

2023-24 CROWN CORPORATION BUSINESS PLAN

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Message from the Minister

I am pleased to present the Nova Scotia Gaming Corporation (NSGC) Business Plan for 2023-24. The Plan focuses on the Province's commitment to offer an industry that is well regulated, and provides socially responsible gaming to Nova Scotians.

In July 2022, Government announced changes for NSGC, as a result of its review of Crown corporations, which integrates NSGC staff into the Department of Finance and Treasury Board to improve efficiencies and bring Nova Scotia in line with other Atlantic Provinces. These changes were effective December 1, 2022. NSGC's mandate to conduct and manage regulated gaming in Nova Scotia remains. All of the net income from NSGC is returned to the government to fund priority programs and services for Nova Scotians.

The Support4Sport program will continue to be supported by NSGC.

NSGC's Plan for 2023-24 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 remains committed to offering Nova Scotians a socially responsible and economically sustainable regulated gaming industry.

Respectfully submitted,



The Honourable Allan MacMaster
Minister, Finance and Treasury Board
Minister responsible for Part I of the *Gaming Control Act*



Kelliann Dean
Deputy Minister, Finance and Treasury Board

Organization Mandate

The Nova Scotia Gaming Corporation (NSGC) is responsible for conducting and managing regulated gambling in the province. NSGC 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. Department of Finance and Treasury Board staff support the NSGC.

NSGC's role is to ensure gambling in Nova Scotia is socially responsible while making reasonable profits for the government. In performing this role, staff will continue to oversee the gaming operators, Atlantic Lottery Corporation (ALC) and Casino Nova Scotia (CNS), who carry out the day-to-day business. 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 those who manage the industry. Corporate social responsibility is a critical part of offering trusted and entertaining gaming experiences and being 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

Regulated gaming 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 2023-24, NSGC will provide \$174.8 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 \$36.4 million in retail commissions to local businesses.

NSGC will continue to achieve its core mandate in the following ways:

Responsible Industry Development

Initiatives will continue to be developed that provide 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* – Lead healthy play and continue to be among the most socially responsible jurisdictions in the world. Nova Scotia will continue to offer healthy play programs that promote awareness, education and informed choice for all Nova Scotians.

Operations Management

Continue to effectively manage the regulated gaming businesses: ticket lottery, video lottery and casino operations in Halifax and Sydney. There are three aspects of this activity:

1. *Operator Management* – Oversee Nova Scotia's gaming operators (i.e., ALC and CNS) to ensure there is strategic alignment with Nova Scotia's goals and that projects are completed as planned. NSGC is responsible for the conduct and management of regulated gaming in the province and ensures the Operators offer products that are socially responsible in an environment of security and integrity.

2. *Risk Management and Quality Control* – Proactively manage risks and employ effective quality control of the day-to-day activities and the business environments.
3. *Compliance Management* – Ensure operations conform to legislation, regulations, contracts and policies. Careful oversight of operations ensures the industry is managed to the highest standards of integrity, public confidence and security.

Status of 2022-23 Activities

Nova Scotia ended its COVID-19 state of emergency on March 21, 2022. Since then, results have rebounded to pre-COVID levels and are exceeding budget. The casinos especially are seeing stronger results and Nova Scotia continues 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 are seeing a stronger post-pandemic recovery than expected and results have been over budget as the business remains strong.

Ticket Lottery: There is growth in online sales for both traditional ticket lottery and new online games as more players convert to the online space. Online casino-style games (i.e., iCasino) was launched in July 2022.

Video Lottery: Video lottery is a mature business line and has remained a stable source of revenue for the Province.

Healthy Play: Healthy play programs remain a priority for Nova Scotia. Initiatives completed in 2022-23 included:

- ▶ The continuation of a year-round campaign promoting improved gambling literacy;
- ▶ Gambling Literacy Awareness Week;
- ▶ Updating of the Healthy Play Training at Casino Nova Scotia; and,
- ▶ Continued implementation of the Responsible Gambling Assessment Program to ensure all games, promotions and materials are evaluated prior to launch.

2023-24 Strategic Goals and Priorities

Nova Scotia aims to offer a gaming industry Nova Scotians are proud of and enjoy, 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 through its offerings to achieve responsible revenue and profits

Responsible returns to the Province will be achieved by using sustainable business models and fulfilling a commitment to integrity and security. Decisions will be evidence-based and healthy play will be incorporated into the design, delivery, promotion and use of gaming products.

Priorities

In striving to generate responsible economic returns, focus will be placed on the following priorities in 2023-24:

Casinos – CNS continues to build on a successful post COVID-19 recovery and plans to focus on enhanced marketing offerings and the rollout of a new player rewards program. Access to the Halifax casino may be affected as the Cogswell Interchange project is expected to continue; however, mitigation plans have been developed to lessen the impact.

Ticket Lottery – Ticket lottery is Nova Scotia's most mature business line and most of the future growth will come from improvements to the online experience. In 2023-24, 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 and 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 2023-24 will include efforts to reconfigure VLT sites based on player expectations and experiences considering post COVID-19 player preferences.

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

Deliver products that customers want, when, where, and how they want them by seeking input from players to make sound decisions on gaming in Nova Scotia.

Priorities

The plan for 2023-24 is to improve the player experience and expand the offering for those who choose to purchase lottery products online. ALC will strive to ensure that the transactional web portal and any player-facing components meet or exceed industry standards and the players' expectations. In addition, the online platform will continue to offer a safe and regulated environment in which to play, as well as providing harm-mitigation tools for those who choose to gamble online.

Goal #3: Lead healthy play (formerly responsible gaming)

The province will advance its social responsibility agenda by leading healthy play programs that provide Nova Scotians with the tools and information they need to make informed decisions. Gaming operators will promote positive play experiences, which require the industry to conduct business with an understanding of how its activities can impact others. NSGC's Social Responsibility Charter is integrated into its culture and commits stakeholders related to the regulated gambling industry to social responsibility.

Priorities

NSGC will work closely with the Office of Mental Health and Addiction and continue healthy play 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 healthy play information at both casinos for when the RGRC is not available;
- ▶ Healthy play training for ticket and video lottery retailers, casino staff, and gaming related employees; and,
- ▶ Evaluation of new products, initiatives and projects using the Responsible Gambling Assessment (RGA) Program.

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

The people of Nova Scotia are the industry's valued customers, employees, neighbours, families, suppliers and business partners. Dedicated revenue and industry expertise will be leveraged to support good causes throughout the province and strong management and accountability will be provided by ensuring timely and complete communication to the media, public, and stakeholders when managing the business.

Priorities

NSGC will continue:

- ▶ *Support4Sport* – a dedicated 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 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 Crown corporation 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 2023-24	2021-22 Strategies and Initiatives	Long-term Target 2026-27
Nova Scotia has an economically sustainable and socially responsible gaming industry.	The Province has a sustainable source of revenue from gambling to fund programs and services	Gross sales	5-year Average (2017-2022) \$448.0 million	\$507.2 million	Continue to provide relevant and engaging products to players in a safe and regulated environment	\$521.6 million
		Payment to Province	5-year Average (2017 to 2022) \$132.5 million	\$175.2 million	Ensure Operators are meeting business plan objectives	\$179.2 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%
	Support small businesses across the province through commissions to retailers	Commission paid to retailers	(2010-11) \$39.8 million	\$36.4 million	Leverage new ticket and video lottery products and make further enhancements to the video lottery business model	\$37.5 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 healthy play behaviours	% of public that can cite two healthy play behaviours	(2019-20) 17%	20%	Execute healthy play and public awareness programs	25%
	Nova Scotians are aware of and support healthy play programs	% of public that support NSGC's commitment to healthy play	(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%

2023-24 Budget

	Estimate 2022-23 (\$ 000)	Forecast 2022-23 (\$ 000)	Estimate 2023-24 (\$ 000)
Sales			
Casinos	\$ 70,500	\$ 88,500	\$ 80,000
Ticket Lottery	278,500	281,100	300,200
Video Lottery	<u>124,200</u>	<u>123,700</u>	<u>127,000</u>
Total Sales	<u>473,200</u>	<u>493,300</u>	<u>507,200</u>
Cost of Sales	<u>317,200</u>	<u>322,100</u>	<u>329,000</u>
Gross Profit	<u>156,000</u>	<u>171,200</u>	<u>178,200</u>
Expenses			
Responsible Gambling Programs	7,300	6,900	6,700
Commitments to Community			
Programs	<u>10,400</u>	<u>10,300</u>	<u>10,800</u>
Total Expenses	<u>17,700</u>	<u>17,200</u>	<u>17,500</u>
Net Income	<u>138,300</u>	<u>154,000</u>	<u>160,700</u>
Casino Win Tax	<u>12,800</u>	<u>16,200</u>	<u>14,500</u>
Payment to Province	<u>\$151,100</u>	<u>\$ 170,200</u>	<u>\$175,200</u>