



# Accountability Report 2019–20

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Business



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## Accountability Statement

The Accountability Report of the Department of Business for the year ended March 31, 2020 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 2019-2020 Business Plan.

'original signed by'

Honourable Geoff MacLellan Minister of Business

'original signed by'

Bernard Miller Deputy Minister of Business

## Message from the Minister

I am pleased to provide this update on the progress of the Department of Business during 2019-2020.

This report includes a financial overview and our accomplishments in advancing the province's economic agenda and responding to the needs of business.

The Department is responsible for advancing government's economic agenda, creating the conditions for businesses to thrive, and building an economy in which all Nova Scotians can participate, contribute and benefit across all parts of our province.

In February, we announced the first projects for the Internet for Nova Scotia Initiative which will provide access to high speed internet for more than 42,000 homes and businesses. In Cumberland and Colchester counties, for instance, about 16,000 unserved homes and businesses will have service from wired and fixed wireless services. Lockeport, Sable River, Shelburne, Clyde River and Woods Harbour will see 4,100 connections and 2,100 connections in Elmsdale, Kennetcook and Noel. This increases the number of homes and businesses with access to high speed internet from 70 per cent to 86 per cent, closer to the goal of achieving 95 per cent access across the province.

Overall, \$193 million is committed to this initiative through the Nova Scotia Internet Trust Fund, led by Develop Nova Scotia. The first round of projects is an investment of almost \$45 million that is leveraged by an additional \$56 million in private and other public sector funding. With Nova Scotians needing access to high-speed internet more than ever before, we have accelerated the timelines so more homes and businesses are connected sooner. In March, we announced up to an additional \$15 million from the Internet Funding Trust to accelerate some round 1 projects, including \$2.2 million for 18,000 connections in Elmsdale, Shelburne and Caledonia, Queens Co. areas, and Cumberland and Colchester counties.

In December, government announced the sale of the Digby Pines Golf Resort and Spa. The new owners have committed to invest \$6.9 million over five years to upgrade, refurbish and transform this Nova Scotia tourism landmark into a year-round destination. The renewed viability of the resort benefits employees, the community, visitors and the tourism industry alike. This is a huge investment and vote of confidence for the Digby region's tourism sector, its people and its economy. In addition, the Bear River First Nations group as 40 per cent partner in this purchase acknowledges the importance of Mi'kmaq history and economic innovation and collaboration.

To achieve outcomes like employment attachment, population growth, growth in strategic sectors, growth in exports, economic participation and benefits, we need to do things differently. Innovate. Collaborate. Ensure we are all aligned behind these common goals. Our Crowns play a vital role. In January, we held our second annual collective impact summit, partnering with boards and senior management teams of all five of our Crown corporations – Develop Nova Scotia, Events East Group, Innovacorp, Nova Scotia Business Inc. and Tourism Nova Scotia – as well as Invest Nova Scotia. It was an opportunity to engage and support our Crowns in their work and discuss how we can evaluate and measure how we are moving the province forward. We understand that by working collaboratively towards a common agenda, our impact on Nova Scotians is greater. This level of alignment and coordination has played a significant role in our shared success.

The Department was tasked with establishing the Forestry Innovation Transition Trust, a \$50 million fund that will continue 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. Spending decisions will be made by three trustees.

This fiscal year also saw the development of the tourist accommodation registry. With the introduction of the Tourism Accommodation Registry Act, we updated the way tourist accommodations register their business in Nova Scotia, reflecting how travelers choose where to stay, to encourage more short-term accommodations options and to reduce regulatory burden on our operators. Effective April 1, 2020, all roofed tourist accommodations are required to register if they provide accommodations for 28 days or less, unless it is a primary residence. The registry will collect information on where accommodations are and the extent of activity. This data will be shared with our partners and municipalities to inform by-law and policy amendments for land-use planning.

Nova Scotia wants and needs more direct flights to support tourism, trade and other business. While the charter flights to China announced in December 2019 will not happen in 2020 and it is uncertain if the direct flights to Manchester announced in January of 2020 will happen this year due to COVID-19, important relationships were established with the travel industry. We need to continue to build stronger connections with key markets to grow provincial tourism and our economy. To support this work, government invested \$10 million with the Halifax International Airport to further the work in improving air access over the coming years when the time is right.

As we neared the end of the fiscal year, our focus shifted as we led government's business response to the COVID-19 pandemic. This required a reallocation of efforts to deliver programs to businesses that were forced to close or whose bottom lines were significantly impacted.

Looking over our accomplishments, we will continue to focus our resources on government's priorities as we implement the 2020-2021 business plan.

'original signed by'

Honourable Geoff MacLellan Minister of Business

**Accountability Report – Financial Table and Variance Explanation**

	2019-2020 Estimate	2019-2020 Actuals	2019- 2020 Variance
<b>Department of Business</b>	<i>(\$thousands)</i>		
<b>Departmental Expenses:</b>			
Senior Management	963	892	(71)
Policy and Operations	2,615	1,847	(768)
Halifax Convention Centre Amortization	7,720	7,722	2
Nova Scotia Jobs Fund	18,440	17,218	(1,222)
Crowns and Major Projects	122,276	176,696	54,420
<b>Total: Departmental Expenses</b>	<b>152,014</b>	<b>204,375</b>	<b>52,361</b>
<b>Additional Information:</b>			
Ordinary Revenue	457	589	132
Fees and Other Charges	1	1	0
Ordinary Recoveries	644	743	99
<b>Total: Revenue, Fees and Recoveries</b>	<b>1,102</b>	<b>1,333</b>	<b>231</b>
TCA Purchase Requirements	<b>2,915</b>	<b>3,376</b>	<b>461</b>
Provincial Funded Staff (FTEs)	<b>27.0</b>	<b>22.4</b>	<b>(4.6)</b>
<b><u>Departmental Expenses Variance Explanation:</u></b>			
Expenditures were \$52.4 million or 34% higher than budget primarily due to a \$50 million contribution to the Forestry Innovation Transition Fund as well as a \$10 million contribution for Air Route Access offset by \$6 million decrease to payroll rebates and \$2 million for Capital Investment Incentive as a result of an agreement expiring without claim.			
<b><u>Revenue, Fees and Recoveries Variance Explanation:</u></b>			
Revenues were \$132 thousand or 29% higher than budget due to an increase in the Nova Scotia Jobs Fund Guarantee Fees. Recoveries were \$99 thousand or 15% higher than budget due an employee secondment to the federal government.			
<b><u>TCA Purchase Requirements Variance Explanation:</u></b>			
TCA Purchase Requirements were \$461 thousand or 16% higher than budget as a result of changing cash flow requirements for various projects due to construction timelines.			
<b><u>Provincial Funded Staff (FTEs) Variance Explanation:</u></b>			
Provincially funded staff were 4.6 FTEs lower than budget due to temporary staff vacancies.			

## Measuring Our Performance

The Department of Business aligns government efforts behind a common agenda for inclusive economic growth, ensuring economic conditions in which businesses can thrive and all Nova Scotians can participate and benefit. The Department primarily supports the work of its Crown Corporations on behalf of the Minister of Business as shareholder. To advance the strategic goals of the ONE Nova Scotia Coalition, the Department focuses on strategic priorities and opportunities that encourage Nova Scotia's innovation, competitiveness, entrepreneurship, and export orientation.

To achieve government's mandate, the Department collaborates with its Crown Corporations, 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 and social enterprises to succeed.

Key activities in 2019-2020 included:

Through support of the Department, entrepreneurs and innovators across the province have a growing network of support and a growing level of success. The work of the Innovation Districts and Hubs continues to advance. The NSCC-supported Ignite Lab incubator in Yarmouth saw significant growth in its tenant companies and Ignite opened a second location in Pictou County in Fall 2019. The Halifax Partnership launched the Halifax Innovation District and the Civic Innovation Outpost at Volta in partnership with the Halifax Regional Municipality. The outpost will connect start-ups with municipal government as a first customer. The Cape Breton Partnership has advanced its innovation hubs project and is progressing with the development of an oceans-focussed innovation centre in Port Hawkesbury in collaboration with Cape Breton University, Develop Nova Scotia and Nova Scotia Community College.

In Spring 2019, Government introduced the Tourist Accommodations Registration Act to create a level the playing field for tourism accommodations operators. Working with stakeholders inside and outside of government, the Department partnered with Service Nova Scotia to develop an online registry. The Department engaged citizens and stakeholders through an online consultation in the Fall of 2019 to inform regulations and policies to support our provincial tourism growth target and those who earn their livelihood in this growing sector.

The ongoing pilot project with the Halifax Stanfield International Airport Authority continued to be an important component of strategic economic infrastructure to increase tourism, export and business opportunities. Government's initial investment in 2017-2018 was \$11.1 million. An additional \$10 million was added during the 2019-2020 fiscal year. In 2019-2020, an agreement was signed with China Southern Airlines and tour operator GZL International Travel Service to secure a direct charter flight to Nova Scotia for the fall of 2020. While those flights will not happen this year due to COVID-19, meaningful relationships were established with the government and travel industry in China.



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. The Board invests in collective initiatives that demonstrate incremental economic competitiveness and productivity impacts over the long term through sustainable projects. During 2019/2020, the Invest Nova Scotia Board approved four projects totalling just under \$4 million dollars in funding:

- **New Dawn.** Investment in The Convent, the largest incubator and accelerator dedicated to the advancement of the Arts and Culture sector east of Ontario.
- **The Cape Breton Food Hub.** Investment for the purchase of a new food production and storage facility to expand the cooperative's current operations.
- **Black Business Initiative.** Investment in the Diversity Employment Network which is a multi-phase program focusing on advancing meaningful employment opportunities for African Nova Scotians.
- **Hope Blooms.** Investment to launch the Global Kitchen for Social Change.

As the lead of the Major Projects Coordination Initiative (MPCI), the Department of Business coordinated with federal and provincial regulators and proponents on major projects planned for Nova Scotia. Coordination provided through the MPCI involved facilitating a one-window meeting process aimed at tracking required regulatory approvals and identifying and discussing project issues.

## 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

Please use the following format to satisfy the disclosure obligation:

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

Information Required under Section 18 of the Act	Fiscal Year 2019-2020
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