek new sustainable businesses to relocate or expand in Nova Scotia
Economic benefit to Nova Scotia	Average gross salary of new jobs forecasted to be created by investment attraction clients	\$48,117	\$42,500	Develop FDI strategies based on innovation



**Core Business Area**

*Promote the growth of new and existing businesses in Nova Scotia by enabling them to succeed with business opportunities in both local and export markets*

Indicator	Measure	2008-09 Actual	2009-10 Targets	Strategies to Achieve Target
Volume and diversity of exports	No. of clients introduced to new markets/further advanced in existing markets	269 clients	225 clients	Deliver tailored trade development services
Export sales	Client-reported actual and forecasted export sales	\$155.7 million	\$100 million	Deliver tailored trade development services

**Core Business Area**

*Provide access to capital for new and existing businesses in Nova Scotia, with the intent of enhancing value-added growth for the province's economy*

Indicator	Measure	2007-08		2009-10		Strategies to Achieve Target
		Base Year Data		Targets		
Incremental value investment projects	No. of business financing/venture capital projects authorized	13*	financings	15	financings	Deliver tailored financing solutions
	No. of companies that undertake productivity enhancements utilizing the strategic investment fund	4	projects	10	projects	Sharpened business development focus
Quality portfolio management	Impaired loan ratio	13.4%		15%	or less	Portfolio management strategies
Partner for financing solutions	Leverage ratio of partner/client: NSBI	Ratio of 1.33	to 1	Ratio of 1	to 1	Maintain co-investment philosophy

\* Included five loans, five equity investments, and three material amendments to existing clients that have a positive net economic benefit to the province



# Appendix 1

## ***Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2009–2010 Business Plan***

	<b>Payroll Rebate</b>
<b>Overview</b>	<ul style="list-style-type: none"> <li>The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted creation or retention of employment and payroll generation.</li> <li>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, external investment in the province, or improved competitiveness of existing businesses, in one or more of the province's key economic sectors.</li> </ul>
<b>Amount</b>	<ul style="list-style-type: none"> <li>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.</li> <li>In the case of payroll rebates primarily for employment retention, the total rebate will not exceed the lesser of \$500,000 or 50% of the project costs.</li> <li>All other Nova Scotia provincial government assistance with respect to the project must be disclosed and may influence the rebate amount.</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>The applicant's business must be considered eligible according to NSBI's operating regulations.</li> <li>Applications for assistance must be project based. Projects are expected to create or retain sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance.</li> <li>The project should result in the creation or retention 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.</li> <li>In the case of payroll rebates primarily for employment retention, the company must be undertaking a project to improve its competitiveness in export markets through either productivity improvements or investments in product development.</li> <li>In the case of payroll rebates primarily for employment retention, the company must contribute at least 20% of the total project costs.</li> <li>Companies that have previously received assistance under the program will not be eligible for additional assistance unless the project is incremental to the peak FTE level attained by the company under the previously provided assistance.</li> <li>Projects that are considered to be competitively harmful to existing Nova Scotia business will not be considered.</li> <li>The applicant will collect and remit employee payroll taxes in accordance with the Income Tax Act (Canada).</li> </ul>
<b>Application Requirements</b>	<ul style="list-style-type: none"> <li>Historical and 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</li> <li>A business plan (or 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</li> <li>Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company's competitiveness</li> </ul>

# Appendix 1 (continued)

## ***Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2009–2010 Business Plan***

	<b>Payroll Rebate</b>
<b>Criteria</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul> <p>The company must also demonstrate:</p> <ul style="list-style-type: none"> <li>• strong management (corporate and local)</li> <li>• compliance with Environment Act, Occupational Health and Safety Act, and Labour Standards Code (if already established in Nova Scotia)</li> <li>• 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, etc.)</li> <li>• an acceptable credit history</li> </ul>
<b>Performance Conditions</b>	<ul style="list-style-type: none"> <li>• Assistance is contingent on specific targets the company must achieve, which will typically be the creation of (x) jobs by (date) or retention of (x) jobs, with an average annual salary/wage of \$ (amount). These targets are expected to still be in place at the end of the rebate period.</li> <li>• In the case of payroll rebates primarily for employment retention, the company may be required to achieve additional targets with respect to project completion including expenditure targets.</li> <li>• 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: <ul style="list-style-type: none"> <li>- Incremental and/or retained gross wage or payroll bill (including benefits) and the number of incremental and/or retained employees and hours worked according to the company's records on each anniversary date from the project commencement;</li> <li>- Gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the project commencement.</li> </ul> </li> </ul>
<b>Payment Terms</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• In most cases, rebates will be paid annually on each anniversary from the project commencement;</li> <li>• Payment term generally should not exceed five years.</li> </ul>



## Appendix 2

### *Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2009–2010 Business Plan*

	<b>Interest Rebate</b>
Overview	<ul style="list-style-type: none"> <li>• The interest rebate is a discretionary tool designed to encourage employment creation and net economic benefit for the province.</li> <li>• This financial incentive may be used when it can be shown that an applicant's project generates a significant net economic benefit to the province.</li> <li>• This interest rebate is designed to deal with those situations where the net economic benefit to the province is sufficient to justify a reduction in the interest rate charged to NSBI's financial services clients to below NSBI's cost of borrowing.</li> </ul>
Amount	<ul style="list-style-type: none"> <li>• The amount (or rate percentage reduction) per project will be dependent upon the net economic benefit to be generated for the province as a direct result of the project. This will be determined on a project-by-project basis.</li> </ul>
Eligibility	<ul style="list-style-type: none"> <li>• The applicant's business must be considered eligible according to NSBI's operating regulations.</li> <li>• The project should result in the creation of at least 20 new jobs (FTEs) in Nova Scotia. However, under certain circumstances, projects creating fewer than 20 FTEs may be considered when there is high strategic value or strong economic benefit.</li> <li>• Financings are expected to create sustainable long-term new employment. Cyclical peaks in employment will not be considered for assistance.</li> <li>• Companies that have previously received interest rebate assistance will not be eligible for additional assistance unless the project is incremental to the peak FTE level attained by the company under the previously provided assistance.</li> <li>• All other government assistance must be disclosed and may influence the level of contribution.</li> </ul>
Application Requirements	<ul style="list-style-type: none"> <li>• Completed application form including all supporting documentation as requested.</li> </ul>

## Appendix 2 (continued)

### *Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2009–2010 Business Plan*

	<b>Interest Rebate</b>
Criteria	<ul style="list-style-type: none"> <li>The company must have a solid business plan for continued growth and success.</li> </ul>
Performance Conditions	<ul style="list-style-type: none"> <li>Assistance is based on specific targets that the assisted company must achieve. The most usual will be the creation of (x) jobs by (date), all of which are still in place at the end of the period, with an average annual salary/wage of \$ (amount), defining a job as 2000 hours of work per year.</li> <li>The applicant must produce an auditor's report certifying that the employment and wage targets have been achieved and containing the following information:                             <ul style="list-style-type: none"> <li>– incremental gross wage or payroll bill (including benefits) and the number of incremental employees and hours worked according to the company's records on each anniversary date from the actual project commencement</li> <li>– gross wage or payroll bill (including benefits) and the total number of employees of the company on each anniversary date from the actual project commencement</li> </ul> </li> </ul>
Payment Terms	<ul style="list-style-type: none"> <li>Rebate to be provided on a continual basis for a term generally not to exceed seven years, or the maturity of the loan, whichever occurs earlier and provided all terms and conditions of the financial assistance agreement continue to be met during the period.</li> <li>Failure to maintain all terms and conditions of the financial assistance agreement may result in an adjustment to or cancellation of the rebate entitlement.</li> </ul>