Department of Economic and Rural Development and Tourism
Statement of Mandate 2014-2015

Learn, Innovate, Compete, Succeed
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Please visit the Nova Scotia Tourism Agency (NSTA) website to read how NSTA is helping to achieve the government’s priorities. The NSTA Statement of Mandate may be found [https://novascotiatourismagency.ca/](https://novascotiatourismagency.ca/)
Message from the Minister and Deputy Minister

The government is looking forward to setting a new course for how it supports Nova Scotia’s economy. Considerable work will be done to create a fair and competitive business environment where the private sector leads the way, creating jobs across the province and driving the economy forward. The Department of Economic and Rural Development and Tourism will be a partner in helping businesses access the capital and supports they need to thrive.

This year, having just received the Ivany Commission report and results of a review on economic development assistance tools by Tom Traves, the department and its partners will begin to make the programming changes needed to make it easier on businesses to know how to access our programs.

That means having qualified, independent boards making more of our investment decisions; streamlining programs to eliminate duplication and confusion; redesigning our programs to minimize the potential impact on local competition; and improving program evaluation and public reporting.

These changes, and the new Accountability in Economic Development Assistance Act and reporting website, will help Nova Scotians better understand how their money is being spent to support businesses, communities and our economy.

In 2014-2015, the department and its partner agencies will provide a great deal of support to small- and medium-sized businesses, entrepreneurs and start-ups. We will encourage and support innovation in sectors and training and productivity investments that strengthen our companies to compete around the world. We will create more job opportunities for young people in their communities and fields of study and we will facilitate high-potential connections between business and academia.

This Spring will see the return of a key transportation and tourism link between our province and the Northeastern United States. The government has done everything possible to support the establishment of the Portland-Yarmouth cruise ferry service and we are looking forward to welcoming thousands of first-time and returning American visitors.

By year end, most or all Regional Enterprise Networks will be established. These groups will provide leadership and foster cooperation among municipalities, communities, businesses, stakeholder groups, and the government to develop and implement regional strategies that create more economic activity and prosperity.

A strong part of our economy across the province is the tourism sector. Nova Scotia has significant potential in this area and this year, we are looking to make advances in the long-term tourism strategy to attract more visitors and grow the industry.
The people who work here make up a talented, smart and dedicated team of public servants. They work hard to provide excellent client service and offer new ideas for the economic challenges and opportunities we are facing. Over the coming year, the ERDT team will work closely with other government departments and our partners to advance the economic interests of Nova Scotians.

Michel P. Samson  
Minister, Economic and Rural Development and Tourism

Simon d’Entremont,  
Deputy Minister
**Mandate**

Economic and Rural Development and Tourism leads the development and implementation of policies and strategies promoting economic growth in all communities across the Province. The department works closely with its economic development agencies, and partners within and outside government to achieve government’s economic growth priorities.

The focus of the department is on using productivity and innovation, investment, international commerce, tourism, and our natural advantage as a gateway to North America as economic drivers. The Department of Economic and Rural Development and Tourism develops and advances corporate policies and strategies in these areas of focus to grow the economy across the Province. Our department leads key initiatives, delivers programs, makes strategic investments, builds regional and community capacity, supports sector development, and takes a partnered approach with the department of Labour and Advanced Education on workforce development.

**Vision**

Nova Scotia’s economy is strong, our businesses are innovative and compete successfully in national and global markets. Our people have the right skills for good jobs here in Nova Scotia.

**Mission**

Our mission is to provide strategic leadership and advice, to enhance collaboration with our partners and stakeholders in economic and community development, and tourism, and to create the right conditions for entrepreneurship and businesses to grow and prosper across Nova Scotia. We will this achieve this through focus on 5 strategic areas:

- Creating a fair, competitive and sustainable business environment for all regions
- Developing talent and building competencies within our workforce
- Harnessing research and economic innovation
- Growing strategically through trade and international competitiveness
- A successful tourism sector
Planning Context

As a small economy, Nova Scotia’s economic performance is strongly influenced by others. Forecasts suggest that world-wide economic growth is expected to be higher in 2014. Economic recovery has taken a firmer hold in Nova Scotia’s traditional markets of the United States and Europe. Both the Canadian and Nova Scotian economies are expected to have stronger growth in 2014 than 2013. Export growth will be aided by recovery in American demand and depreciation of the Canadian dollar. The lower Canadian dollar makes Nova Scotia more attractive in terms of travel and locating business activity such as conferences, filming and other activity here.

In 2014-2015, ERDT will consider the recommendations from the Report of the Commission on One Nova Scotia (February 2014) and from the Traves Report, an independent review of the economic development assistance tools used by the department (March 2014). The department will identify and deliver improvements to its economic tools and incentives for businesses in Nova Scotia. ERDT and its partner agencies will work to foster winning conditions for businesses to grow and prosper.

Government Priorities

The Department of Economic and Rural Development and Tourism (ERDT) supports Government’s efforts in achieving its core priorities.

1. **Consumer-focused energy solutions including a regulated, competitive energy market**

Community Economic Development Investment Funds (CEDIFs) are economic tools used by individuals in a defined community to create or invest in local business. CEDIFs are being used to finance small-scale renewable energy projects such as community feed-in tariff (COMFIT) projects.

COMFIT projects, under the responsibility of the Department of Energy, supports the development of local renewable energy projects by municipalities, First Nations, co-operatives, universities, and non-profit groups.

2. **Prosperous businesses of all sizes - creating jobs across the province**

Creating a fair, competitive and sustainable business environment for all regions

ERDT’s programs support small business by improving their knowledge of business practices, business planning, market knowledge and operations and helping to increase access to capital for businesses. ERDT programs focus on long-term business stability and growth, ultimately strengthening the economy and communities.
The department provides investment capital for businesses creating and maintaining high-value jobs. The loan guarantee has allowed participating Credit Unions in Nova Scotia to undertake several innovative programs in partnership with the government. The Small Business Financing Program, Immigrant Small Business Loan Program, Credit Union High Risk, Commercially Viable Lending Program, and the Social Enterprise Loan Guarantee Program have allowed small firms and organizations throughout Nova Scotia to expand operations and to contribute to growing our economy.

Nova Scotia also recognizes the importance of capital for start-up businesses. The regional venture capital fund, Build Ventures, has leveraged almost $50 million in total commitments to date. The fund’s contributors include the governments of Nova Scotia, New Brunswick and Prince Edward Island. A private sector company and the Business Development Bank of Canada’s venture capital arm have also contributed. The fund is providing an alternative source of capital for early start-up businesses as well as those at the incubation stage. The department is coordinating a review of government’s role in the venture capital industry. The review will recommend how best to support the current and future needs of technology and high potential start-up companies in key sectors.

Economic sectors are groups of industries connected by supply chain or value chain relationships, markets, workforce, technology or natural resources. The Department works with its partners, including economic development agencies and institutions, to identify priority sectors, as well as gather information to support a coordinated and strategic approach to economic development. This approach includes putting in place enabling organizations, academic programming and supports, supportive infrastructure, businesses programming, as well as sector promotion.

The Capital Investment Incentive encourages Nova Scotia businesses to invest in technologically advanced equipment, hardware and software, thereby improving productivity in their operations. This incentive offers up to 20 per cent of a company’s total investment in new capital, up to a maximum of $1 million.

In order to further support regional development and strengthen communities, ERDT is working with other levels of government, businesses and community organizations to help support the establishment and operation of Regional Enterprise Networks (RENs). RECs will provide business-led regional economic leadership, develop regional economic strategies, and work with stakeholders to help start, maintain and expand businesses and attract others. By the end of March 2014, the Valley Regional Enterprise Network was established with 10 communities signing an inter-municipal agreement and appointing its inaugural board, and the Western Regional Enterprise Network, comprising six municipal units, appointed its inaugural board.

ERDT and the Nova Scotia departments of Fisheries and Aquaculture are partnering on the development of a Commercial Fisheries Strategy to grow the economic value of the industry.
As the commercial fishing industry is largely located in coastal and rural communities and many operations are smaller in size, the delivery of the strategy will assist in sustaining the businesses and thus the communities in which they are located.

**Developing talent and building competencies within our workforce**

Learning programs enable Nova Scotia’s voluntary sector organizations, social enterprises and businesses to participate more effectively in growing our economy. Increasing innovation and productivity is necessary for Nova Scotia to meet new challenges of the global economy. Our firms must move toward competing on innovative and high quality products rather than on price.

ERDT supports a number of programs helping students gain valuable work experience through summer employment, cooperative education placement and graduate work placements. ERDT programs also encourage businesses to invest in technology, link small and medium sized businesses with universities and colleges to access research and expertise that they require and train their workforce in new and advance technology and processes.

A workplace programs offered by ERDT is the Workplace Innovation and Productivity Skills Incentive (WIPSI). WIPSI encourages businesses of all sizes to invest in skills development and certification in the workplace. This program helps companies train their workers to adapt to new technologies, assists with innovative processes, improve productivity and strengthen their international competitiveness.

**Harnessing research and economic innovation**

ERDT continues to support post-secondary research and helps build relationships between post-secondary institutions and businesses. The Report of the Commission on One Nova Scotia (February 2014) acknowledges the importance of harnessing the research and development (R&D) capacities in driving innovation and business start-ups.

The Productivity and Innovation Voucher Program continues to enable small-and-medium sized business to collaborate with researchers from Nova Scotia’s universities and colleges to convert their ideas into products and value added products and enhance existing processes. This program is accessed at any stage of the continuum from product development until commercialization. This program offers a second tier of assistance to bring the product closer to commercialization.

ERDT is co-leading with Nova Scotia Environment the development of a Green Economy Strategy in 2014, which will focus on such important themes as regulatory innovation, enhanced efficiency and productivity, and understanding job opportunities resulting from the "greening" of businesses and markets around the world.
Trade and International Competitiveness

ERDT supports Nova Scotia businesses become more globally competitive. In order to help increase the number of Nova Scotia businesses exporting their goods and services, ERDT supports a number of programs designed for businesses interested in growing their export potential.

The ExportAbility Program helps businesses gain the skills they need to become export savvy. As businesses decide to take the step towards exporting or expanding to new markets, the Go Ahead Program, Service Export Program and the Export Prospector Program help to pursue export opportunities. The Global Business Accelerator Program (GBAP) provides financial support to Nova Scotia companies that want to work with a business accelerator, an expert with business skills, knowledge and experience, to help companies compete and grow in the global marketplace.

Many successful internalized firms collaborate with other businesses along global supply chains to gain access to specialized expertise and R&D capacities, product components and material inputs, and new markets for their products. Work is being done to build capacity within the business community to increase Nova Scotia’s businesses’ participation in global supply chains to ensure they have access to opportunities nationally and overseas. In 2014-2015, ERDT will review its trade related programs to ensure they are streamlined for efficiency in administration and ease of access for businesses.

Transportation is an important component of global competitiveness. The Nova Scotia Gateway Secretariat (NSGWS) and its partners are dedicated to leading the Government of Nova Scotia’s efforts to increase logistics and supply chain activity moving through Nova Scotia. The NSGWS’s mandate is to support and facilitate gateway stakeholders’ interests to maximize opportunities to maintain and grow the volume and value of international trade flowing through Nova Scotia’s ports – air, sea and rail.

The International Business Development Division will continue work in the delivery of market development. The development of the Commercial Fisheries Strategy will see the division assist in defining opportunities for Nova Scotia’s commercial fishing industry, and will work with industry to build capacity to pursue markets and deliver in-market activities to take the product or service to the marketplace. Markets of focus will include Europe and the opportunities associated with CETA, USA, China and other Asian markets.

3. Responsible fiscal management

ERDT is the department responsible for the Accountability in Economic Development Assistance Act enacted in 2013 (Act). The Act supports better controls and provides greater transparency of transactions on how funds under the Nova Scotia Jobs Fund, the Nova Scotia Fund, and strategic investment funds are managed. ERDT will post information for each transaction, with
a mid-year report on how funds were used while respecting the Freedom of Information Protection of Privacy (FOIPOP) Act and trade agreements.

The department will also consider recommendations made through the Report of the Commission on One Nova Scotia (February 2014) and through an independent review of the economic development assistance tools used by the department. ERDT is realigning existing programs with small business in mind. The department has achieved significant administrative savings and at the same time is innovating to continue to deliver relevant and high-quality programming, offering easier access to businesses.

4. **Investing in student success with a renewed and strengthened education system**

ERDT supports a number of programs that help students gain valuable work experience so the transition to a permanent career will be smoother. The Student Career Skills Development Program assists non-profit organizations to hire post-secondary students for career-related summer jobs, providing employment opportunities in all regions of Nova Scotia. The Strategic Co-operative Education Incentive assists private and not-for-profit organizations to hire students to gain career-related experience.

5. **Helping all Nova Scotians meet their fullest potential by supporting vulnerable communities.**

ERDT works to support a variety of vulnerable communities through the Aboriginal Community Development Fund and the Social Enterprise Fund. These program funds encourage the leveraging of other forms of support to help individuals and communities achieve their potential.

ERDT provided support for the community co-operative grocery store, the Community Carrot Coop in Halifax’s north-end through the Social Enterprise Fund. The Halifax north-end neighbourhood has been without a grocery store for decades. Due to the efforts of the Co-op board and its funding partners, the community will see a new community grocery store providing fresh and affordable food in 2014.

The Social Enterprise Fund also supports enterprises that will have long-lasting, positive social impacts, like Hope Blooms. Hope Blooms started as a community garden project in the north-end Halifax for at risk youth. Hope Blooms has blossomed into a success story of not only making salad dressing, it strengthened a community and is developing young entrepreneurs while working in a sustainable, profitable enterprise.
Performance Measurement

In 2014-2015, the department is making it easier for small business to find the support they need to be productive, innovative and competitive, without reducing any services. Performance measures are reported by the department’s entry points for businesses:

- Creating a fair, competitive and sustainable business environment for all regions
- Developing talent and building competencies within our workforce
- Harnessing research and economic innovation
- Growing strategically through trade and international competitiveness
- A successful tourism sector through the Nova Scotia Tourism Agency (NSTA) (see the NSTA Statement of Mandate). The NSTA is a special operating agency that is funded through the department.
Creating a fair, competitive and sustainable business environment for all regions
Increased access to capital for small business

Increasing the access of small business to capital will have a positive impact on growing the economy of Nova Scotia.

ERDT’s Credit Union Loan Guarantee Program helps support: the Small Business Financing Program; the Immigrant Small Business Loan Program; the Credit Union High Risk, Commercially Viable Lending program; and the Social Enterprises Loan Program.

The graph demonstrates an increasing amount of capital being made available to small businesses in Nova Scotia.

Creating a fair, competitive and sustainable business environment for all regions
Increased competitiveness through productivity

Nova Scotia’s Productivity Investment Program (PIP) has two streams: Workplace Innovation and Productivity Skills Incentive (WIPSI) which encourages firms to invest in workforce training and certification; and Capital Investment Incentive (CII) which encourages investment in technologically advanced equipment, software and hardware to improve productivity. The chart on the left shows that for each dollar of ERDT investment, the additional amount that was invested in productivity improvements by the firm. The leveraged amount will change annually as the streams have different cost-sharing arrangements.

Productivity improvements are also being tracked, using measures such as change in revenue per employee at these firms. For the first fiscal year of the PIP program, the average revenue per employee was $285,894. A sufficient time has passed that firms should see the results of their investments, going forward productivity improvements relative to the initial revenue per employee will be measured.
Developing talent and building competencies within our workforce:

ERDT supports a number of programs that help students gain valuable work experience in the private and not-for-profit sectors, assisting them in the transition from schooling to a permanent career. The graph below captures the Student Career Skills Development Program and Strategic Cooperative Education Incentive. Final survey numbers for 2013-2014 are not yet available.

The Student Career Skills Development Program (SCSDP) is a summer program in which employers and students are encouraged to offer and accept jobs that match career plans\(^1\). One of the factors that affects jobs matching is that approved SCSDP jobs may not match the skill set of students in the local area.

In 2011-2012, the province launched the Strategic Cooperative Education Incentive (SCEI) to assist high-value businesses and organizations to recruit and retain students for work placement. This program is focused on increased productivity, career-related experiences for students and future opportunities to retain students in full-time positions. Both employers and students are surveyed on their experience.

ERDT will continue to work with employers to enhance career plan matching and program satisfaction with its student employment programs.

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\(^1\) Note: Only close or very close matches to career plans are counted as matching career plans.
Harnessing research and economic innovation: Signiﬁcant research and innovation

A strong research environment is key to supporting a more innovative Nova Scotia economy. Because of long-lead time between research and commercial viability, measures currently concentrate on funding, leveraging of investment and linkages between the private sector and post-secondary institutions, which are an important component of research and innovation.

The Nova Scotia Research and Innovation Trust (NSRIT) supports research projects at universities which encourages the development of infrastructure and the graph demonstrates that for every dollar that NSRIT invests, there is another $1.50 of additional investment, which does well relative to existing comparators. For example, in the first four rounds of the federal government’s Atlantic Innovation Fund (AIF), the leveraged amount was $1.33. The level of funding for this is often determined by matching the funding requirements for successful projects.

The Productivity and Innovation Voucher Program links the private sector to Nova Scotia universities or colleges by providing vouchers to a business to pay for research at these institutions to help develop a process or product. New linkages are the number of firms who did not have a link or research and development relationship with the institution for which they have the voucher. Annually over half of the voucher recipients did not have a previous link to the educational institution which means that new relationships have been forged between the two, allowing each party to experience the benefit of working together. In the long term, the percentage of new linkages could decline as business and the colleges/universities become more aware of the benefits of working with each other.

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3 Not included in this chart is the addition of the Tier 2 or “super vouchers”, which allow previous winners to re-engage a college or university to bring the product closer to commercialization, so the overall number of vouchers in the program has increased since 2011-12.
Growing strategically through trade and international competitiveness: Highly competitive Firms

Increasing exports is an important component of economic growth in Nova Scotia. In 2012, exports of goods and services were 41 per cent of Nova Scotia GDP with the value of interprovincial and international exports being almost equal. Only a small percentage of Nova Scotia firms export. Not only is it important that the value of exports increase but the number of exporting firms and export markets also needs to increase. By working directly with businesses through education, awareness, and funding to explore, develop, and match international market opportunities the province has created greater trade overseas and attracted foreign investment locally.

From 1999 to 2009, the number of exporting firms in Nova Scotia dropped 10 per cent to 851 firms. In 2011, 897 firms exported, a growth of 46 firms. The Service Export Program (SEP) and Go-Ahead Program (GAP) is part of the range of programs supporting business in this area. From 2009-10 to 2011-12, SEP and GAP supported the efforts of 38 new exporters, over 80 per cent of all new exporters. Moving into new markets is also an important component of expanding trade. Over one-third of programming is opening up new markets for firms.
## Budget Context

### Economic and Rural Development and Tourism

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<td><strong>Total Program Expenses</strong></td>
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### Additional Information:

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(A) Transferred to Department of Internal Services