

Crown Corporation Business Plans 2016–2017

Nova Scotia Provincial
Lotteries and Casino
Corporation



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Message from the Minister, the Chair, and the President and CEO

We are pleased to present the Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC) business plan for 2016–2017. The plan focuses on our commitment to offer a gambling industry that is well regulated, yet fun and entertaining, and provides Nova Scotians with tangible benefits. This plan is about making Nova Scotia a better place by being a significant contributor to the province, its communities, and good causes that are important to Nova Scotians.

NSPLCC's mandate is to operate the gambling industry in a manner that is accountable, sustainable, and socially responsible. NSPLCC will continue to offer first-class, responsible gambling programs to Nova Scotians. One hundred per cent of the profits from regulated gambling are used by government to fund priority programs and services. NSPLCC and its operators are proud to be key contributors to the Nova Scotia economy.

NSPLCC is a passionate supporter of a healthy and vibrant province, and the 2016–2017 business plan links a progressive business culture with a commitment to giving back to communities across Nova Scotia. Through the *Support4Sport* program, Nova Scotians have raised more than \$27 million to support local athletes, coaches, officials, and community sport organizations since its inception in 2006. This program is now the largest contributor to sport in Nova Scotia and reflects a longstanding historical link between gambling and sport. Modelled on the success of the *Support4Sport* program, NSPLCC launched *Support4Culture* in 2013, a program that has already contributed \$4 million to support the arts, culture, and heritage sectors.

NSPLCC's plan for 2016–2017 highlights its strategies to achieve responsible economic returns in an environment where there is increasing competition from both regulated and non-regulated gambling options. NSPLCC is committed to offering Nova Scotians a socially responsible and economically sustainable gambling industry.

Respectfully submitted,

The Honourable Michel Samson
Minister responsible for Part I of the Gaming Control Act

Kelliann Dean
Chair, Board of Directors

Robert MacKinnon
President and CEO

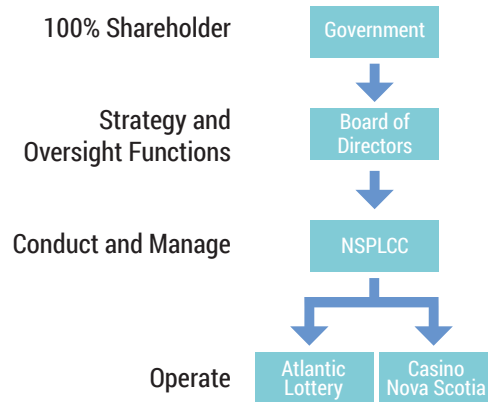
Mission

The Nova Scotia Provincial Lotteries and Casino Corporation's mission is to offer trusted and entertaining responsible gambling experiences, optimizing the benefits for Nova Scotians.

Organization Mandate

The Nova Scotia Provincial Lotteries and Casino Corporation (NSPLCC) is responsible for managing the regulated gambling industry in the province. It is a Crown corporation governed by Part I of the Gaming Control Act, and it is charged with leading an economically sustainable and socially responsible gambling industry for the benefit of Nova Scotians and their communities. NSPLCC works hard to meet the needs of its citizens and to earn their trust. NSPLCC's vision is to have a gambling industry Nova Scotians are proud of and enjoy.

NSPLCC's role is to ensure that the gambling industry is socially responsible, while generating reasonable profits, which go directly to help the provincial government pay for important programs and services. In carrying out this role, NSPLCC oversees and manages its operators, Atlantic Lottery Corporation (ALC) and Casino Nova Scotia (CNS), who carry out the day-to-day business on NSPLCC's behalf. The Nova Scotia Government, and ultimately the people of Nova Scotia, are the shareholders and owners of the gambling industry.



The public demands that government offer regulated gambling in a socially responsible manner, and Nova Scotians have the right to expect the highest ethical standards, unwavering integrity, and social and fiscal accountability from NSPLCC. Corporate social responsibility is a critical part of NSPLCC, and its commitment to being socially responsible means giving players the information they need to play responsibly, ensuring the integrity of the industry and giving back to Nova Scotia communities.

Alignment with Government's Priorities

NSPLCC contributes to the province and its citizens in a number of notable ways. The economic benefits are considerable. While these benefits are substantial, managing the business in a socially responsible manner is paramount.

Each year, 100 per cent of NSPLCC's profits are delivered back to the province and provide significant benefits to all Nova Scotians through the funding of provincial programs and services, including education,

transportation, and health. In 2016–2017, NSPLCC will provide \$141.6 million to continue to fund essential provincial programs and services. The gambling industry also creates and supports jobs employing approximately 540 people and injecting more than \$39.3 million in retail commissions into local Nova Scotia businesses. With a mandate to deliver 100 per cent of the profits from regulated gambling to support important government programs and services, NSPLCC and its operators are proud to be key contributors to the Nova Scotia economy and a source of funding for government.

Government has identified three strategic priorities – *People, Innovation, and Education* – within the overall context of fiscal sustainability and delivering core services efficiently and effectively. NSPLCC’s plan and strategic priorities for 2016–2017 are aligned with this direction in the following areas.

People

NSPLCC will lead a socially responsible and economically sustainable gambling industry for the benefit of Nova Scotians and their communities. As part of this accountability, NSPLCC will put social responsibility first. That means keeping gambling entertaining, fun, safe, and responsible. This requires conducting business with sensitivity to all people and understanding how some are impacted by what NSPLCC does.

Goal

Provide socially responsible gambling experiences by promoting safe play and informed decisions.

For NSPLCC, responsible gambling is about fostering an environment that promotes safe play and informed decisions. This means upholding high standards and providing a

safe and entertaining player experience, delivering effective responsible gambling programs, assessing products and promotions, making information available to people so they can make informed decisions about their play, and making sure help is available for those who need it.

2016–2017 Action Plan

To achieve this goal, NSPLCC will

- seek out and follow best practices to promote and encourage responsible gambling
- leverage research and third-party experts in the development and delivery of programs to ensure that they promote informed decision making
- empower Nova Scotians with the information they need to make informed decisions if they choose to gamble, and identify where they can get help should problems arise
- not introduce any new games in Nova Scotia unless they meet rigorous social responsibility requirements and responsible gambling standards
- support Nova Scotia communities through programs like *Support4Sport* and *Support4Culture* and through *Support4Community* events that help build fundraising capacity for charitable organizations
- recognize its employees as citizens of the province and encourage them to make contributions to the communities in which they live
- continue to provide funding (\$5.4 million in 2016–2017) to the Department of Health and Wellness, the experts in prevention programming, and assist those affected

by problem gambling by ensuring that help is available when needed.

- re-think, reboot, and re-launch the Casino offering.

Innovation

NSPLCC is the only gambling organization in Nova Scotia that combines regulatory management, social responsibility, and revenue generation. Competitive analysis indicates that if NSPLCC maintains the status quo, its customer base and resultant revenue will decrease with the continued migration of players to other competitive offerings. In order to responsibly grow the customer base and sustainable revenue, NSPLCC must innovate and be more creative and strategic in its pursuit of new business opportunities.

Goal

Achieve a sustainable gambling industry by capitalizing on opportunities.

NSPLCC will pursue constant improvement and innovations within its existing business lines to maintain appeal of the core products and satisfaction of longstanding customers. NSPLCC will continue to invest in bringing new, responsible products to Nova Scotia. NSPLCC will provide gambling products to Nova Scotians that are fun and entertaining, are innovative and new, offer fair prizes and chances of winning, and are responsible and highly regulated.

2016–2017 Action Plan

To achieve this goal, NSPLCC will

- demonstrate the tangible benefits of gambling to Nova Scotians
- modernize the gambling industry to become more fun, entertaining, and competitive with non-regulated product offerings already available to Nova Scotians

Core Responsibilities

NSPLCC will continue to execute on its core business functions in an effective and efficient manner.

Operations Management

NSPLCC will continue to effectively manage its various businesses: ticket lottery, video lottery, and casinos. There are three key elements under this activity:

Operator management – Effectively oversee NSPLCC’s operators, ALC and CNS, to ensure that there is alignment of efforts and that initiatives are completed as planned. Ensuring that operators offer products that are fun and entertaining, as well as socially responsible in an environment of security and integrity, is a key objective.

Risk management and quality control – Proactively manage risks and employ effective quality control processes of NSPLCC and its operators’ day-to-day activities and the business environments in which they operate.

Compliance management – This critical component of NSPLCC’s mandate requires that all its business activities and those of its operators conform to applicable legislation, regulations, contracts, and policies. Careful and successful oversight of operations allows NSPLCC to ensure that the industry is managed to the highest standards of integrity, public confidence, and security.

Responsible Industry Development

NSPLCC focuses on initiatives that will develop a balanced and socially responsible industry that is sustainable and benefits all Nova Scotians. There are three aspects to this activity:

Policy and planning development –

Continue to responsibly manage the business to provide a net positive benefit to Nova Scotians aligned with the province's objectives for gambling.

Responsible product implementation –

NSPLCC makes evidence-based decisions in assessing changes to the products and environments in which gambling is offered.

Social responsibility – Nova Scotia leads responsible gambling programming and continues to be among the most socially responsible gambling jurisdictions in the world. NSPLCC will continue to offer responsible gambling initiatives that promote awareness, education, and informed choice for all Nova Scotians.

Budget Context

	Estimate 2015-16 (\$ 000)	Forecast 2015-16 (\$ 000)	Estimate 2016-17 (\$ 000)
Sales			
Casinos	\$77,000	\$77,500	\$76,800
Ticket lottery	213,300	227,800	221,200
Video lottery	117,500	133,300	144,600
Total sales	407,800	438,600	442,600
Cost of sales	282,700	299,400	299,900
Gross profit	125,100	139,200	142,700
Expenses			
Responsible Gambling programs	6,900	6,500	7,400
Commitments to community programs	6,900	7,800	7,600
Total expenses	13,800	14,300	15,000
Net income	111,300	124,900	127,700
Casino win tax	13,900	14,000	13,900
Payment to province	125,200	138,900	141,600

Outcomes and Performance Measures

Outcome	Indicators	Measures	Baseline	Target 2016-17	Long-term Target 2019-20	Strategies and Initiatives 2016-17
Nova Scotia has an economically sustainable and socially responsible gambling industry.	The province has a sustainable source of revenue from gambling to help pay for programs and services.	Gross sales	4-year average (2011 to 2015) \$408.6 million	\$442.6 million	\$444.3 million	Continue to provide relevant and engaging products to players in a safe and regulated environment.
	Government has reduced reliance on revenue from VLTs.	Payment to province	4-year average (2011 to 2015) \$131.8 million	\$141.6 million	\$141.1 million	Ensure that operators are meeting business plan objectives.
Nova Scotia has a socially responsible gambling industry, players have the information they need to play responsibly, and games remain entertaining, safe, and fun.	NSPLCC supports small businesses throughout the province through commissions to retailers.	Video lottery as % of total provincial revenue	2010-11: 0.91%	0.82%	0.82%	Remove VLTs through natural attrition and grow revenue from other business lines (e.g., Ticket Lottery).
	Nova Scotians are aware of appropriate responsible gambling behaviours.	Commission paid to retailers	2010-11: \$39.8 million	\$39.3 million	\$40.5 million	Leverage new ticket and video lottery products and make further enhancements to the video lottery business model.
Nova Scotians are aware of and support NSPLCC's support for responsible gambling programs.	Nova Scotians are aware of appropriate responsible gambling behaviours.	% of public that can cite two responsible gambling behaviours	2008-09: 16.1%	25%	25%	Execute responsible gambling and public awareness programs.
	Nova Scotians are aware of and support NSPLCC's support for responsible gambling programs.	% of public that support NSPLCC's commitment to responsible gambling	2007-08: 68%	75%	75%	

Outcomes and Performance Measures

Outcome	Indicators	Measures	Baseline	Target 2016-17	Long-term Target 2019-20	Strategies and Initiatives 2016-17
Nova Scotia's gambling industry is trusted and supported.	NSPLCC's response time to routine access request for information.	% of routine access requests responded to within two business days	100%	100%	100%	Employ sound operations management.
	Nova Scotians are in favour of regulated gambling.	% support for regulated gambling	2006-07: 11%	51%	70%	Execute initiatives in the Social Responsibility business plan.

