



Accountability Report 2022–23

Economic Development



Department Economic Development 2022-23 Priority Results in Support of Government’s Accountability Report

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Accountability Statement

The Accountability Report of the Department Economic Development for the year ended March 31, 2023, is prepared pursuant to the *Finance Act* and government policies and guidelines. The reporting of the Department Economic Development outcomes necessarily includes estimates, judgments, and opinions by Department Economic Development management.

We acknowledge that this Accountability Report is the responsibility of Department 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 Economic Development 2022-23 Business Plan.

Original signed by:

Minister Susan Corkum-Greek

Deputy Minister Scott Farmer

Measuring Performance

The Department of Economic Development is responsible for creating policies that enable broad-based economic growth and prosperity in the Province. The Department's work focuses on policy, research and development, targeted program initiatives, and building and maintaining strategic partnerships in four key areas:

- growing Nova Scotia's strategic sectors
- enabling increased productivity for all sectors and businesses across the province
- investing in new ideas and entrepreneurship to grow the economy
- ensuring all communities experience growth and prosperity

The Department works in partnership with Invest Nova Scotia; established on December 1, 2022, through the consolidation of Nova Scotia Business Incorporated and Innovacorp. Invest receives an operating grant and program funding through the Department to implement activities across four main areas of business development including: 1) start-up; 2) scale-up; 3) export; and 4) innovation growth and investment.

In addition, the Department supports the Minister's statutory responsibilities, in partnership with the Halifax Regional Municipality, for the Halifax Convention Centre, as well as the Peggy's Cove Commission.

Crown Review: Following the review of agencies conducted in 2021-22, the Province announced in July 2022 it was creating two new Crown corporations; Invest Nova Scotia and Build Nova Scotia. Legislation to establish the new Crown corporations passed in October 2022 and Invest Nova Scotia was launched in December 2022. Invest Nova Scotia consolidates the work of the former Nova Scotia Business Inc. and Innovacorp and serves to build relationships with businesses at all stages of their development by making it easier for entrepreneurs and businesses across the province to access the tools and resources needed.

Review of Investment & Attraction Mechanisms & Structures: To ensure the most efficient and accountable approach for economic development, a review of economic investment and attraction mechanisms and structures was conducted by the Department. The review consisted of over fifty engagements across various sectors with 300 plus individual participants, and research on economic conditions, jurisdictional best-practices, sector needs, and other topics. Feedback was collected by way of social media, on-line surveys, group consultations, virtual meetings, and in-person interviews. Recommendations will be finalized in fiscal 2023/24.

Nova Scotia Loyal: In 2022/23, the Department launched an interim brand to create engagement and awareness; conducted an online survey with 10,000 Nova Scotians and hosted 35 in-person market engagement sessions with an additional 1,100 Nova Scotians. The Department organized 24 sessions of retail prototype testing of consumer rewards options in three retail environments (large retail, independent stores, and farmers' markets) and engaged over 5,000 consumers to understand what components of a rewards program would lead to a shift in consumer behaviour towards the consumption of local products. A comprehensive feasibility analysis on a suite of consumer incentive reward options was also completed, which assessed risk factors which included implementation complexity; privacy implications; financial liability; trade risk; barriers to inclusivity

and accessibility and program participation burden to consumers, producers, retailers, and government. A baseline spending assessment was done, using Statistics Canada 2019 data, to determine pre-pandemic baseline spending by households and business on Nova Scotia grown, harvested, and/or manufactured products and established a program target to achieve a 10% shift in consumer demand and consumption of Nova Scotia products as a substitution for imports.

Connecting Nova Scotians: Delivering internet to Nova Scotians is a priority. The Satellite Internet Service Rebate program was announced July 29, 2022. The program is funded through the Nova Scotia Internet Funding Trust, following a government investment of \$8.5 million in 2021-22. The rebate was made available to approximately 3,700 homes and businesses for which no other internet service solution could be found. In August 2022, the program was expanded to help an additional 2,200 homes and businesses with connectivity. In November, there was a third expansion to the program to help Nova Scotians who did not have access. At the end of April 2023, more than 82,000 homes and businesses were connected through internet or satellite. An anticipated 99.99% of homes and businesses are expected to have access by the end of 2023, making Nova Scotia among the first provinces in Canada to reach this level of coverage.

Innovative, Sustainable, & Green Business: The Department encourages innovative, sustainable, and green business to establish or relocate to the province; and continues to work with the Nova Scotia Community College and the labour sector to modernize the apprenticeship programs.

With an investment of over \$2M annually, the Department ensures support for the growth of the innovation ecosystem in Nova Scotia and the development of new businesses and entrepreneurs throughout the province. In 2022/2023 several incubators and accelerators that deliver programming, mentorship, space and funding to support the growth of early-stage businesses received support. Organizations funded include Futurpreneur, Propel ICT, Volta, Ignite Labs, Navigate Startup House and Mashup Labs.

The Innovation Rebate Program was made permanent in 2022 with a commitment of \$12 million per year. Two other pilot rebate programs – the Forestry Innovation Rebate Program and the Small and Medium Enterprise Innovation Rebate Program - were combined with the Innovation Rebate Program to form a single program. Invest Nova Scotia administers the program which encourages private sector investment in facilities, innovative processes, and green technologies. The program plays an important role in attracting and growing innovative, sustainable and green businesses across the province and supporting small businesses in reducing emissions. In 2022-23, approximately 33% of the fund was invested in green technologies and 66% was invested in innovation and efficiencies. Since their inception, rebates through these programs have led to companies of all sizes being able to support 38 projects in 14 counties across the province, with most of the projects being in rural communities.

The Department invested in Nova Scotia's clean technology sector by supporting the Verschuren Centre for Sustainability in Energy and the Environment in Sydney to expand into a national biomanufacturing centre. A \$2.5-million investment was made to help clean-tech companies develop and commercialize innovative and sustainable technologies.

The Department is committed to growing an ecologically sustainable and globally competitive forestry industry. The Forestry Innovation Transition Trust (FITT), an independent Trust supported by the Department, focuses on accelerating new opportunities within the forestry sector to enhance environmental, social, and economic values along with the adoption of new ecological forestry practices. To date, FITT has committed more than \$25 million of the \$50-million fund. In 2022, the Trust has approved 17 projects totaling \$27,637,168.

The Department continues to strengthen the provincial ocean sector through efforts that include working with Irving Shipyard Inc. to maximize investment through value proposition spending under the National Shipbuilding Strategy. In addition, the Department entered into a contribution agreement with the Institute for Ocean Research Enterprise (IORE) to advance \$8.5M to support operations at the Centre for Ocean Ventures and Entrepreneurship (COVE) over the next five years.

Working with the Department of Natural Resources and Renewables, the Major Projects Coordination Initiative (MPCI) established a bi-monthly Renewable Energy Regulators meeting focused on sharing information on wind and green hydrogen industries and engaging green hydrogen and wind energy proponents in a series of One-Window meetings to identify roles and responsibilities and potential regulatory requirements.

[Regional Approaches and Comparative Advantages](#)

The Department works with the Regional Enterprise Networks (RENS); a partnership between participating municipalities, First Nations, and the Province, providing support for business growth outside the Halifax Regional Municipality. The REN's collaborated with various stakeholders to support approximately 600 plus businesses, 100 plus connectees and over 100 immigrants through various programs such as the BusinessNow, Connector, and Atlantic Immigration programs.

The Department made investments to support the two large airports in 2022. Halifax International Airport Authority received a \$13 million investment in its Air Access Fund, used for incentives to airlines to establish new routes at Halifax Stanfield. The Sydney Airport Authority received a \$6.3 million investment; one million of the funding to be used to establish a new Air Access Fund to incentivize airlines to establish new routes, and \$5.3 million for infrastructure upgrades.

In July 2022, the Province announced the Invest Nova Scotia Fund would be renamed the Community Economic Development Fund (CEDF) and that future investment decisions would be made by the Department of Economic Development. The CEDF will support proposals from community-based organizations that foster cooperation and collaboration in agriculture, education, social enterprise, and arts and culture sectors.

Economic Development continued to assist businesses impacted by the restrictions imposed by COVID-19 through the Sector Impact Support Program, with additional support being provided to the cosmetology sector for those directly impacted by the tightened mask restrictions. In response to the effects of hurricane Fiona, small businesses were supported through the Small Business Hurricane Relief Program, a one-time grant of \$2,500 to eligible small businesses to help offset the cost of unanticipated closures. In total, there were over 1900 recipients receiving \$4.8 million in support.

The Department has continued to maintain stewardship of previously approved commitments under the Jobs Fund Act which will continue through to 2042.

Financial Summary and Variance Explanation

	2022-23 Estimate	2022-23 Actuals	2022-23 Variance
Economic Development	<i>(\$ thousands)</i>		
Departmental Expenses:			
Senior Management	1,039	1,050	11
Policy & Operations	10,227	22,621	12,394
Halifax Convention Centre Amortization	7,720	7,722	2
Community Economic Development Fund	3,000	1,371	(1,629)
Nova Scotia Jobs Fund	11,874	10,122	(1,752)
Crown Corporations	62,669	53,893	(8,776)
Total Departmental Expenses	96,529	96,779	250
Additional Information:			
Ordinary Revenue	(430)	(630)	(200)
Fees and Other Charges	(1)	(1)	(0)
Ordinary Recoveries	(526)	(563)	(37)
Total Revenue, Fees and Recoveries	(957)	(1,194)	(237)
TCA Purchase Requirements	1,076	1,177	101
Provincial Funded Staff (FTEs)	28.0	24.9	(3.2)
<u>Departmental Expenses Variance</u>			
<u>Explanation:</u>			

Department of Economic Development actuals are \$250K higher than estimate due to increases of \$8.5M for support for operations (5 years) at COVE; \$4.79M for the Small Business Hurricane Relief Program and \$1.1M for Nova Scotia Business Inc's purchase of land at Port of Sheet Harbour. These increases were offset by decreases of (\$3.4M) in Develop Nova Scotia due to the transfer to Public Works; (\$2.8M) in Events East net operations; (\$3.6M) decrease in Invest Nova Scotia primarily due to the Innovation Rebate Program; (\$1.8M) for the Nova Scotia Jobs Fund unscheduled repayments and released guarantees; (\$1.63M) in the Community Economic Development Fund due to change in cashflows and (\$928K) for Small Business Loan Guarantee Program claims for losses.

Revenue, Fees and Recoveries Variance

Explanation:

Department of Economic Development revenues were \$237K more than estimate mainly due to \$122K for Sun Life shares; \$29K in Nova Scotia Jobs Fund guarantee fees; \$25K Nova Scotia Jobs Fund Recoveries; \$24K in guarantee fees in the Small Business Loan Guarantee Program; \$24K for concessionary interest on Hope Blooms Loan and \$11K for secondment extension from Halifax Chamber of Commerce.

TCA Purchase Requirements Variance

Explanation:

Increase due to \$1.1M in NSBI for purchase of land at Port of Sheet Harbour offset by decreases in Develop Nova Scotia of (\$458K) for Cunard and (\$541K) for Cable Wharf due to Develop Nova Scotia being transferred to Public Works.

Provincial Funded Staff (FTEs) Variance

Explanation:

Variance due to vacancy savings

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 Department Economic Development:

Information Required under Section 18 of the Act	Fiscal Year 2022-2023
The number of disclosures received	0
The number of findings of wrongdoing	0
Details of each wrongdoing	NA
Recommendations & actions taken	NA