

2019-20 BUSINESS PLAN

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Message from the Minister, Chair, and President & CEO

We are pleased to present the Nova Scotia Gaming Corporation (NSGC) Business Plan for 2019-20. The Plan focuses on our promise to offer an industry that is well regulated, fun and entertaining, and provides Nova Scotians with real benefits. This Plan is about making Nova Scotia a better place by being a key contributor to the Province, its people and good causes that are important to Nova Scotians and creating a gaming industry Nova Scotians are proud of and enjoy.

NSGC's mandate is to run the business in a manner that is accountable, sustainable and socially responsible. The corporation will offer first-class responsible gambling programs to Nova Scotians. One hundred percent of the profits from regulated gambling is used by government to fund priority programs and services. NSGC and its operators are proud to be key contributors to the Nova Scotia economy since its inception.

The 2019-20 Business Plan links a business culture with a promise to give back to the people of Nova Scotia. Through the *Support4Sport* program, Nova Scotians have raised more than \$38 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, NSGC launched *Support4Culture* in 2013, a program that has contributed more than \$12 million to support the arts, culture and heritage sectors.

NSGC's Plan for 2019-20 highlights its strategies to achieve responsible economic returns in an environment where there is increasing competition from both regulated and non-regulated gambling options. NSGC is committed to offering Nova Scotians a socially responsible and economically sustainable gambling industry.

Respectfully submitted,

The Honourable Karen Casey
Minister responsible for Part I of the *Gaming Control Act*

Byron Rafuse
Chair, Board of Directors

Robert MacKinnon
President & CEO

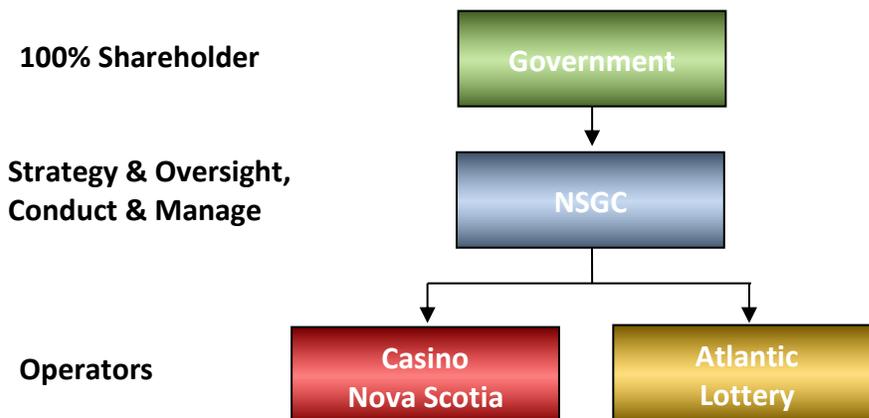
Mission

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

Organization Mandate

The Nova Scotia Gaming Corporation (NSGC) is responsible for managing regulated gambling in the province. It is a Crown corporation governed by Part I of the *Gaming Control Act*, charged with leading a viable and socially responsible gambling industry for the benefit of all Nova Scotians. NSGC works hard to meet the needs of Nova Scotians and to earn their trust. NSGC's vision is to have a gambling industry Nova Scotians are proud of and enjoy.

NSGC's role is to ensure gambling in Nova Scotia is socially responsible while making reasonable profits for the government. In performing this role, NSGC oversees its operators, Atlantic Lottery Corporation (ALC) and Casino Nova Scotia (CNS), who carry out the day-to-day business on NSGC's behalf. The Government, and ultimately the people of Nova Scotia are the shareholders and owners of the industry.



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

Core Responsibilities and Services

NSGC contributes to the Province in a number of notable ways. While the economic benefits are substantial, managing the business in a socially responsible manner is a primary objective.

Each year, 100% of NSGC's profits go back to the Province and provide major benefits to Nova Scotians through the funding of programs and services including education, transportation and healthcare. In 2019-20, NSGC will provide \$143.1 million to the Province to fund vital programs and services. The industry also creates and supports employment for more than 500 people and will add more than \$37.8 million in retail commissions to local businesses. With a mandate to deliver 100% of its profits to support important programs and services, NSGC and its operators are proud to be key contributors to the Nova Scotia economy and a source of funding for government.

NSGC will continue to achieve its core business functions, as follows:

Operations Management

NSGC will continue to effectively manage its various businesses: ticket lottery, video lottery and casinos. There are three aspects of this activity:

1. *Operator Management* – Oversee NSGC's Operators (i.e., ALC and CNS), to ensure there is strategic alignment with Nova Scotia's goals and that projects are completed as planned. Ensuring the Operators offer products that are fun and entertaining as well as socially responsible in an environment of security and integrity are key objectives.
2. *Risk Management and Quality Control* – Proactively manage risks and employ effective quality control processes of NSGC and its Operators' day-to-day activities and the business environments in which they operate.
3. *Compliance Management* – Ensure operations conform to legislation, regulations, contracts and policies. Careful oversight of operations allows NSGC to ensure the industry is managed to the highest standards of integrity, public confidence and security, and is a critical piece of NSGC's mandate.

Responsible Industry Development

NSGC focuses on initiatives that will develop a balanced and socially responsible industry that is sustainable and benefits all Nova Scotians through:

1. *Policy and Planning* – Manage the business to provide value to Nova Scotians and ensure the business and strategies are aligned with the Province's goals for gambling.
2. *Responsible Product Implementation* – Make evidence-based decisions in assessing changes to products and environments in which they are offered.
3. *Social Responsibility* – Nova Scotia leads responsible gambling and continues to be among the most socially responsible jurisdictions in the world. NSGC will continue to offer responsible gambling programs that promote awareness, education and informed choice for all Nova Scotians.

Status of 2018-19 Activities

Over the past year, NSGC has seen success in meeting its targets and is on track to achieve all of its objectives for 2018-19, including:

Casinos: Casino Nova Scotia worked to improve the food and beverage offering based on guest feedback and performance data. Guest reaction to the food and beverage offering continues to be positive. Casino Nova Scotia worked to attract higher end entertainment acts.

Ticket Lottery: Atlantic Lottery leveraged the lottery central system upgrade in 2017 for launching new game content and offering better play experiences for Nova Scotians, including mobile gaming functionality.

Video Lottery: Video lottery is a mature product but remained a stable source of revenue for government. The video lottery business line continued to be supported with new game content as well as trials of new machines in the market.

Responsible Gambling: Responsible gambling programs remain a priority for NSGC. Initiatives completed in 2018-19 included:

- Responsible Gambling Awareness Week;
- Delivery of responsible gambling information for the charitable sector
- Updates to the Responsible Gambling Assessment Program; and,
- Updates to the Responsible Gambling Information Program which included distribution of multi-lingual brochures.

2019-20 Strategic Goals

NSGC is guided by a vision to offer a gambling industry that is fun, while being a major contributor to the economy, communities and good causes. There are four goals related to this activity:

Goal #1: Provide exceptional value by offering fun products to achieve responsible revenue and profits

NSGC will ensure a responsible return to the Province by using sustainable business models and fulfilling its commitment to integrity and security. NSGC will make evidence-based decisions that incorporate responsible gambling in the design, delivery, promotion and use of its products, and will facilitate benefits to communities, businesses, and individuals across the province.

Goal #2: Provide customers with products they want in an environment they expect

NSGC will deliver products that customers want, when, where and how they want them. The corporation will seek input from players to make sound decisions on how to advance the gambling industry in Nova Scotia.

Goal #3: Lead responsible gambling

NSGC will advance its social responsibility agenda by leading responsible gambling programs that provide Nova Scotians with the tools and information they need to make informed decisions. NSGC will look to make gambling fun, safe and responsible, which requires the corporation to conduct business with an understanding of how its activities can impact others.

Goal #4: Focus on Nova Scotians through excellence in corporate social responsibility

The people of Nova Scotia are NSGC's valued customers, employees, neighbours, families, suppliers and business partners. The corporation strives for excellence as a steward of the gambling industry to provide entertaining, enjoyable experiences. NSGC will leverage designated revenue and industry expertise to support good causes throughout the province.

NSGC will provide strong management and accountability by ensuring timely and complete communication to the media, public, and stakeholders when managing the business.

Priorities for 2019-20

Provide exceptional value by offering fun products to achieve responsible revenue and profits

In striving to generate responsible economic returns, NSGC will focus its attention on the following priorities in 2019-20:

Casinos – Casino Nova Scotia plans to focus on improving guest service standards throughout the operation to further leverage the recently renovated properties. Tactically, an ongoing refresh of slot machines and new slot chairs will be visible gaming changes for the patrons. A focus on providing guests with games that are appealing as well as high-quality dining, and attractive entertainment offerings are keys to success.

Ticket Lottery – Ticket lottery is NSGC's most mature business line and requires additional innovation to be sustainable. In 2019-20, Atlantic Lottery will leverage the systems and investments made over the past number of years and offer new games, new

game functionality as well as expanding mobile-based offering. The strategic focus is to better align with the needs of shifting demographics while continuing to maintain and appeal to the broader consumer base.

Video Lottery – Video lottery is a mature product line for the Province. The focus for 2019-20 will continue to be on stabilizing the video lottery business as well as looking at opportunities for improvement. Efforts will be made to further integrate responsible gambling into the day-to-day operations at retail locations to reduce the stigmatization of video lottery and its players. Atlantic Lottery will explore alternative equipment suppliers to manage assets in a responsible manner and sustain profitability of the business line.

Provide customers with products they want in an environment they expect

The plan for 2019-20 is to improve the player experience for those who choose to purchase lottery products online. The corporation will strive to ensure that the transactional web portal and any player-facing components meet industry standards and the players' expectations. In addition, NSGC will continue to ensure that the online platform offers a safe and regulated environment in which to play, as well as providing sufficient harm-mitigation tools for those who choose to gamble online.

Lead responsible gambling

Responsible gambling programs remain a priority for NSGC. The cornerstone of NSGC's social responsibility mandate remains its commitment to responsible gambling. The development of the NSGC Social Responsibility Charter in 2006 put social responsibility top of mind for the corporation, and it is integrated into its corporate culture. All aspects of the business are looked at through a social responsibility lens to ensure the commitment to balancing economic sustainability with social responsibility is met. NSGC will continue a number of responsible gambling programs as follows:

- Responsible Gambling Awareness Week as well as a year-round responsible gambling messaging;
- Responsible Gambling Resource Centres at both casinos;
- Mobile Access to Responsible Gambling Information (MARGI) at both casinos; and
- Responsible gambling tools and training for ticket and video lottery retailers, casino staff, and NSGC employees.

The corporation will continue to offer products that are socially responsible. Responsible Gambling Assessments (RGAs) will be performed to ensure that all new products, initiatives and projects are reviewed using an industry best-practice evaluation program.

NSGC will continue to collaborate with industry experts in the field of responsible gambling to ensure that best practices are employed in the region and Nova Scotians benefit from a leading and responsible gambling industry.

Focus on Nova Scotians through excellence in corporate social responsibility

Nova Scotia's communities will continue to receive support from NSGC. The *Support4Sport* program, which raises funds through the sale of lottery products, is expected to raise \$4.2 million for sport, which will be used to buy sports equipment, create recreation/participation programming for all ages, support performance training programs for competitive athletes, and hire coaches at all levels, making it the largest source of funding for amateur sport in the province. In addition, the *Support4Culture* program, another designated lottery program, was launched in 2013 and is expected to raise \$4.2 million in 2019-20 for arts, culture, and heritage in communities throughout Nova Scotia.

The *Support4Communities* program provides in-kind support and learning opportunities for charitable organizations in Nova Scotia. Initiatives include the *Support4Communities* Casino Nights program, which supports licensed Monte Carlo fundraisers, and *Support4Communities* Fundraising Seminars, which provide learning opportunities for community leaders and charitable organizations wanting to improve their fundraising efforts.

As a public organization, NSGC must be transparent, with timely and open communications. To achieve this, quarterly reports, an annual report, a business plan, a community report, fact sheets about NSGC programs and the gambling industry, and news releases will be made available via its website throughout the year. Working with its operators, NSGC will continue to ensure that Nova Scotians stay informed about where gambling revenues come from and where they go.

Outcomes and Performance Measures

Outcome	Indicator(s)	Measure(s)	Baseline	Target 2019-20	2019-20 Strategies and Initiatives	Long-term Target 2022-23
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	(2011-12) \$427.4 million	\$466.9 million	Continue to provide relevant and engaging products to players in a safe and regulated environment	\$462.2 million
		Payment to Province	6-year Average (2010 to 2016) \$135.6 million	\$143.1 million	Ensure Operators are meeting business plan objectives	\$141.3 million
	Government reduced reliance on revenue from VLTs	Video Lottery as % of total provincial revenue	2010-11 0.91%	0.83%	Remove VLTs through natural attrition and grow revenue from other business lines (e.g., Ticket Lottery)	0.85%

Outcome	Indicator(s)	Measure(s)	Baseline	Target 2019-20	2019-20 Strategies and Initiatives	Long-term Target 2022-23
	NSGC supports small businesses across the province through commissions to retailers	Commission paid to retailers	2010-11 \$39.8 million	\$37.8 million	Leverage new ticket and video lottery products and make further enhancements to the video lottery business model	\$38.9 million
Nova Scotia has a socially responsible gambling industry, players have the information they need to play responsibly, and games remain entertaining, safe and fun.	Nova Scotians are aware of appropriate responsible gambling behaviours	% of public that can cite two responsible gambling behaviours	2008-09 16%	20%	Execute responsible gambling and public awareness programs	25%
	Nova Scotians are aware of and support NSGC's support for responsible gambling programs	% of public that support NSGC's commitment to responsible gambling	2007-08 68%	80%		80%
Nova Scotia's gambling industry is trusted and supported.	NSGC's response time to routine access request for information	% of routine access requests responded to within two business days	100%	100%	Employ sound operations management	100%
	Nova Scotians are in favour of regulated gambling	% support for regulated gambling	5-year Average (2011 to 2016) 54%	55%	Execute initiatives in the Social Responsibility Business Plan	55%

2019-20 Budget

	Estimate 2018-19 (\$ 000)	Forecast 2018-19 (\$ 000)	Estimate 2019-20 (\$ 000)
Sales			
Casinos	\$82,100	\$85,500	\$85,400
Ticket Lottery	237,600	241,700	249,200
Video Lottery	<u>139,200</u>	<u>131,900</u>	<u>132,300</u>
Total Sales	<u>458,900</u>	<u>459,100</u>	<u>466,900</u>
Cost of Sales	<u>311,600</u>	<u>312,400</u>	<u>321,500</u>
Gross Profit	<u>147,300</u>	<u>146,700</u>	<u>145,400</u>
Expenses			
Responsible Gambling Programs	7,400	7,400	7,500
Commitments to Community			
Programs	<u>9,500</u>	<u>9,500</u>	<u>9,900</u>
Total Expenses	<u>16,900</u>	<u>16,900</u>	<u>17,400</u>
Net Income	130,400	129,800	128,000
Casino Win Tax	<u>14,600</u>	<u>15,200</u>	<u>15,100</u>
Payment to Province	<u>\$145,000</u>	<u>\$145,000</u>	<u>\$143,100</u>