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OPPORTUNITIES FOR **Sustainable Prosperity** 2006

*An Updated Economic Growth Strategy
for Nova Scotia*



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PREMIER'S MESSAGE

This document, *Opportunities for Sustainable Prosperity 2006*, outlines a bold vision for making Nova Scotia one of the economic leaders of the 21st Century.

It is a vision based on recycling resources, minimizing waste, tapping our citizens' extraordinary potential, welcoming the world to our province, and taking our province to the world.

As you will learn from reading this document, it is also a rich, textured vision. You will learn that it is a vision grounded in reality – in who we are, in what we have already accomplished, and in how we see ourselves as citizens of the world.

This document is grounded in our recent successes as a province. Since the release of *Opportunities for Prosperity in 2000*, our province has recorded solid economic progress.

More Nova Scotians are working. Our provincial budget is balanced. We have a sensible debt management plan in place. And – as this strategy document demonstrates – we have a private sector track record for success, which has put in place a foundation for future growth.

With *Opportunities for Sustainable Prosperity 2006* – our updated and refined economic growth strategy – we have set out to build on the progress made over the past five years.

But we also want to move the province in an exciting new direction – based on building a sustainably competitive culture and society. We are confident that doing so will better the lives of all Nova Scotians.

We also have a better understanding now of just what constitutes quality of life for Nova Scotians. It centres on strong communities, quality education and health care, and a sustainable environment.

Fortunately, these values – our core values – align with the core ideas of this document: sustainable growth and sustainable competitiveness.

We can achieve sustainable competitiveness by doing something that Nova Scotians excel at – working together as a community. Achieving the overall goal described in this strategy will require a co-ordinated effort by government, business, labour, community groups, and individual Nova Scotians.

Yes, the challenge is a big one. Fortunately, though, we have made great strides in the past five years, and are already moving in the right direction. *Opportunities for Sustainable Prosperity 2006* positions us to build on that momentum, and to build a stronger Nova Scotia in the process.



Rodney MacDonald
Premier of Nova Scotia
April 2006

MINISTER'S MESSAGE

As Nova Scotians, we know that we live in a province with great opportunity – a place where people can focus on goals and achieve success.

Five years ago, we consulted Nova Scotians to better understand their goals and views – and their vision of the future. Based on those consultations, we developed the seminal, forward-looking strategy, *Opportunities for Prosperity*.

We would like to think it played a significant role in fostering the growth and development of Nova Scotia over the past five years. At the same time, we know that our successes have also been based on the innovative spirit, creative drive, and resourceful determination of individual Nova Scotians and businesses.

The result has been strong growth in our economy over the past five years. Today, we see new challenges and new opportunities on the horizon – and a need to update our plans for success.

With *Opportunities for Sustainable Prosperity 2006*, we build on the vision of *Opportunities for Prosperity 2000* and look at new ways to sustain Nova Scotia's competitiveness in a challenging global environment.

As the Minister of Economic Development, I am pleased to present *Opportunities for Sustainable Prosperity 2006*. This document truly represents an extraordinary effort by committed Nova Scotians working inside and outside of government.

I would like to pay particular thanks to two groups of people: Nova Scotians who consulted with our government on this strategy, and in doing so shared their knowledge, vision and passion for the province; and the civil servants from across government who worked so hard to develop our strategy.

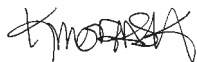
In addition to the Office of Economic Development, many other provincial organizations made important contributions to the development of this document. These include the departments of Agriculture, Fisheries and Aquaculture, Education, Energy, Environment and Labour, Natural Resources, and Tourism, Culture and Heritage, as well as InNOVAcorp, Nova Scotia Business Inc., and the Treasury and Policy Board.

In *Opportunities for Sustainable Prosperity 2006*, we spell out the challenges that have emerged since 2000. We suggest a set of actions that we, as a government, should take. We also demonstrate both how we plan to implement those actions, and how we will measure our progress.

Opportunities for Sustainable Prosperity 2006, then, is a “strategy of strategies.”

- It defines key actions that can produce solid long-term returns for Nova Scotia.
- It functions as a broad framework, creating common ground for partnerships, and ensuring consistency over the next five years as we enhance our position as a globally competitive jurisdiction.
- It will serve as a foundation for government's annual business planning process, and the basis for the provincial government's work with other governments, and with the private sector.

Overall, *Opportunities for Sustainable Prosperity 2006* maps our way to a prosperity that can be sustained for generations to come—a prosperity built on that very quality of life which defines the Nova Scotia experience.



Kerry Morash

Minister Economic Development

April 2006

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INTRODUCTION

The 21st Millennium has ushered in an era of remarkable change in Nova Scotia and the world. Understanding that change, and charting a course toward a sustainable and prosperous future, were two key goals of the extensive consultations we held with Nova Scotians as part of our effort to produce this document, *Opportunities for Sustainable Prosperity 2006*.

In 2000, the Government of Nova Scotia produced *Opportunities for Prosperity* after a similar round of consultations with a cross-section of business people, industry representatives, community leaders, and public servants.

Six years ago, people said that government's approach to economic growth had to be open, consistent, inclusive, and fair. In 2006, these principles are still important. However, new themes have also emerged with greater frequency and deeper emphasis.

At the centre of all these ideas, from the importance of quality of life to the increasing impact of globalization, is the umbrella concept of "sustainable competitiveness." This idea – that we must build a competitive economic and cultural model that is sustainable into future generations – is at the heart of this strategy.

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Sustainable competitiveness recognizes a need to protect and enhance the distinct quality of life that we cherish here in Nova Scotia. To paraphrase the United Nations World Commission on Environment and Development, sustainable competitiveness “...meets the needs of the present without compromising the ability of future generations to meet their own needs.”

This means husbanding resources, not squandering them. It means leaving no asset – human or material – behind. It means recognizing that the intrinsic worth of every human life is based on what each of us can give to society. It means recognizing that all citizens have a contribution to make. It means knowing that victory will go to those who adapt.

Sustainable competitiveness embraces the concept of a “circular economy,” one that moves in a cycle of growth and renewal through eliminating waste and encouraging diversity in social, human and natural capital. It also adopts the idea of “cradle to cradle” – a term coined by authors William McDonough and Michael Braungart to describe the highly efficient process through which products are designed to biodegrade, or be recycled safely, at the end of their useful life, and, in doing so, provide the raw materials for new products (Cradle to Cradle – Remaking the Way We Make Things, McDonough & Braungart, 2002).

Tiny, prosperous Finland “gets it.” With only five million people and an improbable number of medals from the 2006 Winter Olympics, Finland is viewed as the most competitive economy, and also the most sustainable economy, in the world. It is followed closely by other Nordic countries, which also excel in areas of social and economic capital development, such as minimizing gender disparities. Finland is also one of the most innovative countries. For example, half of the heating in Finland is achieved through waste thermal energy from industrial or electrical production sources. The cost savings equal 33 per cent, which represents about 460,000 tons of oil per year.

In many ways, Nova Scotia is already a more progressive, sustainable, competitive economy than many of us realize. Even our traditional industries – like the fishery and forest industries – have adapted by learning to sustainably harvest renewable resources.

Fishermen who go to sea in boats sometimes do so with the aid of satellite mapping of the ocean floor to protect marine habitat, and selective gear that leaves young fish in the ocean to reproduce. The result, 20 years after its demise was predicted, is a fishery that still employs thousands of Nova Scotians, often in areas of the province where jobs are needed most. This is a clear example of how our traditional industries are successfully being transformed using new technologies and approaches; this is innovation.

Similar stories can be told in the forestry and agricultural sectors. Indeed, the latter has

That we must build a competitive economic and cultural model that is sustainable into future generations – is at the heart of this strategy.

SUSTAINABLE COMPETITIVENESS RECOGNIZES A NEED TO PROTECT AND ENHANCE THE DISTINCT QUALITY OF LIFE THAT WE CHERISH HERE IN NOVA SCOTIA.

adapted by developing new products that brand Nova Scotia as a leader in apples and blueberries, and by transforming a cottage grape industry into a premium boutique wine sector with a growing reputation for the distinctiveness and quality of its products.

Think about Nova Scotia's evolution on the topic of recycling and waste management. In a few short years, we have become national and international leaders in this area. We now divert 50 per cent of our waste from landfills-the highest waste diversion rate in North America. We are so accustomed to sorting, composting, and recycling that it is a shock when we visit another jurisdiction without these programs in place. As well, our province's waste diversion strategy has sprung many new businesses, export opportunities, spin-off industries, new technologies, and new jobs. The success that the province has enjoyed from reducing waste in this area can be applied to almost every other area of the economy.

What makes the concept of sustainable competitiveness unique is that, rather than seek trade-offs, it aims to create "win-win" situations. In essence, we can be prosperous by pursuing the opportunities created by shifts in global consumer demand, which in turn is spurred by the need for environmentally responsible products and services. These markets require us to use our resources wisely, thereby ensuring the long-term viability of our industries.

In fact, there is really no other option. For a province as small as Nova Scotia, the only way to compete in the global marketplace is to ensure all of our constituent elements are strong, mutually supportive, and aligned.

Just as importantly, the central ideas of sustainable competitiveness are aligned with what Nova Scotians told us in consultations for this strategy, and consistent with the body of research papers completed by the government over the last six years. Overall, these reports build our baseline understanding of our economy and society.

THERE IS REALLY NO OTHER OPTION.

For a province as small as Nova Scotia, the only way to compete in the global marketplace is to ensure all of our constituent elements are strong, mutually supportive, and aligned.

Innovative Nova Scotia outlines strategies for adapting to a changing world economy. Seizing the Opportunity – Nova Scotia's Energy Strategy looks beyond the questions of oil and gas production to issues like generation of electricity from renewable resources. The Skills Nova Scotia Framework identifies a strategic direction for training the next generation of workers who will help keep our economy strong. Towards a Sustainable Environment, our green plan, makes a key link between green values and future growth. Our recently released Immigration Strategy looks into the challenge of opening Nova Scotia's society to the world of new ideas and new people. We have also begun to implement the province's Community Development Policy. New forestry and mineral strategies are also being developed. As well, Nova Scotia's branding initiative with its key attributes, new positioning, and tagline "Come to Life," provides a foundation on which we can build. The goal of the initiative is to promote a clear and positive image for the province through programs, partnerships and policies – both at home and around the world.

Opportunities for Sustainable Prosperity 2006 pulls together all of government's planning and strategic thinking. Most of all, it sets out our overall economic growth strategy for the next five years.



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WHAT WE HEARD

In 2000, *Opportunities for Prosperity* was produced after more than 100 consultative meetings were held with a cross-section of business people, industry representatives, community leaders, and public servants. In preparation for producing this strategy, we consulted a wide variety of people.

In 2000, people said that government's approach to economic growth had to be open, consistent, inclusive, and fair. In 2006, these principles are still important; however, new themes also emerged with greater frequency and deeper emphasis.

"Quality of Life" is Important to Nova Scotians

The definition of quality of life may vary from person to person, but it must be factored in when addressing economic growth. Nova Scotians clearly want economic growth to secure the future of their communities and provide opportunities for their children-but not at the expense of quality of life. In a recent survey, 93 per cent of Nova Scotians said it was important for any new business to be environmentally responsible (Summer 2005, CRA Atlantic Quarterly).

This concern with quality of life is consistent with Nova Scotia's brand "Come to Life," and with the international effort to include more than GDP growth as an index of progress. The Genuine Progress Index (GPI), which includes measurements of health and environmental sustainability, is an example of a method that takes a broader approach to measuring progress.

Mainstream economic agencies have often approached these indices with some trepidation. The measurements are unsure and the results uncertain. However, this year the Organisation for Economic Co-operation and Development (OECD) looks for the first time at what it calls "Alternative Measures of Well-Being" in its Economic Policy Reforms: Going for Growth (2006). It approaches the topic warily, but does concede that "prosperity, health and happiness generally figure" in a calculation of well-being-however imprecisely.

Everything is Connected

In short, the OECD seems to concede that economic growth cannot be discussed as if it exists in a vacuum, and economic growth has the potential to affect everyone's quality of life. Things such as effective transportation networks and a skilled work force affect the economy. Different people focus on different elements of the system, but all see opportunities and challenges that extend beyond a single business, community, or interest group. Because the challenges are diverse, so are the roles played by government.

Our Tax and Regulatory Structure is Critical

Existing businesses cannot expand and new ones cannot start without a favourable regulatory and tax environment. Business people repeatedly emphasized the importance of a positive business climate in terms of the competitive position of our province. Nova Scotia has made some strides in this regard. The province places 3rd (among Canadian provinces) in the Nova Scotia Business Climate Index (Nova Scotia Business Climate Index 2004 – using data from 2001). Holding that place will be challenging. Improvements are necessary.

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Collaboration is Necessary, Valuable, and Challenging

Collaboration between governments, communities, and businesses is necessary to discover and achieve shared goals. Individuals spoke about collaboration as vital to achieving their goals. They also let us know that working collaboratively can often be a challenge. But the fruits of such an effort are evident across our province. To cite one example, the remarkable economic and cultural success of the Membertou First Nation is a result of extensive collaboration between Aboriginal, corporate, government, and educational leaders.

Our Successes are Diverse

Every group we spoke to knew of success stories they were happy to celebrate. What's more, these successful and innovative initiatives spanned multiple industry sectors—underscoring our conviction that opportunities exist across the economy, rather than in a few specific industries. This conviction in turn reflects the diversity of our economy (See Section 3).

Nova Scotia Companies Work in a Global Marketplace

We must look beyond our borders to find our path forward. What happens far away can have an immediate and powerful impact on the Nova Scotia economy. For example, one of the world's leading media conglomerates requires suppliers to meet its environmental standards. That company reviewed the environmental record of a Nova Scotia paper manufacturer and the province before issuing a contract to purchase Nova Scotia paper.

In general, many businesses are feeling the direct effects of global trends, whether it is low cost competition from China or the cost of oil in the Middle East.

Another equally critical factor is our internal Nova Scotia market, which is simply not big enough to drive our economy. New and emerging market opportunities exist outside Nova Scotia, beyond our traditional trading partners. We need to expand our world view to identify and capitalize on these opportunities.

Address Current Trends and Anticipate Emerging Trends

Nova Scotia's population is declining and aging, particularly in rural areas. People we spoke with understood this, but were not precisely sure what it meant to our economy and communities. In truth, those demographic changes will dramatically alter all of our lives.

As our economy continues to grow, we need to keep our eyes on the horizon to discern what the next trend is and what it means for Nova Scotia. In other words, we must be savvy enough to identify new trends, and nimble enough to act on the opportunities these shifts can bring.

This is already happening in Nova Scotia's shipping and ports sector, which is capitalizing on the advent of larger container vessels and preparing to capture traffic from new Asian shipping routes.

In short, every challenge presents an opportunity. Five years after the release of *Opportunities for Prosperity*, we better understand some of our biggest challenges and the opportunities inherent in them.

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WHERE WE ARE

In addition to consulting with Nova Scotians, we also looked carefully at the big picture. A comprehensive understanding of our strengths and weakness will help us forge a plan to accelerate economic growth into the future.

Our Economy

Nova Scotia is fortunate to have a broad-based, diverse economy. No one sector or industry dominates. To make it larger and even more robust, we need to focus on creating a business climate that encourages the production and export of sustainable products and services wherever opportunities present themselves.

The charts that follow provide a breakdown of Nova Scotia's economy by sector. They clearly show an economy that is diverse, and – to some degree – insulated from normal economic cycles, particularly in the resource sector. It is worth noting, in this regard, that the Halifax-area economy has remained robust over the past five years, despite the decline in the offshore oil and gas sector.

The diversity of our economy is reflected in the summary data below:

In 2004, GDP was just over \$30 billion. In December of the same year, 443,000 Nova Scotians were working.

The public sector is a significant component of our economy both in terms of GDP (23 per cent) and employment (26 per cent).

The private service sector is an even larger player, contributing 52 per cent of GDP, and 54 per cent of employment.

Manufacturing makes up 10 per cent of both our GDP and employment.

The primary industry sector makes up seven per cent of our GDP and six per cent of employment.

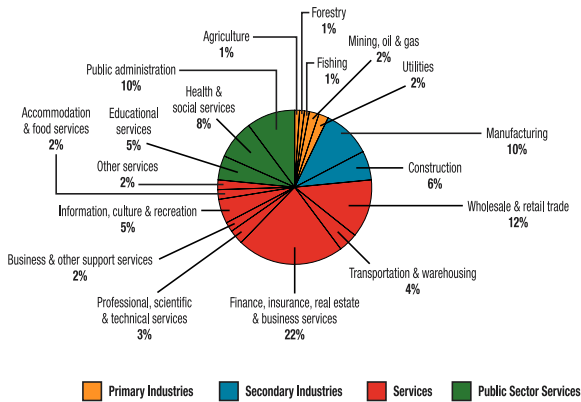
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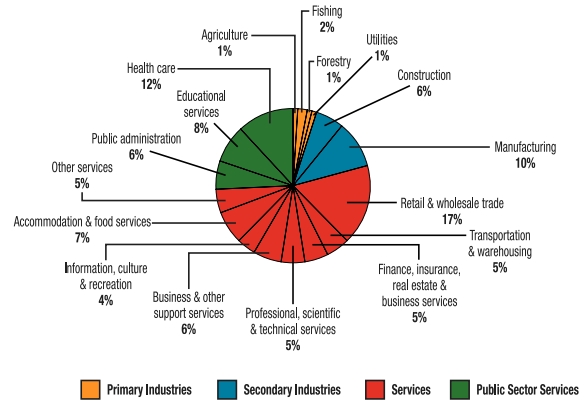
Our growing dependence on the larger world elevates the importance of two issues that loom larger than they did when we released Opportunities for Prosperity in 2000.

THESE ISSUES ARE THE EFFECTS OF GLOBALIZATION AND OUR CHANGING DEMOGRAPHICS.

GDP by Industry, Nova Scotia, 2004



Employment by Industry, Nova Scotia, 2004



If it is the private sector's job to drive growth, it is government's role to optimize the public policy environment for economic prosperity. In this context, Nova Scotia can claim some accomplishments over the past few years. For now, we will highlight two of them:

An Improved Credit Rating

The provincial government has turned in budget surpluses and lowered its debt level. As a result, three major bond rating agencies moved last year to upgrade Nova Scotia's credit rating to positive from stable. In essence, this means our government borrows at lower interest rates, pays less to carry debt, and has more money for government programs.

More People Working

Nova Scotia's unemployment rate has trended downward over the last six years. And while this rate will always fluctuate from month-to-month and season-to-season, a milestone was reached in the employment history of this province last year. In September, the provincial unemployment rate was below the national average. Indeed, it was at its lowest historic point since Statistics Canada started collecting comparable national data in 1976. Thousands of new jobs have been created in Nova Scotia in this decade thanks to the success stories of individual people and businesses.

We should also note that, in a small economy like ours, we must trade or perish. Indeed, the private sector's ability to produce and export products and services will ultimately determine our success. Canada, a large nation with a small population, is dependent on trade for about 70 per cent of its GDP. Its economic success, like that of Nova Scotia's, will continue to depend on competitive export sectors.

Meanwhile, our growing dependence on the larger world elevates the importance of two issues that loom larger than they did when we released Opportunities for Prosperity in 2000. These issues are the effects of globalization and our changing demographics.

3.1. Globalization

Our world is getting smaller. As the pace of globalization accelerates, events abroad can have a dramatic impact on how we live and work. Here are some key factors to weigh as the trend toward a more globalized economy picks up momentum.

Our big competition is now in the international marketplace.

- The world is more interconnected than ever with an expanding flow of information, financial capital, technology, goods, services, and people.
- Supply chains are increasingly spread across the globe with businesses placed in the most strategic location-no matter how distant.
- China, India, Brazil, and other emerging powers now play a larger role in the global economy.

The information revolution continues to change our lives.

- The time between discovery and application of scientific advances is shortening.
- The integration of existing disciplines is leading to more innovation.
- Countries with access to the latest technologies are the most likely to reap the benefits of globalization.

The expanding global economy presents major risks if today's prevailing production, consumption, and waste patterns persist.

- Climate change is causing everything from extreme weather conditions to increased incidence of many serious diseases.
- The availability of key natural resources-from oil and water to the plants we harvest-is an emerging issue.
- The world has become an increasingly unsafe and unstable place.
- Meeting the more demanding environmental standards of the international marketplace will become increasingly challenging.

The cost of doing business is already increasing in many sectors.

- Energy prices have climbed significantly.
- The value of the Canadian dollar has risen.
- Wide fluctuations in such key economic inputs present both risks and opportunities to Nova Scotia.

Operating in this new environment calls for efficiency and flexibility in every aspect of business. To stay competitive, we need to reduce waste and find new ways to add value to products and services.

Today's global economy also requires continuous adaptation. The ability to learn and innovate is the key to success. Fortunately, many Nova Scotia firms have shown a capacity to adapt to changing global circumstances.

Last year, for instance, knowledge-intensive jobs were "insourced" to Nova Scotia from India when Versata Inc. chose to relocate its R&D work to Halifax. Also, Silicon Valley-based Support Soft called Halifax a vital R&D resource for the company.

The reasons these IT companies chose Halifax could be summed up by stating some competitive advantages we would do well to sustain-the right people with the right skills, a cost-competitive location, and attractive R&D incentives.

3.2. Demographics

We noted this looming issue in 2000. Now, we are all five years older. The baby boomers, born between 1947 and 1966, are in their 40s and 50s. Some have even reached retirement age.

If current trends continue, the annual number of deaths in Nova Scotia will soon be greater than the number of births. This falling birth rate means that fewer young people will enter our workforce in the future.

Nova Scotia is moving into a period of demographic transition. We will likely see a decline in population coupled with more elderly people and an aging work force. This change will have profound impacts on our social, economic, and labour markets. We cannot definitively predict the nature of all of these impacts, but we can prepare to manage the situation.

In rural areas, the challenge of an aging population is compounded by depopulation. Increasingly, young people are moving to larger centres for social, educational, and job opportunities. This means it is more important than ever to provide the sorts of opportunities that will encourage young people to stay, while enticing others to come and live in our province.

Demographic trends are also changing consumer purchasing patterns, opening new markets, and closing old ones. Our businesses need to understand those trends, and respond to them. Demographic change means our internal Nova Scotia market is likely to grow more slowly.

More than ever, our businesses need to accelerate the search for new markets outside the province and Canada if they are to thrive. That means entering competitive global markets where only innovative products succeed.

Abstract notions like “productivity” take on a new meaning for businesses trying to make it in those markets.

Again, to define this problem is not to despair of it. Many jurisdictions face similar challenges. Meanwhile, companies like Michelin have made a long-term commitment to rural Nova Scotia, and are preparing to train a younger generation of workers. They continue to excel as product innovators and market leaders. This example illustrates the wisdom of forging effective partnerships between the public and private sectors to improve productivity.

Our demographic challenges are more complicated today as rural-urban issues have become more visible in the province over the past six years. Nova Scotia is one of the most rural provinces in the country, but we have the largest urban centre in the Atlantic region.

Halifax Regional Municipality’s population is rising as more young people move from the country to the city. The Nova Scotia Community College has devised a strategy to produce the skilled workers required in the economy, but this effort may have to be augmented by other initiatives.

Our manufacturing sector is overwhelmingly rural, while our service sector is essentially urban. We need to build effective rural-urban partnerships that take advantage of our relatively small population and compact geography.

The shortage of skilled labor is becoming an impediment to economic growth. This trend seems to be accelerating, especially in rural areas. This is due, in part, to the increasing urbanization of our population-particularly among the 18-24-year-old age group.



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WHERE WE WANT TO GO

We laid out our vision for the future in *Opportunities for Prosperity*, and it still applies today: “Our vision is of a thriving Nova Scotia that by 2010 is the best place in Canada to live, work, do business, and raise families.”

The following statement is also as valid and compelling today as it was then: “... we will know we have arrived when our economic activity, carried out in a socially and environmentally sustainable manner, generates the necessary public revenues to maintain the strong health, education, and social systems that Nova Scotians expect.”

Five years later, our vision is unchanged. During the intervening period, however, we have reached a better understanding of how to measure the progress made toward achieving our vision.

- A “thriving” Nova Scotia must record improved GDP-per-capita and higher real earnings-per-capita. Productivity will be high, and competitiveness in our traditional and emerging markets will be improved.
- Becoming the “best place to live” means scoring well on quality of life indicators like those produced by Genuine Progress Index Atlantic (GPI Atlantic).
- We know we are the “best place to work” when we can offer a wide range of work opportunities to keep Nova Scotians here, and attract skilled, talented people from elsewhere in Canada and abroad.

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We will know we have arrived when our economic activity, carried out in a socially and environmentally sustainable manner,

GENERATES THE NECESSARY PUBLIC REVENUES TO MAINTAIN THE STRONG HEALTH, EDUCATION, AND SOCIAL SYSTEMS THAT NOVA SCOTIANS EXPECT.”

Indeed, considerable research exists to show that Nova Scotia is a preferred place to work and invest. One multi-year Health Canada study of work-life balance concluded Atlantic Canada was among the best places in the country to find loyal, reliable workers.

And public opinion research conducted for *The Inside Out Report* (Summer 2005) showed 94 per cent of working Nova Scotians said they were satisfied or very satisfied with their current job—the highest positive rating in the region.

- For us to claim to be the “best place to do business,” we need an attractive business climate that supports the launch and growth of local business, and attracts and retains outside investment.
- If we want to be considered as the “best place to raise families,” we need to offer the kind of education, health, recreation, housing, and other social amenities that people and their families demand.

The components of our vision are interdependent. Nova Scotia must have a thriving economy to invest in the social amenities people demand. A thriving economy is dependent on a competitive business climate. The availability of a skilled workforce is an increasingly important part of our business climate, and we must be the “best place to live and work” if we are going to attract the people we need to create a thriving economy.

Later in this document, we will outline ways to measure our progress toward achieving our vision. For now, though, we need to explain how we arrived at our new theme.

Introducing Sustainable Competitiveness

These are the dictionary definitions of “sustainable” and “competitiveness”:

Sustainable: to keep in existence, to maintain

Competitiveness: a willingness to compete, to win

Together, these words centre on finding a way to ensure that we are competitive and successful for the long-term—in a way that can be maintained today and into the future.

Sustainable competitiveness deals with much more than economics and financial wealth. It also encompasses our health, our education, our environment, and our social standards. In short, it speaks of quality of life.

Our discussions with Nova Scotians underlined the value they place on achieving our economic goals in a socially and environmentally sustainable manner. Nova Scotians want growth and prosperity, but they want it on their own terms.

They certainly understand the need for us to successfully compete in the global business world. They also made it clear that they want to link real economic progress with preserving our environment, and the societal links and values that make life here so enviable.

Our citizens are not alone in this desire. Around the globe, everywhere there is prosperity, there is also an implied understanding that the old definitions of progress no longer apply—and that there is no separating economic growth from environmental well-being, social development, and a host of other goals.

Everything, in other words, truly is connected. Need proof? Just ask any Nova Scotia company trying to compete in its niche market while ignoring global environmental regulations that govern virtually every industry on the planet.

What Nova Scotia needs is a strategy that allows our companies to be competitive in those critical international markets, while still being environmentally responsible at home. We need a strategy that allows us to meet the needs of today without

Sustainable competitiveness deals with much more than economics and financial wealth. It also encompasses our health, our education, our environment, and our social standards.

IN SHORT, IT SPEAKS OF QUALITY OF LIFE.

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compromising the requirements of tomorrow—a strategy that improves the lot of all Nova Scotians by building a sustainable and prosperous economy without squandering our natural, social, and financial resources in the process.

Enter the notion of sustainable competitiveness, which says that true prosperity comes when economic, social, and environmental systems work in coordination and consensus. This concept also recognizes the undeniable fact that, unless we rethink the very nature of how an economy works, the future cannot support our current model of prosperity through constant economic growth.

Sustainable competitiveness, in short, is an idea that has come of age: whether in Detroit, which is reclaiming abandoned industrial space along its waterfront, or in the European cities that have launched a coordinated campaign to eliminate waste and toxins to improve their citizens' lives. The realization that a thriving economy and a vital, healthy population are achievable in unison – and only achievable in unison – is sparking change around the globe.

Nova Scotia is ready to find its own unique leadership role in this rapidly growing, international process. The idea of making sustainable competitiveness a goal for the province emerged when we asked Nova Scotians to articulate their vision of our collective future. Our intent is clear: to create a society that prospers on its own terms, and is truly productive in the broader, healthier sense of the term. The end result will be a society that is able to adapt to rapid change and to renew itself. It will be a society that shuns waste—not just solid waste, but also wasted money, wasted ideas, wasted talents, wasted potential.

Sustainable competitiveness, admittedly, represents a dramatic shift in thinking. The traditional view has always been that the human footprint is inevitably harmful, and therefore needs to be constrained by regulations. This new approach aims to develop an economy that enhances the social and natural systems that support its growth through the adoption of new and emerging technologies, good stewardship, and good design.

Making sustainable competitiveness a reality will require a team effort.

- Nova Scotians can help make it happen by living healthy lifestyles, constantly renewing their careers and abilities as life-long learners, and bringing creativity and competence to their home, community, and workplace. They also have to understand the impact their actions have on their community and the economy as a whole.
- Corporations will do their part whenever they look outward to new markets and niche opportunities for new products. They will help by making products recyclable and biodegradable, eliminating waste, transforming new or under-used capacity into higher-value products, and investing in their employees and in innovation.
- Communities and the province can help by being flexible and responsive in operations and service delivery. They can invest in education and health, and attract people and investment by developing their distinctive strengths. They can promote excellence and innovation through wise regulations and procurement practices, by striving to eliminate waste of all kinds, and by taking a long-term view designed to enhance the natural systems upon which we all depend.



SUSTAINABLE COMPETITIVENESS, ADMITTEDLY, REPRESENTS A DRAMATIC SHIFT IN THINKING.

This new approach aims to develop an economy that enhances the social and natural systems that support its growth through the adoption of new and emerging technologies, good stewardship, and good design.

5

HOW WE WILL GET THERE

In 2000, *Opportunities for Prosperity* highlighted strategic elements of economic success. Business climate, infrastructure, innovation, labour force, investment, trade, and regional capacity-all of these were seen as key components of economic growth.

Since 2000, we have developed a better understanding of how these factors interact to create prosperity. The diagram below shows the links between our overarching goal – sustainable competitiveness – and its buildings blocks, or constituent elements.

Here is a description of the five Building Blocks of Productive Capacity. Together, these represent the foundation of sound economic structure. Without this foundation, the house cannot be built.

- **Financial Capital** includes conventional assets such as savings and investments. Money flows through our model and allows us to reinvest in our capacity and perform the transactions that drive economic growth.
- **Natural Capital** includes natural resources, land, and ecosystems. This building block is fundamental. Its integrity must be preserved if prosperity is to be sustained
- **Built Capital** includes machinery, buildings, and infrastructure.
- **Human Capital** is represented by the people of Nova Scotia, and the knowledge, skills, competencies, and attributes they possess.
- **Social Capital** refers to the strength of relationships among people, companies, organizations, and government in a society.

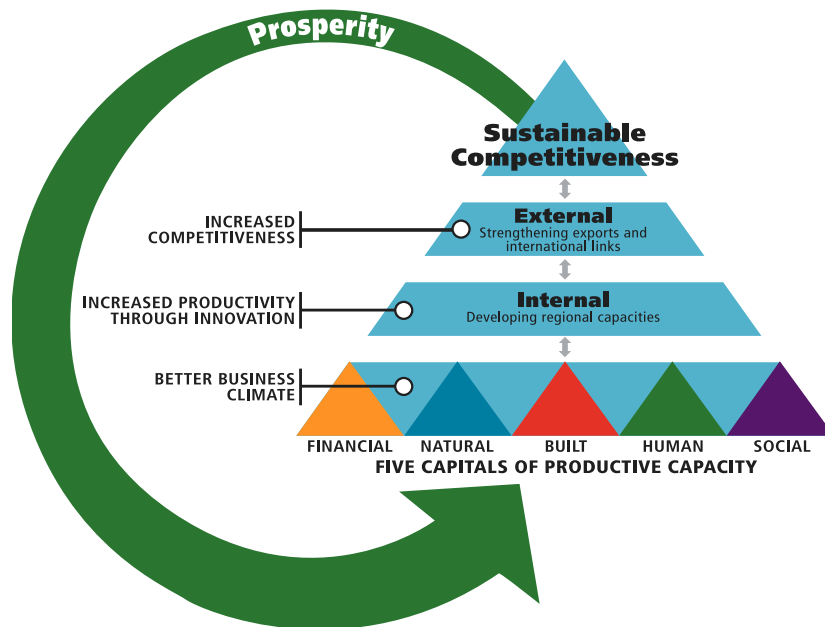
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*Put the right human, social, financial, natural
and built capital in place, and you have,
by definition, improved the business climate.*

WE NEED TO FOCUS ON CREATING A BUSINESS CLIMATE THAT
SUPPORTS OUR ULTIMATE GOAL OF SUSTAINABLE COMPETITIVENESS
AND OUR EXPORT AND PRODUCTIVITY PRIORITIES.





On this solid foundation, a sustainably competitive and prosperous Nova Scotia economy can be built. There are three fundamental elements or characteristics of such an economy.

- **Better Business Climate** – Put the right human, social, financial, natural and built capital in place, and you have, by definition, improved the business climate. Government must put in place the right taxation measures and incentives to attract investment. We need to focus on creating a business climate that supports our ultimate goal of sustainable competitiveness and our export and productivity priorities. Our tax and regulatory system strives to create the kind of environment that helps businesses produce and export in a sustainable manner.
- **Increased Productivity Through Innovation** – Innovation in how we produce can increase our efficiency. Innovation in what we produce can increase both our effectiveness and our efficiency. Both effective and efficient innovations improve our overall productivity. Increasing our productivity is a priority for our overall competitiveness. Increasing productivity means optimizing the use of resources, increasing capacity and eliminating waste. It is through innovation that we can strengthen the internal economy of Nova Scotia, and each of its regions.
- **Increased Competitiveness** – A more productive economy will make Nova Scotia more competitive in the world. This competitiveness will enable us to meet a primary goal-capturing increased revenue through trade. Trade is a priority for economic growth. More than ever, our businesses need to accelerate the search for new markets outside the province. We use the term trade to refer to all external revenue sources-these include the export of goods and services, out-of-province tourist spending, investment in education by foreign students and Canadians from the rest of Canada, and foreign investment.

The five building blocks of our model of sustainable competitiveness support our innovative capacity, increased competitiveness, and improved business climate. This model also flows in two directions. Increased competitiveness will result in stronger trade revenues. Innovation will improve regional economies. These elements, in turn, will allow us to strengthen the building blocks of the province.



STRATEGIC FOCUS AREAS

We will individually address each of the components of our economic growth model – the strategic focus areas – in the following pages. An objective statement, an exploration of the challenge, and an inventory of the associated government priorities have been developed for each of the strategic focus areas. The inventory of government priorities includes the priorities of many government departments and agencies.

We will begin by addressing our external strategies-Nova Scotia's place in the world. From there, we will address internal strategies for increasing productivity, improving the business climate, and ensuring the sustainability of our productive capacity. We will not address industry specific issues within the following pages.



6.1. Trade & Competitiveness

Support economic growth through an integrated, collaborative approach to international trade, investment, and development of sustainable goods, services, and communities at world standards

Nova Scotia is a small province with an aging and shrinking population. More than ever, our businesses need to accelerate the search for new markets outside the province and Canada if they are to thrive. Trade is essential for economic growth.

We compete in an international market for trade. To attract our share, we must identify niche markets, and produce the kinds of goods and services that can compete within them. Currently, a small number of the businesses in Nova Scotia account for over 80 per cent of our trade.

We need to increase both the value of our trade and the number of companies that engage in trade. We also need to encourage more of the other activities we include within our broad definition of trade.

Our definition of trade is often referred to as integrative trade. Integrative trade acknowledges the importance of foreign investments and the role we play in a global supply chain that involves local exports and imports.

The term integrative trade represents an evolution in approaches to trade. It also underscores the importance of establishing electronic and transportation links to other markets.

Global consumers want more intelligent products. Increasingly they demand products that are environmentally friendly and provide high degrees of usability and service. They want products that do not generate waste. There is also greater international demand for environmental services-a market in which Nova Scotia is among the world leaders.

We cannot compete on a purely “low cost” basis. We need to pursue high value market niches that demand quality – however that is defined. Our desire to sell to these discerning consumers while maintaining our quality of life is one of the central reasons we chose a sustainable competitiveness vision for our economic development strategy.

The ability to attract foreign direct investment is also dependent on our global competitiveness. Our abundant natural resources along with advantageous tax and regulatory systems are key factors that determine our competitiveness. However, we must continue to differentiate Nova Scotia on more than a “cost of doing business” basis. Focusing our province on sustainable competitiveness is one critical way to set us apart from the pack.

GOVERNMENT PRIORITIES

Export Development:

- Implement the discussion paper on export development “Going Global, Staying Local” to build export capacity and identify external opportunities by:
- Increasing local awareness about the importance of trade in our economy
- Establishing effective relationships with all trade stakeholders
- Increasing the awareness of the unique challenges faced by service exporters
- Matching potential exporters with external market opportunities

Reducing Barriers to Trade:

- Facilitate market access through negotiating trade agreements, global networking, and partnering with foreign governments to open doors to trade
- Create and maintain an environment supportive of trade by reducing and removing barriers to trade growth
- Expand Atlantic regional cooperation by pooling resources
- Assist Small and Medium Enterprises (SMEs) to overcome the non-tariff barriers to export and trade through business development programs

Investment Attraction:

- Implement the “Nearshore Strategy” to build on the assets of our geographic location and our information and communications technology sector
- Invite Nova Scotians who have moved away to share in our success by working and investing at home or promoting Nova Scotia where they are
- Attract sustainable companies to Nova Scotia that build on our existing assets

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6.2. Productivity Through Innovation

Promote increased productivity through innovative products and processes that eliminate waste of all kinds.

The provincial innovation policy, *Innovative Nova Scotia*, and the *Premier's Advisory Council on Innovation* demonstrate government's commitment to using new ideas to maximize the economic and social benefits for all Nova Scotians.

Innovation is a key to increasing our productivity and competitiveness and growing the economy. Our universities, colleges, and research institutions provide a potential advantage. But innovation means more than research. It means capitalizing on the potential of new ideas and niche opportunities that take advantage of our size, location, and unique advantages by turning them into new products, new processes, and new services.

Living up to our potential means making the best use of our capacity to export sustainable and competitive products and services. A more productive process costs less because it wastes less in terms of human capital, raw materials, and energy. For a business, being more productive leads to decreased costs and increased market opportunities—opportunities to export to consumers with increasing environmental demands.



GOVERNMENT PRIORITIES

Innovative Processes – Improved Efficiency:

Technology Adoption

- Encourage businesses to adopt best practices and to make timely investments in the use of new technologies and designs that improve performance and lead to new products and processes

Skill Development

- Help businesses create a more innovative and productive environment through the support of skills development-both technical and managerial-of existing staff, and the attraction and retention of new personnel

Innovative Products – Commercialization:

Private Research and Development

- Establish a strategy and programs to identify and increase research and development in the private sector with a focus on sustainable competitiveness through innovative products and processes

Public Research and Development

- Work with research institutions to improve the links between research and business needs-particularly for environmental products, services, and processes

Coordination

- Work towards improving communication and coordination between business and the academic and public sector research community
- Provide specific commercialization services to entrepreneurs
- Support private sector research and development activities

Demonstration Projects

- Support pilot projects for new process and product development that meet clear environmental and “no waste” objectives

Business Incubation

- Provide business incubation facilities for businesses with proven products and services

Procurement

- Redesign government procurement and systems to create a climate of business and technical innovation as well as increasing standards and productivity.



6.3. Business Climate – Environment for Growth

Create a business climate that attracts out of province investors and encourages local businesses to start and grow in ways that support sustainable competitiveness.

By “business climate,” we mean the environment in which businesses operate. A sound climate offers the right conditions for businesses to start up and grow. A competitive business climate is a necessity for attracting companies and investors from outside the province. Businesses produce the goods and services we need for ourselves and for trade. Government’s job is to ensure that the conditions are in place to encourage companies to stay in Nova Scotia, and to give them the opportunity to grow after they set up shop here.

Stability and predictability are key elements in a supportive business climate. Through our tax policies and regulatory environment, along with other instruments, the province operates levers that directly affect the provincial economy. (Those levers also represent an opportunity to make it necessary and favourable for businesses to take actions that also support our sustainable competitiveness vision.)

Since 2000, we have published a Business Climate Index, and we will continue to monitor our progress. We are also taking steps designed to improve elements of our business climate. They are touched on below. Others are included under some of the additional strategic focus areas that follow in the document.

GOVERNMENT PRIORITIES

Provincial Tax Structure:

- Review the province's tax system and overall tax burden to ensure efficiency, promote competitiveness, and respond to the social needs of Nova Scotians with available fiscal resources
- Analyze possible business incentives that encourage increased expenditures on research and development
- Target incentive programs to maximize impact of government support in line with growth strategy priorities

Provincial Regulatory Environment:

- Promote continuous improvement in the quality, coherence, and effectiveness of our regulatory systems in protecting the public interest and in supporting sustainable competitiveness – through the *Better Regulations Initiative*

Provincial Procurement:

- Ensure that government procurement practices are cost competitive and environmentally intelligent

Public Policy and Monitoring:

- Maintain a balanced budget, and through the Debt Reduction Plan, reduce the province's overall debt, making more resources available for re-investment in capacity and enabling a lower level of taxation
- Work to ensure that quality education, health care, and other important public services are delivered in a manner that is consistent with our economic growth strategy
- Monitor the cost and availability of consumer energy, including alternative sources
- Track measures of Nova Scotia's business climate

6.4. Financial Capital – Investment

Ensure that financing is available for opportunities that will create a more sustainably competitive economy.

Financial capital fuels the business activity that creates economic growth. But access can depend upon a host of factors, including the industry, the size of the endeavor, and the track record of the management team. Nova Scotia, in fact, is a net exporter of capital; most of the money in the big provincial pension funds is managed in bigger centres like Toronto and Calgary, and hardly ever gets directed back into the region.



The upshot is that access to capital can be a problem for Nova Scotia companies. The financial capital needs of an organization typically shift over time: some concepts need funding to get beyond the research and development lab. Once there is a business idea, the entrepreneur needs start-up capital. Established businesses need to reinvest in their enterprises-whether for expansion, increased productivity, or both.

It is critical to remember that the growth of Nova Scotia businesses allows us to achieve our economic goals. It stands to reason that the Province of Nova Scotia itself is sometimes a source of financial capital. We reap the return on these investments through growth in the tax base and by advancing our policy objectives- in this case, sustainable competitiveness. These strategic investments are made through government programs with an economic development mandate. The federal government shares many of our policy objectives and is also a source of capital.

GOVERNMENT PRIORITIES

Access to Capital – Capacity Building:

- Continue to work with other public sector entities to identify and address access to capital issues
- Maintain and develop public and private sector funding mechanisms
- Facilitate the expansion of capital formation for private sector investment through mechanisms like the Equity Tax Credit and Community Economic Development Investment Funds
- Improve and better target programs that make financial capital available to business, like the Credit Union Loan Guarantee Program, Nova Scotia First Fund, Nova Scotia Business Fund, Strategic Investment Fund, and Industrial Expansion Fund

Access to Capital – Opportunity Matching:

- Improve the ability to match existing sources of financial capital-angel investors, venture capitalists, commercial lenders, public sector funds-with qualified business start-ups, transitions, or expansions

Access to Capital – Gap Analysis:

- Work with business and other lenders (private and public) to identify and address any gaps in existing funding mechanisms



6.5. Natural Capital – Sustainability

Manage our natural capital to sustain our quality of life, our economy, and our environment.

Natural capital-our raw materials like water, air, plants, animals, land, and minerals- contributes to the appeal of our communities and fuels our economy. It makes perfect sense to use these resources wisely. To quote Michael Porter, “Pollution = Inefficiency” (Michael E. Porter and Claas vanderLind, “Green and Competitive,” Harvard Business Review, September-October, 1995).

Natural capital is a new addition to our focus areas from 2000. It reflects our emphasis on sustainable competitiveness and our need to focus on this area for long-term success and quality of life.

Up-to-date, coordinated provincial strategies for forests, minerals, provincial parks, and biodiversity will supplement *Towards a Sustainable Environment*, the provincial green plan, in determining the best way for government to manage our resources. The ultimate goal of this coordinated effort will be a policy framework that supports sustainable natural resource management, the conservation of the environment, and economic opportunities linked to these resources. In other words, it will be an effort in sustainable competitiveness.

The provincial green plan and its associated strategies align with *Opportunities for Sustainable Prosperity 2006* and its associated strategies. Whether we are considering the thrust from *Smart Choices for Cleaner Energy* or how we approach remediation efforts within the province, we must make choices that move us closer to our sustainable competitiveness goal.

GOVERNMENT PRIORITIES

Sustainable Competitiveness:

- Establish a team to refine the concept of sustainable competitiveness and discuss it broadly with public and private sector partners with a goal of building acceptance and understanding
- Prepare government and departmental business plans to include the sustainable competitiveness goal
- Work to achieve objectives established by the *Premier's Council on Innovation*
- Complete new strategies for forestry, minerals, parks and biodiversity and begin implementation
- Continue to implement *Towards a Sustainable Environment*, Nova Scotia's green plan
- Continue to address environmental issues within the province and look for opportunities to develop marketable environmental products, technologies, and services
- Pursue "green" opportunities, like energy efficiency, in infrastructure development
- Implement *Smart Choices for Cleaner Energy*, to prepare for the implications of climate change and to address issues such as emissions control, the diversity of energy sources, and demand reduction



6.6. Built Capital – Infrastructure

Support infrastructure that can be sustained, and will support current and future economic activity.

Infrastructure is the hardware of our society and our economy. It is a broad enough term to include our transportation network, the buildings that house our health care and educational facilities, and our communications networks. We need adequate infrastructure to capitalize on opportunities to grow our economy. Since the Nova Scotia government has only limited control over infrastructure, working with all levels of government and the private sector is critical for coordinating priorities and investments.

The infrastructure that connects us with the rest of the world is important to our provincial trade objectives. Ensuring that broadband access is available to connect Nova Scotians with the rest of the world is part of the puzzle. These virtual connections must be supported by transportation infrastructure to fully capitalize on our trade potential. Ports, airports, roads, and railways are all significant elements of our transportation infrastructure. The Halifax Gateway Council acknowledges the importance of each of these modes, and their connections with one another in its work. Achieving the Halifax Gateway Council's objectives is a priority for provincial trade, and will allow us to capitalize on our strategic position as a transportation core on the Atlantic seaboard of North America.



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The infrastructure that connects us with the rest of the world is important to our provincial trade objectives. Ensuring that broadband access is available to connect Nova Scotians with the rest of the world is part of the puzzle.

THESE VIRTUAL CONNECTIONS MUST BE SUPPORTED
BY TRANSPORTATION INFRASTRUCTURE TO FULLY CAPITALIZE
ON OUR TRADE POTENTIAL.

GOVERNMENT PRIORITIES

Transportation:

- Work with the *Halifax Gateway Council* to capitalize on our harbours and related transportation assets to build Canada's Atlantic Gateway

Highways

- Continually make strategic investments in our roads
- Ensure that the highway corridors that connect to export markets are adequate to meet our growth needs

Ports

- Work with the Halifax Port Authority to grow container trade at the Port of Halifax
- Work with the Canso Superport to grow bulk trade in that area
- Assist in establishing an independent seaports association to leverage these assets and ensure appropriate support from the federal government

Airports

- Support Halifax International Airport Authority's plans to capitalize on the United States pre-clearance
- Work with the Gateway Council to facilitate legislative and policy changes towards more "open skies" for the airline industry
- Ensure that regional airports have a voice at the federal level

Rail

- Work with partners to ensure rail service can adequately meet growth needs

Broadband & Wireless:

- Ensure that Nova Scotians have world class digital connections by 2010 by continually upgrading our digital infrastructure
- Support and strengthen the C@P network

Education & Health:

- Work with education and health institutions to capitalize on existing systems, and to develop a prioritized plan to renew key infrastructure in support of long-term prosperity

Municipal Infrastructure:

- Work with municipalities to prioritize and support economic development-related infrastructure projects for the next five years

Industrial Lands:

- Work with partners to develop a plan to meet future industrial land needs

Federal Presence:

- Build on the extensive federal assets in Nova Scotia, especially the military, to increase the economic growth of the province



6.7. Human Capital – Labour Force

Take a long-term view to ensure that Nova Scotia's workforce continues to be a magnet for business.

To create more opportunities for prosperity, we need a productive labour force. We need enough skilled workers to meet the needs of employers and a workforce flexible enough to respond to changing labour market requirements. We also need to address the imminent economic and social implications of our changing demographics, especially our looming potential labour shortage. We also need to keep pace with the increasing skill demands put on the labour force by changing technology and work methods.

In 2002, the province created the *Skills Nova Scotia Framework* to address labour market issues such as productivity, increasing skill demands, and changing demographics. The framework responds to both the short- and long-term skill development needs of our labour market. It provides the province with direction for policy and program development, and ensures coordination and collaboration with skills stakeholders from government, the private sector, and the community.

GOVERNMENT PRIORITIES

Population:

- Analyze the economic and social implications of our changing demographics
- Increase immigration through *Nova Scotia's Immigration Strategy*
- Build a comprehensive R⁺ strategy to Retain, Retrain, Repatriate, and Recruit the skilled workers we will require:
- Retain-develop plans to encourage young people to stay in Nova Scotia
- Retrain-encourage businesses to invest in workforce training and expanded recruitment
- Repatriate & Recruit-develop plans to attract other Canadians, especially expatriate Atlantic Canadians, to move to Nova Scotia
- Implement *Nova Scotia's Immigration Strategy*
- Build an entrepreneurial culture through partnerships with educational institutions
- Engage our Black, Aboriginal, youth, and immigrant populations in the economy
- Continue to implement the *Skills Nova Scotia Framework* to:
 - Meet the skill needs of Nova Scotia's labour market
 - Provide better labour market access and supports to Nova Scotians
 - Strengthen Nova Scotia's system of lifelong learning opportunities

Educational System:

Primary and Secondary Education

- Work to ensure that Nova Scotia's young people receive the primary and secondary education that will equip them for further education or work – in line with the recommendations of Closing Our Prosperity Gap
- Implement Learning for Life II, the education plan

Post Secondary Education

- Work with our universities and community college system to provide Nova Scotians with a range of opportunities for education and training that will prepare them for the opportunities available in the workforce

6.8. Social Capital – Regional Capacity

Capitalize on ways to expand economic opportunity throughout the province, maintaining a balance in quality of life.

Social capital is the complex web of interrelationships between people, organizations, and government. Urbanization and an aging rural population are putting new stresses on Nova Scotia's social capital, especially in rural areas. The strong growth of the Halifax Regional Municipality (HRM) has spurred a mini-boom in adjoining Colchester, Hants, Kings, and Lunenburg counties. (The service-oriented HRM economy complements rural, often resource-based, manufacturing.) We need to build on the interdependence of our urban and rural economies, working with the assets of each to build a stronger Nova Scotia.

The provincial government is responsible for the overall strategy in this regard, but each community must develop an approach that fits its particular circumstances. We are committed to supporting regional efforts built on community assets and sound regional plans. Recent planning work in Colchester County is a good example of a region taking charge of its own future. HRM has undertaken a major economic development planning exercise. Other regions and communities also have effective plans.

A province that is “the best place to live, work, do business, and raise families” is actually made up of a collection of communities that embody this vision. These communities must not only function well economically, but they must also provide a rich sense of community and a cultural environment that people find attractive. In other words, they enhance quality of life. That's not a factor to be underestimated. Ever since Richard Florida started stressing the role of culture as an engine for economic growth, this notion has grown in prominence (*The Rise of the Creative Class*, Florida, 2002). His view is that the successful communities of the future will be those able to harness the energy of their “creative class.” This will become an increasingly important concept as Nova Scotia faces increased competition to attract and retain skilled workers.



A PROVINCE THAT IS “THE BEST PLACE TO LIVE, WORK, DO BUSINESS, AND RAISE FAMILIES” IS ACTUALLY MADE UP OF A COLLECTION OF COMMUNITIES THAT EMBODY THIS VISION.

These communities must not only function well economically, but they must also provide a rich sense of community and a cultural environment that people find attractive.

GOVERNMENT PRIORITIES

Community Development:

- Implement the Community Development Policy
- Strengthen the network of sector, regional, and community organizations that provide leadership in economic development
- Provide training opportunities for community leaders
- Support agencies that work with historically disadvantaged communities

Regional Planning and Development:

- Promote a strong regional approach to economic development
- Work with regions, municipalities, and communities that have developed their own economic growth action plans
- Work with regions to identify and assess new business development opportunities
- Support key industry organizations

Entrepreneurship and Small Business:

- Focus supports on entrepreneurs starting or running high-value firms
- Build a comprehensive support system for small business in partnership with other governments, financial institutions, and community groups
- Develop training programs specifically designed for small businesses
- Strengthen links between our educational research institutions and the business community

6.9. Sectors

In *Opportunities for Prosperity* we highlighted work we planned in our “Vital Economic Sectors.” In 2006, we are leaving this detail to individual department and agency plans where it more properly belongs. We see many opportunities across the varied sectors in the Nova Scotian economy over the next few years.

We expect that the province will be invited to invest in many of those opportunities. We propose that all such investments be reviewed against a common set of criteria.

- 1.) Will the opportunity increase:
 - our trade of products or services?
 - our productivity?
 - the value added to our raw materials?
 - sustainable jobs for our people?
 - the financial capital available to Nova Scotia businesses?
 - the sustainability of our stock of natural capital?
- 2.) Over what period can we expect to reap return on our investment?
- 3.) How does it compare with the return on other possible investments?
- 4.) How will it contribute to learning, research and development, and environmental sustainability?
- 5.) Will our investments, in short, improve “sustainable competitiveness?”

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MAKING IT HAPPEN

All Nova Scotians have a stake in creating a sustainably competitive society, and all will benefit from it. The government will do everything in its power to move toward this goal. This means harnessing the efforts of all provincial government organizations – those directly involved in economic development, those building our people's capacity more generally, and those working to engage our citizens.

The Office of Economic Development will lead the overall management of the strategy. Other provincial entities will provide leadership within their spheres of influence.

Some challenges are beyond provincial influence – the impact of emerging nations, changes in global consumer trends, etc. Others the province can influence but does not control – a few national tax or trade policies, private delivery of services, transportation services, etc. A few the province can directly impact – provincial tax or regulatory policy or highways.

Government can set the stage for sustainably competitive economic growth, but ultimately business makes it happen. Effective partnerships will be fundamental to progress. Those partnerships will extend beyond the provincial government to include federal and municipal governments, businesses, and community groups.

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All Nova Scotians have a stake in creating a sustainably competitive society, and all will benefit from it.

THE GOVERNMENT WILL DO EVERYTHING IN ITS POWER TO MOVE TOWARD THIS GOAL.

Implementing *Opportunities for Prosperity* was challenging. We reorganized the Office of Economic Development, and established Nova Scotia Business Inc. A broader approach must be taken this time around.

To turn *Opportunities for Sustainable Prosperity 2006* into reality, we will:

- Implement the government priorities in strategic focus areas through targeted interdepartmental involvement
- Determine specific responsibilities for those priorities, and follow up with responsible departments
- Ensure sustained implementation, coordination, and adaptation at the political, senior management, and staff levels
- Link strategy implementation to the government's annual Business Planning and Accountability Reporting System
- Manage the provincial brand, with the private sector, to enhance Nova Scotians' pride of place and Nova Scotia's global presence
- Review progress regularly to ensure that the strategy is a living document-one that evolves according to progress on tasks and emerging opportunities
- Create a process for the use of common criteria to assess government investment opportunities
- Implement a communications plan to ensure that all key players – within and outside government – understand the vision and their role in making it reality
- Explore possibilities for inter-organizational groups to address specific opportunities, e.g., Taskforce on Competitiveness
- Work with Voluntary Planning to engage citizens in providing policy advice to government with particular emphasis on sustainability and inclusiveness

GOVERNMENT CAN SET THE STAGE FOR SUSTAINABLY COMPETITIVE ECONOMIC GROWTH, BUT ULTIMATELY BUSINESS MAKES IT HAPPEN.

Effective partnerships will be fundamental to progress. Those partnerships will extend beyond the provincial government to include federal and municipal governments, businesses, and community groups.

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MEASURING NOVA SCOTIA'S PERFORMANCE

Our vision is “a thriving Nova Scotia that is the best place in Canada to live, work, do business, and raise families.” We will use the following measures to check our progress.

Thriving Nova Scotia

GDP per capita is the total value of goods or services produced in the province, divided by our population. It allows us to compare Nova Scotia to other jurisdictions.

- By 2010, Nova Scotia's real GDP per capita will be five per cent closer to the Canadian average.
- By 2010, Nova Scotia's personal disposable income per person will increase by five per cent.

Best Place to Live and Work

The “best place to live and work” is a subjective assessment. We do not have definitive measures for this part of the vision. GPI Atlantic has done work in this area. GPI is working with other groups to develop a Canadian Index of Wellbeing. We hope to be able to use this measure when it is ready. Meanwhile, we will use the following measures as indicators for our “best place to live and work” outcome.

- By 2011, Nova Scotia will experience a net in-migration of individuals under the age of 30.
- By 2010, Nova Scotia will attract 3,600 immigrants per year.

Best Place to do Business

Nova Scotia competes for global business activity. When businesses choose to invest in Nova Scotia, they demonstrate a belief that Nova Scotia is the “best place to do business.” We will use business investment as an indicator for the “best place to do business” outcome. According to 2004 Statistics Canada data, Nova Scotia ranks 5th in the country.

- By 2016, Nova Scotia will improve its national ranking on the “business gross fixed capital formation (excluding residential structures) as a percentage of GDP” measure.

Best Place to Raise Families

The “best place to raise families” offers quality education, health, recreation, housing, and other social amenities. A variety of measures exist for each of these contributing factors. We will use a “sense of community” measure as an indicator for the “best place to raise families” outcome. According to Statistics Canada (2003), Nova Scotia ranks 4th on this measure with approximately 21 per cent of respondents expressing a strong sense of belonging to their local community.

- By 2016, Nova Scotia will improve its percentage on Statistics Canada’s “strong sense of belonging to their local community” measure.

Nova Scotia competes for global business activity. When businesses choose to invest in Nova Scotia, they demonstrate a belief that Nova Scotia is the “best place to do business.” We will use business investment as an indicator for the “best place to do business” outcome.

ACCORDING TO 2004 STATISTICS CANADA DATA, NOVA SCOTIA RANKS 5TH IN THE COUNTRY.

CALL TO ACTION

Opportunities for Sustainable Prosperity 2006 is our strategy for the next five years. It seeks to position Nova Scotia as a sustainably competitive society where nothing is wasted – money, ideas, talent, potential, or natural resources. A place that can compete in the global business world. A place where prosperity means more than just a bigger bottom line.

Opportunities for Sustainable Prosperity 2006 includes many action items. Using the broad resources of government, we will work to deliver them all, and will report regularly on that progress. Some areas need immediate action. Over the next year, we will pay special attention to four key items:

- Building a skilled workforce
- Making affordable energy available
- Increasing our productivity
- Developing the Atlantic Gateway

Opportunities for Sustainable Prosperity 2006 seeks to position Nova Scotia as a sustainably competitive society where nothing is wasted

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MONEY, IDEAS, TALENT, POTENTIAL, OR NATURAL RESOURCES.

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■ GOVERNMENT CANNOT DO IT ALONE. WE CAN PROVIDE LEADERSHIP AND DIRECTION, BUT THE REAL ENGINE OF ECONOMIC GROWTH IS THE PRIVATE SECTOR-BUSINESSES AND INDIVIDUALS WORKING ON NEW IDEAS AND NEW OPPORTUNITIES. ■ OUR BUSINESSES – LARGE AND SMALL – HAVE THE POTENTIAL TO TAKE US TOWARD THE FUTURE DESCRIBED IN THIS DOCUMENT. THEY ARE ALREADY DOING SO. WE ARE CONNECTED AND ACCESSIBLE TO MARKETS AROUND THE WORLD. OUR BUSINESSES COMPETE GLOBALLY. ■ THE KEY IS TO MAKE SURE THAT THE PATH WE ARE ON IS SUSTAINABLE FOR THE LONG-TERM, AND CONTRIBUTES TO OUR QUALITY OF LIFE. THE ULTIMATE GOAL OF THIS STRATEGY IS TO MAKE NOVA SCOTIA AN EVEN BETTER PLACE TO LIVE FOR GENERATIONS TO COME. ■



*For an online version of the document and supporting materials visit
www.gov.ns.ca/econ/ofsp/*