



Crown Corporation

BUSINESS PLANS

FOR THE FISCAL YEAR 2013–2014

Nova Scotia Business Incorporated

Business Plan 2013–2014

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Message from the Minister, the Chair, and the CEO

Guided by Nova Scotia's *jobsHere* plan, NSBI has been building with our partners on Nova Scotia's strategic assets and significant opportunities to accelerate economic growth:

- A strategic global location.
- A highly developed education and training system with advanced research and development capacity.
- Rural communities with opportunities to innovate and add higher value to natural resources.
- A dynamic and growing regional city.
- Untapped potential for renewable energy and clean technology.
- An expanding creative economy.

More than ever, we need a mix of strong international companies and solid domestic businesses to fuel our economy. NSBI will use all its resources to help Nova Scotia businesses become more globally competitive and to attract new business investment into Nova Scotia.

Successes realized during 2012 serve as examples. Working together with Projex, a Calgary-based engineering services firm, we have helped answer both the company's need for engineering services and the need of growing ranks of engineering graduates for new, higher-value jobs in Nova Scotia. Investing in our people happens both at the front end, thanks to education and training, and at graduation – making sure there are more options for in-demand jobs in Nova Scotia. Projex is also partnering with small and medium-sized Nova Scotia businesses to help fulfill contracts in Alberta. Projex's growth opens not only new career opportunities in Nova Scotia but also new supply chain and market entry opportunities for home-grown Nova Scotia businesses via Projex.

In another example, IBM's growth announced last year goes well beyond the 500 significant new jobs that will be created. The company and its new academic partnership with Nova Scotia universities and the NSCC will lead to new private sector investment in research, and the partners will develop curricula in the in-demand field of analytics (finding business value in massive amounts of raw data). IBM's new centre will drive growth from developing new international products, new business, new analytics initiatives, and research.

In 2013–2014, NSBI will continue delivering on the *jobsHere* plan to grow the Nova Scotia economy, by helping Nova Scotia companies to increase export sales and diversify markets, to work with partners across the province to attract outside investment to Nova Scotia, to effectively leverage the benefits of new direct investment to flow through the domestic economy, and to support entrepreneurship, innovation, and productivity.

How NSBI will achieve this is further laid out in this annual plan:

- To maximize the contribution NSBI and its clients have made to the overall economic prosperity of the Province of Nova Scotia.
- To deliver effective client solutions, resulting in maximum value and client impact.
- To have an engaged high-performance team with the right expertise and capabilities, empowered to achieve NSBI's goals.
- To develop a culture of continuous improvement in collaboration with our partners.
- To harness the collective strengths of partners and business leaders to identify and leverage opportunity.

The pinnacle of success will be to create a self-sustaining cycle in which more global trade triggers more investment. In turn, this creates more high-value jobs, more innovation, more entrepreneurship, and more trade, resulting in a stronger, more robust economy here at home within an increasingly changing global marketplace.

Percy Paris
Minister of Economic and Rural Development and Tourism

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

Stephen Lund
President & CEO, Nova Scotia Business Inc.

Mission

Through business development, NSBI drives a strong, prosperous and globally competitive Nova Scotia.

Vision

To proactively deliver business development solutions that drive value to our clients and contribute to the economic growth of Nova Scotia.

NSBI's mission and vision are aligned with *jobsHere*, the province's economic plan released in 2010. NSBI's business development operations are key to delivering results and supporting the success of this plan.

NSBI will focus its resources on delivering mandate-specific initiatives related to the three priorities of *jobsHere*: learning the right skills for good jobs, growing the economy through innovation, and helping businesses be more competitive globally.

Mandate

Created in 2001, NSBI is the lead business development agency for the Province of Nova Scotia. In conjunction with its partners, NSBI brings Nova Scotia businesses to the world and attracts global investment to Nova Scotia.

NSBI's act requires the corporation to fulfill the following:

The object of the Corporation is to promote economic development in the province through

- (a) business development, retention and expansion,
- (b) the establishment of new businesses in the province, and
- (c) trade development and expansion

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

As such, NSBI works with the Department of Economic and Rural Development and Tourism (ERDT) and other partners to provide programs and services that support businesses – large and small – across the province.

NSBI understands that successful and growing economies need the following four economic drivers: new direct investment (NDI), export, entrepreneurship, and innovation.

Increased trade increases investment. And more investment leads to more trade. They dramatically affect the province's ability to support and develop entrepreneurship and stimulate innovation. New direct investment accelerates knowledge and skill transfer, often bridging the innovation gap. Working in tandem, these connections create a positive and self-sustaining cycle



of economic growth and opportunity for our province.

With its mandate and its role along with those of its partners, NSBI is committed to

- being the first point of contact for all commercial entities requiring business financing, with the exception of major industrials and operations of regional significance or strategic importance to the province
- helping regions attract the right type of investments
- supporting existing business development, retention, and expansion
- creating employment for Nova Scotia's highly skilled workforce
- assisting Nova Scotia businesses in becoming more productive, competitive, and profitable
- working with businesses in Nova Scotia to showcase their products and services in a global marketplace
- helping companies engage in international commerce

This work with local and international companies results in higher-value jobs, generating higher income tax revenues for the province, and leads to long-term, sustainable economic prosperity.

Core Business Areas

NSBI's core client-facing business functions (trade development, business financing, venture capital, and investment attraction) are proactively focused on business development. These divisions work in concert with corporate-wide teams – including corporate strategy and intelligence, marketing and communications, human resources, corporate services, and corporate office – to achieve NSBI's goal of bringing Nova Scotia businesses to the world and attracting global investment to Nova Scotia.

Business Financing

The NSBI business financing team uses its knowledge of local industries, priority sectors, and financial assistance structuring to provide solutions to Nova Scotia companies focused on competitiveness, productivity, growth, and expansion. Solutions may include loans, guarantees, trade-related financing, and payroll rebates (see Appendix 1) to companies in Nova Scotia.

NSBI financing is designed to supplement other products in the marketplace that might not fully meet the needs of companies. Trade financing helps Nova Scotia companies to deliver on export-related opportunities. Payroll rebates offered by business financing are used to incent incremental growth of Nova Scotia-owned companies and to support companies in priority sectors.

Venture Capital

NSBI venture capital group currently manages over \$50 million in allocated capital across 12 companies. The NSBI venture capital fund provides investments between \$1 million and \$15 million with co-investors to assist companies throughout the province to further business growth, product development, and market expansion. NSBI venture capital's strategic investment focus is in mid- to late-stage market opportunities ranging from the life sciences to diverse opportunities in multimedia, IT, and aerospace sectors.

NSBI venture capital actively invests in companies that have a sustainable competitive advantage, truly disruptive technology, strong management, and measurable sales based on high-growth revenue models. The venture capital team provides capital, strategic direction, and advice to help promising companies achieve their full potential and provide a return on invested capital. NSBI's venture capital practice is a complement to Innovacorp investments and offers a continuum of investment for innovative companies who have demonstrated potential for further growth.

Trade Development

NSBI's trade development team focuses on helping Nova Scotia companies be more competitive globally. Organized by sector, with geographic sub-specialties, the trade

development team works with businesses, universities, and institutions throughout the province that have an exportable product, service, or technology, or a need for sourcing external capital or inputs.

Partnering with provincial and federal government departments, agencies, and industry associations, NSBI's trade development team is focused on taking companies to global markets to meet with potential buyers, partners, or suppliers. NSBI continues to offer trade-related research and market intelligence services to Nova Scotian companies through its Trade Market Intelligence (TMI) service.

NSBI trade development executives work closely with new exporters, encouraging them to diversify trade outside provincial borders. Specifically, outreach through initiatives such as the ACOA Nova Scotia / NSBI In-Market Education Missions, Trade Team Nova Scotia's Export Rallies, Doing Business in (. . .) sessions, and NSBI's leadership of the provincial Export Achievement Awards have exposed many new companies to the opportunities presented by international trade.

The NSBI trade development team also supports government departments and agencies that have products and services of interest to foreign markets to help them prepare their products for sale and connect with potential buyers in these markets.



Investment Attraction

The NSBI investment attraction team comprises sector-focused specialists who attract sustainable, export-oriented, value-added business investment to the province.

Using a proactive approach, NSBI investment attraction specialists promote the competitive advantages of doing business in Nova Scotia on the global stage. To be competitive in the global pursuit of investment, Nova Scotia must offer incentives. One such incentive is the payroll rebate, a performance-based incentive offered to eligible companies expanding in, or locating to, Nova Scotia (see Appendix 1). NSBI's investment attraction team leverages the full suite of provincial economic development offerings to deliver the ideal client solution that best supports the client's business case and the provincial economic benefit.

The investment attraction team works closely with the trade development team to identify and leverage joint opportunities internationally, such as conferences and investment forums. The two teams also work together to ensure that export-oriented domestic companies are positioned to partner or supply goods and services to international companies attracted to the province.

The NSBI investment attraction team also works directly with ACOA, DFAIT, ERDT, and other government partners to attract inward investment to Nova Scotia.

NSBI uses the entire provincial business development toolkit to remain competitive with other competing jurisdictions.

Planning Context

Global Economic Environment

As the last several years have made clear, Nova Scotia's economic performance is deeply influenced by events and the economic health of the world outside its borders. The economic recovery from the "great recession" continues to be slower worldwide than many forecasters anticipated, as 2012 marked another year that they reduced forecast growth. Europe has slipped into another recession, and a number of developing economies have growth calming. Uncertainty driven by concerns over sovereign debt in Europe, a slow American recovery with periods of political gridlock, and slower growth in emerging markets serve to act as a drag on confidence affecting private sector investment. Although well below pre-recession levels in many measures, the American economy is starting to show some signs of a strengthening recovery. Nova Scotia's immediate outlook is expected to be slower than long-run trends, but in the medium-term a number of projects (e.g., naval ships contracts, Nova Centre) will enhance Nova Scotia's growth projections in the future.

Economic growth in Nova Scotia is strongly linked to investment and trade performance. Combine this with the ongoing restructuring of the Nova Scotia economy, and *jobsHere* continues to be very relevant. Learning the right skills for good jobs, growing the economy through innovation, and helping business be more competitive globally, with the common emphasis on improving productivity, are a continuing focus for economic development efforts in Nova Scotia.

Strategic Goals

The plan for 2013–2014 is rooted in driving net new activity by emphasizing new direct investment and export. NSBI's ability to support the flow of domestic growth and to better distribute the benefits of new investment across the provincial economy is founded on the grounds that new direct investment and export stimulate and accelerate entrepreneurship and innovation. This is how we position trade and investment as critical to growing the economy and relevant for domestic companies and rural Nova Scotia.

In order for NSBI to more effectively achieve its strategic goals and support the implementation of *jobsHere*, the following key priorities have been identified.

Priorities for 2013–2014

Results and Impact

NSBI's approach to business development over the past 10 years has been client-centric with a focus on driving results through strategically identifying and targeting opportunities. This approach has led to increased provincial investment, jobs, and payroll growth as well as leading to more productive and competitive domestic businesses. NSBI will continue to focus on proactively targeting high-potential companies in priority sectors, seeking opportunities to maximize client growth and sustainability in Nova Scotia.

More specifically, NSBI will build on the *sector development* work completed in 2012–2013 by further defining and implementing NSBI's Sector Teams. These teams will work collaboratively across all NSBI business units with a focus on key sectors and assets that can be levered to achieve maximum results.

NSBI key business sector focus:

- Financial services – insurance / fund administration
- Defence, security, aerospace
- ICT
- Gaming / interactive media
- Life sciences



- Ocean technology
- Clean technology
- BPO / KPO / shared services
- Manufacturing
- Emerging markets

NSBI will build on the following areas in 2013–2014:

- Continue to collaborate with ERDT on the development and implementation of provincial sector strategies.
- Collaborate with government partners to support the development and analysis of labour market information, which will influence Nova Scotia’s value proposition and the competitiveness of specific sectors.
- Connect its clients to university research initiatives and innovation partnerships to support further research and development investment.
- Work with its partners to map and analyse Nova Scotia’s unique assets, identify specific investment targets, and enhance the provincial value proposition.

Client Success

To NSBI, success means attracting and expanding sustainable companies to Nova Scotia and helping Nova Scotia companies to grow globally. In order for NSBI to be successful in both areas, the corporation will extend

its account management process, which initially started in investment attraction. NSBI will apply account management in a coordinated fashion across all NSBI business units to achieve the following:

- Harvest existing foreign direct investment for incremental growth and investment (head office visitation program).
- Support international commerce, by providing customized market intelligence for Nova Scotia businesses on products or services in markets of interest.
- Analyse top clients by region and develop a long-term strategy with key partners to ensure their growth and sustainability in the province.
- Working with key partners to leverage key economic growth projects/contracts and clients to further develop supplier base and identify opportunities to expand into global supply chains.
- Facilitate provincial engagement of new clients to encourage community engagement leading to great corporate citizens.
- Work with companies to partner and leverage the innovation capacity of Nova Scotia-based companies, universities, and the Nova Scotia Community College (for example, IBM’s new academic partnership with Nova Scotia universities and the community college will lead to new private sector investment in research, and the partners

will develop curricula in the in-demand field of analytics – finding business value in massive amounts of raw data).

- Explore ways to help clients to grow by investigating business development opportunities in foreign markets through export activity. (Helping NDI companies to attract contracts to their Nova Scotia operations will solidify their investment in this province and help them fulfill their growth mandate. This level of support on the ground helps further distinguish the province's offerings from competing jurisdictions.)

People

To deliver on the goals outlined in this plan, NSBI will continue its focus on being a responsive, integrated, and accountable organization. To date, NSBI's track record has come from its skilled employees with the talent to anticipate and respond to emerging issues in a progressively complex environment. Going forward, NSBI will continue to depend on its employees, and in 2013–2014, NSBI will focus on three key areas:

- Continuous training and development for leaders.
- A clear compensation program that will increase our ability to measure and report on our achievements and to celebrate our successes.
- An organizational structure that allows for future stability, workplace flexibility, and career opportunities to ensure future organizational success.

Operational Effectiveness

With increased competition for investment it is crucial for NSBI to meet its clients' needs and expectations. Whether working-capital loans, market intelligence, or business development incentives to help win contracts, clients need the right resources to support their growth. Continually reviewing processes and resources and comparing our results to our organizational goals will ensure that NSBI is correctly positioned to offer the most efficient and effective service as possible.

NSBI will build on the following areas in 2013–2014:

- Implement a continuous improvement process to more accurately respond to business needs in all of NSBI's business units.
- Set realistic and measurable timelines concerning the transaction processes in order to meet client expectations.
- Conduct a post-transaction review to ensure that process was conducive to business needs and to determine if further process improvements are required.
- Share information learned and observations with partners.



Engagement

A well-defined engagement strategy and specific engagement programs such as community Investment Readiness and ConnectNS will be priorities in 2013–2014 for NSBI and will enable focused collaboration with government, community partners, and businesses to achieve results. For example, community investment readiness is a process that employs a more focused, asset-based approach to identify opportunities in Nova Scotia's regions. With collaboration and capacity building as the foundation, this process will provide up-to-date information on rural assets, pinpointing opportunities for sector and business growth.

NSBI will build on the following areas in 2013–2014:

- Grow our ConnectNS network to generate business leads and increase awareness of Nova Scotia's business value proposition.
- Through community investment readiness, strengthen the collective voice of communities in Nova Scotia and facilitate their ability to access capital.
- Foster knowledge exchange with departments such as ERDT in order to learn from each other and to generate new innovative approaches.
- Create support linkages, networks, and partnerships that will strengthen organizational capacity and sustainability, thereby enhancing effectiveness and impact.

Budget Context

By absorbing inflationary pressures and operating with a reduced operating budget, NSBI must continue to find efficiencies so that results are not negatively affected.

	Estimate 2012-13 (\$ 000)	Forecast 2012-13 (\$ 000)	Estimate 2013-14 (\$ 000)
Revenue			
Provincial grants:			
Operating grant	9,994	9,994	9,924
Strategic investment fund	15,563	8,589	10,000
Loan valuation allowance	2,017	2,017	2,447
Gain on sale of properties	467	26	109
NS Business Fund revenue: loans & equity	6,845	4,239	3,351
NS Business Fund revenue: parks & malls	337	404	389
Miscellaneous revenue	1,520	1,851	2,422
	36,743	27,119	28,641
Expenses			
Operating expenses	11,513	11,845	12,345
Strategic investments	15,563	8,589	10,000
Provision for credit losses	2,017	500	2,447
NS Business Fund expenses: parks & malls	1,338	439	1,091
NS Business Fund expenses: loans & equity	5,574	4,147	2,389
	36,005	25,520	28,272
Excess of revenue over expenses	738	1,599	369



Outcomes and Performance Measures

NSBI holds itself to the highest standards of corporate governance and accountability. As a results-driven organization, NSBI remains committed to measuring results that directly affect the goals of the organization. Under its five-year plan, and using NSBI's five strategic pillars, the following key accountability metrics have been built.

Outcomes and Performance Measures

Core Business Area 1 Investment Attraction

Attract and retain leading-edge, sustainable business investment.

Outcome	Measure	Trends	Targets 2013-14	Strategies to Achieve Target
Client investment in Nova Scotia	No. of projects committed by Investment Attraction clients	2008-09: 10 2009-10: 13 2010-11: 7 2011-12: 10 2012-13F: 8	10	Seek new sustainable businesses to relocate or expand in Nova Scotia
Economic benefit to Nova Scotia	Average gross salary of new jobs forecast to be created by Investment Attraction clients (1)	2008-09: \$48,117 2009-10: \$44,071 2010-11: \$51,316 2011-12: \$44,938 2012-13: \$55,000	\$45,000	Attract and retain sustainable, export-oriented, and value-added business investment
Fiscally prudent financing	Ratio of expected tax revenue to expected payroll generation (2)	2008-09: 70.1% 2009-10: 56.9% 2010-11: 47.9% 2011-12: 50% 2012-13F: 50%	40% or greater	Use payroll rebates strategically to establish growth industries

(1) Average gross salary includes employee gross salary plus employer-paid benefits.

(2) Ratio of expected tax revenue to expected payroll generation is calculated by ("Maximum forecasted direct tax recoveries" less "Maximum forecasted payroll rebate payout") divided by ("Maximum forecasted payroll rebate payout").



Core Business Area 2 Trade Development

Promote the growth of new and existing businesses in Nova Scotia by enabling them to succeed with business opportunities in both domestic and international markets.

Outcome	Measure	Trends	Targets 2013-14	Strategies to Achieve Target
New exporters in Nova Scotia	No. of new clients reporting their first export sale	2011-12: 31 2012-13F: 20	25	Work with ERDT and other partners to engage companies not taking full advantage of international commerce
Market penetration and diversification	No. of clients introduced to new markets / further advanced in existing markets	2008-09: 269 2009-10: 287 2010-11: 326 2011-12: 441 2012-13F: 250	325 clients	Deliver tailored trade development services including trade market intelligence
Increased export sales	Client-reported actual and forecasted export sales	2008-09: \$155.7M 2009-10: \$132.9M 2010-11: \$140.3M 2011-12: \$318M 2012-13F: \$220M	\$200 million	Work with clients to focus on highest-potential markets and opportunities

Core Business Area 3 *Venture Capital*

Provide access to capital for promising Nova Scotia companies to help them achieve their full potential.

Outcome	Measure	Trends	Targets 2013–14	Strategies to Achieve Target
Incremental equity investment	No. of Venture Capital projects authorized	2008–09: 5 2009–10: 4 2010–11: 4 2011–12: 6 2012–13F: 2	3	Deliver tailored equity financing solutions
Positive portfolio growth	Year-over-year portfolio valuation growth	2012–13F: TBD	base plus 10%	Provide capital, strategic direction, and advice to help companies achieve their full potential
Positive return on investment to the province	No. of new external strategic partnerships into NSBI's portfolio (1)	2012–13F: 1	2	Provide capital, strategic direction, and advice to help companies achieve their full potential and provide a return on the invested capital

(1) Significant external investor to one of NSBI's portfolio companies



Core Business Area 4 Business Financing

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

Outcome	Measure	Trends	Targets 2013-14	Strategies to Achieve Target
Incremental value investment projects	No. of Business Financing projects authorized	2008-09: 8 2009-10: 14 2010-11: 17 2011-12 F: 6 (1) 2012-13F: 3	10 financings	Deliver tailored debt financing solutions
Increased export sales	Portfolio clients year-over-year export sales growth	2012-13F: TBD	5%	Deliver tailored trade development services, including business financing solutions
Partner for financing solutions	Leverage partner/client: NSBI ratio	2008-09: 1.33 2009-10: 1.02 2010-11: 0.35 2011-12: 0.5 2012-13F: 0.9	Ratio of 0.5 to 1.0	Maintain co-investment philosophy

(1) Includes 5 loans and 1 material amendment

Notes:

1. Base year data not available, as 2012-13 will be the base year for NSBI's next 5-year plan
2. 2011-12 data need to be verified and are subject to change
3. 2012-13F trends are forecasts and are subject to change

Appendix 1

Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2012–2013 Business Plan

	Payroll Rebate
Overview	<p>The Payroll Rebate is a discretionary, non-entitlement tool intended to promote targeted creation of employment and payroll generation.</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, external 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 who are new members of the Nova Scotia workforce.</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 sustainable long-term employment. Cyclical peaks in employment will not be considered for assistance.</p> <p>The project should result in the creation of at least 20 jobs (FTEs) in Nova Scotia. Projects creating fewer than 20 FTEs will be considered when there is high strategic value or strong economic benefit.</p> <p>Companies that have previously received 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.</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	<p>Historical and/or projected financial statements of the company and any additional financial information that may be required by NSBI to assess the financial viability of the company.</p> <p>Acceptable reports providing information with respect to the company’s ownership, management, products, markets, and suppliers sufficient for NSBI to complete an evaluation of the company’s operating risk.</p> <p>Project plan, which may include project timelines, budgets, and anticipated impacts of the project on the company’s competitiveness.</p>



Appendix 1 (continued)

Strategic Investment Funds Pursuant to NSBI Regulations, Policies, and Guidelines/Procedures: NSBI 2012–2013 Business Plan

	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 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 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>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 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 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 employees province of residence
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 term generally average five years.</p>

Appendix 2

Nova Scotia Business Fund:

The Nova Scotia Business Fund is the source of capital for NSBI's business financing and equity financing clients. The portfolio currently has approximately \$111 million outstanding to about 80 companies located throughout the province. For 2013-14, net new capital needed for NSBI to continue to meet the financing needs of Nova Scotia businesses is estimated to be \$27 million, with repayments of current outstanding investments estimated to be about \$8 million.

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

- \$15 million maximum per company (investments exceeding this amount will be considered in exceptional circumstances)
- Maximum of 55% of the Nova Scotia Business Fund available for working-capital/equity investments (target of 10% maximum available for working-capital and a target of 45% maximum available for equity investments)
- Borrowing rates established based on risk, term, and optionality (e.g., interest capitalization, principal holiday, extended amortization)

