



Accountability Report 2021–22

Economic Development



NOVA SCOTIA

© Crown copyright, Province of Nova Scotia, September 2022

Accountability Report 2021–2022

ISBN: 978-1-77448-390-9

Table of Contents

- Table of Contents..... 1
- Accountability Statement 2
- Message from the Minister 3
- Financial Results Table..... 4
- Measuring Our Performance 6
- Mandate Commitments 2021- 2022: 6
 - Department Response to the Covid-19 Pandemic 6
 - Crown Corporations..... 7
 - Invest Nova Scotia Board Act..... 8
 - Supporting Economic Objectives Across All Regions..... 8
- Highlighted Achievements 2021-2022 8
 - Innovation & Cluster Development 8
 - Digital Economy & Future Oriented Workforce 9
 - Trade and Export Growth 10
 - Community Economic Development..... 10
- Public Interest and Wrong-Doing Act 11

Accountability Statement

The Accountability Report of the Department of Economic Development for the year ended March 31, 2022, is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the relevant sections of the Department Business Plan for the fiscal year just ended. The reporting of the Department outcomes necessarily includes estimates, judgments and opinions by Department management.

We acknowledge that this Accountability Report is the responsibility of Department 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 Inclusive Economic Growth 2021-2022 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

As Nova Scotia's Minister of Economic Development, I am pleased to provide this update on the progress made by the Department of Economic Development in 2021-22.

This report includes a brief financial overview for the Department, along with the actions we've taken in the past year to drive our economy, attract and grow innovative, sustainable and green businesses across Nova Scotia and become more competitive as a Province.

Economic Development is about creating opportunity for everyone. Our work is broad, and spans from developing programs that encourage entrepreneurship to helping grow sectors of our economy.

Our province has tremendous potential. And Nova Scotia is growing because others are starting to see our potential, too. At Economic Development, we are determined to leverage this potential.

Together with our Crown corporations – Nova Scotia Business Inc., Innovacorp and Develop Nova Scotia – as well as Events East and Invest Nova Scotia, our work focuses on creating the conditions for businesses to thrive and creating an economy in which all Nova Scotians can participate, contribute and benefit.

This report outlines many initiatives that are driving our economic agenda, but a few highlights from the past year include:

- bringing high-speed internet access to more Nova Scotian homes and businesses as work on the Internet for Nova Scotia Initiative continues
- making the Innovation Rebate Program a permanent program and investing \$12 million each year to help Nova Scotia businesses thrive
- working together with the business community to find ways to attract and grow innovative, sustainable and green businesses across the province
- supporting businesses impacted by the COVID-19 pandemic through the Sector Impact Support Program and the Targeted Sector Impact Program.

As we go forward, we are committed to working with businesses already here by focusing on innovation and sustainability, leveraging our province's unique advantages to attract more businesses and creating more opportunities for Nova Scotians here at home.

We have a clear vision for the future of our province. And we will continue to focus our resources on government's priorities as we work to implement the 2022-2023 Business Plan.

Honourable Susan Corkum-Greek

Financial Results Table

	2021-22 Estimate	2021-22 Actuals	2021-22 Variance
Economic Development	<i>(\$ thousands)</i>		
Departmental Expenses:			
Senior Management	1,075	974	(101)
Policy & Operations	10,350	71,367	61,017
Halifax Convention Centre Amortization	7,720	7,722	2
Nova Scotia Jobs Fund	13,198	(2,464)	(15,662)
Invest Nova Scotia Fund	3,000	2,419	(581)
Crown Corporations	69,580	65,883	(3,697)
Total Departmental Expenses	104,923	145,901	40,978
Additional Information:			
Ordinary Revenue	(607)	(816)	(209)
Fees and Other Charges	(1)	(2)	(1)
Ordinary Recoveries	(536)	(630)	(94)
Total Revenue, Fees and Recoveries	(1,144)	(1,448)	(304)
TCA Purchase Requirements	8,473	11,708	3,235
Provincial Funded Staff (FTEs)	28.5	23.9	(4.6)

Departmental Expenses**Variance Explanation:**

Department of Economic Development's actuals are \$41.0M higher than the estimate due to increases of \$27.7M in Covid supports [\$30.4M for the Small Business Impact Grant; \$4.0M for stimulus capital projects through Develop NS carried over from 2020-21; offset by decreases of (\$3.3M) for NSBI Innovation Rebate Program; (\$2.0M) for NSBI Forestry Innovation Rebate Program; (\$741K) for claims for losses in the Small Business Loan Guarantee Program; (\$581K) in Invest Nova Scotia project delays and (\$375K) for NSBI for SME Innovation Rebate Program]. Other non-Covid increases include a \$13M contribution to Halifax International Airport Authority Air Access Fund; \$8.5M for the Nova Scotia Internet Funding Trust \$6.25M to Sydney Airport Authority Air Access Fund; \$2.5M to Verschuren Centre bio-manufacturing centre; \$1.7M for COVE operational support.

These increases are offset by decreases of (\$15.7M) for the Nova Scotia Jobs Fund unscheduled repayments and released guarantees; (\$1.0M) in salary and operating savings; (\$791K) for Develop NS capital projects due to changes in cash flows; (\$763K) in NSBI's operating grant; (\$253K) for NSBI Productivity and Innovation Voucher program and (\$215K) for NSBI Payroll Rebates.

Revenue, Fees and Recoveries Variance

Explanation:

Department of Economic Development revenues were \$304K more than estimate mainly due to \$136K in guarantee fees in the Small Business Loan Guarantee Program, an increase of \$73K in Nova Scotia Jobs Fund guarantee fees and a \$49K recovery from HRM for the extension of an employee on secondment.

TCA Purchase Requirements

Variance Explanation:

Increase due to \$4.025M in stimulus capital projects carried over from 2020-21, including Peggy's Cove Climate Adaptation and MMA Acadia Wharf offset by (\$791K) in changes in cash flows for capital projects including Cable Wharf and Cunard.

Provincial Funded Staff

(FTEs) Variance Explanation:

Variance due to vacancy savings

Measuring Our Performance

The Department of Economic Development is committed to aligning efforts toward economic growth to improve the well-being of Nova Scotians. To achieve this, the Department encourages Nova Scotia's innovation, competitiveness, entrepreneurship, and regional development based on comparative advantages.

Economic Development partners with its Crown corporations; optimizes action across provincial departments; collaborates with municipal and federal government partners; and leverages post-secondary institutions to create a dynamic environment for businesses to succeed. It fosters relationships with entrepreneurs, small business owners, large business, and venture capital investors, urging contributions from all sectors to realize the province's economic objectives.

The Department also works within the province's distinct regions to enable communities to participate in solutions that positively impact regional economic success.

Mandate Commitments 2021- 2022:

Department Response to the Covid-19 Pandemic

The pandemic continued to require the Department to work with the sectors most impacted by restrictions, such as tourism, travel, and hospitality, in order to mitigate, adapt to, and recover from the pandemic. The Department, in coordination with the NS Covid Response Council and its Crown corporations, worked closely with the business community, stakeholders, and affected sectors to understand needs and find opportunities to complement federal programming.

To ease some of the pressures experienced by operators in the tourism sector resulting from the restrictions of the pandemic, the Department offered a Tourism Accommodations Real Property Tax Rebate Program to support hiring staff, paying down debt, paying utilities or ordering supplies. Just over 250 applications were received for the first program at a value of \$6.7M. An additional \$7.3M was added to the program to support Nova Scotia's hotel, motel and inn operators, providing qualified operators a 50 per cent rebate on payment of the first six months of their 2021-22 commercial property tax.

The Small Business Real Property Tax Rebate Program provided eligible businesses with a one-time rebate of a portion of their paid property taxes. They had the option of a rebate of \$1,000 or 50 per cent of the commercial real property taxes paid for the final six months of the 2020-21 tax year (236 operators/\$6.7M).

The Sector Impact Support Program provided grants to help small business owners including restaurants, bars, gyms, live performing arts facilities, and recreation facilities (1,400 businesses/\$7M). The Targeted Sector Impact Program assisted businesses and practitioners, notably in the cosmetology sector, impacted by mask requirements (119 business/\$347,500). In addition, the Nova Scotia government also invested in the Small

Business Impact Grant providing a one-time grant equal to %15 of revenue from sales (Phase 3 – 3,800 businesses/\$30.5M).

To support economic recovery, an investment of \$1.9M to the Halifax Partnership was provided to position Nova Scotia as Canada's start-up capital, help increase the resilience and competitiveness of the Halifax business community and enhance collaboration between start-ups and established businesses and professionals. Under the Build Back a Better Halifax plan, there was an increased availability and improved access to co-creation spaces designed to support the continued growth and success of start-ups, scale-ups, and new companies locating to Halifax.

A new \$2.5M program administered by Digital Nova Scotia was made available to help small businesses across Nova Scotia attract more customers and grow sales in the digital economy. The Digital Assistance Program for Small Business allowed eligible businesses to connect with digital consultants for services such as website development, digital marketing strategies, and e-commerce tools.

Crown Corporations

The Minister of Economic Development has a statutory mandate to oversee a portfolio of four Crown corporations, as well as the provincial interest in the Halifax Convention Centre managed by Events East Group. The Department, in partnership with its Crown corporations, aligns behind a common agenda to collectively achieve outcomes.

- Develop Nova Scotia focused on investing in programs and projects to enable business recovery through the construction and revitalization of key community assets like main streets, working waterfronts and marine infrastructure. Delivering Internet for Nova Scotians is also a priority and progress is being made with more homes and businesses being provided access to connection daily.
- Innovacorp continues to find, fund and foster innovative start-ups that strive to change the world through their incubation, acceleration and venture capital activities. Innovacorp and its clients celebrated many achievements in 2021-2022. For example, several Innovacorp Accelerate program graduates raised their first round of equity financing, others hit the market with their products for the first time, still others secured the employees they needed despite today's challenging talent market. Innovacorp also committed \$5million to Sandpiper Ventures, a new venture capital fund focused on investing in women entrepreneurs.
- Nova Scotia Business Incorporated (NSBI) strives to assist Nova Scotia firms to increase employment, productivity, investment, and innovation. To address the impacts of COVID-19, NSBI supported clients through virtual workshops, trade shows, and missions; tripling training supports from pre-pandemic levels and added coaching components. In total, 270 participants attended 33 workshops.
- Tourism Nova Scotia continued to focus on efforts to mitigate the impacts of the pandemic and related public health orders, help industry operators adapt to current

and evolving operating conditions, and support sustainable industry recovery through ongoing consultation with the Tourism Stabilization and Recovery Working Group. In November 2021, the House of Assembly passed legislation to repeal the Tourism Nova Scotia Act (2015) and transition Tourism Nova Scotia from a Crown corporation to a division of the Department of Communities, Culture, Tourism and Heritage.

- Events East Group (EEG) focused proactive efforts toward hosting local and regional events while COVID-19 continued to impact the events industry and restrictions around public gathering limits impacted operations of Halifax Convention Centre and Ticket Atlantic. Additionally, EEG ensured activity in the downtown core supported economic and community vibrancy and hosted a series of alternative use and community-focused activities. A critical focus was placed on retaining and attracting national and international convention activity for future years, confirming a return to the historical event mix in 2022 and beyond.

Invest Nova Scotia Board Act

The Department continued to provide administrative support to the Invest Nova Scotia Board as it approved four innovative and collaborative projects to improve Nova Scotia's competitiveness in the global economy through the Invest Nova Scotia Fund.

Supporting Economic Objectives Across All Regions

In 2021/22, The Department assumed responsibility for the Regional Enterprise Networks (RENs) from the Department of Municipal Affairs. The Department partners with municipalities, First Nations and the business community to fund this collaborative approach to community economic development. Participation in RENs currently includes 31 of 49 municipalities and seven First Nations. Building on strengths and values of each region, the RENs continue to work supporting small businesses regions and navigate them to various programming to support their development, growth, and retention.

The Department continued to lead an intergovernmental initiative to facilitate regulatory coordination on major projects in Nova Scotia through the Major Projects Coordination Initiative and managed legacy commitments and legislation assigned to it for oversight following the dissolution of the Department of Economic and Rural Development and Tourism in 2015.

Highlighted Achievements 2021-2022

In addition to delivering on mandate items, the Department continued to partner with stakeholders and key partners to optimize outcomes in the following areas:

Innovation & Cluster Development

The Forestry Innovation Transition Trust (FITT) focused on accelerating new opportunities within the sector to enhance environmental, social and economic values and adoption of new ecological forestry practices. The fund can be used by companies,

organizations or post-secondary institutions to bring innovation to the forestry and biological resources sector. To date, the Forestry Innovation Trust Fund has announced 13 projects, committing approximately \$25 million of the \$50 million fund. The Department continued to provide administrative support to the Trust.

The Innovation Rebate Program, administered by NSBI, was established as an ongoing program with an annual investment of \$12M to help Nova Scotia businesses thrive. The program encourages private-sector capital investments in innovative processes and technologies. Participating companies can increase their competitiveness through product development, improvements in production and greening waste streams.

A \$2.5M investment in the Verschuren Centre will help Cape Breton become a destination where companies in the industrial biotechnology and agricultural technology sectors can scale up their technology and business. In partnership with Innovacorp, the Verschuren Centre is also providing the AscendBio program, which assisted with 13 clean-tech companies to develop and commercialize innovative and sustainable technologies.

Develop Nova Scotia is nearing completion of a recapitalization of the south marine terminal at COVE. Through a substantial provincial investment, this project will add 350 metres of wharf space with full amenities, enabling access for vessels up to 150 metres, along with an additional 60 metres of floating docks for smaller vessels and land-side access. The stimulus budget for COVE also includes Develop Nova Scotia's portion (\$250,000) of the \$325,000 being contributed in partnership with Innovacorp and NSBI to the Stella Maris project on behalf of the Province of Nova Scotia. Stella Maris is the first multi-user undersea sensor platform in Eastern Canada—a marine instrumentation test bed, hosting marine sensors, and devices for multiple ocean technology firms.

Innovacorp played an active role in the Ocean Startup Project (OSP), which is a co-funded, national collaboration that aims to make Canada the best place to start and grow an ocean technology company. OSP's second Ocean Startup Challenge; a competition to find and support innovative solutions to ocean industry problems, received 173 submissions from across Canada and internationally with 50 submissions from Nova Scotia. Of the 40 winners, 19 were companies based in Nova Scotia.

Both the Halifax International Airport (\$13M) and the Sydney Airport (6.3M) Authorities will be able to attract more air routes and passengers to Nova Scotia with the help of investments from the Province for incentives to airlines to establish new routes and for infrastructure upgrades.

Digital Economy & Future Oriented Workforce

Develop Nova Scotia's Internet for Nova Scotia Initiative continued to close the gap on access to broadband to underserved areas across the province. As of April 2022, 60,000 of the 92,000 homes and businesses now have access to connections. Nova Scotia continues to track toward being among the first provinces in Canada to achieve this level of coverage. To date, the Nova Scotia Internet Funding Trust has approved a total of \$164.7M, leveraging an additional \$137.5M from other funders, including \$118.5M from the private sector.

Innovacorp supported Nova Scotia's efforts to attract remote workers to the province through website and social media stories about Nova Scotia's vibrant and world-class start-up community and supportive ecosystem. NSBI kept Nova Scotia "open" with virtual reality assets so people could determine whether the province was right for their business.

Trade and Export Growth

NSBI continued to grow the value of Nova Scotia exports, building from a reduced export performance in 2020-2021. Continued recovery increased by 16.5% in export sales among NSBI's clients, and by clients within the high potential clusters of ICT, Oceans, and Seafood & Agri-food.

Community Economic Development

In partnership with Develop Nova Scotia and Cape Breton Regional Municipality, an investment was made to revitalize Charlotte Street in Sydney's downtown core to support local businesses and attract new investment in the heart of the Cape Breton Regional Municipality to create a welcoming, accessible, and green destination.

Develop Nova Scotia also leads a portfolio of projects to enhance key waterfront infrastructure and support Nova Scotia's working waterfronts and authentic destinations in economic recovery and growth. In 2021/22, there was investment to recapitalize historic Cable Wharf (\$2.6M), Halifax Boardwalk upgrades (\$10.6M), Lunenburg Waterfront (\$7M), COVE South Marine Terminal Recapitalization in Dartmouth (\$8.7M), and Peggy's Cove work (\$5.1M).

Public Interest and Wrong-Doing 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 2021-2022
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