



Accountability Report 2020–21

Business



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Accountability Report 2020–2021

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Accountability Statement

The Accountability Report of the Department of Business (the Department of Inclusive Economic Growth from February 23, 2021 to August 31, 2021 and now the Department of Economic Development) for the year ended March 31, 2021 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Business Plan for the fiscal year just ended. The reporting of the Department of Business outcomes necessarily includes estimates, judgments and opinions by department management.

We acknowledge that this Accountability Report is the responsibility of the Department of Economic Development 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 2020-2021 Business Plan.

'original signed by'

Honourable Susan Corkum-Greek, Minister of Economic Development

'original signed by'

Scott Farmer, Deputy Minister of Economic Development

Message from the Minister

I am pleased to provide this update on the progress of the Department of Economic Development (formerly the Department of Inclusive Economic Growth and the Department of Business) during 2020-2021.

This report includes a financial overview of the year and the province's progress advancing its economic agenda.

As we move forward, we will take bold steps to revitalize Nova Scotia's economy. This will include continuing to support the growth of small, medium and large businesses throughout the province and strongly promoting our many attributes to the world.

'original signed by'

Honourable Susan Corkum-Greek, Minister of Economic Development

Financial Results

	2020-21 Estimate	2020-21 Actuals	2020-21 Variance
Inclusive Economic Growth	<i>(\$ thousands)</i>		
Departmental Expenses:			
Senior Management	933	916	(17)
Policy & Operations	2,286	1,581	(705)
Halifax Convention Centre Amortization	7,720	7,721	1
Nova Scotia Jobs Fund	12,300	8,213	(4,087)
Crowns and Major Projects	125,783	165,339	39,556
Total Departmental Expenses	149,022	183,770	34,748
Additional Information:			
Ordinary Revenue	(425)	(610)	(185)
Fees and Other Charges	(1)	(2)	(1)
Ordinary Recoveries	(688)	(1,525)	(837)
Total Revenue, Fees and Recoveries	(1,114)	(2,137)	(1,023)
TCA Purchase Requirements	4,006	33,829	29,823
Provincial Funded Staff (FTEs)	28.0	23.7	(4.4)

Departmental Expenses Variance Explanation:

Expenses were \$34.7M higher than estimate mainly due to COVID-19. COVID supports and impacts resulted in a net increase of \$49M. Supports included \$32.2M capital stimulus projects through Develop NS, \$6.8M for the Tourism Accommodations Real Property Tax Rebate Program, \$6.2M Canada Emergency Commercial Rent Assistance Program, \$3.1M to Events East to offset lost revenues for the convention centre, \$2.5M for the Small Business Loan Guarantee Program Extension to support expanded capacity for businesses to access financing, \$1.9M to NSBI for Small to Medium Enterprises Innovation Rebate Program, \$1.7M for Tourism Digital Assistance Program, \$1.2M for NSBI Digital Adoption Program, \$1.2M to Develop NS to offset lost revenues and \$1.1M to NSBI for the Business Continuity Voucher Program.

These supports were offset by savings of \$3.3M in Tourism NS from reallocations of marketing funds, \$2.9M for Invest NS resulting from delays due to restrictions, \$1.5M for NSBI Innovation Rebate Program due to supply chain disruptions and \$1.4M for NSBI Export Growth Program due to travel restrictions.

Variations not related to COVID include \$1.97M Halifax Partnership contribution agreement offset by savings of \$4.7M in NSBI Forestry Innovation Rebate Program due to low demand, \$4.1M in NS Jobs Fund, \$2.7M in Develop NS capital projects due to timing of cash flows, \$1.8M Tourism operating and salary savings, \$0.8M Tourism Revitalization of Icons Program and \$2.0M departmental salary and operating savings.

Revenue, Fees and Recoveries Variance Explanation:

Revenues were \$1.02M more than estimate due to a Nova Scotia Jobs fund recovery of \$836K and an increase of \$182K in Guarantee Fees due to extensions to existing guarantees.

TCA Purchase Requirements Variance Explanation:

Increase due to approved Stimulus capital package (6 projects) offset by cashflow changes to various projects including Cunard, Cable Wharf and the Tourism Revitalization of Icons Program projects

Provincial Funded Staff (FTEs) Variance Explanation:

Variance due to vacancy savings

Measuring Our Performance

The COVID-19 pandemic redirected much of the department's efforts towards responding to the needs of the business community in an unprecedented situation.

To mitigate the impacts of the global pandemic, the Department, and the Crown corporations within its mandate, worked closely with the business community, stakeholders and impacted sectors to understand needs and to find opportunities to complement federal programming. Key discussions included: Nova Scotia Business Labour and Economic Council (NSBLEC) calls, meeting with the Regional Enterprise Networks, the 12 provincial business improvement districts, business owners and operators, sector associations and others.

NSBLEC was established early in the pandemic timeframe. The coalition includes members from across the province who work with all levels of government to provide feedback and comments from business, organizations and associations to government and to share information from levels of government to their members. The NSBLEC includes 235 individuals who regularly receive communications and participate in weekly calls, representing over 15,000 groups and over 200,000 people represented in their membership.

Government funded the Nova Scotia COVID Response Council (NSCRC) with \$100 million to support our small businesses and the tourism sector who were hit the hardest by public health lockdowns. The goal was to fill gaps in federal government programs. An Advisory Secretariat of Deputy Ministers from Finance, Inclusive Economic Growth, Labour and Advanced Education and Community Services provided policy support and advised the Council on the use of the funds with Dalhousie University responsible for administration. The Council has funded supports for small businesses, unemployed workers, the provincial commercial rent guarantee program, a meal program for students, placemaking infrastructure investments, innovations in personal protective equipment (PPE), and COVID-related research. A program to help larger tourism operators access favourable terms on commercial debt financing also received NSCRC funding.

The department partnered with Communications Nova Scotia on an awareness campaign to encourage Nova Scotians to support local, small businesses throughout the province that were operating according to new public health regulations. The campaign showcased ways Nova Scotians could support local businesses through online, curbside pick-up and delivery options. Tactics included radio, print, online and social media. The holiday campaign ran from December 2020 to January 2021 and exceeded expectations (221% of planned targets), generating over 23,000 visits to the website and millions of impressions. The campaign was run again in March 2021.

The department contributed to the Canada Emergency Commercial Rent Assistance Program administered by the Canada Mortgage and Housing Corporation. The program provided relief for 1,986 small businesses experiencing financial hardship due to COVID-19 by enabling commercial property owners to reduce or forgive rent.

Delivered through participating credit unions, the Small Business Loan Guarantee Program provided financing of up to \$500,000 in the form of term loans, working capital and lines of credit for businesses. To provide additional capacity for the program, the department increased the cumulative guarantee limit of the program from \$50M to \$70M, and approved a temporary COVID-19 lending stream, delivering \$17.5M in loans, for loans up to \$25,000 for businesses unable to access federal emergency lending programs.

Each of the Crown corporations within the department's portfolio turned their expertise to supporting economic resilience and recovery activities:

- **Develop Nova Scotia** focused on investing in programs and projects to enable business recovery through the economic impacts of construction and revitalize key community assets like main streets, working waterfronts and marine infrastructure.
- The **Halifax Convention Centre** focused efforts to maximize facility use for local and regional events and developed alternative use of facility, notably becoming a key venue for COVID-19 testing.
- **Innovacorp** adapted acceleration programs by providing additional targeted support to start-ups.
- **NSBI** helped businesses regroup, chart a new path forward, fuel growth through opportunities to sell to key Canadian markets and those that emerged through trade agreements including the Canada-United States-Mexico Trade Agreement, Canada-European Union Comprehensive Economic and Trade Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.
- **Tourism Nova Scotia** worked with operators to help them navigate COVID-19 guidelines and public health orders. TNS moved away from international marketing and instead targeted Nova Scotians and Atlantic Canadians to spend their vacation dollars in our province.

In addition to the substantial work undertaken to implement response initiatives, the department continued to serve its mandate through collaboration with Crown corporations, provincial departments, key partners in municipal and federal governments, entrepreneurs and small business owners, large businesses, post-secondary institutions, venture capital investors and Nova Scotians. For 2020-2021, six priority areas were identified for action: aligned investment attraction, cluster development, inclusive growth, placemaking, tourism, and trade and export.

Highlighted Achievements 2020-2021

Aligned Investment Attraction

The ongoing investment in NSBI's Innovation Rebate Program (IRP) is designed to drive private-sector capital investment aimed at increasing innovation or the adoption of new

technologies or business processes. In Fiscal 2020-2021, the IRP drove actual expenditures in private-sector capital investment of \$44.1 million. In 2020-2021, NSBI launched the Small Medium Enterprise Innovation Rebate Program to expand innovation support to projects between \$375,000 and \$2,000,000. Sixteen projects were approved for a total rebate of \$3.7 million, which is expected to drive actual expenditures in private sector capital investments of \$16.1 million.

The department's commitment to developing the innovation ecosystem across Nova Scotia was strengthened through:

- advancing policies that maximize opportunities in digital health and life sciences ecosystems such as the Digital Health Data Repository; and
- investing in incubators and accelerators that support early-stage companies with co-working space, mentorship and funding: Volta in Halifax, Ignite Labs in Pictou and Yarmouth, Momentum in Cape Breton and Propel ICT's e-accelerator across the province.

Cluster Development

The department continued to support the work of the Forestry Transition Trust to advance the transition and development of Nova Scotia's forestry sector. The trust can be accessed by companies, organizations or post-secondary institutions working and researching in the forestry and biological resources sectors. The second call for applications to the trust was in November 2020 and 12 applications were received during the second intake round. One project was approved, Genome Atlantic, and three others remain under consideration.

As part of growing the venture capital capacity of the region, Innovacorp invested \$9.7 million in 22 early-stage commercialization projects and leveraged an additional \$32.3 million in venture capital and private equity for its investment activities, the majority from sources outside Nova Scotia. To address a key demographic gap in the venture capital space, the department will work with Innovacorp to support the government's \$5 million contribution to the Sandpiper Ventures Fund aimed at women-led businesses.

Support for the ocean sector in Nova Scotia as we continue to position our region as a leader in the global ocean economy. Key initiatives include the Centre of Ocean Ventures and Entrepreneurship, work with Irving Shipbuilding on value proposition investments within the National Shipbuilding Procurement Strategy and being an active partner in Canada's Ocean Supercluster. This work included leveraging private sector and government funding to grow high-tech and traditional ocean industries including research, start-ups, in-demand skill training and commercialization. With the release of the Blue Economy Strategy Engagement Paper by the federal government in February 2020 it is anticipated there will be more work to be done in the coming year(s).

Inclusive Growth

To support its goal to encourage innovative, collaborative projects that benefit whole regions and sectors of economy the Invest Nova Scotia Board approved three projects:

1. Black Business Initiative (\$856,000): Diversity Employment Network is a multi-phase pilot program addressing the unemployment and under employment rates for African Nova Scotian community of Nova Scotia.
2. The Cape Breton Food Hub (\$500,000): To purchase and renovate a building in central Cape Breton, launching a value-added agri-food commercial processing facility supporting a “buy local movement”. This project will help grow the Cooperative enabling year-round operations and providing rental use of the facility to the community.
3. The Cape Breton Centre for Craft and Design (\$233,825): To support operations of an established artisan space that provides fully equipped studios, subsidized rent, a retail outlet, mentorship and offers community-based programs. The Customs House Artisan Incubator in Port Hawkesbury is designed to profile and expand the artisans’ businesses including exports, while making it attractive for crafters to move to Cape Breton.

Placemaking

The Internet for Nova Scotia Initiative continued to close the gap on access to broadband across the province. As of March 31, 2021, Develop Nova Scotia had announced projects to connect more than 87,200 homes and businesses in communities across Nova Scotia and 32,000 homes and business have already been provided access to connections for high-speed Internet. When announced projects are complete by the end of 2023, reliable, high-speed Internet will be available to 97% of homes and businesses across the province, with another 2% reached by ongoing independent municipal projects. Nova Scotia continues to track toward being among the first provinces in Canada to achieve this level of coverage.

The department met its commitment to provide information on functional economic regions on the province’s Open Data Portal. Ten Regional Economic Profiles were developed and shared to put critical information into the hands of municipalities, entrepreneurs, universities, NSCC and others to identify and build on regional strengths and advantages to create innovative opportunities across the province. These are the most comprehensive Regional Profiles ever produced in Nova Scotia.

Ongoing coordination with federal and provincial regulators and proponents on key major projects planned for Nova Scotia as the lead of the Major Projects Coordination Initiative (MPCI). The MPCI facilitates a one-window meeting process aimed at tracking required regulatory approvals and identifying and discussing project issues. Throughout 2020-2021, six projects were being coordinated involving both regulators and project proponents. The number of meetings and conversations required for each major project is reflective of the level of project activity. The MPCI has also been involved in identifying and coordinating conversations on four other major initiatives that may become part of the process at some point going forward.

Tourism

In April 2020, the department initiated the repeal of the outdated *Tourist Accommodations Act* (TAA) and the *Tourist Accommodations Registration Act* (TARA) came into force. TARA established a new registry system for accommodation hosts that is simple to use and takes approximately five minutes to complete. TARA requires all short term (28 days or less) roofed accommodation hosts and platforms to register except those people hosting in their primary residence. Registration fees were waived for hosts in 2020-2021 due to COVID-19.

To build capacity in a new space as traditional tourism initiatives were challenged, Tourism Nova Scotia, increased the offering of digital adoption programs. The program saw strong uptake by businesses and organizations from all regions of the province.

As part of the final year of funding in the Tourism Icons Revitalization Program (TRIP), Tourism Nova Scotia supported five active projects at the Halifax waterfront, Lunenburg waterfront, Peggy's Cove, Cabot Trail, and the Bay of Fundy. Significant project milestones included the completion of public wharf access to George's Island (in partnership with the federal government, Parks Canada, and Murphy's on the Water); and the restoration of the Lunenburg Big Boat Shed including a new interpretation centre.

Trade & Export

The Digital Adoption Program at NSBI, building on the Export Growth Program, was developed to improve e-commerce capacity and reach for Nova Scotia businesses in the wake of export challenges. The program also incented behaviours that were vital to maintain productivity and business resilience throughout the pandemic. NSBI also designed virtual trade business toolkits and funded participation in virtual trade shows and conferences ensuring Nova Scotia companies maintained and expanded their export sales even though they could not travel to market. NSBI also launched the Europe Market Development Program that assisted exporting companies to expand their presence and grow sales in Europe. Many export programs were moved to virtual delivery models, including the Trade Accelerator Program in partnership with the Halifax Chamber of Commerce partnership and trade missions.

Public Interest Disclosure of Wrongdoing Act

Annual Report under Section 18 of the *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

The following is a summary of disclosures received by the Department.

Information Required under Section 18 of the Act	Fiscal Year 2020-2021
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