

**FINAL
2022-23 BUSINESS PLAN**

January 2022

Nova Scotia Gaming Corporation
1601 Lower Water Street, Suite 501
P.O. Box 1501
Halifax, NS B3J 2Y3
www.gamingns.ca

Phone: (902) 424-2203
Fax: (902) 424-0724

Message from the Minister, Chair, and President & CEO

We are pleased to present the Nova Scotia Gaming Corporation (NSGC) Business Plan for 2022-23. The Plan focuses on our commitment to offer an industry that is well regulated and entertaining, while providing 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.

The COVID-19 pandemic has impacted the citizens and businesses of Nova Scotia, as it has our neighbours across the country and around the world. As referenced in the Plan, the gaming industry was no exception. However, players, retailers, operators and their employees continue to comply with public health measures, and the industry is focused on recovery.

NSGC's mandate is to run the business in a manner that is socially responsible, accountable and sustainable. 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 2022-23 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 \$51 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 \$25 million to support the arts, culture and heritage sectors.

NSGC's Plan for 2022-23 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.

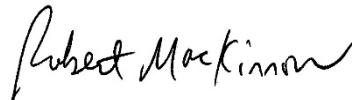
Respectfully submitted,



The Honourable Allan MacMaster
Minister responsible for Part I of the *Gaming Control Act*



Kelliann Dean
Chair, Board of Directors



Robert MacKinnon
President & CEO

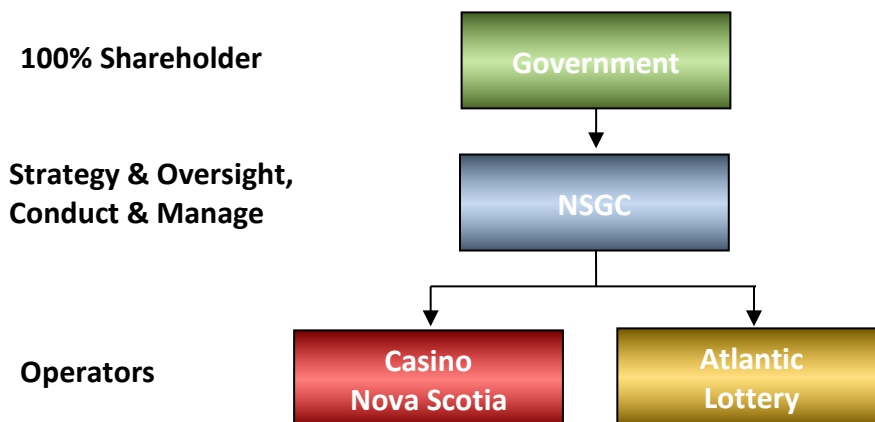
Mission

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.

COVID-19 Impact

COVID-19 has had an impact across Nova Scotia, affecting our communities, our players and our employees. The impact on NSGC's business continued during the 2021-22 fiscal year. The shut down of the casinos and video lottery terminals for seven weeks and various public health measures negatively impacted the financial results for the year; however, NSGC continued to see growth in online play resulting in new account sign ups and increased revenues.

The recent surge of the latest COVID-19 variant and its impact on players, retailers and our communities has required NSGC to revamp the projection for the current year and consider impacts for 2022-23. As vaccination rates continue to rise and COVID-19 reaches the endemic phase, NSGC's plan for 2022-23 will include a number of initiatives targeted at building back the business that was lost during the pandemic while maintaining relevance in the online space.

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 2022-23, NSGC will provide \$151.1 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 \$36.5 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 2021-22 Activities

The impact of COVID-19 continued through 2021-22 with some areas of the business affected more than others. The seven-week shutdown of the casinos and video lottery terminals resulted in reduced revenue and NSGC continued to see a shift in consumer behaviour towards online play. Some of the highlights in each area include:

Casinos: The casinos in Halifax and Sydney were closed for a seven-week period in the spring of 2021. Since re-opening on June 16, 2021, results have been strong and business levels have been improving.

Ticket Lottery: There was growth in online sales for both traditional ticket lottery and new online games. The shift in consumer behaviour towards online play that began in 2020 is continuing through the 2021-22 year.

Video Lottery: The video lottery terminals were shut down on April 23rd and were available again on June 16th with physical distancing and masking in place.

Responsible Gambling: Responsible gambling programs remain a priority for NSGC. Initiatives completed in 2021-22 included:

- ▶ The evolution of responsible gambling to gambling literacy awareness, including a year-round campaign promoting improved gambling literacy.
- ▶ Gambling Literacy Awareness Week is scheduled for January 2022 utilizing the new gambling literacy campaign developed; and.
- ▶ Continued implementation of the Responsible Gambling Assessment program to ensure all games, promotions and materials are evaluated prior to launch in the marketplace.

2022-23 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 2022-23:

Casinos – CNS plans to focus on inviting guests back to the casinos and improving guest service standards while operating within restrictions that may be in place to reduce the spread of COVID-19. Increased dining options and the gradual re-introduction of entertainment amenities will happen during the year as public health guidelines permit and consumer confidence builds. Access to the casino in Halifax may be affected during the year as the Cogswell Interchange project is expected to begin; however, mitigation plans have been developed to lessen the impact.

Ticket Lottery – Ticket lottery is NSGC's most mature business line and most of the future growth will come from improvements to the online experience. In 2022-23, ALC will leverage the investments made over the past number of years and the shifting customer behaviour to offer new games, make improvements to the retail experience as well as expand the 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 2022-23 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. It is expected that the changes that were previously required relating to cleaning protocols and physical distancing will no longer be required in 2022-23.

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 2022-23 is to improve the player experience and expand the offering 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:

- ▶ Gambling Literacy Awareness Week as well as year-round messaging to improve gambling literacy;
- ▶ 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; and
- ▶ 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 2022-23	2021-22 Strategies and Initiatives	Long-term Target 2025-26
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	5-year Average (2015-2020) \$447.9 million	\$473.2 million	Continue to provide relevant and engaging products to players in a safe and regulated environment	\$478.7 million
		Payment to Province	5-year Average (2015 to 2020) \$142.8 million	\$151.1 million	Ensure Operators are meeting business plan objectives	\$154.2 million
	Government reduced reliance on revenue from VLTs	Video Lottery as % of total provincial revenue	(2010-11) 0.91%	0.85%	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	\$36.5 million	Leverage new ticket and video lottery products and make further enhancements to the video lottery business model	\$36.5 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	(2019-20) 17%	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	(2019-20) 87%	90%		90%
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	(2019-20) 63%	65%	Execute initiatives in the Corporate Social Responsibility Business Plan	65%

2022-23 Budget

	Estimate 2021-22 (\$ 000)	Forecast 2021-22 (\$ 000)	Estimate 2022-23 (\$ 000)
Sales			
Casinos	\$ 54,800	\$ 53,000	\$ 70,500
Ticket Lottery	272,300	271,200	278,500
Video Lottery	<u>122,400</u>	<u>98,800</u>	<u>124,200</u>
Total Sales	<u>449,500</u>	<u>423,000</u>	<u>473,200</u>
Cost of Sales	<u>293,500</u>	<u>283,300</u>	<u>317,200</u>
Gross Profit	<u>156,000</u>	<u>139,700</u>	<u>156,000</u>
Expenses			
Responsible Gambling Programs	7,100	6,400	7,300
Commitments to Community			
Programs	<u>10,200</u>	<u>10,000</u>	<u>10,400</u>
Total Expenses	<u>17,300</u>	<u>16,400</u>	<u>17,700</u>
Net Income	<u>138,700</u>	<u>123,300</u>	<u>138,300</u>
Casino Win Tax	<u>10,300</u>	<u>9,900</u>	<u>12,800</u>
Payment to Province	<u>\$149,000</u>	<u>\$ 133,200</u>	<u>\$151,100</u>