



# Accountability Report

2018–2019

*Business*



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## Accountability Statement

The Accountability Report of the Department of Business for the year ended March 31, 2019 is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against the Business Plan of the Department of Business for the fiscal year just ended. The reporting of the Department of Business outcomes necessarily includes estimates, judgments and opinions by Department of Business management.

We acknowledge that this Accountability Report is the responsibility of Department of Business) management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Department of Business 2018-2019 Business Plan.

'original signed by'

Honourable Geoff MacLellan  
Minister of Business

'original signed by'

Bernard Miller  
Deputy Minister of Business

## Message from the Minister

It is a pleasure to provide this update on the progress made by the Department of Business in 2018-19.

This report includes a financial overview for the department along with the actions of the past year that are advancing the province's economic agenda and delivering real prosperity.

The Department of Business is responsible for driving growth in our economy, our exports, and our population. We are laying the foundation for entrepreneurs to take flight, to be more competitive for businesses and to be more attractive as a place to live.

We see that happening all around us in the stories we hear and in the figures that reflect a growing, diversifying province: record high employment, more young people, and more immigrants leading us to our highest population in history.

This report describes many of the initiatives that are helping us reach our economic goals, but I will highlight a handful of particular significance:

- With our agencies and partners, we continued to drive an aligned, collaborative economic development model:
  - The Centre for Ocean Ventures and Entrepreneurship (COVE) opened, and is now a bustling centre for the ocean technology sector;
  - NSCC opened Ignite Labs in Yarmouth and established an Innovation Fund to support broad community impact projects;
  - The Cape Breton Partnership opened the cultural hub in Port Hawkesbury and launched Export Youth pilot program;
  - Invest Nova Scotia encouraged innovative, collaborative projects that benefit whole regions and sectors, approving seven projects with \$8 million in funding.
- We worked with the Department of Finance and Treasury Board to create a new Innovation Equity Tax Credit, along with a venture capital component. The credit is one of the most business-friendly of its kind in Canada.
- We passed legislation on short-term rental accommodations that boosts tourism and micro-entrepreneurs across the province, while leveling the playing field for all tourism accommodations operators.

The momentum of the past year should provide us all with optimism for another successful year ahead for all Nova Scotians.

Honourable Geoff MacLellan

## Financial Results

	2018-2019 Estimate	2018-2019 Actuals	2018-2019 Variance
<b>Department of Business</b>	<i>(\$thousands)</i>		
<b>Departmental Expenses:</b>			
Senior Management	992	850	(142)
Strategy & Policy	900	933	33
Corporate Services	1,084	971	(113)
Halifax Convention Centre Amortization	7,718	7,722	4
Nova Scotia Jobs Fund	35,959	22,133	(13,826)
Business Relations & Innovation	12,110	7,855	(4,255)
Crown Corporations and Partnerships	97,348	108,900	11,552
<b>Total: Departmental Expenses</b>	<b>156,111</b>	<b>149,364</b>	<b>(6,747)</b>
<b>Additional Information:</b>			
Ordinary Revenue	425	626	(201)
Fees and Other Charges	1	1	0
Ordinary Recoveries	2,475	(15)	2,490
<b>Total: Revenue, Fees and Recoveries</b>	<b>2,901</b>	<b>611</b>	<b>2,290</b>
TCA Purchase Requirements	<b>2,370</b>	<b>11,929</b>	<b>9,559</b>
Provincial Funded Staff (FTEs)	<b>28.0</b>	<b>20.9</b>	<b>(7.1)</b>
<b><u>Departmental Expenses Variance Explanation:</u></b>			
Decrease due to a reduction in the Nova Scotia Jobs Fund for revised reserve requirements on existing commitments, a reduction in Nova Scotia Business Inc for the Strategic Investment Fund, a reduction in Halifax Convention Centre due to Halifax Regional Municipality settling their 50% share of operating losses directly with Events East Group, an underspend in Invest Nova Scotia and temporary salary and operating savings. These reductions were offset by increases in Develop Nova Scotia for their capital projects, operating grant and one-time transition costs, the winddown of Trade Centre Limited and an increase in Nova Scotia Business Inc for the Nova Scotia Film and Television Production Fund.			
<b><u>Revenue, Fees and Recoveries Variance Explanation:</u></b>			
Halifax Convention Centre recovery estimate was based on the Department of Business recovering HRM's 50% of total Convention Centre losses. HRM has since agreed to pay Events East Group directly for their portion of the operating losses.			
<b><u>TCA Purchase Requirements Variance Explanation:</u></b>			
Increase due to approved extension and completion of Centre for Ocean Ventures and Entrepreneurship and purchase of Maersk/Svitzer waterfront property.			
<b><u>Provincial Funded Staff (FTEs) Variance Explanation:</u></b>			
Variance due to vacancy savings			

## Measuring Our Performance

The Department of Business leads and aligns government efforts behind a common agenda for inclusive economic growth, which means ensuring we have the economic conditions so businesses can thrive and all Nova Scotians can participate and benefit. It means doing things differently. It means working together across sectors and departments.

In 2018-2019, the department focused on strategic priorities and opportunities that encourage Nova Scotia's innovation, competitiveness, entrepreneurship, and export orientation. To achieve government's mandate, the department worked collaboratively with our agencies (Nova Scotia Business Inc. (NSBI), Innovacorp, Develop Nova Scotia., Tourism Nova Scotia, Events East Group), key partners in other levels of government, entrepreneurs, large businesses, postsecondary institutions, venture capital investors and Nova Scotians to create a dynamic environment for businesses to succeed. The applicable outcomes identified in the 2018-2019 Business Plan are discussed in terms of activities that were undertaken to support them.

Key activities of the Department in 2018-2019 included:

- A report was submitted by the Minister's Working Group on Short-term Rentals, which led to policy and legislative development in the area of short-term rental accommodations and tourism growth. In spring 2019, Government introduced the *Tourist Accommodations Registration Act* to create a level playing field for tourism accommodations operators.
- The Department worked with the Department of Finance and Treasury Board to establish a new Innovation Equity Tax Credit that encourages more local investment in innovation-driven entrepreneurship. The credit makes Nova Scotia one of the most innovative and business friendly competitive tax credits in the country.
- With the help of funding from the Department:
  - The Nova Scotia Community College opened Ignite Labs, a business incubator that encourages entrepreneurial growth in Southwestern Nova Scotia, and established an Innovation Fund to support broad community impact projects;
  - The Cape Breton Partnership opened the cultural hub in Port Hawkesbury and launched Export Youth pilot program;
  - Mash-up Labs, a business development company for rural entrepreneurs, expanded to Cape Breton and accepted 12 new business through its programming;
  - ONSIDE, a backbone organization for innovation-driven entrepreneurship in Nova Scotia, was established and an Executive Director hired;
  - The Halifax Partnership completed Innovation mapping and launched Accelerate Halifax programming as well as partnered with the Halifax Regional Municipality to establish an Innovation Outpost at Volta Labs, a startup hub for technology entrepreneurs.

- The Department worked with internal and external partners to plan three innovation events that brought together members of Nova Scotia's innovation ecosystem to celebrate and showcase innovation in Nova Scotia. Events were held in Baddeck, Yarmouth, and Truro.
- The Department continued to support Invest Nova Scotia in its mission to encourage innovative, collaborative projects that benefit whole regions and sectors of our economy. During 2018-19, Invest Nova Scotia approved seven projects totalling \$8 million in funding.
- The Centre for Ocean Ventures and Entrepreneurship (COVE) soft opened its doors in July 2018 with first tenants moving in through August/September. As of May 2019, there are 53 total tenants, including 13 Innovacorp Cohort tenants in the Start-up Yard. Nearly 80 percent of total space at COVE is leased.
- A Social Enterprise sector survey was completed, and a Sector Portal was launched in 2018. Over 120 stakeholders engaged in working groups to address action items arising from the Social Enterprise strategy. In addition, the sector-led incubator, as a result of the Invest Nova Scotia fund, continued to support social enterprises to start, grow, expand into new markets and strengthen communities.
- The Department participated in Federal/Provincial/Territorial (FPT) Connectivity meetings to explore leveraging federal internet funding for the Internet for Nova Scotia Initiative (INSI).
- An intergovernmental committee was established by the Department of Business to assist Develop Nova Scotia to navigate INSI projects through government processes.
- The Department engaged as co-chair of the Innovation and Economic Development FPT Committee on Company Growth and Scale-up.
- The Department Participated in FPT meetings of the federal Social Innovation and Social Finance Strategy to give input on the design and execution of funding announced to support the social economy.
- In partnership with Screen Nova Scotia, the Department and NSBI completed guideline revisions to the Nova Scotia Film & Television Production Incentive Fund.

## **Government Commitments**

The role of the department is to ensure government's efforts to advance its inclusive economic agenda are both focused and coordinated. That means we must work closely with the agencies and the departments that deliver economic programs and services. Outcomes related to Government commitments assigned to the department's agencies are described in more detail in their accountability reports.



## Appendix A - Public Interest Disclosure of Wrongdoing Act

The Public Interest Disclosure of Wrongdoing Act was proclaimed into law on December 20, 2011.

The Act provides for government employees to be able to come forward if they reasonably believe that a wrongdoing has been committed or is about to be committed and they are acting in good faith.

The Act also protects employees who do disclose from reprisals, by enabling them to lay a complaint of reprisal with the Labor Board.

A Wrongdoing for the purposes of the Act is:

- a) a contravention of provincial or federal laws or regulations
- b) a misuse or gross mismanagement of public funds or assets
- c) an act or omission that creates an imminent risk of a substantial and specific danger to the life, health or safety of persons or the environment, or
- d) directing or counselling someone to commit a wrongdoing

As noted in the table below, the Department of Business has not received any disclosures of wrongdoing in the fiscal year 2018-2019.

Information Required under Section 18 of the Act	Department of Business Fiscal Year 2018-2019
The number of disclosures received	None
The number of findings of wrongdoing	None
Details of each wrongdoing	N/A
Recommendations and actions taken on each wrongdoing	N/A