



Crown Corporation

B U S I N E S S P L A N S

FOR THE FISCAL YEAR 2009–2010

Nova Scotia
Gaming Corporation
Business Plan 2009–2010

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Mission

To lead a socially responsible and economically sustainable provincial gaming industry for the benefit of Nova Scotians and their communities.

Planning Context

NSGC operates in a competitive environment where innovation and corporate social responsibility are the keys to future growth and success. Consumers are faced with an array of choices of where to spend their discretionary entertainment dollars, and the regulated gaming industry must offer a strong value proposition in order to successfully compete. The public demands that government offer regulated gaming in the most socially responsible manner possible, and NSGC must continue to demonstrate that it excels in this area in order to retain the social licence to operate and to offer new products to the market that demonstrate Nova Scotia's world leadership in responsible gambling.

To meet the above objectives, NSGC must continue to offer consumers gaming products that are fun and relevant and that provide entertainment value in an environment of fairness and integrity. This is particularly important given that there are thousands of choices available to players, including both regulated and unregulated

gaming sites beyond Nova Scotia's borders. The increasing competition from those games poses significant challenges, as many of NSGC's products are in the mature phase of their product life cycle and have lost some portion of their relevance to the market. This issue heightens the need for NSGC to innovate and to invest appropriate resources to ensure the success of the regulated gaming industry in this province.

NSGC's revenues are dependent upon consumers buying its products. This year, NSGC is assuming no economic growth in the province and stable interest rates and gas prices. History has shown that major or sustained economic impacts can be detrimental to NSGC's revenues. Further, tourists visiting Nova Scotia contribute to revenues when they include a visit to a gaming venue during their stay. Tourism visitation to the province was down in 2008–2009, resulting in a decrease in revenue from this segment. Visitation is not expected to rebound in 2009–2010; and, therefore, this impact is reflected in the budgeted performance for the casino business line. In addition, continued growth of First Nations' video lottery revenue, which is expected to increase to \$53 million in 2009–2010, will continue to be a competitive pressure to NSGC's video lottery and casino business lines.

As in many industries, corporate social responsibility is a critical part of the business model of the gaming industry in Nova Scotia.



NSGC launched its Social Responsibility Charter in October 2006, which outlined the corporation's commitment in five pillars:

- responsible gambling
- integrity and security
- citizens and communities
- corporate governance
- stakeholder relationships

These pillars delineate what social responsibility in Nova Scotia looks like, what is expected of NSGC as a socially responsible corporate citizen, what NSGC's commitment is in meeting these expectations, and how operators and retailers will contribute to the industry as a whole in achieving these outcomes.

NSGC has ensured alignment of its business efforts for 2009–2010 with the Social Responsibility Charter. In particular, the charter's focus on responsible gambling, enhanced prevention programming, and greater accountability is strongly aligned with NSGC's operations.

It is within the above context that NSGC considers the 2009–2010 fiscal year as an opportunity to build on its measurable progress and successes to create an even more socially responsible gambling environment for Nova Scotia and to evolve the future of gambling in this province.

Strategic Goals

NSGC has three strategic goals to support the achievement of its mission and vision.

Goal #1: To pursue a sustainable gaming industry

NSGC will ensure responsible economic return to the province by

- accruing direct financial benefits to government, the shareholder of NSGC
- utilizing sustainable business models, incorporating systems to fulfill NSGC's commitment to integrity and security, and making evidence-based decisions that incorporate responsible gambling in the design, delivery, promotion, and use of its products
- optimizing benefits to communities, businesses, organizations, and individuals across the province

Goal #2: To foster social responsibility in all aspects of NSGC's operations and business decisions

NSGC will advance its social responsibility agenda by

- leading responsible gambling initiatives to provide Nova Scotians with the information required to make informed decisions
- contributing to communities across the province

- being an excellent employer

Goal #3: To ensure that accountability is at the forefront of NSGC’s management and communications to its stakeholders and to all Nova Scotians

NSGC will provide strong management and accountability by

- ensuring timely and complete communication to the media, public, and stakeholders
- managing the business of gaming in an efficient and effective manner
- making responsible, evidence-based decisions

Core Business Areas

NSGC’s core business functions are as follows:

- to develop social and economic strategies that align with the Social Responsibility Charter and support the achievement of identified goals and outcomes
- to oversee the operations of its operators, the Atlantic Lottery Corporation (ALC) and Great Canadian Gaming Corporation (GCGC), as well as lead the implementation of responsible gambling programs

- to foster open communications with key audiences, including the shareholder, stakeholders, and the public

NSGC performs a number of key activities in carrying out these functions:

1. Responsible Industry Development

NSGC’s goal is to develop the gaming industry in Nova Scotia by managing the policy decisions of government in the most responsible manner possible. NSGC 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:

Planning and Policy Development—NSGC has, and will continue to explore new opportunities through planning and policy development. The main focus of this element is to create an environment that is conducive to a sustainable and socially responsible gambling industry in Nova Scotia and aligns with the province’s Gaming Strategy.

Responsible Product Implementation—NSGC is committed to continuing to make evidence-based decisions in assessing changes to the current product and gaming environments and to utilizing responsible gambling and problem gambling experts to assist in this process.

Social Responsibility—NSGC is a world leader in responsible gambling and will



continue to dedicate significant resources to the research, development, and implementation of progressive and groundbreaking responsible gambling initiatives.

2. Operations Management

This involves the progressive and effective management of NSGC's gaming businesses—ticket lottery, video lottery, and casino gaming. The three key elements under this activity are as follows:

Operator Management—Effective management of the operators' businesses as they relate to Nova Scotia is a critical function for NSGC to ensure that there is alignment of efforts and that priority initiatives are completed as planned. Ensuring that operators offer products in an environment of security and integrity is a key goal.

Risk Management and Quality Control—This involves proactive risk management and effective quality control of NSGC and its operators' operations and business environments.

Compliance Management—Compliance management is a critical component of NSGC's day-to-day business, requiring that all its business and operators in the province conform with applicable legislation, regulations, contracts, and policies. NSGC has dedicated staff and resources to monitor the timely reporting of any and all gaming-related incidents (whether technical issues, criminal activities, or other). Careful and

successful oversight of operations allows NSGC to identify areas that require improvement or remedy and ensures an industry that is managed to the highest standards of integrity and public confidence and security.

3. Public and Stakeholder Communications

NSGC is accountable to the people of Nova Scotia. This involves the complete and timely communication of information to meet NSGC's high standard of openness and transparency.

Priorities for 2009–2010

1. Pursue a Sustainable Gaming Industry

In striving to generate responsible economic returns, NSGC will focus its attention on the following priorities in 2009–2010:

Casino—The casinos will focus marketing efforts on appealing to the social, occasional gamer by offering an exciting entertainment product that includes musical acts, as well as excellent food and beverage offerings. The Halifax casino will offer a wide variety and high calibre of entertainment acts, affirming its position as Atlantic Canada's premiere entertainment destination and will ensure that high-quality offerings are available on the gaming floor. The focus at the Sydney

casino in 2009–2010 will be to offer a unique gaming experience in a competitive market, emphasizing new, exciting games in a fun environment tailored to the local clientele and supported by excellent services and hospitality.

Ticket Lottery—The ticket lottery business is NSGC’s most mature business line. Given its mature state, reinvention is the key priority in 2009–2010, including a strategy of implementing new products and a renewed focus on providing the products that consumers want, where they want them, and with an experience that demonstrates the value proposition of ticket lottery products. A new product will be launched in 2009–2010, replacing Lotto Super 7. The 2009–2010 fiscal year will see an increased allocation of sales to prizes for players. This increase is intended to improve the relevance and appeal of ticket lottery products. This is a critical component to the reinvention strategy. Continued emphasis will also be placed on ensuring that these products are offered with the highest standards of integrity and security.

Video Lottery—The focus of the video lottery business line is to stabilize the operations, following the implementation of the Gaming Strategy initiatives and the 100 per cent smoking ban. NSGC will oversee the implementation of the Informed Player Choice System, which is intended to provide personalized information to VLT players about their play so that they can

make informed choices. The IPCS is expected to cost \$4 million in operating, maintenance, and amortization expenses in 2009–2010. In addition, investments will be made to upgrade existing aging terminals. NSGC will continue to achieve operating efficiencies and will improve the operating standards of this business line.

SuperStar Bingo—As part of NSGC’s Charitable Sector Support Program, SuperStar Bingo will continue in 2009–2010. This game enhances charity bingo by offering larger linked jackpots that allow charitable organizations to raise money to fund their projects and good works.

2. Foster Social Responsibility

In delivering its responsible gambling priorities in 2009–2010, NSGC will continue to strive to develop the most informed players and public in the world through leadership in responsible gambling and prevention programs. NSGC is committed to performing the tasks necessary to achieve the goals of its Social Responsibility Charter. When the concept of social responsibility is applied to this industry, the first consideration that comes forward typically arises from issues related to responsible play and the prevention of problem gambling. It is incumbent upon the gaming industry to concentrate on giving players the tools they need to make informed decisions, which experts indicate helps to facilitate responsible gambling



behaviour and, in turn, helps to prevent the next generation of problem gamblers. The cornerstone of NSGC's social responsibility commitment is, and always will be, responsible gambling and prevention programming.

To be effective, the concept of social responsibility must be integrated into existing corporate structures and processes. Every aspect of business and new programs must ensure that the principle of net positive benefits will be met. This may often require innovative solutions to challenges inherent in the gaming industry.

The Social Responsibility Charter includes NSGC's Responsible Gambling Strategy, the objective of which is to provide programs, products and services to consumers and the public that will empower them to make informed decisions. This will work to prevent future problems, sustain the casual social player base, and help to build a healthy and sustainable industry in Nova Scotia. By following the charter and the accompanying Responsible Gambling Strategy, Nova Scotia and NSGC's role as a world leader in responsible gambling education, awareness, and programs will continue.

NSGC's commitment to responsible gambling will be demonstrated by an array of responsible gambling initiatives, including broad-based and targeted education programs, such as the following:

- leader in the first provincewide Responsible Gambling Awareness Week
- sponsor of YMCA's Youth Gambling Awareness Program
- sponsor of the Responsible Gambling Council's House of Cards Program
- continued operations of Responsible Gambling Resource Centres at the casinos
- leader in the development of the world's first Video Lottery Informed Player Choice System (IPCS)

An exciting initiative in 2009–2010 will be the delivery of the BetStopper program, which is a world first and a key prevention programming initiative for NSGC. BetStopper is content-blocking software designed for use on home computers in order to help parents prevent their underage children from visiting gambling websites. The BetStopper software will be offered free of charge to Nova Scotia families with children under the age of 19.

NSGC will work to normalize responsible gambling behaviour in 2009–2010 by continuing to build the 360-degree "responsible gambling experience" so that players, retailers, stakeholders, and the general public know that no matter what games they play or what locations they visit, gambling responsibly is the standard and expectation. Initiatives that support the 360-degree "responsible gambling experience" include the following:

- **Introduce new content for MARGI**—The Mobile Access Responsible Gambling Information kiosk (MARGI) has been successful as a tool for the dissemination of responsible gambling information and as a player management tool in the casino environment. To ensure that MARGI remains current, a new activity will be added, supported by evidence of its effectiveness.
- **Implement the Awareness Program for the Informed Player Choice System (IPCS)**—As part of its introduction, an awareness program on the IPCS will be launched in order to increase the understanding and acceptance of the IPCS among players and retailers, which is intended to create greater usage of the player information tools.

NSGC will continue to create an environment where responsible gambling is prominent and fully integrated into business operations. To that end, NSGC will support the following initiatives:

- **Conduct a semi-annual run of the Responsible Gambler campaign**—Based on positive results from the 2008 campaign, NSGC will run The Responsible Gambler campaign semi-annually and thereby build better recognition of this program and of NSGC.
- **Continue to participate in the Parents as Partners research**—NSGC will continue to build on previous research that explored parental awareness and attitudes towards youth gambling. The next phase of this work will engage key stakeholders to understand the current internal and local market realities and to prioritize the opportunity areas that fit best with NSGC's strategic objectives.
- **Implement the ticket retailer responsible gambling training program**—NSGC will implement the “It’s Your Best Bet” branded ticket lottery retailer training program.
- **Deliver video lottery retailer responsible gambling training**—NSGC, in partnership with the Tourism Industry Association of Nova Scotia (TIANS), will deliver responsible gambling retailer training to video lottery retailers. Training sessions will be held throughout the province.

NSGC will also continue to offer products that are as socially responsible as possible. This will be done through the following:

- **Conduct social responsibility assessments (SRA)**—Social responsibility assessments will be performed by NSGC and its operators to ensure that all new products, marketing approaches, and projects are reviewed using a standardized tool. This will ensure a common approach to social responsibility by NSGC and its operators within the province’s gambling industry.
- **Use the GAM-GaRD assessment for new, potential products**—NSGC will be the



first jurisdiction in the country to utilize this product to evaluate new games. This tool will be utilized in the overall decision-making process to determine if a new game should be launched.

NSGC will also continue to be a significant contributor to Nova Scotia's communities in 2009–2010. A key element in this area is the Support4Sport Program, which is expected to raise approximately \$2.5 million for sport in 2009–2010. This money 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.

Other means of community funding include the following:

- sponsorship of community organizations and events
- support to the harness racing industry
- funding of Nova Scotia Cultural Federations, Exhibition Association of Nova Scotia, and Sport Nova Scotia

3. Ensure Accountability and Communications

Gaming produces significant direct benefits for Nova Scotians, including the direct employment of approximately 1,000 people and the injection of \$42.7 million in retail commissions to local Nova Scotia businesses. In 2009–2010, NSGC will provide \$145.0 million to fund provincial programs

in areas such as health care and education. Given that the direct benefits of gaming are significant, NSGC must ensure that the gaming industry continues to operate in an effective and efficient manner.

As NSGC is a public company, its operations must be transparent, with timely and open communications to Nova Scotians. In addition to building on its extensive public reporting and consultation in the 2008–2009 fiscal year, NSGC will further enhance its website to serve as an important interactive resource for those seeking information about responsible gambling and the gaming industry in Nova Scotia.

Performance in 2008–2009

1. Pursue a Sustainable Gaming Industry

The growth and sustainability of any industry requires both the determination and the flexibility to respond to changing market conditions and consumer needs. NSGC's commitment to gaming security, integrity and fairness, as well as a strong focus on responsible gambling, are critical components to ensuring a successful gaming industry for the province and the people of Nova Scotia.

The ticket lottery business, operated in Nova Scotia by the Atlantic Lottery Corporation (ALC), is NSGC's most mature business line,

but also offers the potential for expansion and innovation. The introduction and availability of new technologies provide exciting new opportunities, offering consumers greater variety and choice.

NSGC continued to offer the SuperStar Bingo product in Nova Scotia, which provides electronically shared gaming and larger jackpot opportunities to players through over 50 bingo-sponsoring charities in the province. A full 25 per cent of gaming revenues, \$0.5 million in 2008–2009, was paid back to charities, which they used to perform their good work throughout the province.

The Support4Sport Program was launched as a fully branded program in May 2007 and saw continued success throughout 2008–2009. Through this program, NSGC dedicates 100 per cent of funds raised from the sales of specially marked tickets to sport. Athletes, coaches, and community programs across the province benefit from the funds, which reached \$3.5 million this year, including support for the 2011 Canada Games. Research shows that 78 per cent of Nova Scotians support the Support4Sport Program, and more than 80 per cent of Nova Scotians believe that NSGC should dedicate funds generated by gambling directly to specific programs or services such as Support4Sport.

The video lottery business line saw the completion of a number of initiatives in the year, including redistributing 200 terminals

that were voluntarily relinquished from site holders; managing the change in retailer commissions on revenue over \$400,000 with retailers and government; launching new games and performing hardware refreshments, such as the new LCD screens, on a variety of terminals; and advancing the IPCS project.

The casino business line is operated in Nova Scotia by Great Canadian Gaming Corporation (GCGC). The Halifax and Sydney casinos compete with other entertainment offerings in very active marketplaces, and thus emphasis is placed on unique positioning, successful advertising, and product delivery. Work in 2008–2009 concentrated on expanding and building the entertainment portfolio with a greater variety of live, high-profile performances. Marketing initiatives focused on building stronger relationships with existing clients, as well as reaching new audiences. Operations for the year were also concentrated on achieving efficiencies.

NSGC and Casino Nova Scotia installed a player information kiosk at the Halifax and Sydney casinos, as committed in the provincial Gaming Strategy. The kiosk, known as MARGI (Mobile Access to Responsible Gambling Information), was developed by the Responsible Gambling Council of Canada and provides players with several tools to help them manage their play. In 2008–2009, MARGI was accessed by visitors at the casinos over 7,000 times.



Through the corporation's Charitable Sector Support Program, NSGC is focused on assisting charities to better help their communities. Improving charitable gaming is key to achieving a more balanced and socially responsible gaming industry in Nova Scotia. The program encourages strategic relationships with charitable organizations that share NSGC's values. NSGC's hope is that by donating time and resources through initiatives such as Bingo Seminars, SuperStar Bingo, and Monte Carlo Casino Night fundraisers, it will enable charities to raise even more money for their communities.

2. Foster Social Responsibility

In 2008–2009, NSGC continued its focus on social responsibility and building upon its strong and demonstrated commitment to responsible gambling. Highlights include the following:

- Nova Scotia's seventh annual Responsible Gambling Awareness Week (RGAW) was held October 5–11, 2008, and targeted six communities (Halifax Regional Municipality, Cape Breton Regional Municipality, Town of Truro, Municipality of Digby, Municipality of Lunenburg, and Town of New Glasgow), which represent approximately 60 per cent of Nova Scotians. Almost 1,100 people were reached directly through their attendance at the Responsible Gambling Conference, interactive community education displays, and speaking engagements. RGAW 2008 resulted in almost 70 per cent of target community residents being aware of responsible gambling activities, 80 per cent supporting the concept of a Responsible Gambling Awareness Week, and 79 per cent agreeing that RGAW demonstrates NSGC's commitment to responsible gambling.
- NSGC's Responsible Gambler social marketing campaign was reintroduced in October 2008. The purpose of this campaign was to demonstrate what it means to gamble responsibly and to provide real and tangible examples of responsible gambling behaviour that are meaningful to average Nova Scotians. Over 14,000,000 media impressions were made. Results showed that 54 per cent of respondents could recall The Responsible Gambler campaign and 67 per cent felt that the campaign was effective in reaching Nova Scotians to inform them about responsible gambling.
- Know the Score, an interactive, peer-led awareness program, continued to visit post-secondary schools around the province in 2008–2009. The Responsible Gambling Council of Canada's program is designed to provide college and university students aged 19–24 with the facts about gambling, including the risks involved, how to avoid the risks, how to identify signs of a gambling problem,

and where to obtain help for a gambling problem in their local community. Since NSGC first began sponsoring Know the Score in 2004, over 28,000 students have participated in the program.

- NSGC sponsored the delivery of RGC's *House of Cards*, a compelling high school drama about a university student who becomes increasingly focused on his next bet. A Nova Scotian production of the drama visited 14 schools in the province. The last evaluation of *House of Cards* was positive, with 84 per cent of students agreeing that they were more aware of ways to avoid problem gambling, and 90 per cent agreeing that they were more aware of where to get help for a gambling problem.
- The Responsible Gambling Resource Centres (RGRCs) continue to operate at both the Halifax and Sydney casinos. The focus of the RGRCs is to provide information, education, and, when appropriate, linkages to resources, including voluntary self-exclusion and counselling in the community. The centres have proven to be a valuable resource for casino visitors and staff alike. In 2008–2009, the RGRCs had over 2,900 visitors and distributed over 10,400 pieces of responsible gambling information and resources.
- NSGC introduced a new measure in 2007–2008 that requires the corporation and its operators to conduct social responsibility assessments for every new project, program, and initiative. This process is meant to ensure that all initiatives are evaluated according to standards established in the assessment, to make sure the highest level of social responsibility is adhered to in Nova Scotia's gambling industry. In 2008–2009, over 250 social responsibility assessments were completed to ensure that the standards articulated in NSGC's Social Responsibility Charter are met.

3. Ensure Accountability and Communications

There is continued emphasis on NSGC's responsibility to inform the public about the activities of the gaming industry and to report to its shareholder, the Government of Nova Scotia. NSGC provided written correspondence on a number of initiatives to relevant municipalities, chambers of commerce, and other gaming jurisdictions to provide information deemed relevant and timely on responsible gambling initiatives and business-related updates. Also, over the last year, many of NSGC's staff met with key stakeholders to ensure a reciprocal understanding of the gaming industry's challenges and opportunities.

NSGC met with senior representatives of the Atlantic Lottery Corporation and Casino



Nova Scotia on a monthly basis in order to monitor activities and ensure compliance with regulation, responsible gambling activities, and their respective 2008–2009 business plans.

In October 2008, NSGC released its second *Social Responsibility Community Report*, a public document that demonstrates how NSGC is fulfilling the commitments of the Social Responsibility Charter on an annual basis. One hundred per cent of NSGC's social responsibility commitments were met.

In 2008–2009, NSGC was very active in communicating with the media, public, and other key audiences, responding to more than 150 media and public inquiries, encompassing various topics and issues.

Budget Context

	Actual 2008–09 (\$,000)	Budget 2009–10 (\$,000)
Sales		
Ticket Lottery	203,600	203,300
Video Lottery	147,000	150,200
Halifax Casino	66,400	68,600
Sydney Casino	23,000	24,600
Total Sales	440,000	446,700
Cost of Sales	290,900	305,600
Gross Profit	149,100	141,100
Expenses		
Responsible Gambling Programs	7,500	9,000
Commitments to Community Programs	5,200	4,200
Add: interest income	200	200
Total Expenses	12,500	13,000
Net Income	136,600	128,100
Casino Win Tax	16,100	16,900
Payment to Province	152,700	145,000



Outcomes and Performance Measures

Outcome	Indicator	Measure	Target 2009-10	Planned Target 2011-12	Strategies to Achieve Target
1. Economic Sustainability	Total payment to province	Actual to budget	\$145.0 million (+/-10% of budget)	\$141.4 million (+/-10% of budget)	Monitor operators to ensure compliance to business plans
	VL as % of total net income	Stabilize % of net income from operations	67%	65%	Introduce new ticket lottery products and enhancements to the casino business
	Commissions to retailers	\$ amount	\$42.7 million	\$40.2 million	
2. Social Responsibility	Awareness of responsible gambling activities	% of public aware of responsible gambling activities	65%	75%	Enhance Responsible Gambling Awareness Week
	Awareness of NSGC as sponsor of responsible gambling initiatives/messages	% of Nova Scotians who cite NSGC as sponsor of responsible gambling initiatives/messages	10%	30%	Implement key community outreach programs
	Implement responsible gambling programs	No. of effective/researched responsible gambling programs introduced	3 per year	3 per year	Launch responsible gambling programs for high-risk populations
3. Accountability	Response to routine requests for access to information	% response within two business days	100%	100%	Employ sound operations management
	Reports submitted on or prior to legislated deadlines	% of NSGC and operator reports provided before due date	100%	100%	Incorporate targets into employee personal performance plans
	Introduction of socially responsible products	No. of products introduced with social responsibility assessment	100%	100%	Continue to conduct social responsibility assessments