

2020-21 BUSINESS PLAN

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Message from the Minister, Chair, and President & CEO

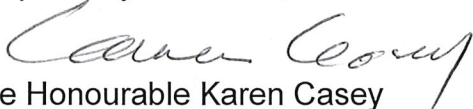
We are pleased to present the Nova Scotia Gaming Corporation (NSGC) Business Plan for 2020-21. The Plan focuses on our commitment to offer an industry that is well regulated, fun and entertaining, and provides Nova Scotians with tangible, financial benefits. This Plan is about being a key contributor 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 socially responsible, accountable and sustainable and includes offering first-class responsible gambling programs to Nova Scotians. One hundred percent of the profits from regulated gambling are returned to the government to fund priority programs and services including health care, education and transportation. NSGC and its operators are proud to be key contributors to the Nova Scotia economy.

The 2020-21 Business Plan demonstrates a business culture that promises to give back to the people of Nova Scotia. Since it began in 2006, the *Support4Sport* Program has raised more than \$42 million to support local athletes, coaches, officials and community sport organizations. 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 \$16 million to support the arts, culture and heritage sectors.

NSGC's Plan for 2020-21 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 gaming 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

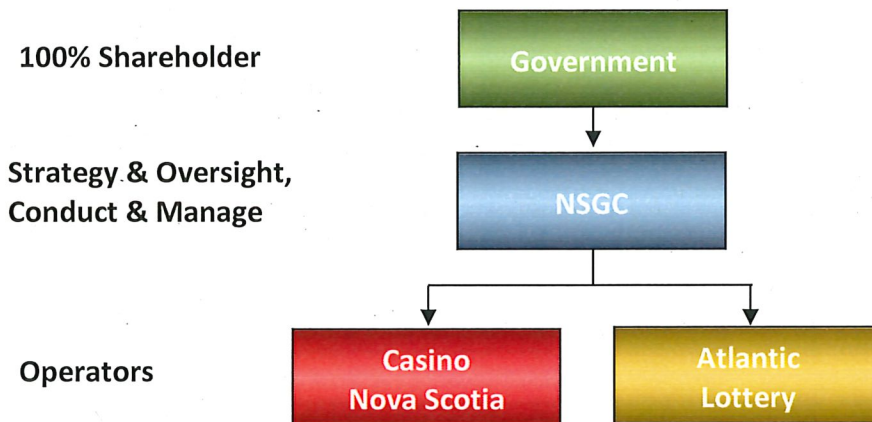
Mission

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

Organization Mandate

The Nova Scotia Gaming Corporation (NSGC) is responsible for conducting and 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 gaming 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 gaming 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 includes 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 2020-21, NSGC will provide \$146.9 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 \$37.1 million in retail commissions to local businesses.

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

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.

Operations Management

NSGC will continue to effectively manage its various businesses: ticket lottery, video lottery and casino locations in Halifax and Sydney. 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 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.

Status of 2019-20 Activities

In the current fiscal year, NSGC is on track to achieve all of its objectives including:

Casinos: CNS continues to focus on the food and beverage and entertainment offerings and promotions offered to its guests. Ongoing monitoring of player satisfaction results in continuous improvements to service levels and product offerings.

Ticket Lottery: ALC launched Lotto Max twice weekly with the addition of a Tuesday draw and a new regional game, ‘Hit or Miss’.

Video Lottery: The video lottery business line continued to update terminals in the market with 200 terminal replacements during the year. Continuing with the natural attrition policy resulted in the removal of 13 terminals from the marketplace during the year.

Responsible Gambling: Responsible gambling programs remain a priority for NSGC. Initiatives completed in 2019-20 included:

- Responsible Gambling Awareness Week;
- Completion of RG check certification at both casino locations; and
- Implementation of the updated Responsible Gambling Assessment program to ensure all games, promotions and materials are evaluated prior to launch in the marketplace.

2020-21 Strategic Goals and Priorities

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.

Priorities

In striving to generate responsible economic returns, NSGC will focus its attention on the following priorities in 2020-21:

Casinos – Casino Nova Scotia plans to focus on improving guest service standards throughout the operation to further leverage the recently renovated properties. Customer research will assist in targeting programs to provide guests with games that are appealing, high-quality dining, and attractive entertainment offerings.

Ticket Lottery – Ticket lottery is NSGC's most mature business line and requires additional innovation to be sustainable. In 2020-21, ALC will leverage the investments made over the past number of years and offer new games, make improvements to the retail experience as well as expand 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 –The focus for 2020-21 will include efforts to further integrate responsible gambling into the day-to-day operations at retail locations to reduce the stigmatization of video lottery and its players. Terminal replacements in market as well as the natural attrition policy will continue.

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.

Priorities

The plan for 2020-21 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.

Goal #3: Lead responsible gaming

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 provide fun and responsible gaming experiences, which requires the corporation to conduct business with an understanding of how its activities can impact others. NSGC's Social Responsibility Charter puts social responsibility top of mind for the corporation, and it is integrated into its corporate culture.

Priorities

NSGC will continue responsible gambling programs such as:

- ▶ Responsible Gambling Awareness Week as well as year-round responsible gambling messaging;
- ▶ Responsible Gambling Resource Centres (RGRC) at both casinos;
- ▶ Access to Responsible Gambling Information at both casinos at times when the RGRC is not available;
- ▶ Responsible gambling tools and training for ticket and video lottery retailers, casino staff, and NSGC employees;
- ▶ Evaluation of new products, initiatives and projects using the Responsible Gambling Assessment (RGA) process.

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 gaming industry to provide entertaining, enjoyable experiences. NSGC will leverage dedicated 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

NSGC will continue:

- ▶ *Support4Sport* - a dedicated ticket lottery program that will raise funds 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.
- ▶ *Support4Culture* - a dedicated ticket lottery program that will raise funds for arts, culture, and heritage in communities throughout Nova Scotia.
- ▶ *Support4Communities* - provides in-kind support and learning opportunities for charitable organizations in Nova Scotia. This includes fundraising seminars and licensed Monte Carlo fundraisers for charitable groups.
- ▶ 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.

Outcomes and Performance Measures

Outcome	Indicator(s)	Measure(s)	Baseline	Target 2020-21	2020-21 Strategies and Initiatives	Long-term Target 2023-24
Nova Scotia has an economically sustainable and socially responsible gaming 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	\$475.5 million	Continue to provide relevant and engaging products to players in a safe and regulated environment	\$468.6 million
		Payment to Province	6-year Average (2010 to 2016) \$135.6 million	\$146.9 million	Ensure Operators are meeting business plan objectives	\$144.3 million
	Government reduced reliance on revenue from VLTs	Video Lottery as % of total provincial revenue	(2010-11) 0.91%	0.85%	Remove VLTs through natural attrition and grow revenue from other business lines (e.g., Ticket Lottery)	0.85%
	NSGC supports small businesses across the province through commissions to retailers	Commission paid to retailers	(2010-11) \$39.8 million	\$37.1 million	Leverage new ticket and video lottery products and make further enhancements to the video lottery business model	\$38.2 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%

2020-21 Budget

	Estimate 2019-20 (\$ 000)	Forecast 2019-20 (\$ 000)	Estimate 2020-21 (\$ 000)
Sales			
Casinos	\$ 85,400	\$ 88,600	\$ 89,300
Ticket Lottery	249,200	236,800	255,700
Video Lottery	<u>132,300</u>	<u>131,200</u>	<u>130,500</u>
Total Sales	<u>466,900</u>	<u>456,600</u>	<u>475,500</u>
Cost of Sales	<u>321,500</u>	<u>314,000</u>	<u>325,800</u>
Gross Profit	<u>145,400</u>	<u>142,600</u>	<u>149,700</u>
Expenses			
Responsible Gambling Programs	7,500	7,300	7,500
Commitments to Community			
Programs	<u>9,900</u>	<u>9,900</u>	<u>11,200</u>
Total Expenses	<u>17,400</u>	<u>17,200</u>	<u>18,700</u>
Net Income	128,000	125,400	131,000
Casino Win Tax	<u>15,100</u>	<u>15,800</u>	<u>15,900</u>
Payment to Province	<u>\$143,100</u>	<u>\$141,200</u>	<u>\$146,900</u>