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NOVA SCOTIA

SHAPING OUR NEW ECONOMY TOGETHER

Interim Report of the Nova Scotia Commission on Building Our New Economy

May 2013

The Nova Scotia Commission on Building Our New Economy is pleased to present our Interim Report. This check-in with Nova Scotians is mainly a reflection of what we've heard: rich and varied voices from across the province. It also sets out our research agenda for the coming months to inform further conversations in communities. The Interim Report does not feature specific recommendations; these will form the core of our final report in early 2014.

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Mandate of the NS Commission on Building Our New Economy as a "Wordle".

Overview

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Nova Scotia is our place. We shape it with our families, communities, and choices; and it shapes us by its unique nature and history. The word economy describes how we work within our environment and together with the people around us to meet our everyday needs. Nova Scotia's new economy is what we strive to shape together to be a better, more prosperous place for all.

Nova Scotians undertake a rich mix of activities that build our economy. We grow, sell, buy, make, heal, serve, catch, teach, harvest, fix, create, program, invent, and build every day! We have many natural, infrastructural, and human assets that contribute to an economy that affords a relatively high standard of living.

However, our economy is in a period of transition not unlike other economies in North America. Local demographic challenges coupled with trends world-wide have prompted a rethink of our approach to Nova Scotia's economic future. We are a resilient people who are able to cope with change, for the most part avoiding high and low swings. But now, that pattern will not serve us well; it's essential that we embrace challenge and change with resolve.

The economy of Nova Scotia is at a crossroads of threat and opportunity. Our current trajectory is not leading us to either economic prosperity or sustainability. In fact, if we continue with the status quo will not even preserve what we have for future generations. If we keep to the course we are on, our children and grandchildren will have less. Unless we find ways to sustainably create and share new wealth by doing more of what we do well and by maximizing new opportunities, we will rapidly lose our quality of life and reduce our ability to provide the public services, livelihood choices, and community life that we cherish.

In this context, Premier Darrell Dexter created the Nova Scotia Commission on Building Our New Economy. We, the five Commission volunteers, are passionate and concerned about Nova Scotia's future. We come from various occupations and communities:

Ray Ivany, Chair
President, Acadia University, Wolfville

Irene d'Entremont
President, ITG Information Management Inc., Yarmouth

Dan Christmas
Senior Advisor, Membertou, Cape Breton

Susanna Fuller
Marine Conservation Coordinator, Ecology Action Centre, Halifax

John Bragg
Founder and CEO, Oxford Group of Companies, Oxford

The mandate of the Commission is twofold:

- To engage citizens in meaningful, informed conversations about our economic opportunities and challenges; and
- To identify, with Nova Scotians, new directions for wealth creation in all regions of our province.

Commissioners are determined to stare our economic and demographic issues in the eye and, with you, find paths to prosperity. As we traveled throughout the province, we witnessed tremendous community spirit, vibrant businesses, and exciting emerging entrepreneurs, contributing to building better communities. Imagine if we had even more of it!

Through diverse conversations with Nova Scotians and examination of best practices elsewhere, the Commission is identifying new directions to address our challenges and create new wealth throughout the province. To date, the Commission has held day meetings, attended events, or held open community sessions in 19 communities. We have also worked to extend our reach via on-line social media. Some engaging numbers:

- 1,200 citizens joined meetings and contributed to group discussions;
- The oneNS.ca website has attracted nearly 5,000 visits and 45 completed on-line surveys;
- 900 people have interacted on Facebook;
- 245 people follow us on Twitter;
- 80 written submissions have been received (and continue to be welcome).

This Interim Report reflects what we've heard from citizens, municipal governments, businesses of all types and sizes, and policy makers in communities throughout Nova Scotia that we have visited so far. Informed by these voices and our initial research, promising ideas will be considered more thoroughly over the coming months. The Commission will report in early 2014 with recommendations based on our findings and on-going consultations in communities and on-line.

Our Economy

Nova Scotia's current economy is comprised of enterprise ranging from harvesting clams to developing smartphone applications. Shaping a new economy, one that is best able to seize new opportunities and meet both economic and demographic challenges, is not simply a matter of out with the old and in with the new. It will require a re-imagining of the things we do now, how we do them, their scale, and what new ventures we can pursue.

In the coming years, Nova Scotians are faced with a variety of economic challenges. Our traditional mechanisms of growth, especially labour contributions through population increases, are weakening. Expectations of continual economic expansion in most Western economies are themselves in decline. Yet, we have growth in a variety of young sectors such as information and communications technology and promising signs of transformation in traditional sectors such as shipbuilding and agriculture. Whether we pursue abundance or resign to the scarcity forecast by past performance is a matter of collective desire and design.

Two principal factors of concern about our economic future are changing demography and sluggish economic growth. Between 2012 and 2038, Nova Scotia's overall population is projected to decline from 948,700 to 926,300 people. That in itself is cause for concern in a province that has enjoyed steady population growth over time, but more concerning is a contraction in the proportion of our population that is most likely to be employed, that is, between the ages of 18-64. Employment correlates with both peak tax contributions that fund public infrastructure and private consumption: two elements critical to the functioning of our economy. On these same forecasts, which are not worst-case scenarios, the proportion of the population aged 65 and over rises from 17.2 per cent to 28.6 per cent. To be clear, there are many older Nova Scotians actively employed or running businesses who defy statistical norms and certainly, assigning economic attributes to a population cohort

"Whether we pursue abundance or resign to the scaricty forecast by past performance is a matter of collective desire and design"

does not account for how valuable in many other senses all citizens are to Nova Scotia.

These changes in our labour pool, the total population that could be participating in paid work, are expected to result in a 0.5 per cent average annual decline in real gross domestic product per capita (2012-2038). To offset this loss, labour productivity, that is, the amount of valuable output gained from inputs, would have to increase by approximately 0.5 per cent per year over this period to maintain a constant GDP.

Despite these challenges, we have the potential to re-invigorate our economy and increase our productivity if we focus on our strengths and take advantage of opportunities.

"Over time, the growth of an economy depends on continued demand for its good and services, and the availability of factors of production- labour, capital, technology."

What We've Heard

The Commission has categorized what we heard from many sources into the following nine themes that frequently were the subjects of conversations and other interactions with Nova Scotians.

Attitude & Identity – Throughout our discussions with Nova Scotians, we heard a frequent message that our province and our people need a 'new attitude' and a greater sense of being Nova Scotian. There is an abundance of community spirit, but no shortage of negativity either, stigmatizing success and suppressing change. There is a clear need for Nova Scotians to come together and consider not only who gets what from our collective pie, but how we can make a bigger and more delicious pie for all to share.

Our People – 'Our greatest asset is our people' was a common sentiment at every meeting. People were optimistic for many reasons including our highly educated population (65% between ages of 25 – 64 with post-secondary training), our successful entrepreneurs, and skilled workforce. Youth leaving for job opportunities was recurring sad tale in our engagement. Almost every meeting identified immigration and bringing Nova Scotians home as key to increasing our population and prosperity. Concern was expressed about those that have not completed high school (on average 19% of population) and troubling literacy/numeracy levels. It was noted that Mi'kmaw communities are enjoying different population demographics than the rest of the province.

Entrepreneurialism & Business Growth – A strong entrepreneurial spirit was evident among those engaging with the Commission, but it would be optimistic to see it as a dominant trait of our provincial culture. We heard that our province needs to do more to help businesses grow, including more training, more expansion support, and more emphasis on entrepreneurialism in schools. Business development would also be helped by reducing red tape and making it easier for business owners to navigate their way through regulations and programs.

Infrastructure – Nova Scotia's critical infrastructure, including energy supply, communications networks, transportation and other public services, we're often raised in our discussions. People understand that companies need strong infrastructure of all kinds in order to operate successfully. Concerns vary in different areas of the province but related to limitations of the power grid, limited highway access, lack of passenger air services and short term commitments or eliminated ferry service. We also heard that broadband and cell phone initiatives have not yet reached all Nova Scotians.

Sustainability & Growth – As we expected, many Nova Scotians talked to us about the sustainability of our communities and lifestyles. There are many viewpoints on the subject of wealth and prosperity, but there is agreement that economic development must be sustainable - socially, culturally, economically and environmentally. Success and growth can be measured in many ways beyond simply looking at GDP or other conventional indicators, and we need to learn more about how communities envision their own success.

Strengths & Opportunities – We heard a consistent message across most of our communications with Nova Scotians: there are lots of strengths in the province, and many untapped opportunities, but we need to be better at finding them and putting opportunity into action. Our province has abundant beauty, strong communities, thriving creative spirit, and an excellent education system overall. Our natural resources are also tremendous assets that could spur added-value development – fisheries, forestry, and renewable energy, to name a few. There is a need to continue to build on our strengths and seize opportunities as they arise.

Governance & Barriers to Prosperity – The need for improved governance was a message we heard from all corners of the province, coupled with calls for breaking down real or perceived barriers to prosperity. We heard plenty of good suggestions for innovations and solutions that can help address the challenges, but more needs to be done. We heard frequent complaints about multiple levels of government, each with different strategies and programs, without any apparent consideration for aligning policies. Other barriers that we learned about include high levels of illiteracy in some areas, a lack of experience and support for increasing our exports, lack of infrastructure, and a perceived lack of a welcoming environment for immigrants.

Hot Topics! – There were some contentious and controversial issues that we encountered in our meetings, and Nova Scotians are ready and willing to share their opinions. These issues included divisive topics such as open-pen fin-fish aquaculture, school closings, ferry service, energy development, Maritime union, and taxation rates. While these issues can be polarizing, we also heard calls for improved understanding and efforts to resolve our differences through constructive conversations.

Best Practices & Strategies – We learned a lot about what is – and what isn't – working in Nova Scotia to improve our economy. Our province has emerged as a leader in waste diversion systems and has a growing clean tech sector. Others look to us for innovation in those areas. We also heard about strategies that are working in other provinces or in other parts of the world. One of the key themes for the successful implementation of economic development is the involvement and participation of the community at planning and decision-making stages.

Research Agenda

Based on our discussions and initial research of the dominant themes, we have identified nine theme areas that we believe merit deeper research and consideration as presenting effective strategies to build our economy. Over the coming months, the Commission will be taking a closer look at these themes, keeping in mind our ultimate goal of clear recommendations for the future of Nova Scotia's economy.

Human Capital – While we already have strong human resources, there is need to focus on specific areas of the human capital picture in order to move our provincial economy forward: immigration, geographic labour-related mobility, skills development, and expanding our labour pool. Immigration is needed to sustain our labour pool and to create more businesses. The Province has an Immigration Strategy in place, but more work is needed on our ability to attract and retain immigrants. Geographic labour-related mobility covers the issues associated with out-migration to other provinces or movement within the province. We need to assess labour-related mobility statistics and research ways to retain our highly skilled workers. Nova Scotia has almost 10% unemployment and yet employers are unable to find suitable employees. Finally, researching labour pool participation with an eye to expanding our labour force will help us determine the best ways to enable under-represented segments of our population to enter the workforce.

Creating a Culture of Innovation – A culture of innovtion is one that is open to re-imagining what it does and how it does it. Innovation is essentially the process of doing things differently to get a better result, which can be a function of new inventions and technologies, or reviving discarded ways of doing things. We know we have a creative culture already in place in the province; but also find barriers to collaborations. Our objective is to find new ways to foster innovation to build a vibrant innovative culture throughout our schools, communities and businesses, and government.

Entrepreneurship – Entrepreneurs are a driving force behind economic growth. We know that Nova Scotia has great entrepreneurial potential. What will inspire more Nova Scotians to find their entrepreneurial spirit? How can we grow entrepreneurs who will grow growth- oriented enterprises? Incubators, accelerators, and hubs are tools being used around the world to promote entrepreneurial talent. We will research ways to use these tools to our advantage to build a welcoming business environment complemented by a government role that supports and maintains business development without unnecessary regulation.

Adding Value to Our Resources – Our province has a rich natural resource base that continues to serve us well, but to maximize their economic benefit and sustainability, we need to add value to them. Our forestry sector, for example, has long been dependent on the pulp and paper industry, but as the industry declines in size, we need to develop new ways to use our resources and create new jobs. The research we plan in this area will apply to all our resource-based sectors, including agriculture, fishing and forestry, with an eye to potential in the agri-food, bio-energy, biochemical, and specialty/artisanal product sectors. Overall, our economy needs to transition successfully from an extraction business to extraction/value-added business models.

Infrastructure – The Commission will research the variance in quality and availability of infrastructure across communities in Nova Scotia, including how loss of infrastructure is affecting our communities. In particular, we need to determine the extent to which community infrastructure differences have economic impacts. What is the tipping point at which loss of community infrastructure impacts the ability of a community to attract people and grow business? Are our transportation, communication and energy infrastructure systems ready for our new economy across the province? What is our fiscal capacity as a province and in communities to maintain our physical and social infrastructure?

Supply Chain Strategies – Nova Scotia needs to be fully positioned to promote itself in global trade and supply chain networks. How can our companies to embed themselves in supply chains increase customer bases and develop growth partnerships? In our value chains, we need to learn to work together strategically and innovatively in order to reduce costs and increase revenues in ways that can't be achieved without collaboration. If Nova Scotia only benefits from fulfilling military ship building contracts at the level of direct employment, we are missing the opportunity to create multiple layers of economic growth through supply chain participation and capacity building for additional opportunities.

Competitiveness – In a world full of global choices, Nova Scotia needs to position itself competitively in order to attract and maintain businesses. All provinces seek to make themselves attractive to business owners, how can we differentiate ourselves and identify those areas in which Nova Scotia can truly offer clear advantage? How we can eliminate barriers to competitiveness and better compete with other jurisdictions? What is needed for companies to compete with the world? Is there a Nova Scotia brand?

Sectoral Approach to Economic Development – Our research will point to the opportunities for Nova Scotia in particular sectors of the economy. The Province has identified six key sectors viewed as strategically positioned to grow over the coming months and years. We are committed to finding additional opportunities beyond these sectors, especially those that best fit rural Nova Scotia. These may include 'green economy', co-operatives, our arts and culture sector, as well as new ways to invigorate existing sectors, such as tourism. At the same time, we need to understand whether or not targeting sectors prohibits growth and support in other sectors, and consider whether policy makers should be choosing winning sectors, or whether promoting entrepreneurship and development in any and all sectors would be a better course of action.

Impact of Services and Taxation on the Economy- Government has an important role to play in supporting economic activity, especially through infrastructure and economic development measures; but government is also frequently deemed to be too involved in the economy and taxes are viewed as a deterrents to business and economic growth. Taxation extracts money from citizens and companies, leaving them with less to spend in the economy through consumption or investment. However, public expenditures contribute significantly to the GDP through wages, procurement, and service provision. Is there a net fiscal benefit to taxation and government spending? How do debt servicing charges affect the equation? Finally, in considering the impact of government spending and taxation on the economy, the Commission will survey the options of intervention available to governments in relation to economic development.

Promise & Resolve

We will explore these themes over the next six months. Commission members will visit communities again in the autumn of 2013 and the winter of 2014 to reconnect with Nova Scotians, and discuss our findings and recommendations. A final report will be presented to the public in early in 2014 in the form of a plan, with ideas that are ready to implement.

We believe that Nova Scotians have the collective will, wisdom, resources and creativity to build our new economy. The Commission has seen wonderful community spirit and enterprise everywhere it has travelled. But we need more of it. We want to continue the conversation about Nova Scotia's future and we invite you to be part of that process.

Our Economy

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> "You must never confuse faith that you will prevail in the end - which you can never afford to lose – with the discipline to confront the most brutal facts of your current reality, whatever they might be."
>
> Admiral James Stockdale

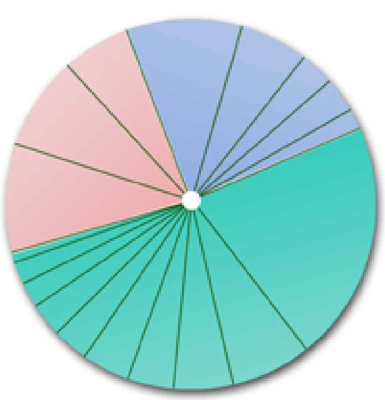
Nova Scotia's current economy is comprised of diverse enterprise ranging from harvesting clams to developing smartphone applications. Shaping a new economy, one that is best able to seize new opportunities and meet both economic and demographic challenges, is not simply a matter of out with the old and in with the new. It will require a re-imagining of the things we do now, how we do them, their scale, and what new ventures we can pursue.

In the long run, Nova Scotia's economic prosperity largely depends on how well we learn to work with each other and our resources. An economy generates income by adding value to raw materials, processed goods, and services. The outputs of these production systems are sold for export, final consumption or use in further production processes. As our output is sold, it generates income. This income affords us the ability to buy household goods and services, pay for public programs, invest in capital equipment for future production, and save for future consumption or investment.

The Commission contends that Nova Scotians need to create new wealth. To live the lives we want to live, to be communities where people of all ages and origins choose to live, work, and play, and to have quality services and amenities accessible to all, we need the ongoing creation of wealth at a rate greater than our current pace. We take it as a given that Nova Scotians are not interested in just their personal well-being, so when we speak of wealth creation or prosperity we do so in our cultural context of caring, community, and sustainability for the future. Growth for its own sake and at any cost would not reflect what Nova Scotians told us they like most about their communities; but transformation that affords us prospects of well-being and gains in prosperity rather than decline must be. Whether we pursue abundance or resign to the scarcity forecast by past performance is a matter of collective desire and design.

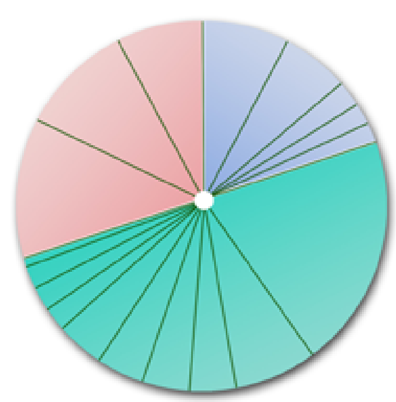
Real Gross Domestic Product (GDP) measurement tells us how much income we generate from our goods and service production, after allowing for cost inflation. In turn, these gains can increase our standard of living. GDP is certainly not the only measure of our well-being; other indicators consider the sustainability of gains, the quality of education and health care, and degrees of inclusion in the social and economic life of our communities. However, GDP is the widely accepted indicator that best allows

Sector Shift in the Nova Scotia Economy
Measured as a Percentage of Real GDP



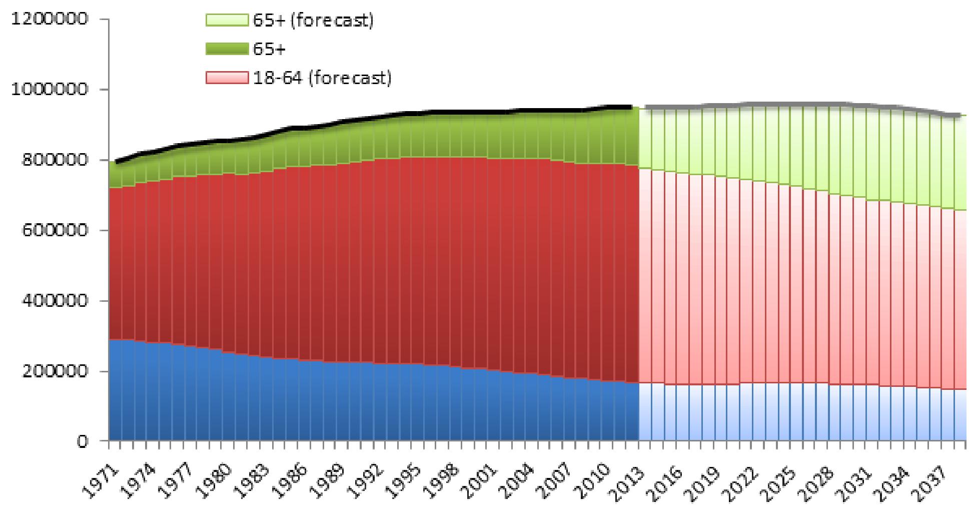
2001

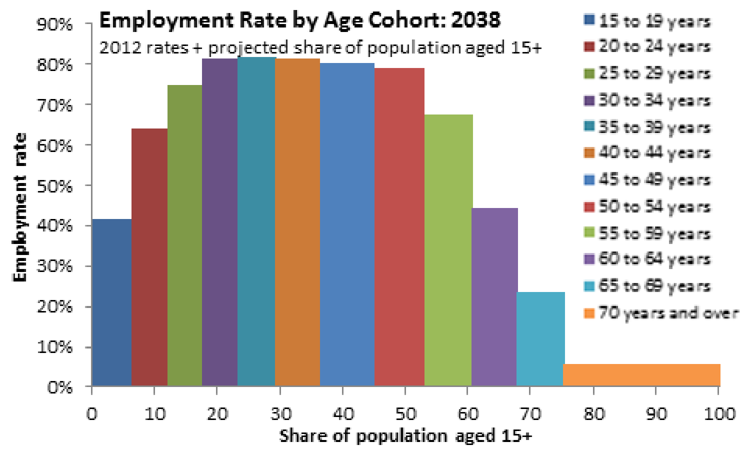
2001		2011
24%	**Services - Public**	30%
10	Public Admin, Defence	13
8	Health, Soc. Assistance	10
6	Education	7
24%	**Goods**	19%
10	Manufacturing	8
6	Construction	6
3	Agric., Forest., Fish	2
3	Mining, Oil, Gas	2
2	Utilities	2
52%	**Services- Private**	51%
21	Real Estate, Finance, Insur.	20
7	Retail	7
5	Wholesale	4
4	Inform., Cultural	4
4	Transport., Warehousing	4
3	Prof., Science, Tech.	4
3	Accom., Food	2
2	Admin Support, Waste Mngt.	2
2	Other Services	2
1	Arts, Ent., Recreation	1



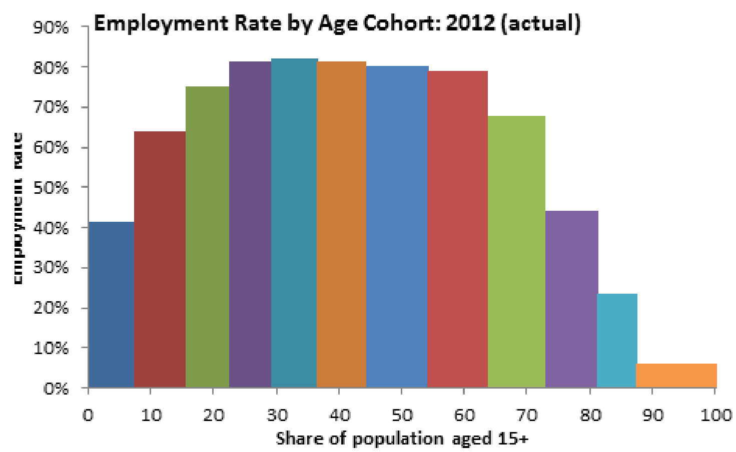
2011

Source: Statistics Canada, CANSIM table 051-0001; Nova Scotia Department of Finance population projections (2013).





Source: Statistics Canada, CANSIM table 282-0002; NS Department of Finance population forecast



Source: Statistics Canada, CANSIM table 282-0002

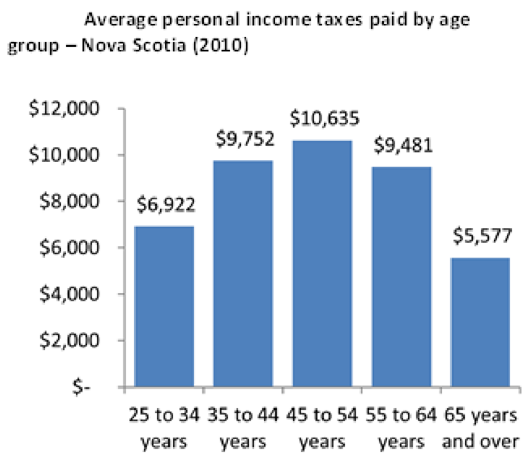
us to compare our circumstances over time and in relation to other jurisdictions. While strong GDP performance does not guarantee fair and sustainable economy, there is a correlation between it and the possibility of positive ratings by other indicators such as the United Nations' Human Development Index and the Canadian Index of Well-being.

Demographics

Historically, labour has been the largest contributor to growth in Nova Scotia. In coming years, however, labour's contribution to output growth is expected to be considerably constrained by demographic shifts. Between 2012 and 2038, Nova Scotia's overall population is projected to decline from 948,700 to 926,300, while the proportion of the population aged 65+ rises from 17.2 per cent to 28.6 per cent. The ability of labour to add to Gross Domestic Product (GDP) depends on what portion of available labour is able to work. Employment varies by age. This is measured by the employment rate – the share of the population in each age cohort that has a job.

Nova Scotia has the opportunity to offset some of these declines by increasing the number of newcomers to the province through immigration and interprovincial migration, slowing the trend of interprovincial out-migration, and by investing in our existing population to ensure they are properly trained and matched to current and future economic activity. The economic effects of population decline can also be lessened through accumulation of physical capital equipment, incorporating newer technology in our production processes, and deeper trade links, including imports, with the rest of the world.

If current employment rates stay constant,



Source: Statistics Canada CANSIM Table 111-0044.

the relative increase in the number of older, retired people will have a negative effect on the availability of labour. These changes in our labour pool, the total population that could be participating in paid work, are expected to result in a 0.5 per cent average annual decline in real gross domestic product per capita (2012-2038). To offset this loss, labour productivity, that is, the amount of valuable output gained from inputs, would have to increase by approximately 0.5 per cent per year over this period to maintain a constant GDP.

Further, to maintain the same rate of growth in material living standards we have enjoyed over the last 10 years, Nova Scotia's labour productivity would need to improve at 1.9 per cent per year between 2012 and 2038. Nova Scotia's total economy has not achieved that pace of labour productivity growth since 1999-2002, when the Sable Offshore Energy project was being constructed and generating its peak production.

Despite these challenges, we have the potential to re-invigorate our economy and increase our productivity if we focus on our strengths and take advantage of opportunities. In the future, economic growth could come from any combination of the following:

1. Increasing the skill level of Nova Scotia's labour supply to enhance its ability to generate value through work;

2. Increasing the amount of Nova Scotia's physical capital equipment and improving the technology embodied in it;

3. Finding and utilizing new natural resources or changing the use of existing natural resources to maximize value added to global supply chains;

4. Reorienting Nova Scotia's position on global value chains to ensure maximum opportunities to specialize and add value;

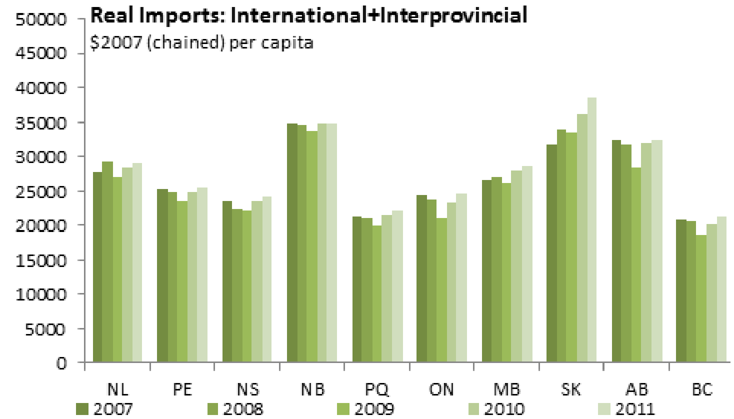
5. Ensuring that Nova Scotia's entrepreneurs have opportunities to take risks, innovate, compete globally, create value and earn rewards from their markets.

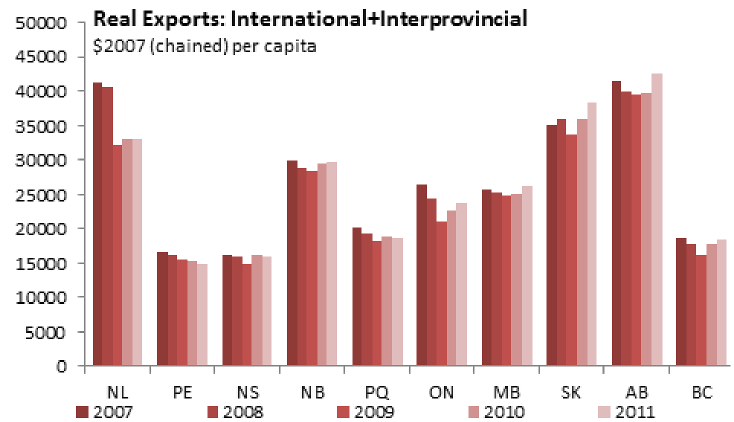
The dependency ratio of an economy refers to the relative number of people in the labour force versus those outside the labour force who receive public support provided for in our social system. Because of the Boomer population bulge, over the next 20 to 30 years, Nova Scotia will be challenged to generate enough economic activity to pay for health care and other cherished public services, as well as make needed investments in public infrastructure. Whatever growth in GDP and mitigation of demographic trends is achieved, careful decision-making as to which investments are made and how services are provided will continue to be essential.

Between 2005 and 2010, the number of persons reporting employment income in Nova Scotia increased by only 1.2 percent, while the number of persons reporting Canada Pension Plan (CPP) income increased by 16.8 percent. If this trend were to continue, there will be as many people collecting CPP as there are earning employment income by 2025.

The implications of this are profound. Tightening labour markets will put upward pressure on wages. While moving toward a higher wage economy has merit, if it results in reduced economic investment in the segments of the economy that create (rather than recirculate) wealth, it will mean slowed growth. This could result over time in the provincial government struggling to collect enough income to pay for public services. As shown in chart above, the average amount of personal income tax paid drops substantially as people transition from employment income to retirement income.

Nova Scotia will need robust economic growth (and corresponding tax revenue growth) over the next 20 to 30 years just to maintain the existing level of public service and infrastructure expenditure. This analysis reinforces the importance of a plan to grow our economy by taking advantage of opportunities to create a strong program of sustainable economic development. We have plenty of opportunities to improve our future economy and many residents have shown willingness and resolve to bring that change into being.





Source: Statistics Canada, CANSIM tables 051-0001, 384-0038

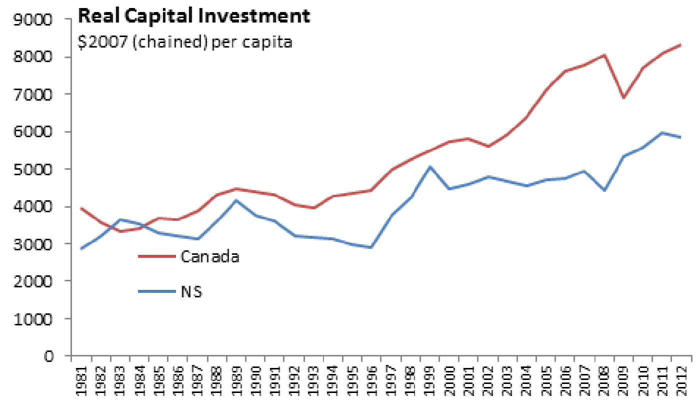
Investment, Entrepreneurship & Trade

There are three critical opportunities for Nova Scotia to offset the declining labour supply predicted by our demographics. They are capital investment, improved systems and technology adoption, and expanded international trade.

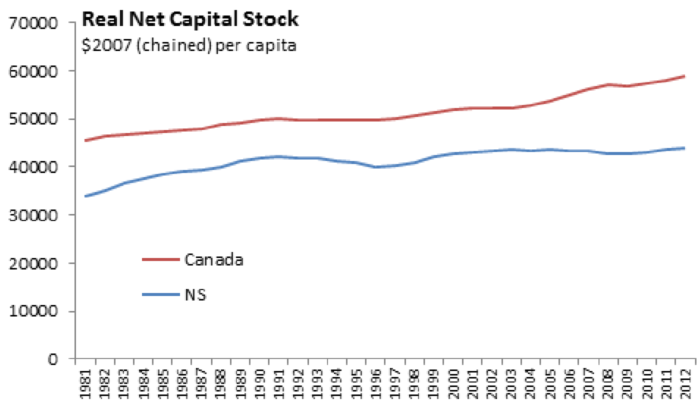
Nova Scotia's history of capital investment features some periods of rapid capital accumulation, followed by stagnation and the depreciation of existing assets. Since 2001, Nova Scotia's real net capital stock has grown by only 1.9 per cent in total (Canada's grew by 12.9 per cent). Since 1991, Nova Scotia's real net capital stock has grown by only 4.3 per cent (Canada: 17.9 per cent). Slow accumulation of capital was easier to manage over a generation of abundant labour supply, but Nova Scotia today faces the double threat of gaps in both labour supply and available capital.

	number of exporters	*Per 100,000 population*	*% Change 1999-2009*
NL	307	60.6	38%
PE	203	145.5	25%
NS	851	90.8	-10%
NB	728	97.5	-14%
QC	10,681	137.8	11%
ON	21,400	165.5	5%
MB	1,564	129.7	5%
SK	1,128	111.3	31%
AB	4,374	121.8	22%
BC	6,401	146.0	0%
CAN	47,637	143.0	7%

Over the past 20 years, new technologies and trading regimes have created global value chains. The traditional production stages of design, extraction, manufacturing, and post-sale service are no longer concentrated in single countries; rather they are spread over multiple countries, each of which contributes value through a specialized function. The opportunity inherent in global value chains depends on the ability of entrepreneurs to simultaneously export valuable services to global markets while sourcing imports from other specialized producers at the best value. Of course, these trends have produced not



Note: "Chained dollars" is a method for adjusting real dollar amounts for inflation by demarking a reference point (2007) that allows comparisions of figures over time.



Source: Statistics Canada, CANSIM tables 031-0002, 051-0001

only opportunity, but also challenge to some sectors of our economy.

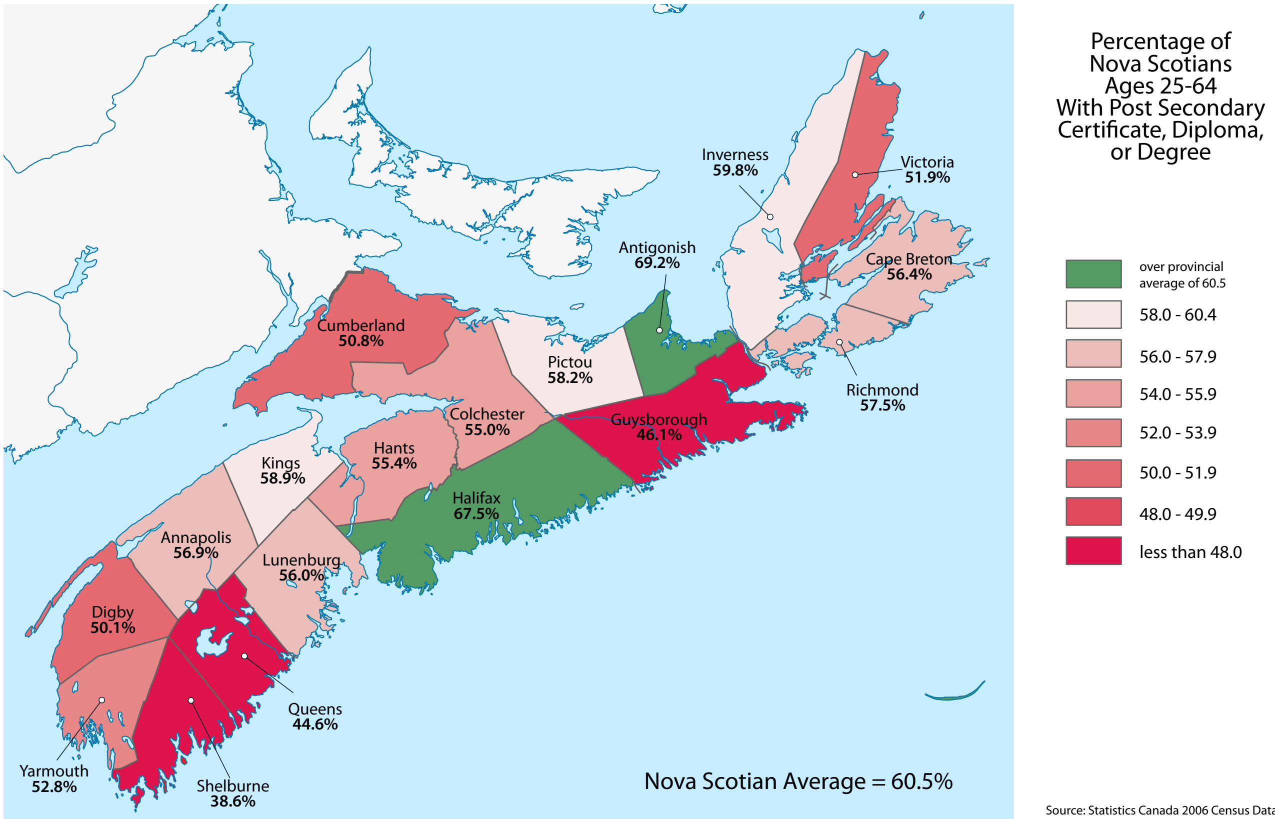
Nova Scotia's economy is highly dependent on imported products and services, both to supply citizens with a range of consumer goods as well as to deliver lower cost inputs for production to businesses. At the same time, Nova Scotia's exports have stagnated at the country's second lowest level in real terms. In and of itself, this imbalance of trade would not be troubling if imports were concentrated in the accumulation of capital stock for use in export-oriented production. However, this has not been our case.

In addition, the number of exporting companies is in decline. The number of exporters per capita in Nova Scotia is 37 percent lower than the national average, declining by 10 percent between 1999 and 2009. It is interesting to note that the provinces that have experienced a natural resources boom in recent years – Alberta, Saskatchewan, and Newfoundland and Labrador –have all seen strong rises in the number of exporting firms. The total value of international merchandise exports from Nova Scotia has declined by 30 percent in the past decade. That loss of nearly $1.7 billion represents economic activity that has been taken out of the province. It doesn't include inter-provincial exports nor, crucially, does it include service exports, but it does represent a worrying trend.

Promising Signs

This analysis should not lead us to the inevitable conclusion that Nova Scotia's economy is destined to shrink. Rather, it should highlight the need for change in other economic conditions to replace the growth that has traditionally come from expanding labour supply.

We have much strength from which opportunities can flow. For instance, 60.5% of Nova Scotians between the ages of 25 and 64 have some type of post-secondary certificate, diploma or degree. Human capital, the presence of skilled people, has become the most important factor for entrepreneurs determining where to set up their new



business ventures. Surveys of corporate executives in both Canada and the United States confirm that the availability of talent is their most important site selection criteria – particularly in the growing knowledge-based industries such as information and communications technologies, life sciences, and professional services. Nova Scotia is in an enviable human capital position with its post-secondary education infrastructure. In the 2010/2011 year, Nova Scotia's post-secondary institutions turned out 14,475 new graduates (this includes both colleges and universities), which represents 152.6 graduates per 10,000 in the population. This is the second highest ratio of new graduates to population of all 10 provinces in Canada (only Quebec graduates more from post- secondary institutions).

There are many encouraging signs of economic activity throughout the province. In some cases, such as our growing farmers' market movement, these involve creative local initiatives building resilience and providing local employment through entrepreneurship. In others, rising sectors and growing globally-oriented companies are evident. For the province as a whole, several new large scale projects are on the horizon that can have significant impact on the overall economy. These include:

- The federal contract with Irving Shipbuilding and accompanying supply chain opportunities;
- Deep Panuke offshore gas production and Shell and BP exploration;
- Construction and ensuing opportunities related to the Maritime Link hydro-electricity project.

As Nova Scotians, it is up to us to determine our future and find ways to generate wealth that serve current and future generations. There are no silver bullets or one-size-fits-all solutions across our diverse province. We must face the evidence of a changing, shrinking workforce and a constrained economy in its current guise, and creatively move with deliberate resolve to shape a new economy together.

To this end, the Commission has engaged with communities of place and interest to converse with Nova Scotians about our economic challenges and opportunities. The section of this Interim Report that follows reflects What We've Heard in these conversations.

What We've Heard

Conversations in Communities

From January to April 2013, the Commission had the good fortune to meet with civic, community, and business leaders around the province. As indicated on the map below, invitational and/or public sessions took place in sixteen communities. Public gatherings involved a presentation about the state of our economy, then small group conversations, followed by a full group discussion. The meetings provided a chance for the Commissioners to glean local knowledge and to hear of concerns and ideas. For communities, they were an opportunity to listen to and speak with their neighbours. The questions below were used to stimulate the table conversations:

1. What's working well to build your community's economy? Give three concrete examples of a successful business, initiative or job creation effort that generates wealth in your community.

2. What is working against prosperity in your community? Give three ideas to turn this around.

3. What are the best ways to create new opportunities for employment in your area? Who would be involved?

4. Name and describe successful efforts elsewhere in the world. How can we adapt their best practices?

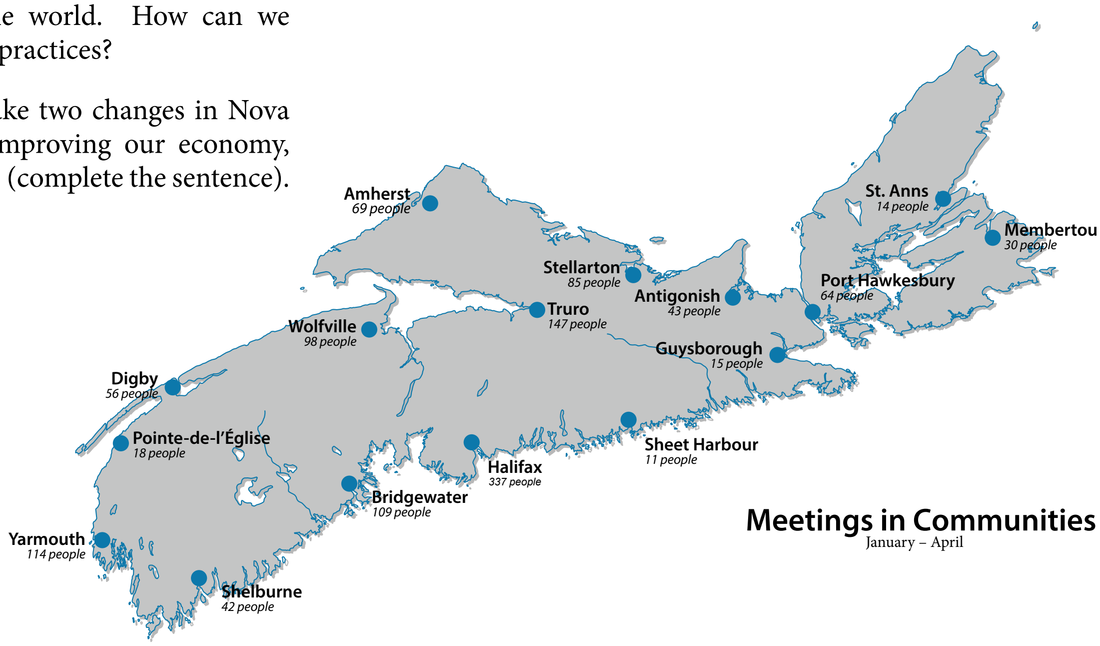
5. If you could make two changes in Nova Scotia toward improving our economy, they would be… (complete the sentence).

6. We will have succeeded if, in 10 years, we… (complete the sentence).

The questions proved to be valuable catalysts for conversation. Some garnered similar responses across the province while for others there was a great deal of variation according to local concerns and experiences. A detailed document compiling all of the documented responses from the community sessions is available on the Commission website: www.onens.ca.

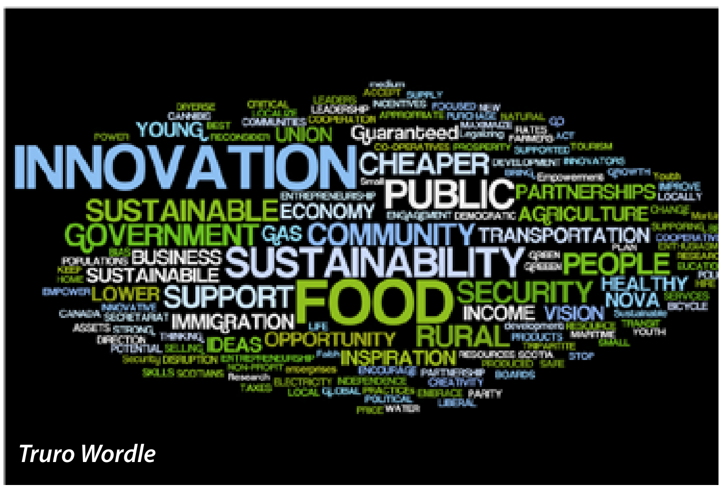
Our reflection of What We've Heard comes from conversations and presentations in daytime meetings with civic and business leaders, written submissions made via the website or e-mail, and extensive documentation of our evening community sessions. From these sources, we identified nine dominant themes:

- Attitude & Identity
- Our People
- Entrepreneurship & Business Development
- Infrastructure
- Sustainability & Growth



Meetings in Communities
January – April

Truro



Truro Wordle

Port Hawkesbury

- Strengths & Opportunities
- Governance & Barriers to Prosperity
- Hot Topics!
- Best Practices & Strategies

These themes emerged as broad categories that attempt to capture the wide variety of subjects and solutions presented to the Commission. As we travelled the Province, we used a software tool called ***Wordle*** to visualize what was on the minds of those in each session. A Wordle looks for nouns and adjectives from text fed in to it to identify themes. It then visually organizes these theme words by relative size to reflect how many people suggested a particular idea. Our Wordles were made up of responses to one question posed at the beginning and end of each meeting: “What does the economy of Nova Scotia really need?” The 1 to 3 word responses form Wordles that appear throughout this Report. They can also be viewed on our website, where they appear on a scroll-over map.

Our dialogue with Nova Scotians goes beyond scheduled community visits. The Commission uses several internet tools to create a web of conversation, between Nova Scotians and the Commission, but also among Nova Scotians. A description of the engagement achieved to date can be found in Appendix A. The conversations continue and you are invited to join us on Facebook (search onenovascotia), Twitter (oneNS), and our website: www.oneNS.ca .

The remainder of this section provides an overview of community voices on each of the themes listed above, including samples of ideas and concerns raised by participants.

Attitude & Identity

A few minutes into our inaugural consultation meeting in January, the word 'attitude' made the first of its frequent subsequent appearances: "We need a new attitude," we heard. "We need to change the conversation in this province." "We need a Commission on Building Our New Attitude," …and so forth. Questions and comments around identity also surfaced early and often, e.g. "We need a new narrative that begins with 'We are Nova Scotians.'"

What are the attitudes that we need to improve? Participants in our consultations could identify lots of them, such as: stop stigmatizing success and pulling each other down; the only change we don't fear is the spare kind; and we're ruled by scarcity thinking – if someone else gets fed, I go hungry. We have trust issues.When the Commission delivers recommendations to Nova Scotia for new directions to build our new economy, one is shaping up to be a prescription for a group hug.

Many of our sessions had just that feel: a spirit of commonality and unity in facing a shared future. Their message was, that as a society of fewer than one million people (in a world of over 7 billion), we have much to offer the world and much to share with each other. Yet so often we seem fixed on what others are getting that we are not. If we can strive for shared abundance rather than live in fear of scarcity – what is known as a zero-sum game – we'll begin to see each other as collaborators rather than competitors. The question shouldn't be who gets what from the pie; but how, working together, can we bake a bigger, more delicious pie?

In its communications, the Commission has chosen to emphasize the first letters from the phrase *Our New Economy* name to deliver an aspirational call for unity: ONE NS. Nova Scotia is a delightful mix of cities, neighbourhoods, towns, islands, Mi'kmaw communities, villages, small clusters of family dwellings and secluded homes in every corner of the province. Rural Nova Scotia is more than just "other;" it is a diverse mix of culture and economy. Its vitality is integral to who we are. At the same time, Halifax has an important role to play as an increasingly thriving urban centre. We should celebrate its success and that of our other cities and towns.

Are we missing shared understanding of our identity as Nova Scotians? Is there a collective narrative to be found or are we simply sharing space, not place? These are questions that a passionate group of Nova Scotians called Envision Nova Scotia intends to pursue and the Commission defers to their work on this. It is, however, of relevance to our economically focussed mandate to reflect on the conditions necessary for collaboration, a key factor in innovation and viable competiveness, and for transcending a culture of scarcity to that of abundance.

Every part of Nova Scotia contributes to making us who we are whether through its industries, resource stewardship, creativity, culture, language, friendly communities or quiet beauty. We need to do all we can to weave a dynamic provincial economy out of our many diverse and vibrant threads – moving beyond distrust and condescension to mutual celebration and collaboration, as one Nova Scotia.

"Every part of Nova Scotia contributes to making us who we are."

A Sample of What We've Heard...

We fear change as loss or theft.

We need a Danny Williams to take charge and run NS like a successful business and a Frank McKenna to get us and others to believe in us.

The Newfoundland tourism television ads build a sense of identity and pride in Newfoundlanders, those there who see them and those who are away. Reaching tourists is a bonus.

We need more optimism: take a look at what we have!

Too many people want a post-card Nova Scotia that just can't exist anymore.

We find reasons not to do things rather than ways to do them.

In the minds of government and Halifax, nothing exists beyond the Cobequid Pass.

A lot of Haligonians come from rural Nova Scotia and want the very best for it.

We need to shift our thinking to the global economy and local sourcing.

We don't celebrate our achievements enough here and elsewhere.

We are not ONE; we are uniquely urban or rural people. Don't try to erase that.

We need to own the podium!

Not much comes from these meetings and reports. Halifax doesn't listen.

Halifax Wordle

Our People

Right across the province, when we asked "What do you like most about your community?" we heard about neighbourliness, friendliness and a sense of community. According to Nova Scotians, our greatest asset is our people.

Along with the natural beauty of our geography, it's also a big factor in why people chose to move here to live and set up their businesses. Our work ethic and skills are a large part of that attraction.

Human capital is a phrase commonly used in economic development discussions to describe the positive attributes of a region's people. It refers to the skills, knowledge, availability, creativity and aptitudes that can produce value. When we develop, retain, and attract people who embody these characteristics, we have the number one ingredient in the recipe for social and economic success. To the extent that we lack this human capital, we are in peril.

Nova Scotia has one of the oldest populations in the country and our region's labour force is shrinking. These realities generated strong support amongst those we consulted for the need to increase immigration levels. A shortage of skilled labour in this region is a significant threat to our economic prosperity. It was recognized that newcomers not only help address our workforce shortage, but also introduce new ways of thinking and cultural diversity that create stronger communities. Some concern was raised about whether we are welcoming enough to newcomers. Manitoba's Provincial Nominee Program was mentioned several times as a prospective model for how to do this better.

In addition, Nova Scotia loses several thousand individuals per year to interprovincial migration. On many occasions, meeting participants commented on losing their young (and not so young) community members to the West. Some commented that the current trend of having a family member work away for a few weeks followed by a week home was eroding the social fabric of communities. These individuals are no longer available to help with homework at night or serve on the volunteer fire department.

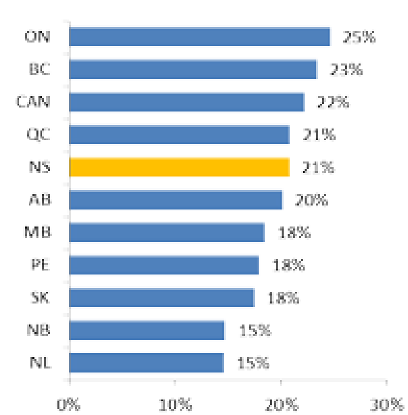
There were also concerns expressed about young people in rural areas choosing to move to more metropolitan areas for work or remaining there following higher education.

Around 19% of our citizens between the ages of 25 and 64 have not completed secondary school. The Nova Scotia School for Adult Learning and others are making good progress in addressing this situation, but there is still work to do. This statistic varies greatly from one community to the next. Participants in the consultation noted the irony of this situation given that we are home to the most universities per capita in the country.

Some communities continue to grow, namely our Mi'kmaw Communities. Yet, it was suggested that we have work to do to ensure those individuals are embraced as potential employees.

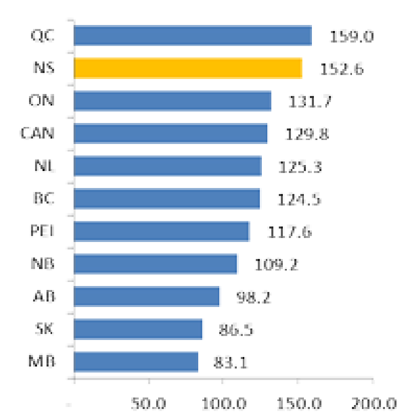
In numerous community sessions, business succession was cited as an issue. Participants observed that some businesses are closing because there is simply no one left in the community to take them over. This was noted particularly in the fishery and agriculture sectors, but also for some 'lifestyle businesses'. A matching service for new entrepreneurs and investors to align with business mentors and business owners in transition to retirement was suggested.

Percentage of adult population with a university degree (2013)

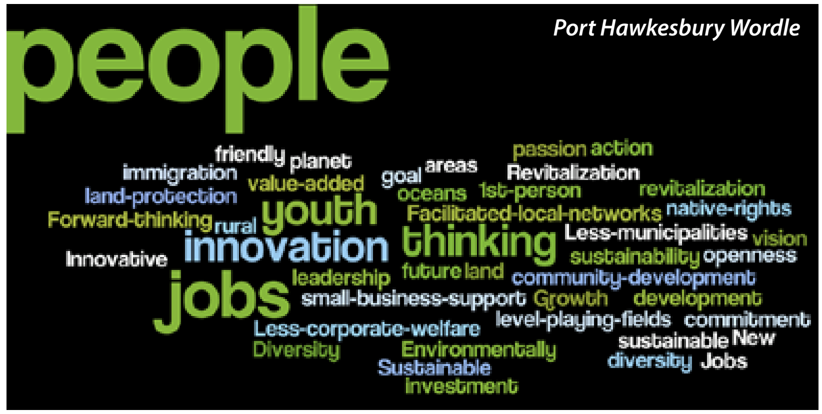


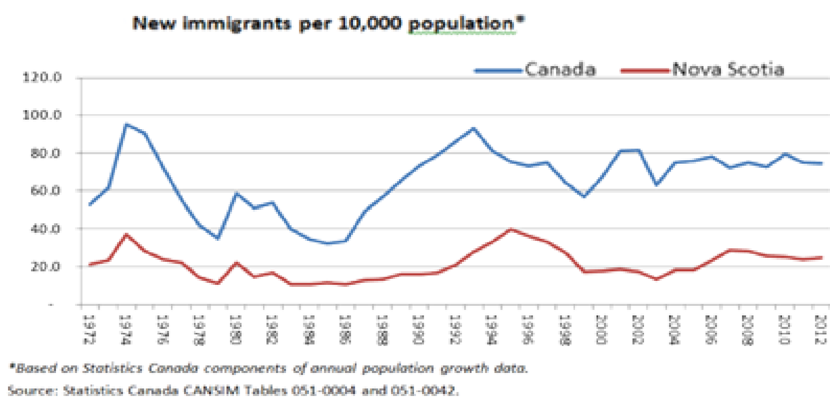
Source: Statistics Canada CANSIM Table 282-0004.

Number of Post-Secondary Graduates (per 10,000 population) - 2010/2011



Source: Statistics Canada CANSIM Table 477-0020.





A Sample of What We've Heard...

We need far more people in Nova Scotia and immigration is the best way to achieve that because it brings cultural diversity and entrepreneurialism.

Rural NS is not immigrant-ready in terms of services and receptiveness. CFA ('come from away') mentality really exists. There is a mistrust of what we don't know well.

We are losing our youth and skilled tradespeople to the West because of lack of jobs here or better pay there.

Immigrants tend to move on to other provinces. How can we get them to stay?

Our youth are heading to Halifax for education and jobs and most don't come back.

Our youth are heading to Halifax for education and jobs and most don't come back.

We have one of the best community college systems in the country. The NSCC system is well-spread throughout the province and should be developed more as a partner in rural economic development.

We should be bragging about life in Nova Scotia everywhere, including out west, to attract new people and get people back. Newfoundland is doing this well.

Our universities and research facilities are world-class. We need to leverage more of their potential for business start-up and attraction, product development, and services.

We have inadequate numeracy and literacy in Nova Scotia. The key to a more creative and productive society is early childhood education.

Manitoba attracts and retains immigrants well.

Entrepreneurialism & Business Growth

The Commission encountered a lot of support for the development of Nova Scotia-based businesses. We were reminded that many success stories in our business community were once small ideas that grew to generate jobs for our people and improve our economy. Many people pointed out the need to find ways to home-grow more businesses in our communities and become an ideal location for entrepreneurs to launch new enterprises.

When businesses are home grown, the profits stay in the province, and the ripple effects from successful businesses are shared by all. Nova Scotia generates a strong number of highly educated and skilled young people. Keeping those young people in Nova Scotia is a challenge, but encouraging their entrepreneurial spirit may be part of the solution. By introducing students to the opportunities that entrepreneurship can offer, especially during their high school years, we can help encourage a new generation of young Nova Scotians to consider starting local businesses. Beyond high school, post-secondary institutions could incorporate programming to foster entrepreneurship and give students access to local small business networks through co-op terms, networking events and mentoring programs.

Nova Scotians told us that we need "more of everything" to make our province a better place to start and grow businesses, as well as attract existing businesses. We need more training programs to help educate entrepreneurs; more attention given to the models presented by our existing strong co-ops and community-owned enterprises; more support mechanisms for existing business; more home-grown start-ups; more expansion of existing businesses and more immigration of people with skills and ideas for new businesses.

We also heard that there are obstacles to building a business that need our attention. Regulation should not discourage entrepreneurship, and consideration of how regulatons differ in their impact on remote rural areas compared to towns and cities regulations differ for rural areas versus urban areas. Clear and accessible communication with businesses and potential entrepreneurs is seen as an essential part of supporting our economic development goals.

Given our aging population, many entrepreneurs are approaching retirement. There are concerns that some businesses may fold if young entrepreneurs are not ready to step up to the plate. We need to support programs that help retiring business owners train energetic young entrepreneurs as part of their business succession plans.

Economic innovation is an area in which Canada in general, and Nova Scotia in particular, is lagging. Fostering innovation should be a priority in Nova Scotia according to many presenters to the Commission. There was also an emphasis on the need for trade and investment to attract «new net dollars.

More early-stage capital funds are needed to support small business growth and innovative development. Business accelerators and incubators are model that can help businesses grow more quickly. These resources can help encourage new start-ups and help them expand. Community hubs and industry clusters are also ways of generating innovative ideas and supporting business developments.

Nova Scotia has many areas of specialized expertise based on years of experience and collective knowledge. Focusing on the sectors where we already have a strong foundation may be a good place to start building new, high-value enterprises.

Membertou Wordle

A Sample of What We've Heard...

Without the spirit of entrepreneurialism, people just look for jobs and don't think about creating them for themselves and others.

We need to generate interest in entrepreneurialism throughout the secondary and post-secondary school system to inspire our young people to consider starting businesses in Nova Scotia.

We need a fail-safe climate; Trying is not failure; failing to try is.

The only way for us to grow is to bring in new net dollars.

Learning from Acceptance of failure can lead to risk tolerance, which leads to a stronger entrepreneurial spirit.

Our close-knittedness and one-stop agencies make the decision to invest here by large companies easier.

Potential investors and relocators are struck by the wealth of natural beauty and charm of the people, but also comment on the negativity of media.

Chasing unrooted industries has been a bad strategy.

Our entrepreneurs are deterred or constrained by regulations and lack of venture capital.

We should assist sectors rather than help one business and not another.

We don't need more risk takers; we need more risk mitigation.

The provincial government should get out of the business of picking winners.

Infrastructure

Nova Scotia has some tremendous advantages – both naturally occurring and those we have developed over the years. From an economic perspective, our harbours, highways, rail and air connections are our routes to exports out and revenues in. Our energy resources and communications lines further enhance our capacity to create and connect.

Over the course of this first round of consultations, the Commission heard about existing and planned infrastructure enhancements to advance our position as having world-class freight handling ports, increased capacity at Halifax International Airport, and make affordable, low-carbon natural gas more broadly available across the province. Strength in these areas is a key indicator of economic advantage, while areas where they are lacking feel limited in their opportunities for growth. Interestingly, infrastructure was rarely raised as an economic advantage in areas where it is well-developed, but more frequently mentioned as a disadvantage where it is lacking.

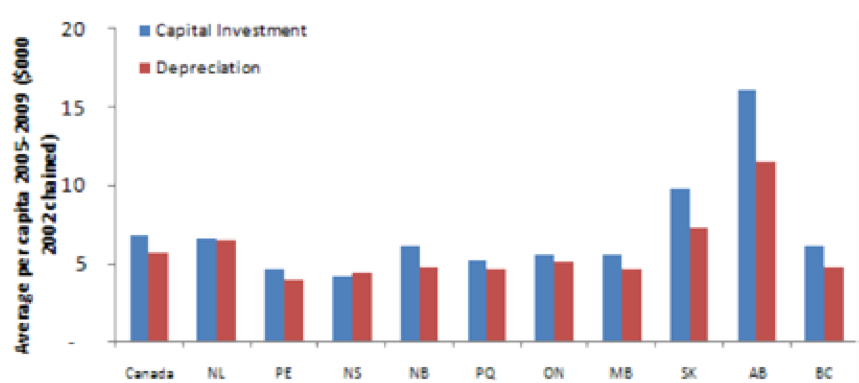
The Commission heard modest, realistic arguments for prioritizing an infrastructure development agenda. Business representatives in Victoria County's St. Anns, told us they felt the loss of tourists who used to reach Nova Scotia via the Yarmouth ferry. Residents of Yarmouth and Digby are particularly disadvantaged. There, infrastructure challenges in addition to uncertainty around the ferry service include single lane highway access, limited electrical grid capacity, and lack of passenger air services. Despite that, we witnessed a deep resilience in these areas and determination to support innovative enterprise.

While digital and ICT ventures are finding fertile soil throughout the province, reports of inadequate internet and cell phone services persist. Natural gas is not available in the greater Truro area, Nova Scotia's third largest population centre; nor is there a regular public transit or daily rail connection to Halifax from either Truro or Amherst. Roads that are inviting to tourists and suitable for business transportation are a priority issue for Sheet Harbour and the Eastern Shore. Sydney has daily flights connecting it to the world, but high costs are seen as a deterrent to both business and pleasure travel.

Amenities were a related topic of concern raised at our meetings. Public services, recreational opportunities, shops and business services were identified as essential ingredients for maintaining and growing local economies. Social infrastructure, like its counterpart, physical infrastructure, makes

Digby Wordle

Capital Stock Investment & Depreciation



Fixed Capital Flows and Stocks, CANSIM 031-0002

Capital Stock is the total amount of government-owned assets used for private productivity such as highways, airports, public schools.

communities attractive for both employees and employers. Small communities particularly feel the burden of loss as declining populations have led to consolidation of public services. Community members feel this erosion puts their social sustainability at risk. Across the Province projects such as the wellness centres in Truro and New Glasgow are evidence of a trend toward large regional consolidated facilities. While these amenities are sure to contribute to community and economic life on a area, they also leave fewer resources to maintain older existing facilities valued by neighborhoods and communities.

Churches, shops, post offices and schools have traditionally anchored communities as points of congregation. The Commission witnessed the passion of communities for these institutions in many of its engagement meetings – especially in the context of school reviews. While economic activity and population stability is needed for community resilience, there is a tipping point where the removal of publicly funded services will diminish the viability of economic development and community living. Participants' proposals that we apply a lens of comprehensive economic impact to both physical and social infrastructure decisions resonated with the Commission. So too did the need for an eco-system of innovation for energized community concepts such as schools as hubs to take root.

> **"We need to thoroughly understand that our ability to pay for public services is directly connected to our economic performance."**

A Sample of What We've Heard...

Highways to connect all regions to markets must be our top priority.

We are short of achieving full high-speed internet and cell service everywhere, despite the claims.

Southwest Nova Scotia lacks the necessary electrical grid capacity to attract and service large industry and to develop large-scale energy projects.

Reliable transportation infrastructure is essential for investments in new products and markets.

Ferries are essential services that should not be expected to operate any more profitably than roads do.

The Federal withdrawal from airline regulation that required servicing of remote areas has severely impaired the viability of smaller airports.

Schools are social infrastructure and strategic assets for communities.

It should not be called the Yarmouth or the Digby Ferry; they are the Nova Scotia ferries.

We need a comprehensive transportation strategy -- how to connect people to people and goods to markets.

We can't afford to build more & more facilities without closing others down.

Sustainability & Growth

Ask yourself this: If everyone took my approach to our economy what would Nova Scotia look like for generations to come?

In its communication materials and community sessions, the Commission has defined wealth broadly as a means of securing the things we need and value, and of paying for the quality of life and services we expect. We use the term wealth inter-changeably with prosperity, recognizing that there are a variety of perspectives about what it means to be prosperous. We function in an economic system in which wealth is primarily generated by the production and sale of goods and services for financial gain.

Informed debates about the benefits and impacts of certain proposed economic activities are signs of healthy community engagement. The Nova Scotians we talked to are largely comfortable with a notion of wealth creation that respects community values and is pursued within a context of the recognition and protection of our natural, cultural and social wealth. There are some, however, who hear the phrase as a call to greed. There is evidence to suggest that many Nova Scotians do not trust wealth or its pursuit, primarily because of uneven wealth distribution around the planet. It is clear to us, from our community meetings and our own understandings of the province, that full spectrum sustainability – social, cultural, economic and environmental – is the measure by which economic activities and strategies must be tried on for fit with Nova Scotia.

While some are game for almost anything that might bring higher incomes immediately, others in our communities suggest that, instead of wealth, we should aspire to resilience and preservation. These two rudders can fight against each other in the rapids of debate on development. Pre-judgments for or against every new venture will not serve our province well. Rather, we should seek respectful, evidenced-based discussions; compromise when we are able; and take an attitude of empathy for our neighbour's perspective before taking a stand. Our ability to be true communities is at stake.

Early in its mandate, the Commission had the privilege of meeting with a group of volunteers who have dedicated themselves to helping Nova Scotia move toward a more vibrant, progressive and resilient province. They are called Envision Nova Scotia. Central to their vision of a place that lives up to its potential is that economic growth "should not become a proxy for social progress or the advancement of wellbeing generally" (from the Envision NS submission to the Commission). Among their recommendations to the Commission were calls for consideration of 'total cost accounting' and 'triple bottom line' in relation to economic decision and policy making.

The data and our navigational intuition tell us that we need sustainable growth: place and asset-based; entrepreneurial and community-driven; and scalable to the point of lifting every part of the province. It also tells us that in measuring success, we must move beyond GDP and conventional economic indicators, as our only measures, while recognizing them as essential and accessible tools in our current assessment kit. The Commission plans to take a closer look at the province's ability to expand the breadth of indicators it references as measures of our success, particularly in conjunction with the Environmental Goals and Sustainable Prosperity Act.

"Full spectrum sustainability- social, cultural, economic, and environmental- is the measure by which economic activities and strategies must be tried on for fit with Nova Scotia."

Canada & its Jurisdictions Ranked in 2011 on the Human Development Index Compared to 187 Countries

Dimension	CAN	NFLD	PEI	NS	NB	QC	ON	MB	SK	AB	BC	YT	NWT	NU
Life Expectancy	13	35	26	26	21	9	7	30	34	20	6	40	38	100
Average Educational Attainment	6	13	12	11	13	11	6	12	12	6	5	9	12	30
Expected Years of Schooling	22	31	32	25	33	15	16	33	38	38	22	50	46	89
GNI per capita	16	11	32	29	29	27	20	24	9	4	22	5	3	11
HDI	**6**	**17**	**24**	**18**	**23**	**11**	**3**	**19**	**13**	**3**	**3**	**17**	**3**	**38**

Source: Centre for the Study of Living Standards, May

A Sample of What We've Heard...

NIMBYism has taken over and has become BANANA – Build Absolutely Nothing Anywhere Near Anyone/ Anything

We should abandon GDP as a measure of success. You could slash every forest and sell every fish and the GDP would 'improve,' but we would impoverish the next generations and deplete our true wealth.

Prosperity is a better term than wealth

Trust: we have lost it. We don't trust our governments, our business people, our environmentalists.

What happened to the Environmental Goals and Sustainable Prosperity Act?

Small is beautiful. That doesn't mean that we shouldn't have more of beautiful small things like local artisanal businesses, but that we should support lots of small rather than a few giant businesses and industries.

No matter how you define 'growth' and 'wealth,' it has to include economic (jobs, profit) elements to pay for the services and quality of life we expect.

The Genuine Progress Index should be used instead of GDP.

We need to think of wealth in terms of well-being -- environmental, social, cultural, and financial.

We need to do more with less.

Nova Scotia needs to get at what's beneath us to grow: oil, gas, minerals.

Wealth creation is mistrusted because our history has shown that the rich get richer off public money.

Strengths & Opportunities

Nova Scotia is blessed with abundant resources and a myriad of opportunities. Sometimes we need to be jolted by a visitor's awe to remind us of the natural and social wealth that surrounds us. But overall, most of us know that we live in a special place and enjoy a unique quality of life. In fact, according to the Centre of Study of Living Standards, Nova Scotians are more likely to report overall satisfaction with their lives than any other provincial population.

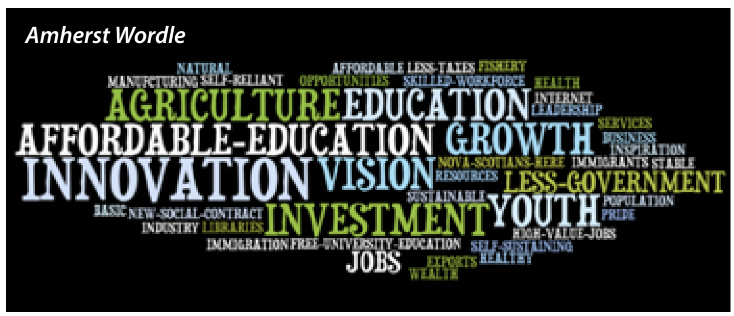
Nova Scotians recognize that the province has many areas of excellence, and these were repeatedly raised in our survey responses, submissions and community meetings. Along with its beauty, sense of community and creative energy, our education system was often noted as a valuable asset. Nova Scotia ranks third among provinces in level of educational attainment for 25-44 year-olds in the labour force. We have continual growth in our information and communication technology sectors and, over the past decade, have been successful at attracting new finance sector companies. We are well placed to excel in the knowledge economy.

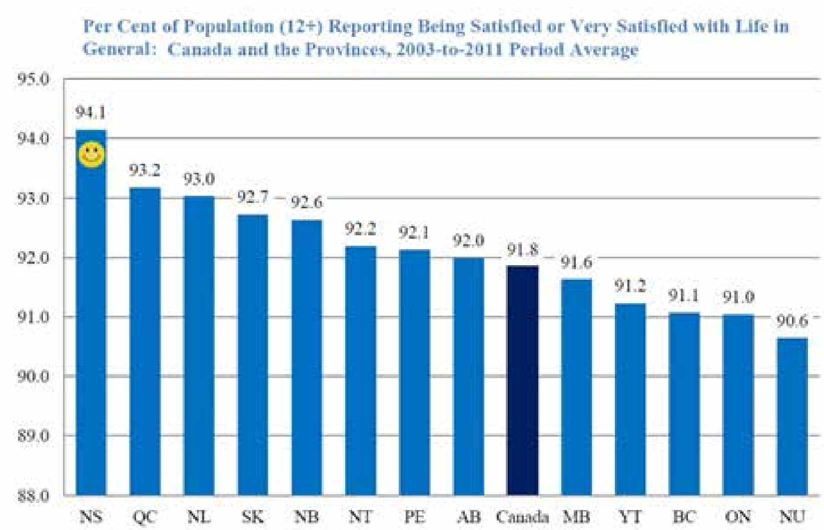
Particular economic sectors face unique opportunities and challenges. While primary agriculture has seen a decline, for example, there is growing interest in local healthy food production and an increasing number of young people are interested in farm-based lifestyles. These trends, together with our soils and knowledge, present promising avenues for regenerating our agricultural sector. We have numerous sectors that may present strong growth opportunities that are not currently being realized, including the green economy sector, our arts and culture sector, and under utilized segments of our tourism sector.

Our fisheries industries are an ongoing source of strength and opportunity, and integral to our identity as Nova Scotians. But we have to find novel ways to address some major challenges in our resource base and business models. Nova Scotia is a key player in the Canadian lobster industry, accounting for a third of the global market, yet fishers and processors report working harder for less income and struggling with increasing competition.

We have natural advantages that should support a vibrant aquaculture industry, but the range of opinions held by proponents and opponents to some methods of aquaculture present complex policy challenges to be navigated by communities, industry, and governments.

Apart from fisheries, we have a strong history and future in many other ocean-related industries, including boat-building, ship-building, instrumentation, international shipping, research and related enterprises.





Source: Statistics Canada, CANSIM Table 105-0501.

"Nova Scotians are more likely to report overall satisfactions with thier lives then any other provincial population."

The extreme tides of the Bay of Fundy and our proximity to the North American power grid set us up with the potential to become leaders in tidal energy production, expertise and services. Our location and abundant winds for green energy development were also cited as assets to build on around the province.

As we outlined in the "Our Economy" section of this Report, our aging population presents us with significant labour market and public service affordability challenges. Offsetting that gloomy scenario, many of those we consulted suggested that we should embrace the economic possibilities of greater numbers of senior citizens by specializing in housing and services suited to that group's needs and lifestyles. As older citizens retire, opportunities open up for younger Nova Scotians who want to stay in the province. Older residents continue to contribute to the economy and have much to offer in terms of expertise, experience and mentorship potential. There are indeed business opportunities to be pursued in relation to increasing numbers of retirees within Nova Scotia and the attraction of older visitors to the province.

Nova Scotia has a mixed economy based on our diversity of interests, cultures and natural resources. We have an abundance of accompanying opportunities. Deciding and acting on which of those is the best fit with who we want to be as individuals and a society is not a matter to be left exclusively to policy-makers. Creative enterprises must grow up from families, classrooms, communities and those who choose Nova Scotia – enabled by supportive policies – to be viable and resilient contributors to a prosperous province.

A Sample of What We've Heard...

We can compete in the digital and knowledge economy from anywhere in NS if we develop it... and it can boost every sector.

We have a huge opportunity in under-utilized agricultural lands. We should specialize in grass-fed beef .

We should develop coastal but on-shore aquaculture instead of open pen shoreline aquaculture.

Our best natural assets are the ocean, forests, and fertile soil: we need to use them sustainably with next generations in mind.

We need to a strategy to build a green economy.

Our cooperatives and social enterprises are assets we take for granted.

Tourism and creative economy need recognition as economic planks of our future.

Location, nature, communities, creativity, hard work these are our strengths.

We have affordable peaceful communities. Let's market to town-sizers (people wanting to leave big cities for smaller community living).

Our strongest big companies have deep roots in small communities.

We can't afford to have NS become a retirement destination because elderly people need more public services and contribute fewer taxes.

Halifax has all the ingredients to grow in every sector and in quality of life.

Let's develop services for seniors to attract more retired people.

Wealthy places are almost always that way because of what's underground. We need to drill for oil on George's Bank and for shale gas on land.

We need ports, harbours, and marine park strategies to get the most out of these natural assets.

Our creative culture can extend beyond the arts to innovation in economy and government.

The ships contract is huge for us. We need to build levels of business development on it.

Governance & Barriers to Prosperity

In meetings and written submissions, the Commission heard complaints about governments acting as a barrier to prosperity and calls for overall improvements. Fortunately, potential solutions and innovations were presented as well. Some municipalities are collaborating in new ways in both shared services and economic development ventures. We visited with young entrepreneurs who have launched creative co-working spaces and networks, spoke with people from communities who are self-organizing to regenerate in the face of challenge, and learned of mentoring circles connecting generations of community builders.

Many of the barriers mentioned were connected to governance issues. A frequent complaint stemmed from the multiple levels of government departments, agencies and programs – each with its own strategies, rules, specialists and agendas – and few noticeably well-connected to each other for collaboration and alignment of policy. Such a terrain is difficult to navigate and can be a significant burden to those wishing to start businesses or find funding to support business improvements.

We heard of the importance of Nova Scotia business owners being able to devote their time to growing and developing their business, rather than struggling to find their way through a maze of government filings and applications. Also cited as burdensome were cumulative fees, regulations, inspections and paperwork associated with programs and operations. The Commission was encouraged to call for a culture of enabling governance to displace that of risk management in relation to both the regulatory environment and support programs.

The Commission was informed of numerous specific cases where a web of regulatory requirements impeded developments. In each case, the proponents of projects did not object to scrutiny and protection measures, but rather to unwarranted delays and costs in the case of business expansions and increasing burdens of daily time allocations for small businesses such as farm-based operation. Particularly worrisome were two examples involving consultation obligations for Mi'kmaw approvals to proposed projects. In both of these cases, a mechanism for more expedient processing of non-contentious proposals could have helped alleviate both administrative costs and delays without sacrificing due protections.

Antigonish Wordle

The size and role of governments were dominant themes in comments heard around the province. It was suggested that our small province has a disproportionately large public sector made up all levels of government. Our ability to maintain government spending levels was also raised; but often it was countered by the observation that we seem to expect both small government and big services. Also cited as a challenge was the apparent lack of resources or empowerment for municipal level governments, who are expected to be responsible for economic development at a community level, but do not have the resources or legislative mandate to manage it.

Government is looked to for leadership and support for business, but is seen by many as moving beyond its best role when 'picking winners' for economic development. Taxation issues were a common perceived barrier. It was stated on several occasions that Nova Scotia has the highest tax rates in the country. The commercial property assessment system came under fire for increasing property appraisals in sporadic increments in one case by 70% in one year. While Nova Scotia has a good education system and high numbers of post-secondary graduates, contributors noted a significant problem, particularly in rural communities, of illiteracy and a lack of basic skills preventing citizens from being able to apply for jobs that would help break a cycle of poverty.

Other barriers to prosperity raised during our meetings include a lack of sufficient infrastructure, notably transportation systems and high speed internet in rural areas; the out-migration of young families due to insufficient support systems for child care or a lack of employment opportunities in rural areas, and a perceived lack of a welcoming and supportive environment for immigrants. These topics are discussed in other sections of this Report.

A Sample of What We've Heard...

There are confusing numbers of economic agencies, specialists, and programs. We need navigators to take advantage of them.

The definition of small business vs. large ones is out-of-whack with the scale of our communities. All business should be given the same incentives for hiring and R&D.

Starting with the federal government, each level looks down at the other as incompetent.

Government at every level needs to be trimmed to match our size.

Agencies and departments are in silos. They need to be merged and collaborative.

The RDAs were mixed in how effective they were; but some were good and should not have been scrapped.

Lack of infrastructure investment and maintenance condemns us to slow and uneven growth.

We have the highest taxes in the country.

Senior bureaucrats have too much say in decisions.

The property assessment system needs a complete overhaul to avoid harm to the economy.

We are over-regulated with layers of laws, fees, and inspections.

Private and social enterprises can deliver some services better than governments can.

Streamlining governance would result in savings on public spending.

Municipalities are tasked with the most and are the least resourced.

Hot Topics!

We are a passionate people! Whether taking the form of enthusiasm or cautious concern, a large portion of Nova Scotians want to be informed and engaged. From the time the Commission was struck, we heard warnings that 'consultation fatigue' might mean empty rooms and that meetings could be 'hijacked' by people with single-issue agendas. That didn't happen.

There is a level of disengagement and cynicism here, as everywhere, about the value and authenticity of consultation processes, and concerns about reports that go nowhere. Our earnest hope is not to add to that legacy. It is heartening that so many have engaged in the conversation that we are facilitating. People of deep passion have had meaningful and respectful dialogues about their communities and our economy, even when they have seemingly irreconcilable differences of view.

Hot topics did not displace conversations across a full range of opportunities and challenges facing Nova Scotia; but certainly they were not avoided or stifled.

Our principal series of winter community sessions coincided with some controversial and potentially divisive issues for communities related to economic development. We heard perspectives on these across the province. These included open-pen coastal aquaculture, closures and consolidation of schools, ferry service, wind energy developments, and shale and off-shore energy development.

Other topics that tend to elicit strong opinions are more familiar to Nova Scotia over the longer run: Maritime union, Halifax-centrism, labour unions, taxation rates, assessment processes and government spending on large corporations. While not quite fitting 'hot topic' designation, the Commission was reminded on a few occasions of "elephants in the room" such as our per capita provincial debt, climate change, persistent poverty, marginalized groups and literacy issues.

On several occasions during our public engagement, these important issues were tied to approaches intended to move us beyond binary opposition. It was suggested that we could make progress toward resolving our differences by:

- Recognizing shared passion for community and environment, focusing on evidence and empathy rather than on ascribed motives;
- Entering into deliberative dialogue with stakeholders on an equal footing with the goal of a shared decision;
- Developing proposals from the community up, with meaningful benefits connected to investments in entire communities;
- Looking deeply at root causes and traditional barriers to resolution. Identifying issues accurately is the first step to overcoming them.

While Nova Scotians share many values and opinions, we also celebrate our rich pluralism and freedom of expression. The complexity of choices we face in our communities and as a province does not have to drain our resolve to build a more prosperous place together.

" The complexity of choices we face in our communities and as a province does not have to drain our resolve to build a more prosperous place together."

A Sample of What We've Heard...

It makes no sense to have one department put money in to road repair while another closes down vital community infrastructure like the school.

Nova Scotia's ferries connect people to the whole province. They are as essential as any highway.

Open pen aquaculture does not provide well-paying jobs for locals and will hurt what we already have in fisheries and tourism.

Nova Scotia should focus on the economic development of Halifax and any town over 5,000 people as service hubs.

The COMFIT program favours NS Power. We need to develop a better net-metre system instead that includes solar thermal and photovoltaic.

Resist urbanization; create a rural renaissance instead.

We need to make a decision on shale gas and go with it. Right now the indecision is causing division and uncertainty.

We have most of the mechanisms in place for more regional cooperation in the Maritimes, but lack the will of the political and bureaucratic leadership. We need to pursue Atlantic cooperation seriously before full union.

Union agreements are holding back new investment from outside the province.

Renewable energy development and other big projects should be as remote as possible from residences.

Yarmouth Wordle

Best Practices & Strategies

Historically, Nova Scotia has served as a model for jurisdictions around the world seeking to adapt our innovative economic approaches. As a social movement and business structure, cooperatives did not originate in Nova Scotia, but their modern adaptation owes much to their development in Antigonish. Our waste diversion systems and growing clean tech sector are frequently studied by others for replication. Indeed, we can learn much from innovators in our own communities. There are also useful models for progress in action around the world. To find out what could be adapted to our province, the Commission asked Nova Scotians what they have seen as successful approaches elsewhere.

We have heard about a worrisome gap in productivity between Canada and many other countries. Productivity is a term that is used in economics essentially to measure 'bang for the buck' – how much value we get for our inputs of labour, materials, and capital through efficient and innovative ways of working and growing. To have a low productivity rating doesn't mean that we are not working hard; but that we could be achieving more and scaling up by working smarter.

Advice offered to the Commission covered a gamut of economic strategies that included: focusing on population-determined hubs of economic activity and services; fostering linkages of regions to their closest urban centre (whether or not inside Nova Scotia, e.g. Digby with St. John, NB); encouraging emigration to Halifax as a preferable choice to outside the province; manage decline and focus on areas and industries showing potential growth rather than spending on failing businesses and struggling regions; aim for small but locally self-sufficient economies; focus on producing for the world from all parts of the province.

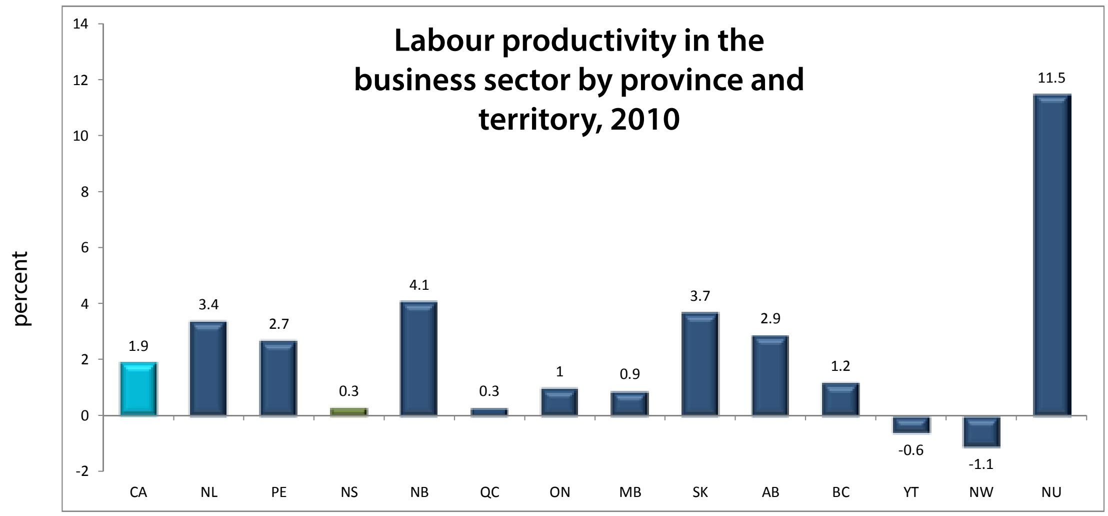
Canada ranks 20th among the 34 members of the Organization for Economic Cooperation and Development (OECD) in terms of its research and development expenditures. Their studies show that we have only 72% of the level of business productivity of the USA. Addressing our lagging productivity can be informed by studying what others are doing better in order to close the gap. Strategies may include increasing spending in research and development, investing in machinery and equipment for manufacturing and increasing collaboration between businesses and academic or research institutions. Norway, for example, has spent the last century increasing its productivity level ten-fold, and is now a wealthy country with minimal unemployment and enviable social programs. In the coming months the Commission will focus further on strategies to improve Nova Scotia's productivity.

We've also noted that if communities don't buy into a plan and collaborate on its implementation, it is unlikely to be successful. Many people we heard from emphasized the importance of bringing the community into planning and decision-making. The Commission's community meetings were conceived as one part of that approach - hence our slogan: Shaping Our New Economy Together. If we can learn from others with participatory strategies for community and economy development, then Nova Scotians will be better able to engage with each other as active participants in building a new economy.

It's also important to recognize that Nova Scotia, even as a small province, has a lot of internal diversity. In particular, this is reflected in its mix of urban and rural communities, themselves varied in size and situation. This continuum of rural and urban, the understanding of unique places, is vital to developing strategies that are adaptable at community and regional levels. We recognize that we must find strategies to serve the range of communities and economies that form our province. Many jurisdictions were suggested to the Commission as exemplary in balancing

> "We can learn much from innovators in our own communities."

diverse rural and urban interests. We will explore the best practices of these places during the research phase of our agenda with an eye to determining what we can learn that will benefit Nova Scotia.



A Sample of What We've Heard...

In Denmark, they have figured out a way to produce green energy, universal health and social services, and high standards of living with less inequality; but they are not afraid of higher taxes.

Chelsea, NY turned their community around by inviting artists to set up there. They regenerated around the arts, cafes, galleries, theatre: creative economy and place-making.

We should look at social economy as a driver for both profit and public good.

A generation ago the Finns transformed their economy from one reliant on natural resources to one based on knowledge. Perhaps we need to steal a page from their book.

Nova Scotia is like the Hamptons before people discovered it.

Israel has a dominant culture of enterprise, with more start-ups (successful or not) than anywhere else.

Stop ignoring co-ops, particularly worker-owned co-ops. Co-ops offer a business model that has proven in many parts of the world to be extremely resilient in the face of global economic crisis. It is a business model that keeps the wealth it generates within the community and includes in its bottom line (i.e., does not just pay lip service to) the needs and well-being of the community, employees and the environment.

We're not the only ones who have experienced economic downturn – we can learn a lot from other provinces and other countries who have successfully improved their economies.

High speed internet can make the difference. Look at the Student from Cape Breton University that started a software company and sold it for millions in California but insisted that they be able to work in Nova Scotia.

We need to do more festival, event, authentic experience, and back-packer tourism development.

Places like Oregon, California, Vermont, and Quebec have built their agriculture, food processing, and tourism sectors together with niche products like cheese and wine.

Scotland is innovating its government structures in ways that we should consider.

Study Germany's apprenticeship system.

Other places in the world look to our cooperative and social enterprise movement as a model.

Research Agenda

A Closer Look

The previous section of this Report summarized what the Commission heard in its community-based meetings, written submissions, and via social media. From that input and our initial research, much of which is catalogued in Appendix C, we have prioritized themes that merit a closer look in pursuit of new directions for wealth creation in our entire province. Over the next six months, the Commission intends to identify options and strategies to build our new economy. The theme areas and guiding research questions as set out by the Commission are listed below. Each theme area is then discussed in the remainder of this Research Agenda section.

Human Capital

Welcoming Immigrants

a. What motivates people to move to and settle in a region?

b. Develop a current profile of our immigration attraction, retention, economic activity and geographic distribution.

c. Consider the economic impacts of a range of forecasted immigration scenarios for Nova Scotia.

d. Identify best practices for targeting for needed skills and investment.

e. What are the best practices and enabling policy frameworks of other Canadian jurisdictions, such as Manitoba and Saskatchewan, which can be pursued in Nova Scotia?

f. Is Nova Scotia welcoming to immigrants, and if not, how can we improve?

Labour-related Geographic Mobility

a. Assess most recent labour-related mobility statistics for Nova Scotia to inform recommended policy and programming priorities.

b. Investigate provincial and municipal revenue implications for inter- and intraprovincial migration (including the various degrees of dislocation: commuting, moving, and temporary vs. permanent).

c. Research best practices for retention of highly skilled workers and recent graduates.

d. Link labour-related mobility research to immigration and competiveness research.

e. What opportunities are there for the province in increasing labour mobility?

Skills Development & Job Matching

a. Which sectors are experiencing the greatest unfilled job vacancies? What strategies exist to anticipate these?

b. What are best practices for ongoing monitoring and development of skills requirements in relation to opportunities?

c. What is the state of vocational and trades training programming in the province when compared to increasing and changing need?

d. What best practices address graduate retention and first hiring?

e. What are the likely impacts across Nova Scotia of recent changes to federal Employment Insurance and Temporary Foreign Worker legislation?

Expanding Labour Pool Participation

a. Are there new opportunities in particular sectors in Nova Scotia for increased labour force participation from identifiable under represented groups?

b. Are there new ways of working such as home-based, co- working, out-sourcing or year around sequential seasonal work?

c. What barriers exist and how can they be alleviated to connect Mi'kmaw workers with local employers? Can we build more welcoming workplaces?

d. How can municipalities and businesses build more partnerships with Mi'kmaw communities?

Creating a Culture of Innovation

a. What are the characteristics of a culture of innovation in communities, institutions, governments and businesses? How can these be fostered?

b. What jurisdictions are creating ecosystems of innovation? How are they doing this and what have been the results?

c. What are the best practices and lessons to be learned from governance innovation assessments and reforms in places like Scotland, Denmark, Ontario and our Federal Government?

d. Do the policies and tools for building a culture of innovation differ in rural, rural remote, small town, and urban settings? Across cultural communities? What can we learn from OECD studies and other jurisdictions from their uses of innovation labs, business incubators, and sector clusters?

e. How can an innovation and design lens be developed and applied across the province in business and government? What is the role of our education system?

f. How can we harness our existing assets and seeds of innovation to accelerate and scale up innovative economic activity in the province?

Entrepreneurship

Fostering Entrepreneurialism

a. How can we spur on more people of all ages to find their entrepreneurial spirit and to develop smart venture plans?

b. How can we best connect new and aspiring entrepreneurs with suitable mentors?

c. Can business succession and entrepreneurial development needs be complementary?

d. What can be done to promote recognition of the value of entrepreneurship within Nova Scotia?

e. What are the ingredients necessary for creative and informed risk-taking, to start and grow businesses locally or to attract businesses from elsewhere that we can make our own?

f. How can enterprises with the most growth potential be targeted for support?

g. What are the prospects for social enterprise, social impact bonds, co-operatives, and community interest companies to contribute to our economy and well-being?

h. What innovative tools and programs can encourage entrepreneurial spark, collaboration, and business growth? What organizations and institutions should be involved? How should programs be delivered to maximize their effectiveness and reach?

i. What are the best roles for governments in business start-up, growth, and productivity improvements? Should incentives be tied to employment creation or be in the form of financing guarantees, tax credits or rebates? What are the best adaptable practices of other jurisdictions?

Regulatory Frameworks

a. What measures can be put in place to reverse the burden of regulations on business?

b. Should regulatory requirements differ between well-serviced and remote areas?

c. What are the best practices from other jurisdictions that are successfully reducing red tape? How can we adapt those to our province?

d. What alternatives are there to a proliferation of regulations? How can a culture of enabling with adequate protections?

Building Our Business Environment

a. What encourages business start-up activity?

b. What models of business start-up and growth will work best for Nova Scotia?

c. Should different business models be promoted in different parts of the province, depending on the local infrastructure and environment?

Building Innovation and Productivity

a. What are the best models for fostering innovation and building productivity in Nova Scotia?

b. What should be the roles of our schools, colleges and universities in developing new generations of Nova Scotian business owners?

c. How can we use succession planning to ensure existing businesses continue to thrive and help new entrepreneurs learn?

Adding Value to Our Resources

a. Where is research already underway in resource sectors (i.e. forestry as a result of the Bowater Transition Team and other jurisdictions) and what best practices can we adapt across the province and primary sectors?

b. What are the opportunities and best practices for maximizing return on investment for primary producers, be it through adding value or improving operational practices?

c. How much potential is there for each resource sector to add greater value to the Nova Scotia economy?

d. What lessons can we learn from other jurisdictions that have made the primary sector transition from an extraction value-added economy?

Infrastructure

a. Does the quality of community infrastructure differ from one place in Nova Scotia to the other?

b. How do different kinds of public sector investments affect productivity and economic growth?

c. How can communities prioritize improvements to their particular infrastructure networks in order to achieve greatest impact on their economic development?

d. Is there a 'tipping point' where loss of community-based infrastructure (schools, halls, services) will impact the ability to attract people and grow business?

e. What could be gained by taking a holistic view of infrastructure needs in this province – air, rail, sea, road, communication and energy – to support existing and future Nova Scotia business?

f. What determines the accumulation of private infrastructure (structures, machinery, and equipment) in rural communities? In urban centres?

g. What factors rationalize decisions to discard infrastructure?

Supply Chain Strategies

a. Are companies in Nova Scotia well informed about global supply chains and ready for new market and sourcing opportunities?

b. Are companies using value chain methodologies to increase customer base, improve production costs, and develop new partnerships?

c. What are our comparative advantages in global supply chains?

Competitiveness

a. How do we maximize our comparative advantages to improve our ability to attract new and existing businesses and then maintain them?

b. What are the barriers, or perceived barriers, to competitiveness when considering establishing a successful business in Nova Scotia?

c. How do we eliminate these barriers to competiveness?

d. How do we help start competitive companies?

e. How do we compete with other jurisdictions in our ability to retain and attract businesses, residents, potential residents, and tourists?

Sectoral Approach to Economic Growth

a. Should policy makers be choosing 'winning sectors' and specific businesses or should policy simply focus on creating a winning business climate?

b. Does choosing a set of strategic sectors disadvantage prospects of growth in other sectors?

c. What are the best environments to nurture business growth?

d. What sectors have the most impact on rural and remote communities? How do these correspond to designated growth sectors?

Impact of Taxation and Services on the Economy

a. What impact do government taxes and services have on the economy? Does this differ among the levels of government?

b. What are the challenges of cross-jurisdictional tax and service comparisons? What best practices can be distilled?

c. What tax policies do successful economies pursue? Are they critical to economic success or incidental? How does Nova Scotia compare?

d. What public services are features of successful economies? Are they critical to economic success or incidental? How does Nova Scotia compare?

Human Capital

The Commission heard loudly and clearly that human capital must be a central focus of any strategy to build our new economy. We have commenced a research agenda to understand our current situation, to look for best practices and to form evidence-based recommendations on:

- Welcoming Immigrants
- Geographic Labour-related Mobility
- Skills Development & Matching
- Expanding Labour Pool Participation

Welcoming Immigrants

Nova Scotia has benefited immensely from immigrants who have brought new ways of thinking and entrepreneurial determination to our province. The province has also served as a gateway to the rest of Canada. The richness brought by newcomers and our demographic needs make it clear that we need to increase the numbers of immigrants who are recruited and successfully integrated in to all parts of Nova Scotia.

The Province, in its 2010 Immigration Strategy, Welcome Home to Nova Scotia; 2010, established goals that by 2015 we would:

- Issue 1,000 provincial nomination certificates annually;
- Welcome a total of 5,000 new Nova Scotians annually, including 2,500 new nominees and their family members, and another 2,500 individuals through federal immigration streams;

and by 2020, Nova Scotia would:

- Issue 1,500 provincial nomination certificates annually;
- Welcome 7,200 new Nova Scotians annually, including 3,600 individuals through federal immigration streams.

Immigration Research Agenda

a. What motivates people to move to and settle in a region?

b. Develop a current profile of our immigration attraction, retention, economic activity and geographic distribution.

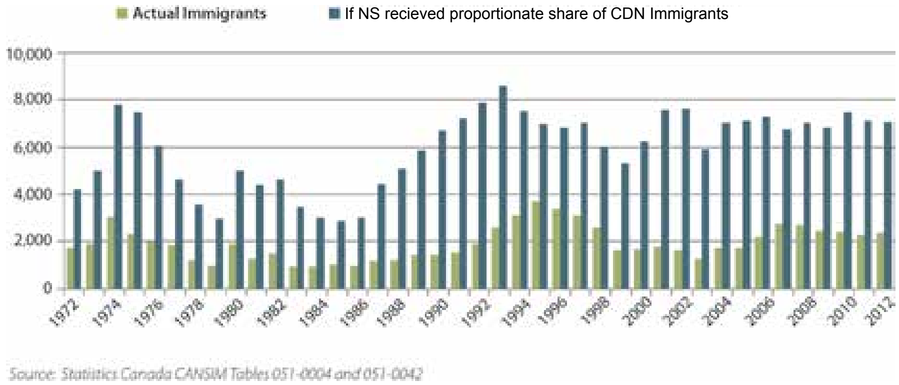
c. Consider the economic impacts of a range of forecasted immigration scenarios for Nova Scotia.

d. Identify best practices for targeting for needed skills and investment.

e. What are the best practices and enabling policy frameworks of other Canadian jurisdictions, such as Manitoba and Saskatchewan, which can be pursued in Nova Scotia?

f. Is Nova Scotia welcoming to immigrants, and if not, how can we improve?

Actual Nova Scotia immigrant levels versus proportionate share of Canadian totals



Immigrants to Nova Scotia by Category 2003-2010

Immigration Class	2003	2004	2005	2006	2007	2008	2009	2010	TOTAL
Entrepreneurs	51	93	50	55	19	21	10	7	306
Self-Employed	29	12	8	17	6	4	10	3	89
Investors	51	81	64	42	105	38	67	97	545
Skilled Workers	599	747	772	792	752	885	729	877	6153
Canadian Experience Class	0	0	0	0	0	0	18	24	42
Provincial/Territorial Nominees	0	64	326	863	900	866	833	638	4490
Live-in Caregivers	4	3	3	5	8	14	23	39	99
Economic Class Total	734	1000	1223	1774	1790	1828	1690	1685	11,724
Family Class	423	518	462	510	436	532	479	449	3809
Refugees	193	199	202	217	180	193	166	218	1568
Other Immigrants	124	54	42	85	117	98	89	56	665
Total	**1474**	**1771**	**1929**	**2586**	**2523**	**2651**	**2424**	**2408**	**17,776**

Source: Citizenship and Immigration Canada Landings

Labour-related Geographic Mobility

Out-migration describes the phenomenon of significant numbers of citizens departing their usual place of residence to obtain employment elsewhere. It is often thought of as losing Nova Scotians to places like Ontario or Western Canada. In fact, labour-related geographic mobility varies in its cause, destinations, durations, direction (in-coming vs. out-going) and socio-economic impacts. Highly skilled individuals, including new graduates, come to Nova Scotia and others are recruited away from the province on an ongoing basis.

Intraprovincial migration has profound impacts on rural areas as people uproot from one part of the province to move to another for employment prospects. But what the Commission heard about most often was interprovincial migration, i.e. 'going down the road.' Destination patterns of interprovincial migration are quite consistent over the years. Whether you look at the most recent statistics or 10-year averages, the data shows that Nova Scotia's out-migrants head primarily to Ontario and Alberta.

For Love or Money

29% - *Nova Scotian born adults 18-64 who are considering moving out of their community within the next 3 years.*

70% - *Those considering a move who would likely move out of province.*

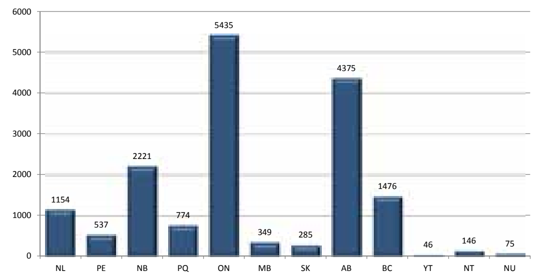
Wages & opportunities – *Number one reason for moving from current community.*

Family, friends, and community belonging - *Number one reason for not moving.*

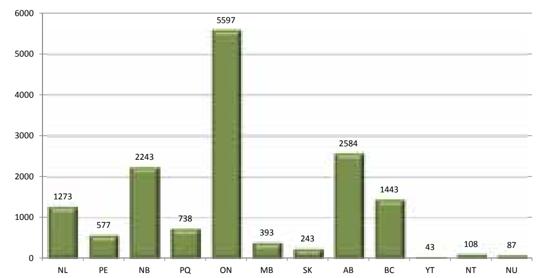
Source: A March 2013 Labour Market Activity and Intentions Survey asked 2000 Nova Scotians aged 18-64 questions about mobility. Some key findings on mobility:

In terms of in-migrants, they come mostly from Ontario; sometimes in greater numbers than out-migrants. Alberta, British Columbia and New Brunswick are also principal sources of in-migrants. Does the Alberta influx represent returning former Nova Scotians?

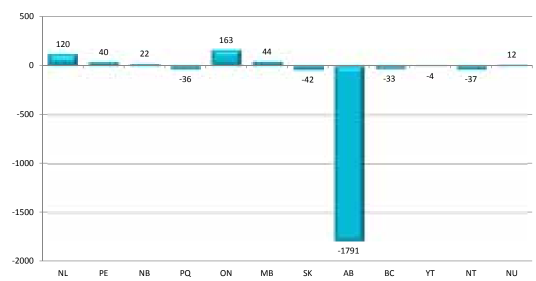
Alberta continues to be the main destination drawing away Nova Scotians without reciprocal returns. Statistics on the county origins of interprovincial migration that show us proportional net losses. Nova Scotia is rapidly experiencing the urbanized redistribution of its people, becoming more in line with the urban-rural ratios of some other provinces. Depending on population size definitions of rural and urban, Nova Scotia is approximately 40% rural and 60% urban while British Columbia, Alberta, Ontario and Quebec are closer to 20/80 splits. Halifax is not the only beneficiary of the trend within the province: Colchester also is gaining population from intra-provincial movement.



Interprovincial Out-Migrants from Nova Scotia by Province of Destination 10-year average

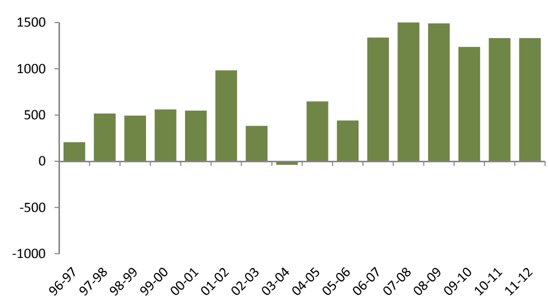


Interprovincial In-Migrants to Nova Scotia by Province of Origin 10-year average

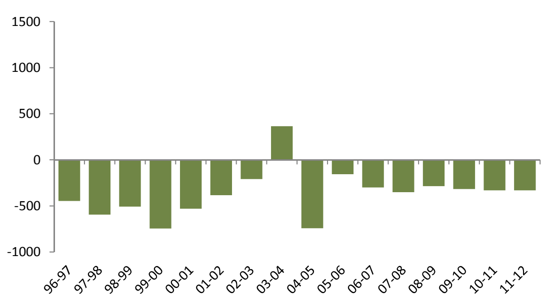


Net Interprovincial Migration from Nova Scotia by Province 10-year average

Net Intraprovincial Migration - Halifax



Net Intraprovincial Migration - Cape Breton



Mobility Research Agenda

a. Assess most recent labour-related mobility statistics for Nova Scotia to inform recommended policy and programming priorities.

b. Investigate provincial and municipal revenue implications for inter- and intraprovincial migration (including the various degrees of dislocation: commuting, moving, and temporary vs. permanent).

c. Research best practices for retention of highly skilled workers and recent graduates.

d. Link labour-related mobility research to immigration and competiveness research.

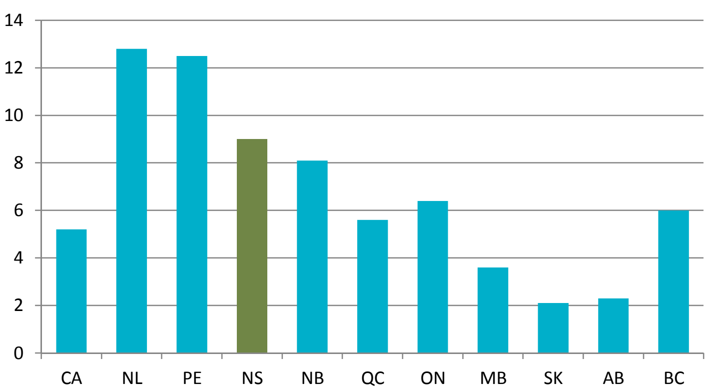
e. What opportunities are there for the province in increasing labour mobility?

Skills Development & Matching

How is it that ten percent of Nova Scotians are unable to find employment while employers are unable to find suitable employees? It's a question the Commission heard in community conversations across the province and one that is particularly timely given the pending large–scale demands of the ship-building sector. It is also a relevant question as it relates to immigration and labour-related mobility, declines in the primary sectors and business succession. Do we have a significant mismatch of skills and opportunities in Nova Scotia? And if so, how best should we address it?

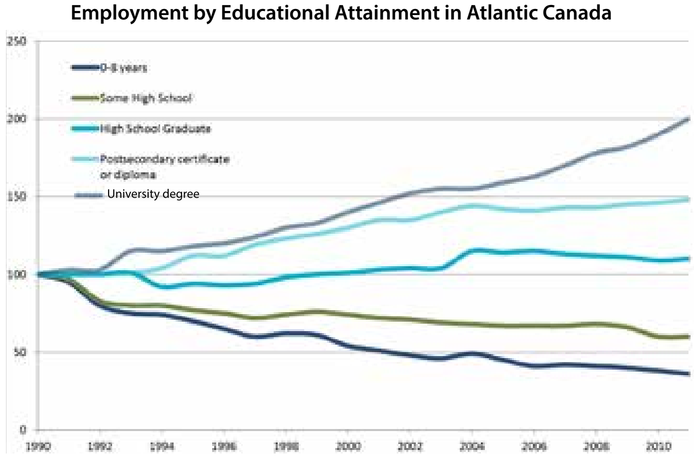
The Province of Nova Scotia, with assistance from the federal government, invests about $1.9 billion annually in education and training. Nova Scotians spend another approximately $400 million per year directly on education.

Unemployment-to-job-vacancy Ratios in Canada, 2011



Source: Statistics Canada

Employment by Educational Attainment in Atlantic Canada



Source: Statistics Canada

In addition, private industry expends millions of dollars per year on training. Nova Scotia's labour market has improved over the last two decades with steady job growth, rising labour force participation, and falling unemployment rates. Wage growth over the last decade has boosted real incomes relative to what they have been provincially, but gaps between Nova Scotia and other provinces are still a contributing factor to our loss of workers.

There is a marked urban-rural divide in our labour market. Labour force participation and employment growth in greater Halifax compares favourably to the rest of Canada. However, participation rates and employment growth in most rural regions are much slower and trending in decline, especially with shifts from traditional occupations. Across the economy there is a trend toward increased skill requirements and certification within occupations. Meanwhile, employers are increasingly relying on temporary foreign workers in their operations. In Atlantic Canada, the number of temporary workers increased to 9,500 in 2011 from only 4,600 in 2007 (Citizen and Immigration Canada statistics) and continues to rise.

The Commission heard high praise for the Nova Scotia Community College system across the province. Some suggested that it could play a greater role in rural economic development generally, and in addressing skills mismatches more particularly. Vocational training at the high school level was also touted as in need of bolstering. Numeracy and literacy skill improvements were called for as foundational for needed labour pool development in Nova Scotia.

Will we be able to develop the skilled workers necessary to supply our shipbuilding ventures and accompanying supply chain opportunities? Do we have the necessary linkages among governments, labour groups, private industry, and educational institutions to assess and address our changing needs? Is educational attainment rewarded with corresponding career opportunities?

Skills Development Research Agenda

a. Which sectors are experiencing the greatest unfilled job vacancies? What strategies exist to anticipate these?

b. What are best practices for ongoing monitoring and development of skills requirements in relation to opportunities?

c. What is the state of vocational and trades training programming in the province when compared to increasing and changing need?

d. What best practices address graduate retention and first hiring?

e. What are the likely impacts across Nova Scotia of recent changes to federal Employment Insurance and Temporary Foreign Worker legislation?

Expanding Labour Pool Participation

Our labour pool is the total population that could be participating in paid work (including both those employed and seeking employment). We build a productive workforce by attracting and retaining people, and by increasing their skills. In addition, there are other strategies to achieve optimal labour pool participation: most notably, by increasing the participation rates of under-represented segments of the population.

There are nearly 25,000 people of Aboriginal identity in Nova Scotia – an increase of over 40% in the past decade. Not only is this segment of our population growing faster, its average age is much younger. In 2006, the median age of the nearly 15,000 Status Indians (registered under the Federal Indian Act) was 25.4 years old, versus 41.6 years old for the general population. Unfortunately, employment rates within the Aboriginal labour pool in Nova Scotia are disproportionately low in comparison with the general population – averaging 15 percent (compared to 9 percent for non-Aboriginals). Rates for people living on reserve are even higher at close the 25 percent and only 50 percent of on reserve residents participate in the labour pool at all.

It is incumbent on us to make a priority of economic development in and from within Mi'kmaw communities, as well as facilitating better connections between Aboriginal people and local employers. Communities such as Millbrook and Membertou are leading the way: developing innovative community enterprises, workforce capacity and co- ventures with local, governmental and international partners.

Power Centre in Millbrook: Phase Two

Membertou Welcomes the World

Other under-represented segments of our population, in terms of benefits and contributions, include African Nova Scotians, people with disabilities, immigrants, income-assistance recipients, older workers, Acadians, seasonal workers, and women in non-traditional fields. Nova Scotia's Workforce Strategy seeks to address these challenges and opportunities. The Commission will inform itself on the Strategy's progress with a view toward cross-pollinating from its research into other jurisdictions and interactions with business and social innovators across the province.

Expanding Labour Pool Participation Research Agenda

a. Are there new opportunities in particular sectors in Nova Scotia for increased labour force participation from identifiable under-represented groups?

b. Are there new ways of working such as home-based, co- working, out-sourcing or year around sequential seasonal work?

c. What barriers exist and how can they be alleviated to connect Mi'kmaw workers with local employers? Can we build more welcoming workplaces?

d. How can municipalities and businesses build more partnerships with Mi'kmaw communities?

Culture of Innovation

The word innovation is trending high these days at conferences, on-line and in community conversations about building a new economy in Nova Scotia. Innovative minds have created dozens of definitions to choose from when trying to get a handle on the concept. Essentially they come down to this: doing things differently to get a better result. That might involve inventions and technologies – like the telephone or the ship propeller – but could also be about reviving discarded ways – like having root cellars or neighbourhood block parties. Innovation involves change.

Nova Scotia has rich creativity in the arts that expresses our lives. In both celebration and loss, we make music. In business too, we find new ways to do things, new products, better uses for what we have. But some things are hard to change and some things are good as they are. A culture of innovation – that is, one where innovation is a prevalent way of thinking and doing – is open to re-imagining what it does and how it does it. It's primed to envision things differently.

In how we govern and organize ourselves, in how we shape our economy, our public services, our communities and our businesses – we need a culture of innovation. Not change for the sake of change, not out with all the old and in with the new; but finding those places where we can do things differently to get a better result.

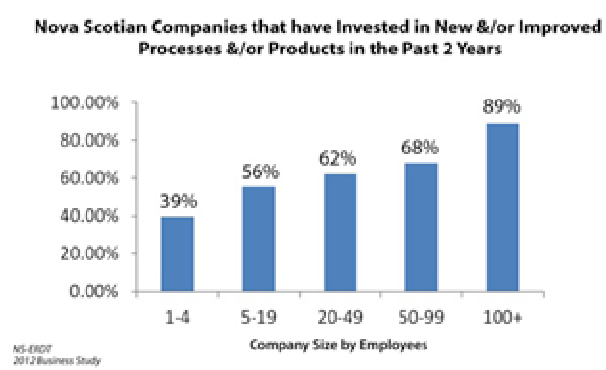
In the Commission's meetings around the province, there were frequent calls to do things differently, for better results. There's an appetite for change. It was with pride and enthusiasm that innovative local initiatives and business successes were shared with us. When these developments related to businesses, inevitably they could be connected with investments in research and development, and reflected new ways of solving old problems. We're convinced that building a new economy requires an ecosystem of innovation. This Commission will not transform the province with words; Nova Scotians will transform it with actions. But we hope to inform the process by crowd-sourcing and researching the best and next practices for creating a culture of innovation.

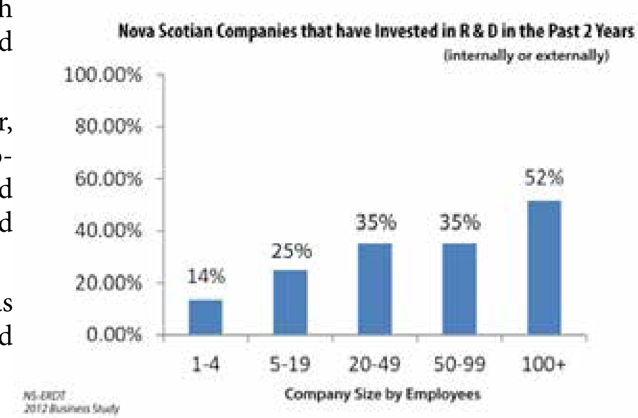
> "This Commission will not transform the province with words; Nova Scotians will transform it with actions."

Wolfville Wordle

Parts of an ecosystem of innovation are already in place:

- Campuses of higher learning increasingly connecting with each other, across institutions and disciplines, and with communities and businesses;
- Universities with students from around the world choosing to stay and work in Nova Scotia;
- Increasing numbers of centres of excellence for research and development;
- Incentives and support agencies for business innovation;
- Increased cultural diversity and celebration of it;
- Grassroots community-building movements finding collaborative ways to build sustainable local economies, food systems, public transit, downtowns and neighbourhoods;
- Cross-departmental and inter-governmental tables, with community and business participation on matters such as social enterprise, sustainable procurement, and housing;
- Collaborative co-working spaces (hubs), change labs, business mentoring circles, sector associations and on-line communities connecting around causes and opportunities;
- Primary industries finding new markets, methods and products through partnerships with research scientists and other industry;
- A rising knowledge-based sector, including digital, clean-tech and bio-innovation companies reaching world markets, attracting businesses and spawning start-ups;
- New tools for development such as Community Interest Companies and Social Impact Bonds;
- New use of older tools such as cooperatives delivering online health services;
- Non-profit organizations around the province, many of them youth-oriented, encouraging entrepreneurship, networking and envisioning a caring, vibrant province for current and future generations;
- Communities rallying around social infrastructure issues such as school closures – not just in opposition, but in proposition of re-imagined and self-sustaining uses for community assets; and
- People gathering in person and on-line to shape their communities beyond boundaries and single-issues.





Culture of Innovation Research Agenda

a. What are the characteristics of a culture of innovation in communities, institutions, governments, and businesses? How can these be fostered?

b. What jurisdictions are creating ecosystems of innovation? How are they doing this and what have been the results?

c. What are the best practices and lessons to be learned from governance innovation assessments and reforms in places like Scotland, Denmark, Ontario, and our Federal Government?

d. Do the policies and tools for building a culture of innovation differ in rural, rural remote, small town and urban settings? Across cultural communities? What can we learn from OECD studies and other jurisdictions from their uses of innovation labs, business incubators and sector clusters?

e. How can an innovation and design lens be developed and applied across the province in business and government? What is the role of our education system?

f. How can we harness our existing assets and seeds of innovation to accelerate and scale up innovative economic activity in the province?

Entrepreneurship

The creative minds and spirits of Nova Scotians shape and express our unique perspective in music, art, theatre, dance, writing and wit. What if we could capture and apply our ingrained creativity and willingness to take imaginative risks more often in our entrepreneurial endeavours? The enterprising spirit of our people can have a fundamental and direct positive impact on our economic and social well-being. No economy can sustain prosperity without a strong entrepreneurial element at its foundation.

Broadly speaking, entrepreneurs fall in to two categories: those who want the lifestyle of working for themselves instead of someone else, and those who want to build things that will grow. In reality, there is a continuum of entrepreneurial styles and the goals of entrepreneurs may change over time. We often heard in our community sessions that small business is the backbone of the economy. No doubt, small businesses form a cornerstone, accounting for approximately a quarter of our economy's overall employment; but to affect our growth, we particularly need enterprises that are designed to expand beyond small local service and retail operations, into larger job creators and exporters.

Business succession is an ongoing challenge as increasing numbers of business owners reach retirement age. Business acquisition through purchase or inheritance presents unique entrepreneurial challenges and opportunities.

The Commission heard much about the state of entrepreneurship across Nova Scotia. It is difficult to conclude that Nova Scotians are, as is sometimes suggested, risk averse while on a circuit of our province discovering inspiring ventures in every community. But while they are everywhere – from custom skateboard makers in LaHave to videogame creators in Yarmouth and cheese-makers in Grand Mira North – we simply need more of them: big and small, cooperatives and social enterprises, on-line and exporting, whether global niche or local supplier.

Entrepreneurship Research Agenda

a. How can we spur on more people of all ages to find their entrepreneurial spirit and to develop smart venture plans?

b. How can we best connect new and aspiring entrepreneurs with suitable mentors?

c. Can business succession and entrepreneurial development needs be complementary?

d. What can be done to promote recognition of the value of entrepreneurship within Nova Scotia?

e. What are the ingredients necessary for creative and informed risk-taking, to start and grow businesses locally or to attract businesses from elsewhere that we can make our own?

f. How can enterprises with the most growth potential be targeted for support?

g. What are the prospects for social enterprise, social impact bonds, co-operatives and community interest companies to contribute to our economy and well-being?

h. What innovative tools and programs can encourage entrepreneurial spark, collaboration and business growth? What organizations and institutions should be involved? How should programs be delivered to maximize their effectiveness and reach?

i. What are the best roles for governments in business start-up, growth and productivity improvements? Should incentives be tied to employment creation or be in the form of financing guarantees, tax credits or rebates? What are the best adaptable practices of other jurisdictions?

Regulatory Frameworks to Support Entrepreneurialism

Business leaders we consulted informed the Commission that the keys to business attraction and growth are skills, scale and costs. Does a location have a skilled and knowledgeable workforce ready to serve a company's needs? Are there ample services, supports, access to markets and infrastructure for a venture to thrive? And are the costs of doing business such as taxation, regulations, leasing, land, utilities, wages and financing competitive with other regions?

Administering and fulfilling regulations are costs to businesses that vary greatly across jurisdictions. In a recent study comparing the regulatory compliance costs of small businesses in Canada and those in the United States, the Canadian Federation of Independent Business found that Canadian companies with fewer than five workers pay 45 percent more per employee ($5,942) to comply with government regulation than their US counterparts ($4,084).

A critical factor in making enterprises viable is a streamlined regulatory regime that protects the interests of the public and employees, while not detracting from the productivity of companies. Reducing red tape has been a recurring theme in consultations with business owners throughout Nova Scotia. Sometimes regulations that are reasonable in cities are more burdensome in rural areas distant from service hubs. Companies expend considerable amounts of human and financial resources to comply with, and report on, regulations from three levels of government departments and their agencies; as well as from other institutions, industry associations and governing bodies. Each of these regulators is enforcing regulations deemed essential. However, none are equipped to assess the cumulative effect and costs to business to which they contribute. The situation is particularly acute in fishing and agricultural operations, processing, and food services.

Regulatory Research Agenda

a. What measures can be put in place to reverse the burden of regulations on business?

b. Should regulatory requirements differ between well-serviced and remote areas?

c. What are the best practices from other jurisdictions that are successfully reducing red tape? How can we adapt those to our province?

d. What alternatives are there to a proliferation of regulations? How can to build a culture of enabling with adequate protections be built?

Building Our Business Environment

Nova Scotia needs expanded economic activity of all types: new start-ups, new capital investment via expansions, and new companies attracted to the province. We must look to our past, and to jurisdictions elsewhere, for the tools, programs and resources necessary to foster robust economic growth.

Globally, many communities are beginning to see the benefits of what is called 'economic gardening' – growing their own businesses through local entrepreneurs, rather than recruiting jobs by attracting industries. Other provinces and countries are focusing on entrepreneurship programs that are helping them improve local economies even in areas. Nova Scotia can't afford to get left behind in developing its home-grown business strengths.

We have a strong foundation of cooperatives in Nova Scotia, including both business and financial models. Social enterprises are encouraged as part of the jobsHere strategy and through financial support programs funded by the Province in cooperation with the network of Nova Scotia Credit Unions and the Nova Scotia Co-operative Council. We need to encourage more cooperatives in Nova Scotia, and learn how to maximize the potential of this model to build community self-reliance and economic potential.

Nova Scotia is a wonderful place to live. How do we leverage our strengths to promote our province as a place to start a business? What entrepreneurial trends, can be used to market the province to potential business owners, encouraging them to consider moving a business here or starting a business here? We need to know the right mix of factors to attract and retain new businesses of all sizes. By examining the ways that new businesses start, grow, and thrive, we can put strategies and plans in place to build a business environment that fosters entrepreneurial activity.

Building Our Business Environment Research Agenda:

a. What encourages business start-up activity?

b. What models of business start-up and growth will work best for Nova Scotia?

c. Should different business models be promoted in different parts of the province, depending on the local infrastructure and environment?

Fostering an innovative and productive culture in Nova Scotia may requires a greater emphasis on entrepreneurship in our schools. We need to consider how school curriculums at all levels can encourage the development of innovative thinkers. Catalysts what programs can support students to choose to start a new business, providing them with mentoring, financial support, and access to networks of business leaders? In our research phase, commercialization strategies connecting the research capacity of our institutions with entrepreneurs to take products and services to the market will be studied.

At the other end of the spectrum, we have an aging population of entrepreneurs who have already built businesses here in Nova Scotia and who have a wealth of experience to share. They are also looking forward to their retirements in many cases, and need to consider succession planning for their businesses to ensure that they will stay viable. How can the province help our existing entrepreneurs develop succession plans and support the potential for them to team up with young entrepreneurs who are looking for ways to get started and build existing businesses with new ideas and fresh perspectives? We learned that about half of Atlantic Canadian business owners actually intend to engage in a process of formal succession planning, but the other half either hasn't thought about it or don't have a plan. Can we improve the prospects for new entrepreneurs by making succession planning easier and offering more options to retiring business owners?

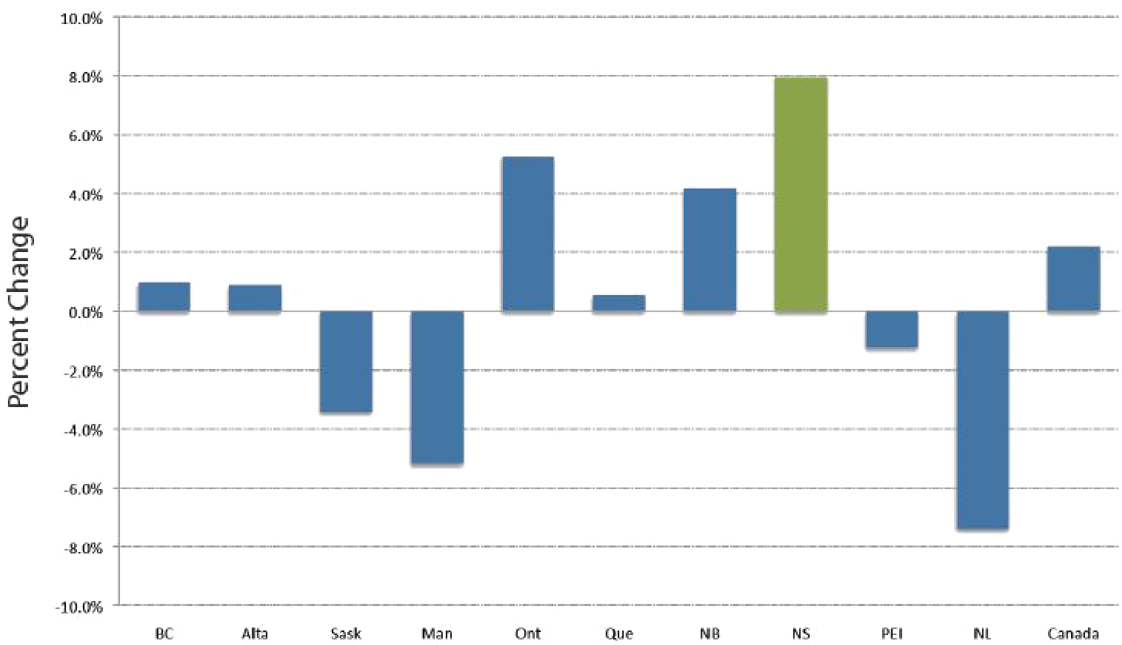
Building Innovation and Productivity Research Agenda:

a. What are the best models for fostering innovation and building productivity in Nova Scotia?

b. How can we use our schools, colleges and universities to encourage a new generation of Nova Scotian business owners?

c. How can we use succession planning to ensure existing businesses continue to thrive and help new entrepreneurs learn?

Growth in the Number of Small Businesses by Province, 2088-2011



Source: BC Stats using data supplied by Statistics Canada; BC Stats calculations using Labour Force Survey, Canadian Business Patterns.

Adding Value to Our Resources

Turning fish waste into nutritional supplements, wood waste into fuel bricks, vegetables into battered appetizers, grapes into wine, seafood into gourmet spreads, and algae into jet fuel: these are just some of the ways Nova Scotia businesses are adding value to primary industry materials and harvests.

Nova Scotians understand that our primary sectors must evolve if they are to be significant and sustainable players in the new economy. Over the course of our consultations, we heard about how other jurisdictions had met similar challenges to those faced by Nova Scotia and made the transition from extraction to value chain and value-added strategies. For instance, Norway has developed a fishing gear supply industry that has augmented its ground-fish resources. New Zealand has branded and marketed its finished lamb to the point where it dominates supply in over a hundred countries, many of which are quite capable of raising their own.

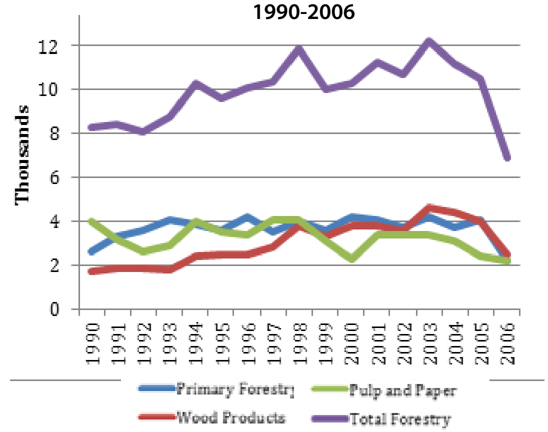
We are also spurring innovation in our agriculture, agri-food, and forestry sectors. Some Nova Scotia-based companies are leading the charge. Our research agenda will be guided by this initial feedback and aim to provide concrete measures to help our agriculture, forestry, and fisheries develop high-value products and services. We intend to undertake an integrated research approach, that identifies the potential of all three sectors in the areas of:

- Agri-food, including seafood;
- Bio-energy;
- Bio-chemicals, biopharmaceuticals and food ingredients;
- Specialty and artisanal products.

New Directions for Forestry

For hundreds of years, forestry has been a mainstay in rural Nova Scotia. Today, however, its challenges are enormous. Each year, the lumber and pulp and paper industries employ fewer people at lower wages. While pulp and paper mill operators are grappling with shrinking demand for printed materials worldwide, sawmills that have managed to stay open are finding it increasingly difficult to source sizeable high-grade saw logs. One industry expert stated it bluntly: "There is no future here in forestry that is based on the production of small softwood trees for pulp and paper."

Forestry Employment in NS 1990-2006

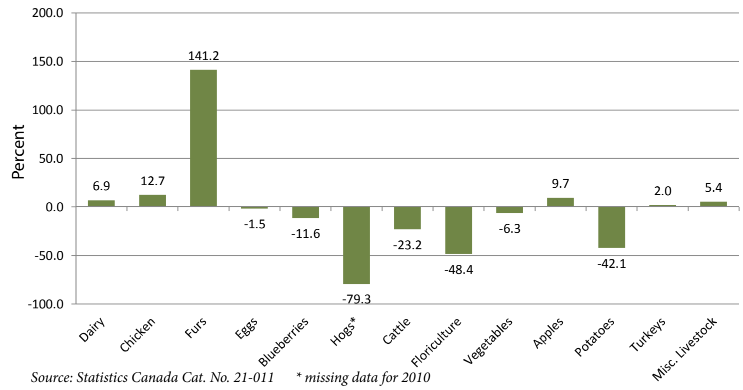


The forestry challenge is not unique to Nova Scotia. Other jurisdictions that once relied on lumber, pulp and paper and wood products to drive rural economic development are identifying new ways to extract value from their forests in sustainable ways. The State of Maine created a senior forest products advisor position that reports directly to its governor. Since its establishment in 2007, the office has played a critical role in helping reopen five major mills, attract potential investors, implement related energy strategies and identify niches in regional and global markets.

Here in Nova Scotia, the Bowater Transition team is pursuing several promising opportunities to maximize the province's forestry assets, including using biomass to produce energy, developing new value-added wood products, finding new markets for wood waste from sawmills, encouraging construction with wood, and developing biofuels and bio-chemicals.

The Province's intention to establish a research, development, and demonstration site in the Bowater-Resolute woodlands in Liverpool is a key step in the process, as is learning from innovative companies tied to the forestry sector. These companies include Lewis Mouldings in Weymouth, which manufactures Fiber Fuel bricks from wood waste, an alternative to hardwood in home heating applications. In Debert, Thermo-Cell Industries is using recycled newspaper to make cellulose insulation, serving the dual purpose of waste diversion and inexpensive sourcing of materials. Meanwhile, CelluFuel is a local company developing technologies to turn Nova Scotia woody biomass into renewable diesel fuel. These are some of the value-added forestry products already being developed and companies leading to the way forward.

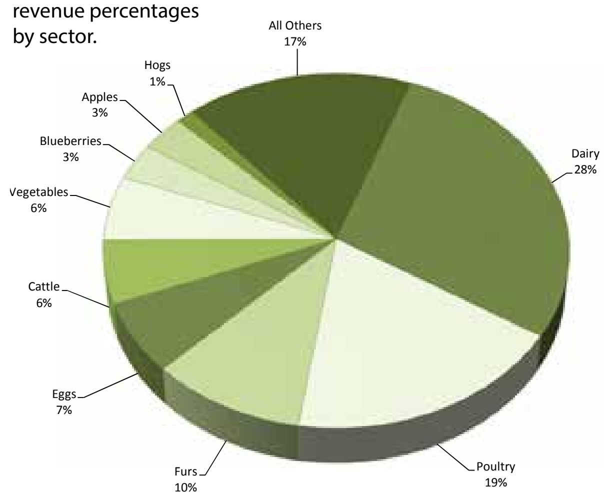
Change in revenues by sector, 2001-2010



Source: Statistics Canada Cat. No. 21-011   ** missing data for 2010*

Farm Sector Revenues - 2009

Nova Scotia farm revenue percentages by sector.



Agriculture and Agri-Food

Despite their importance to communities and to the provincial economy overall, Nova Scotia farms are endangered. According to GPI Atlantic, net farm income in Nova Scotia dropped by an average of 91% between 1971 and 2007. The Department of Agriculture reports that between 2009 and 2010 alone, farm employment fell 9.1 percent, from 6,600 to 5,800: and, that agricultural revenues declined in 2010 to a level 4.3 percent below those generated in 2005. Recent statistics point to encouraging growth in the number of farms in Nova Scotia, an anomaly in Canada; but the size and revenues of these operations still reflects a decline. These and other statistics suggest that many agriculture segments, with the exceptions of larger dairy, chicken, mink, and smaller but growing apple, wild blueberry, turkey, and miscellaneous livestock niches – are scarcely viable without external employment revenues.

Whatever their crops or livestock may be, farmers largely agree that a new focus must be adopted to grow the overall agriculture and agri-food sector. The Province's 10-year agriculture plan, Homegrown Success, envisions "an agriculture and agri-product industry that is diversified, market-focused, innovative and profitable." It contends that to add value, the sector must create a Nova Scotia brand, develop a strong research and development culture and expand production of renewable energy, among other things. Some Nova Scotia agriculture and agri-food companies and cooperatives are finding ways to add value. Nova Scotia Fruit Growers, for example, increased bin revenues five-fold (from $100 million to $500 million) by leading a collaborative research marketing production effort to convert traditional MacIntosh orchards to Honey Crisp orchards.

More recently, the province's approximately 70 grape growers have produced some of the country's highest quality grapes, including variety for a new Tidal Bay white wine appellation exclusive to Nova Scotia. Finally, in the area of vertical farming, TruLeaf Sustainable Agriculture is combining LED lighting with hydroponic, greenhouse and nutrient-film technologies to produce sustainable, nutrient-dense leafy plants year-round.

Fisheries

In fisheries, the Commission heard of numerous Nova Scotia companies who are adding value through a variety of means. Lunenburg- based High Liner Foods capitalized on its brand and transformed its business model to become a leading North American seafood processor by preparing and marketing value-added seafood, like breaded sole fillets, and pan-seared seasoned fish entrées. Today, it has 1,600 employees throughout Canada, the United States, China, Iceland and Thailand, and generates almost a billion dollars in sales annually. Meanwhile, the lobster industry has been able to extract higher value from its catches by leveraging new logistics and cold storage assets in-province to send fresh lobster to more lucrative international markets. Recent studies, however, has found that the lobster industry could do even more, like slowing the early season supply to balance supply and demand, adopting a collaborative pricing approach between harvesters and processors, and developing separate action plans for price and supply, quality and brand. A provincial wild fisheries and seafood strategy could help guide the sector.

Other companies and organizations are drawing on non-traditional resources from the ocean for new applications in food science, bio-fuels, and chemicals. Acadian Seaplants, for example, has become one of the largest producers of marine plant materials in the world by turning seaweed into value-added products, such as fertilizers, agro-chemicals, animal feed additives, and salad ingredients. It sends its products from its Maritime manufacturing sites to seventy countries around the world. Finally, the National Research Council of Canada's Halifax laboratory is developing biofuels from algae, with the goal of creating an algae-derived biofuels industry that does not compete with agricultural land or inputs.

Adding Value

The economic restructuring that has occurred in forestry, agriculture and fisheries over the past several years has had a tremendous impact in Nova Scotia, especially in rural communities. While some companies incapable of meeting new market realities have vanished, others have added value to their products and services to remain or emerge as industry leaders. The Commission has heard that these primary sectors cannot be assessed individually, for high-value opportunities are likely to be found in areas where these industries intersect. We therefore intend to undertake an integrated research approach.

Adding Value Research Agenda

a. Where is research already underway in resource sectors (i.e. forestry as a result of the Bowater Transition Team and other jurisdictions) and what best practices can we adapt across the province and primary sectors?

b. What are the opportunities and best practices for maximizing return on investment for primary producers, be it through adding value or improving operational practices?

c. How much potential is there for each resource sector to add greater value to the Nova Scotia economy?

d. What lessons can we learn from other jurisdictions that have made the primary sector transition from an extraction value-added economy?

Infrastructure

Businesses can't operate without a solid, reliable infrastructure. Goods and people can't move without effective transportation networks. In this digital age, internet and cell phone coverage are critical. We rely on our infrastructure for power and other utilities. Additionally, we need structures of all kinds to operate businesses and provide homes and recreation facilities for our residents. No economic development plan can be complete without a careful consideration of the cost of existing and new infrastructure. These plans must also account for the cost of maintaining accumulated infrastructure in disuse.

It is not difficult to produce a long list of infrastructural investments called for across the province. Perhaps more challenging would be to detect the appetite for bearing the corresponding costs. Looking at infrastructure region to region, we do not find a level playing field any more than we find symmetry in other factors of economic development in Nova Scotia. Striving toward optimal levels of infrastructure development across the province must be our goal, constrained, of course, by fair and judicious allocation of available resources.

Community Infrastructure

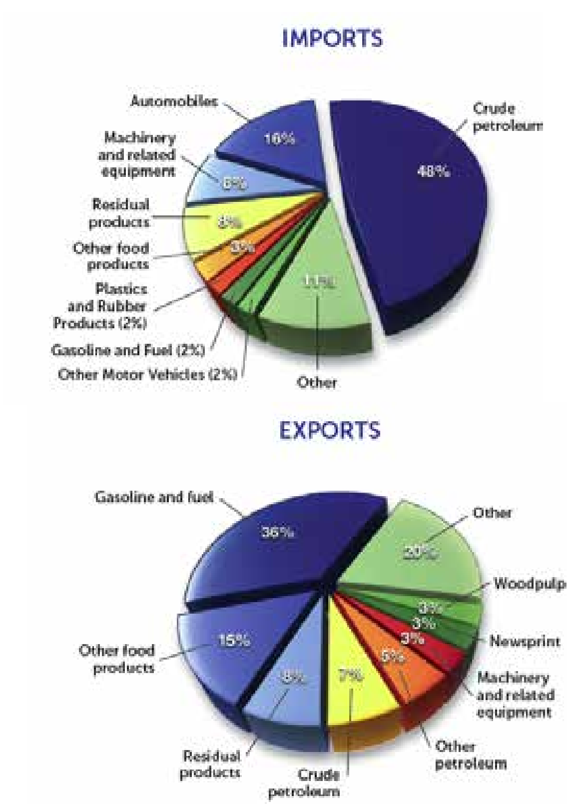
Community and economic development go hand in hand with infrastructure development. For any given community, there are many infrastructure considerations including transportation networks, communication networks, and energy grids. The multitude of requirements for each one of these networks to operate efficiently and effectively puts smaller communities at a significant disadvantage. Given limited resources, communities are faced with the decision of which infrastructure investments will be most effective in supporting economic development goals. Will investments in infrastructure improve productivity in the community's existing businesses? How should this goal be valued in comparison to infrastructure investments that improve environmental quality or enhance quality of life in the community? What are the factors necessary to consider when deciding to develop new community facilities? These are difficult questions for small communities to answer.

We will focus on four areas of infrastructure crucial to economic activity: transportation, communication, energy, buildings and amenities.

Transportation

Various modes of ground, air, and water transportation are key to building and maintaining businesses in Nova Scotia, apart from their essential role in many other aspects of our lives. Nova Scotia's infrastructure is the subject of a number of existing strategies, including that of the Department of Transportation and Infrastructure Renewal, which launched a 5-year highway improvement plan in 2010; the Atlantic Gateway and Trade Corridor (AGTC) strategy, which was developed jointly by the federal and Atlantic Provincial Governments; and the Atlantic Canada Transportation Strategy, a 10-year plan developed by the Atlantic provincial governments. In 2009, Atlantic Canadian exports and imports combined to total $43 billion, demonstrating the importance of Atlantic Canada as a trade hub (Federal Ministry of Transport Statistic).

Given our geography, water transportation is as important as ground transportation in our region. We need ports and associated infrastructure that serve our economic development goals. When goods are unloaded at our ports, they need to move on to their final destinations by road, rail or air. This model network needs to work as efficiently as possible in order to attract and develop businesses here in Nova Scotia.



Imports/Exports of Major Commodities through Atlantic Canada , 2006 (Values)

Source: Multimodal Freight and Passenger Traffic Flows and Infrastructure Study, CPCS Transcom Limited, 2009

Ferry service has existed for years in Nova Scotia, ranging from short services such as the Halifax-Dartmouth connections, to longer distances such as the ferries to Newfoundland and the US. The Commission learned that the cessation of ferry service to the northeastern US had significant impact on the economy of southwestern Nova Scotia.

Rail services are also an important part of our transportation networks. Via Rail offers passenger service from Nova Scotia to other parts of Canada, while some industrial goods are moved by rail on the Cape Breton and Central Nova Scotia Railway and others on CN Railway networks (which also services the Port of Halifax).

Air services in Nova Scotia are primarily through three airports – Halifax, Sydney and Yarmouth. The Halifax Gateway Council has recommendations on the establishment of an air route development program to encourage international air route expansion, and increased capacity is planned for the Halifax International Airport. While Yarmouth maintains a viable airport, the lack of regular passenger flights hamper the regions economic prospects.

Despite our transportation networks and various strategies and plans to improve them, we need to more fully explore the question of whether our transportation networks can be bolstered to provide similar quality of service from one Nova Scotia community to another. Our economic development goals are province-wide. When the transportation infrastructure does not service some locations adequately, those areas face added burdens in growing, attracting, and retaining businesses.

Communications Services Infrastructure

So much of today's business is done electronically – from e-commerce to hosting online meetings with participants in multiple countries, all using the power of the internet. For an increasing number of businesses, there is a strong dependence on the internet for multiple aspects of their daily work. The government has put a "Broadband for Rural Nova Scotia" initiative in place to provide high speed internet throughout the province. However, we heard that in some parts of rural parts of Nova Scotia, the infrastructure to support high speed internet service is not yet in place.

Cellular telephone service is another part of our communications infrastructure that needs improvement. We need to make sure that all parts of Nova Scotia, are equally and fairly served by cellular telephone service providers, giving all communities the necessary level of service that businesses need in order to start and grow.

An interesting development still in early stages is that of Hibernia Networks which situated just outside Halifax. Hibernia Networks connects directly with stations across Canada and directly to Boston USA by submarine fiber-optics. This new telecom connectivity should serve to dramatically increase the strategic significance of operations located within the Halifax and Nova Scotia region. This advanced communications capability means that organizations can share and distribute information based workloads from either across the Atlantic or from major cities across North America.

Energy Infrastructure

A reliable and high-capacity electricity grid is vital for supporting all aspects of life in Nova Scotia. In order to attract and retain large-scale businesses with significant power requirements, we need to ensure that Nova Scotia's electrical grid has the necessary capacity. Natural gas is available in Nova Scotia, but service is only provided in very limited areas. We need to consider energy infrastructure enhancements carefully, with an eye to green and sustainable energy projects that will not harm our province's ecosystems and environment. Given what we heard about parts of Nova Scotia not having the needed capacity to service large industries or develop large-scale energy projects, our energy infrastructure appears to leave some communities without sufficient energy resources to provide attractive locations for new businesses. As is the case with communication infrastructure, decisions made on upgrades are, for the most part, based on a 'pull' or demand-based system. Infrastructure investment will happen for the most part if business is there to support it. Communities are stuck in a catch 22 situation.

> **"Looking at infrastructure region to region we do not find a level playing field anymore then we find symmetry in other factors of economic development in Nova Scotia."**

Infrastructure Network Research Agenda

a. Does the quality of community infrastructure differ from one place in Nova Scotia to the other?

b. How do different kinds of public sector investments affect productivity and economic growth?

c. How can communities prioritize improvements to their particular infrastructure networks in order to achieve the greatest impact on their economic development?

d. Is there a 'tipping point' where loss of community-based infrastructure (schools, halls, services) will impact the ability to attract people and grow business?

e. What could be gained by taking a holistic view of infrastructure needs in this province – air, rail, sea, road, communication and energy – to support existing and future Nova Scotia business?

f. What determines the accumulation of private infrastructure (structures, machinery, and equipment) in rural communities? In urban centres?

g. What factors rationalize decisions to discard infrastructure?

Buildings and Amenities

A community's buildings and other amenities such as shops, recreational sites, churches and services, play an important role in attracting and retaining businesses and residents. Economic development needs people, and people want to live in places that are attractive and welcoming, where they can raise families and participate in social activities outside their workplaces. While decisions on where to locate a business rely most heavily on meeting the requirements for the business itself, the ability to attract and retain employees is an essential part of the business's success.

We've learned that many communities in Nova Scotia have begun to feel an impact from the loss of community based infrastructure. As communities lose schools, shops and recreational facilities, people living in those communities grow increasingly open to considering relocating, choosing to live and work in a location that provides better amenities and services for their families. When this happens repeatedly, schools close, churches cannot be supported by dwindling congregations, recreational facilities are shuttered, businesses fold or move and communities die. Some communities try to reverse this trend, exploring opportunities for revitalization and growth by repurposing existing infrastructure that isn't being used. Bridgetown is a good example of such a community, where a plan has been put into place for "Adaptive Reuse, Rehabilitation and Greening of Buildings, Structures and Properties." A disused railway bridge is being converted to a community garden, an expanded library is being developed and options are being explored to re-purpose an old fire hall.

The Commission needs to explore the question of the 'tipping point' at which a community's infrastructure losses will begin to impact its ability to attract and retain residents and grow businesses

Supply Chain Strategies

Ensuring Nova Scotia companies are able to get the most out of the wealth generated through the recently announced Irving Shipbuilding contract has highlighted the need to examine Nova Scotia's entire industry base from supply and value chain perspectives.

The ability for businesses to satisfy customer and consumer demands in the most effective and efficient manner is determined by how the value and supply chain in which they operate is comprised. A supply chain is made up of all the companies and inputs in the route from supplier to customer. Supply chain activities transform resources, materials, and components into finished products delivered to end customers.

The term value chain evolved from a recognition that appreciable and continual improvements in a businesses' performance can only occur by establishing closer, more coordinated operations across functional departments and with other businesses than traditional, transactional buyer-seller relationships allow. By working together strategically, businesses acquire the ability to learn and innovate as strategic partners rather than as individual businesses. This enables them to reduce costs and increase revenues in ways that would not otherwise be possible and attain sustainable competitive advantage. Nova Scotia companies are discovering that opportunities exist by producing their service or products from a value chain context to customers operating both locally and globally.

Duke University's study on Shipbuilding Value Chains concluded that Nova Scotia companies are well positioned across value chains to take advantage of upcoming work: "While the details differ for each value chain, …Nova Scotia's firms are particularly strong in the supply of advanced subsystems, specifically navigation, electronic and communications equipment, and shipbuilding engineering and support services."

What global opportunities exist for other sectors? Are Nova Scotia companies prepared to find new markets and integrate themselves more effectively in global supply and value chains?

On a more localized scale, are companies looking at ways to partner with neighboring businesses to compete for larger deals? Tightening up the chain requires that all participants focus on customer value; it encourages efficiencies in logistics and distribution; it requires effective information and communication systems to be in place; and ultimately rests on building sustainable and effective relationships. For example, an organization called the Value Chain Management Centre has been working with Nova Scotia beef producers to examine the Grass Fed Beef value chain in Nova Scotia to ensure that producers have a clear understanding of what the market wants and that the appropriate partnerships are created to achieve maximum value all along the chain.

Customer created business starts with knowing the customer, clearly understanding what they want, followed by considering each business as part of an interconnected value chain. All players in the chain work together to achieve that goal with a philosophy to 'grow the pie' rather than squeeze the most out of each slice for very small return.

Examining Nova Scotia's industries from the perspectives of supply and value chain participation is critical to fostering the development of a more competitive business environment than could otherwise exist. We must examine how the relationships, structure, and commercial operations that define our province can evolve into more strategically-aligned businesses.

Research Questions

a. Are companies in Nova Scotia well informed about global supply chains and ready for new market and sourcing opportunities?

b. Are companies using value chain methodologies to increase the customer base, improve production costs, and develop new partnerships?

c. What are our comparative advantages in global supply chains?

Competitiveness

No matter where we visited in Nova Scotia, the Commission was met by people who take pride in our province and know it has excellent economic development potential. Quite likely this stance is to be found across Canada within each province's people. Nova Scotia needs to differentiate itself, first with self-belief, and then by unabashed promotion of a Nova Scotia brand. This shift alone would undoubtedly attract would-be investors and entrepreneurs; but only a favourable business climate will seal deals and retain businesses.

Attraction Incentives

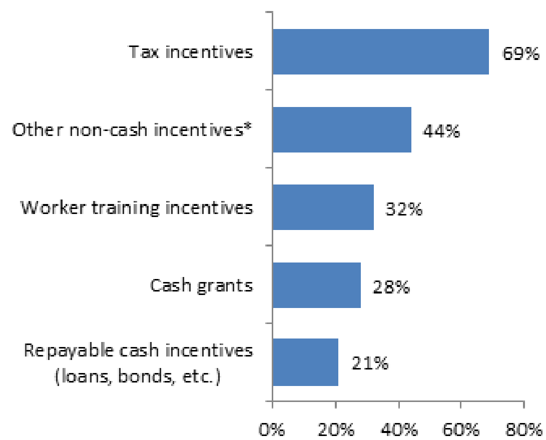
We have a beautiful and friendly province but those alone aren't enough to attract new businesses to our shores. Almost all North American locations offer some form of direct incentive to businesses in order to encourage investment. Sometimes, the incentives are attached to certain sectors, such as the film industry or manufacturing. Other incentives apply to all types of businesses and may include tax-based incentives, cash grants, non-cash incentives like land or utility-rate subsidies, workforce training incentives, and other financial incentives such as repayable loans or bonds. Different types of businesses may be more attracted by certain types of incentive programs.

In recent years, numerous high-profile corporations have chosen to locate all or some part of their operations in Nova Scotia. These companies can be looked at as case studies on what attracts companies relocating. A business leader in Halifax expressed the view that skills, scale, and costs – in that order – were the factors contributing to a location decision for major employers. Quality of life and character of community are most certainly intangible but important elements of business location decisions.

Nova Scotia must compete with other jurisdictions in terms of a skilled labour pool, viability of scale in terms of supply chain, research capacity, infrastructure and, finally, comparative costs that account for incentives such as power rate discounts or local hiring rebates. The Commission will scan for best practices in relation to cost incentives options, their effectiveness, and their impact on domestic businesses.

From a global perspective, Nova Scotia appears to be well positioned in terms of its corporate tax rates. KPMG's Competitive Alternatives report profiles Nova Scotia's corporate tax rates as very competitive with other jurisdictions in Canada, the US, and Europe. A lower tax environment is a significant financial benefit for companies because it is an annual saving that represents an ongoing cash value. We heard from numerous business people that the burden of combined income, property, and business taxes is a deterrent to business attraction and development.

Incentives considered 'important' by corporate executives



**Land, utility-rate subsidies, infrastructure support, etc.*

Source: Area Development magazine's 27th Annual Survey of Corporate Executives (Q1 2013).

Eliminating Barriers to Competitiveness

If Nova Scotia is going to compete on a global stage, the counterpart to offering incentives is eliminating barriers to competitiveness. The Commission heard about a number of potential barriers that might make Nova Scotia less attractive. Barriers to competitiveness can vary by industry and location, but research is needed to establish which issues impact the broadest range of potential new or expanding businesses.

Our regulatory regime is a potential barrier. We heard that small businesses feel overwhelmed with the magnitude of regulations they face when they attempt to improve their business. Concerns were also voiced about turnaround times and lack of responsiveness of regulatory agencies. Perhaps the greatest barrier to business attraction is anonymity. If we aren't known, we won't be chosen. The converse to this is phenomena of choosing the crowded restaurant: companies relocating to Nova Scotia generate interest from other companies looking for places to set-up.

Perhaps the greatest barrier to business attraction is anonymity. If we aren't known, we won't be chosen.

Competitiveness Research Agenda:

a. How do we maximize our comparative advantages to improve our ability to attract new and existing businesses and then maintain them?

b. What are the barriers, or perceived barriers, to competitiveness when considering establishing a successful business in Nova Scotia?

c. How do we eliminate these barriers to competiveness?

d. How do we help start competitive companies?

e. How do we compete with other jurisdictions in our ability to retain and attract businesses, residents, potential residents, and tourists?

Sectoral Approaches to Economic Growth

Nova Scotia's economy is constantly changing in its composition, influenced by factors such as the global economy, seasonal variability, technologies, and consumer demands. Over time, sectors change, becoming more or less important to the overall economy. Entirely new sectors such as ITC or renewable energy, emerge and take their place as significant contributors to the economy. Digital businesses and clean energy solutions are growing rapidly in Nova Scotia. Investing in parts of the economy that are likely to grow in the future can be a valuable strategy, leading to expertise in key technologies, which can in turn lead to innovative new businesses with export potential, supplying products and services to other regions that haven't yet developed their economy in the same sectors. Most of the major sectors that make up the Nova Scotia economy are profiled in this Report at Appendix D.

The sectors profiled are:

- Agriculture & Agri-Food
- Fishing & Seafood
- Aquaculture
- Forestry Products
- Oil & Gas
- Mining & Mineral Products
- Finance & Insurance
- Information & Communications Technology
- Wholesale
- Retail
- Tourism
- Clean Technology
- Aerospace & Defence
- Ocean Technology
- Life Sciences

The Commission will focus its next phase of research on completing its profiles of economic sectors to extend to Public and Private Services, Cultural and Creative Industries, the Community Sector (social economy), the Co-operative Sector, and a brief look at the 'silver economy' and 'green economy' opportunities. The tactical question of the effectiveness of sector targeting as an economic strategy will be considered as well. Particular attention will be paid to identifying sector-based opportunities for communities outside of our main cities and largest towns. The following notes set the stage for some of the Commission's planned research on sectoral approaches to economic development.

Culture and Creative Industries

In its recent report for the Minister of Communities, Culture and Heritage, the Creative Nova Scotia Leadership Council (CNSLC), contends that Nova Scotia's culture sector contributed roughly $950 million to the province's GDP in 2008, making the culture sector the eighth-largest private sector in the province. This arts and culture advisory committee to the Province believes that greater investment in the sector is needed to realize the full potential of Nova Scotia's artistic, cultural, and creative industries. The CNSLC informed the Commission that data gathering efforts between provincial and federal partners will soon provide a better picture of the size and economic impact of Nova Scotia's culture sector. In the coming months, the Commission intends to identify opportunities specific to cultural industries in light of the recent creation of Film and Creative Industries Nova Scotia.

Proponents for creative economy are calling for more investment in the cultural sector to realize its untapped potential. According to the CNSLC, in the past 5 years, the culture sector has increased 34.5% in nominal GDP. The challenge of creating employment within the sector and diversifying its economic base needs to be considered in any strategy to grow the sector.

Arts, cultural, and heritage activities are appealing across all age groups and geographic areas of our province. A 2010 provincial profile determined that all Nova Scotia residents over 15 had participated in at least one arts, culture or heritage activity – from reading a newspaper or book to watching a movie, through to attending live performances or visiting art galleries and museums. Such activities aren't solely of interest to residents either – they are a big draw for visitors to the province. Additional benefits of culture and creative industries include a correlation between population health and a strong arts and culture sector. Those people who participate in more arts and culture activities tend to have stronger social support networks, improved mental and social wellbeing and higher life satisfaction, along with personal confidence. Intuitively, creative culture fosters the creative thinking needed for entrepreneurial generation of ideas as well. Thus, this sector is not only good for our economy, but is also good for our population. The Commission will explore this sector more closely and learn how Nova Scotia can reap the full benefit of our rich cultural heritage and arts community.

Nova Scotia has abundant sources of renewable energy, including wind, tidal, geothermal and solar energy as well as agricultural and forest biomass.

Green Economy

The Provincial Government has committed to two strategies to improve our environment and develop green energy sources. The first of these is the Environmental Goals and Sustainable Prosperity Act (EGSPA), which state that the Province is committed to having one of the cleanest and most sustainable environments in the world by the year 2020. The Government has also committed to develop a Green Economy Strategy by 2014.

Nova Scotia has abundant sources of renewable energy, including wind, tidal, geothermal and solar energy as well as agricultural and forest biomass. Using these natural resources to help meet energy demands presents a significant development opportunity for rural areas of the province in particular. The rapid expansion of the wind industry in Nova Scotia, which was in its infancy ten years ago, is the result of over one billion dollars of investment.

Nova Scotia's universities and colleges have an opportunity to develop new programs and expertise in conjunction with our renewable energy developments. The environmental stewardship of green energy technologies is compatible with eco-tourism from around the world. Green jobs include those in renewable energy sources and bioenergy, but also include jobs in energy storage, green buildings, public transit and environmental protection.

Other sectors within the green economy that are also seeing development include sustainable farming, forestry and fisheries. The number of farmers actually increased in Nova Scotia in 2012 – the only province to see an increase –although this statistic does not consider other troubling trends such as decreasing revenues and the need to work off-farm. Increasing interest in local food consumption as well as safe and organic food sources holds promise for the farming industry looking forward. Sustainable local food production has proven to be a foundation for ancillary economic developments such as artisanal product development, agri-tourism, retail and entrepreneurial incubators such as farmers' markets, especially in places like Vermont, Quebec, and Oregon.

There is growing interest in silviculture in our forestry industry: a method of harvesting that creates 50% more jobs than does clear-cutting, as well as presenting higher value and quality timber for value-added manufacturing.
Our fisheries industry is responding to consumer demand, lower catches, and lower prices by exploring ways to change fishing technologies and models to secure more value for high quality, sustainable seafood. Trap-caught shrimp and hand-caught ground fish ventures are two examples of this development.

Nova Scotia is also globally recognized for its recycling and composting programs. The related Clean Tech sector is profiled separately in this report section. Further efforts are needed in the greening of our transportation sector, notably with community active and public transit systems, and the potential for increased use of rail transit in order to improve the sustainability of our transportation use. The related Clean Tech sector is profiled separately in this report section.

Nova Scotia's green economy is growing but lacks coherent statistic measurement at this point. There are many reasons to continue the momentum with support and training of skilled workers, continuing to develop new, innovative green technologies, and encouraging public interest and participation in energy conservation. Aside from being good global citizens, placing ourselves in a position to develop self-sufficiency and expertise, and having the ability to benefit from eco-tourism -- aside from all this, a green economy helps our province secure a wonderful living environment for ourselves and future generations.

"The Commission intends to treat tourism as a major economic plank for our future."

Tourism

Nova Scotia has a long history of hosting tourists, especially from across Canada and the Eastern Seaboard of the USA. The Commission intends to treat tourism as a major economic plank for our future with much unrealized potential that can positively impact on all areas of the province, urban and remote. In particular, tourism can be critical to rural areas that rely on seasonal work. Rural tourism offers a wide range of experiences that aren't available in urban centres, such as farm visits, pick-your-own operations, horse riding, touring wineries, and other fisheries or agriculturally-themed authentic experience activities. Rural tourism doesn't end on the farm though – there are many other rural-based activities in the tourism spectrum, such as visiting heritage sites and museums, participating in outdoor activities such as skiing or rock climbing, visiting beaches and other scenic areas, and pursuing hobbies such as bird watching and outdoor painting.

The Tourism Industry Association of Nova Scotia (TIANS) contends that the direct contribution of tourism to our provincial GDP was $722 million in 2011. While this is a significant amount, TIANS also reports that tourism has grown at less than 5% per year in Nova Scotia over the past 10 years, which does not compare favourably to other regions and countries where tourism has grown between 5% and 15% per year since 2000. Considerable renewal of the tourism sector is required to invigorate the industry and bring it into alignment with global trends in tourism spending.

Tourism can help build communities through the development of 'clusters' of services and attractions, which will draw tourists who can enjoy multiple visits or events in a single area. It also increases the number of jobs available in a community: both in production – such as arts and crafts, locally produced food– as well as services, such as transportation, and information services. Tourism may also help communities rehabilitate and revitalize facilities through adaptive re-use. An example of this is the town of Chester, which has transformed its disused train station into a community event centre and visitor information bureau. Additional opportunities within the tourism sector are developing around professional tourism training for international students.

Sectoral Approaches to Economic Development Research Agenda

a. Should policy makers be choosing 'winning sectors' and specific businesses or should policy simply focus on creating a winning business climate?
b. Does choosing a set of strategic sectors disadvantage prospects of growth in other sectors?
c. What are the best environments to nurture business growth?
d. What sectors have the most impact on rural and remote communities? How do these correspond to designated growth sectors?

Impact of Services and Taxation on the Economy

Two recurring threads weave in and out of much of what has preceded this section of the Interim Report: 1) government has an important role to play in supporting economic activity, especially through infrastructure and economic development measures; 2) government is too involved and taxes are too high. Sometimes these apparently conflicting views are held concurrently.

To set the stage for evidence-based recommendations on direction for improved economy in Nova Scotia, the Commission's research agenda will include an assessment of governments' impacts on the economy, with particular focus on provincial government. To get us beyond the simplistic construct of services good; taxation bad, we'll examine available data on the spectrum of impacts accompanying both the tax and spend elements of government in our economy, correlating our research on factors of competitiveness and best practices for government in support of businesses.

Taxation extracts money from citizens and companies, leaving them with less to spend in the economy through consumption or investment. It can be a deterrent to productivity gains and consumption needed to support the economy. However, public expenditures contribute significantly to the GDP through wages, procurement, and service provision. Government also redistributes revenues in to the economy by social assistance, pensions, and employment disruption payments. Nova Scotia has an economy in which approximately 30% of its GDP is connected to the public service sector. This proportion is significantly higher than most jurisdictions in North America, due primarily to the combination of our federal military expenditures, a concentration of educational institutions and medical facilities, and a broad range of social and health services.

Are Provincial expenditures disproportionately high in comparison with other provinces? Are our taxation rates disproportionately high in relation to services provided? What other sources of government revenue contribute to its ability to provide services in the economy? Are royalties, equalization (externally sourced funds) the Province's most valuable revenue streams?

It was suggested on several occasions to the Commission that Texas was a place to emulate in terms of business climate: low taxation, high incentives. What are the lessons to be learned from Texas? What are the dissimilarities that must be considered, for example, factoring the costs and benefits of public health care in Nova Scotia that is not present in Texas? How do federal, provincial, municipal property, commercial, sales, and personal taxes combine in terms of our actual tax burdens in Nova Scotia? How do Scandinavian jurisdictions collect taxes at a comparatively high rate while managing both strong economic performance and the provision of extensive services?

Taxation and Services Research Agenda

e. What impact do government taxes and services have on the economy? Does this differ among the levels of government?

f. What are the challenges of cross-jurisdictional tax and service comparisons? What best practices can be distilled?

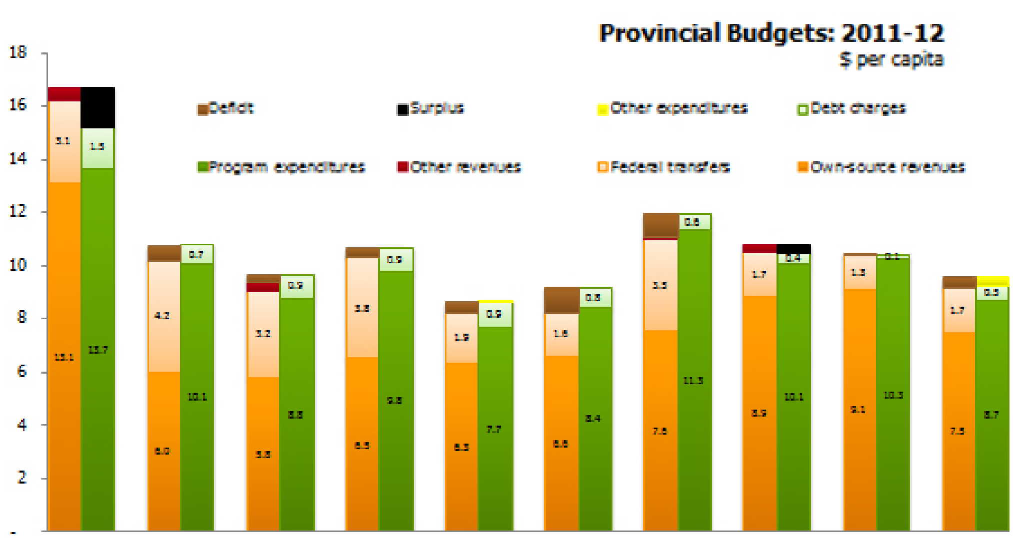
g. What tax policies do successful economies pursue? Are they critical to economic success or incidental? How does Nova Scotia compare?

h. What public services are features of successful economies? Are they critical to economic success or incidental? How does Nova Scotia compare?

If the case is made for a net fiscal benefit of taxation for public spending as contributing to economic growth, should it increase? Is all spending good? What about our debt charges? Is debt reduction through either decreased spending or increased taxation necessary before economic growth through spending can be achieved?

Finally, in considering the impact of government spending and taxation on the economy, the Commission will survey the options of intervention available to governments in relation to economic development. What are best and next practices from our own history and other jurisdictions as to the efficacy of tax incentives, rebates, equity investments, financing and guarantees, support services, grants (and rescue funding), and tail-end incentives?

Provincial Per Capita Spending



Promise & Resolve

The Nova Scotia Commission on Building Our New Economy was formed to:

- engage citizens in meaningful, informed conversations about our economic opportunities and challenges;
- identify, with Nova Scotians, new directions for wealth creation in all regions of our Province.

> "What's the Nova Scotia you want? Will we get there on our current path?"

As our Commission traveled the province this past winter, we set in motion the first of our objectives by engaging communities in conversations about building a better economy and to share our concerns about the challenges we need to face together. We tempered discomforting statistics, the 'bucket of ice water,' with a list of assets and opportunities. Along the way, fueled by the pride and determination of communities, by the beauty of this place, the warmth of people and by the richness of what we have already shaped together in Nova Scotia, we switched it up. We just had to start off our sessions with the 'good stuff' happening everywhere we had been.

Positive beacons are shining all over the province showing promise for better things ahead. But we need more: more collaboration, more entrepreneurs, more engagement in community and economy, and more celebration of success, more welcoming of diversity, more innovation, and more wealth to share. Why? Because without more, given the economic and demographic track we're on, we will be less. More or less –that's it.

In our research phase, the Commission will seek to move beyond the generic call for more into specific evidenced-based sector strategies for that point to the type of entrepreneur, the type of capital equipment, the type of infrastructure, and the type of innovation that will most benefit communities and the province as a whole. For instance, studies show a small proportion of high-growth firms generate a disproportionately large impact on the economy; likewise the impact of ICT equipment has been found to have a greater impact on the economy than other types of capital.

Wise counsel from Digby to St. Anns Bay shared their understanding that we have long-term challenges that will require long-term responses. Silver bullets and quick fixes won't cut it. We need concerted effort, across sectors and regions, by governments and citizens, to conjure up resolve. We need more immigration, more trade, more investment. We need to scale up and spread all the wonderful things we now do. We need to find new ventures in opportunities like those in the green and knowledge economies, to add value to our resources, to make our place a desirable destination for visitors and investors, to think both globally and locally and to be stewards of this place for next generations.

What's the Nova Scotia you want? Is there room in that vision for people who see it in other ways? Will we get there on our current path or do we need to do things differently? Can we create a place where people want to be and can choose to stay? Can we build a place where abundance from sustainable wealth creation brings us good wages, jobs, and profits? What will it take to keep up and improve our public services and the infrastructure we need? Is it possible without economic growth? Can we re-imagine those enshrined structures that keep us from collaborative innovation? Can we make a bigger pie together, enough for all? Can we embrace change and see ourselves as one? We think we can ...and we know we must.

Our community meetings have already begun to raise awareness and deepen public understanding of the nature and scale of the opportunities and challenges facing our province. This Interim Report is intended to further that objective by providing the people of Nova Scotia with information and opinions that we heard from across the province. It is our hope that the research agenda that we have set forth will help us learn more about growth opportunities in different regions, sectors, and communities throughout the province, and how we can take advantage of those opportunities to maximize the benefits for our entire provincial economy.

The Nova Scotia Commission on Building Our New Economy will continue to engage Nova Scotians in hearty conversations and to do the work set out in the Research Agenda section of this Report. Look for us online on Facebook and the ONE website (www.onens.ca) and in community meetings across the province in the fall or early winter. Our ultimate task is to recommend to Government and to Nova Scotians new directions for building a better economy in all regions of the province.

In the meantime, here are some interim recommendations that are sure to contribute to wealth and well-being:

- hike, bike, boat, ride or drive to parts of Nova Scotia you've never been, spend some time, say hello;
- encourage someone else to do the same, maybe someone from outside the province;
- tell us about the 'good stuff' you've seen in our economy through photos, videos, or words sent to our website or Facebook page.

Your questions and comments on our Interim Report are welcomed. They can be e-mailed to maustin@onens.ca

or mailed to:

Mark Austin, Director of Research & Communications
The Nova Scotia Commission on Building Our New Economy
Perennia Innovation Park, 90 Research Drive, Bible Hill, NS B6L 2R2

Copies of this Interim Report are available to read at Nova Scotia Public Libraries or will be mailed on request (using the contact information above). The electronic version can be downloaded at www.onens.ca.

Appendices

A. Engaging Nova Scotians

B. List of Submissions

C. Research Summary

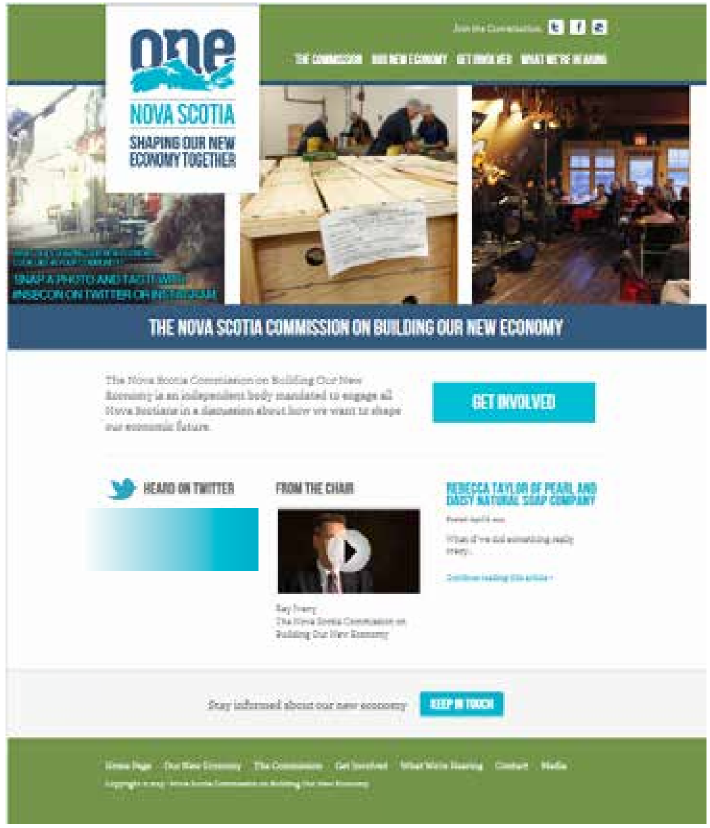
D. Sector Profiles

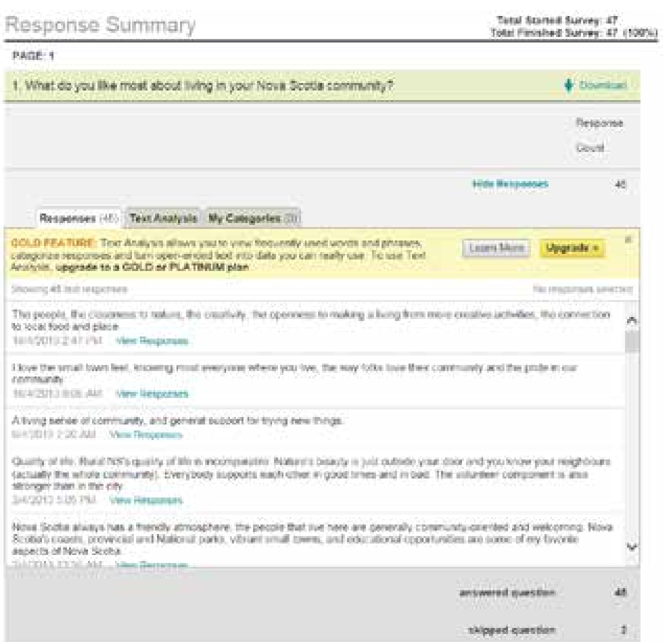
Appendix A | Engaging Nova Scotians

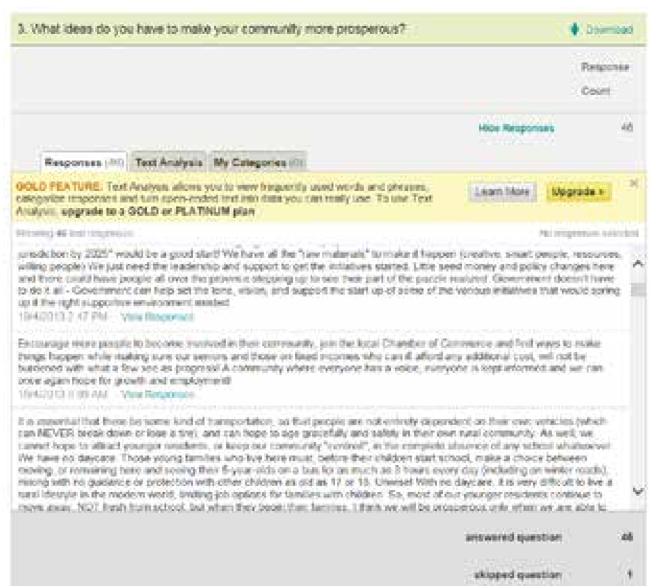
The Commission embarked on an ambitious engagement program that included online activities.

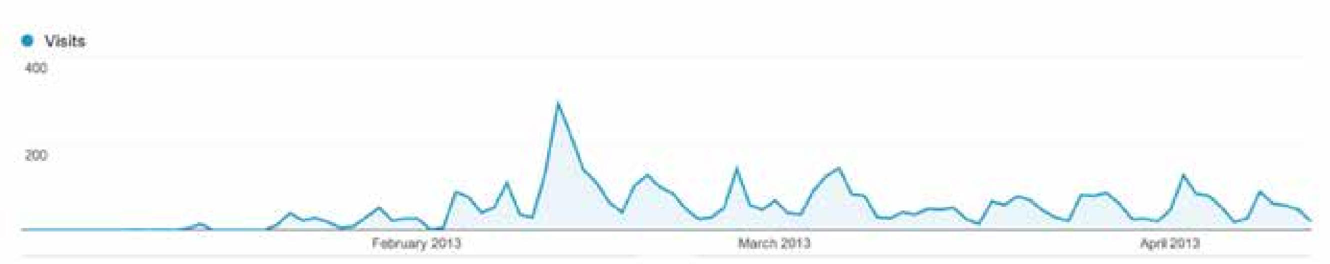
Website: www.oneNS.ca

Nearly 3000 unique visitors accessed the ONE website. 361 people read the "NS Economics 101 - oneNS DiscussionPrimer" on the website. Four versions of Ray's presentation were posted to the site. Combined, there were 421 views of the Commission's meeting presentation on the website.







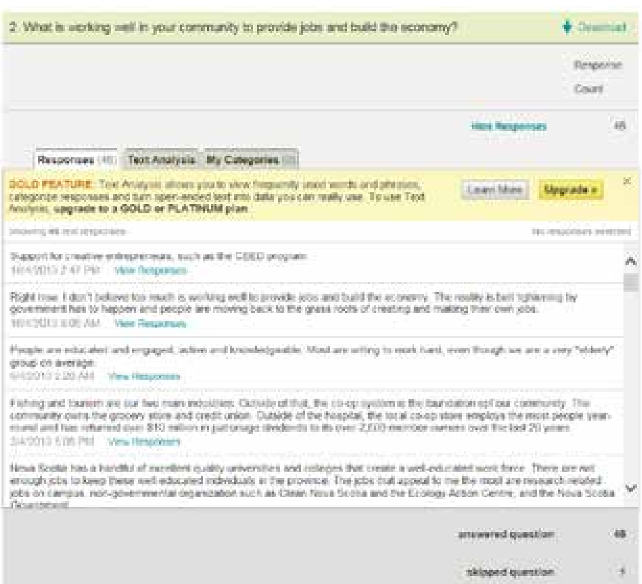


Twitter	
Followers	246
Tweets Made	43
Mentions *(no. of times @oneNovaScotia in a tweet)*	68

Web Stats	
Unique visitors:	2,951
Total Number of visits:	4,825
Avg. Visit Duration:	3:45
Bounce Rate:	41.63%
Pageviews:	22,329
Avg. Pageviews/visit:	4.47

YouTube	
Views Posted	19
Views	906
Minutes Watched	705
Subscribers	3

Envision Nova Scotia's Danny Graham



Likes by Community	
Halifax	72
Truro	31
Dartmouth	9
Sydney	9
Bridgetown	6

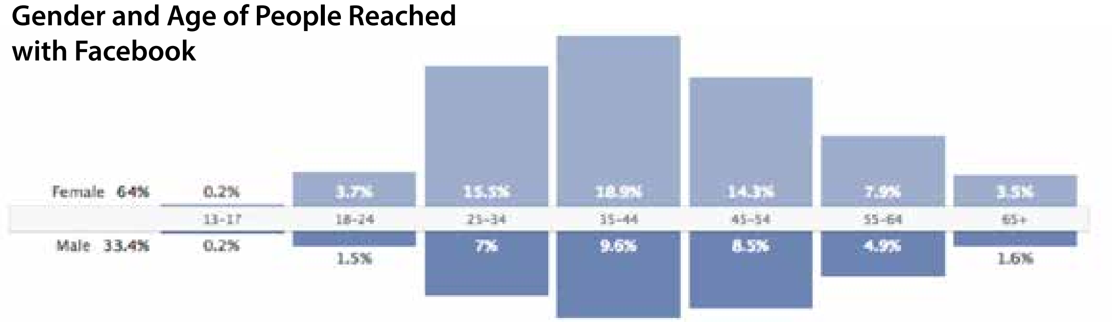
Where the Participants Came From
Top 10 Communities

1. Halifax
2. Sydney
3. Truro
4. Dartmouth
5. Antigonish
6. Ottawa
7. Toronto
8. New Glasgow
9. Glace Bay
10. Calgary

74.6% viewed videos embedded on Facebook or the oneNS.ca website

6.7% viewed videos on their mobile device

Gender and Age of People Reached with Facebook



Appendix B | **List of Submissions**

Submitter	Pages	Topic
Ralph Surette	3	Ralph's responds to 5 questions on assets, prosperity, and wealth creation.
Patrick McGrath on behalf of Research and Innovation CDHA/IWK; NS Health Research Foundation, Faculties of Medicine, Health Professions, Dentistry and Science, Dalhousie University.	8	Outlines 5 different ways that health research contributes to the economy and provides 4 suggestions to the Commission.
	8	Outlines 5 different ways that health research contributes to the economy and provides 4 suggestions to the Commission.
Dave Kerr, COO of Terra Firma Development Corp	4	Regarding Forest Lakes Country Club proposed resort facility and residential development near Windsor, NS
Tamara Lorincz from Demilitarize.ca	3	Voicing opposition to the NSPS ship building project and other forms of military-focused spending, suggesting instead a focus on renewable energy, healthcare and education.
Ecology Action Centre	8	Provides background on the Centre and its goals, provides recommendations to the commission on how NS can achieve a green, sustainable economy.
Notes on Lunenburg Ventures and Invitation to the Commission – Leslie Wright, The Makery	2	A collection of thoughts on places and people that would be suitable to meet with in Lunenburg who are contributing to the local economy or in other ways have a stake in the economic development of Lunenburg and the South Shore.
Tim Edwards on behalf of Nova Scotia Boatbuilders Assoc. (NSBA)	2	A view from the boatbuilding industry (vessels 24 m long or less) on their challenges and opportunities as a rural-based industry.
Pamela Parker on behalf of Atlantic Canada Fish Farmers Assoc.	5	The aquaculture industry, notably salmon farming, and NS potential to be a global player in the industry. Provides current issues and recommendations as well as further reading recommendations.
Envision NS - NS Office of Policy and Priorities – Social Innovation Generation	7	"Nova Scotia Island Park and Marine Conservation Area" proposal, focused on reclaiming our coastline
(also a 1 pager describing Envision NS and their work, goals, etc)	23	Paper – "A Tradition of Social Innovation in Nova Scotia: Scoping Paper" which is a review of Nova Scotian examples of social innovation, including NS Restorative Justice, The Antigonish Movement, New Dawn Entreprises, Community Economic Development Investment Funds, and 4 others.

Submitter	Pages	Topic
Al Chaddock	7	"Nova Scotia Island Park and Marine Conservation Area" proposal, focused on reclaiming our coastline
Steve Raftery, Community Development Coordinator, Bridgetown	2	Outlining how Bridgetown is taking advantage of its existing community assets in a positive way to develop its economy, suggesting that such action is needed province-wide
Steve Raftery, Community Development Coordinator, Bridgetown	9	Bridgetown redevelopment plan – using existing structures in new ways to promote growth and development.
Bridgetown Planner	9	Speaking notes from Jeffrey Reed at the Directors of Planning Conference regarding the "New dividends from old buildings" strategy that Bridgetown is using to encourage economic development in their area (related to the above 2 documents)
Maritimes Energy Association	6	An overview of the existing situation in NS in terms of energy growth and development, looking at potential projects and unnecessary delays in getting projects underway. Recommendations on how to move forward.
Thane Stevens, Stevens Group of Companies	2	Letter regarding the Stevens Group investment in aquaculture (salmon) and the potential for NS to be a world leader in land-based sea water fish farming.
Colin Fowlie, Creamery Square Project, Tatamagouche	1	Letter outlining the Creamery Square Project as a successful example of innovative rural development, offering documentation and experience as a case study that could be followed elsewhere in NS.
Nova Scotia Economic and Rural Development and Tourism	5	The Executive Summary for the study of the Ocean Technology sector in NS, particularly on the global value chain and implications for growth
Nova Scotia Economic and Rural Development and Tourism	5	Nova Scotia Tourism Industry Facts – includes topics such as economic impact, why people choose to visit NS, accommodation facts, etc. Charts & statistics.
Creative NS Leadership Council in partnership w NS Dept of Communities, Culture & Heritage	58	Reviewed as part of the literature review process. Creative Economy Literature Review exploring how other jurisdictions around the world are developing their creative economy sector – summarizes four focus areas required for a successful creative economy and provides a gap analysis for NS based on its performance in those four areas.
ACOA - CFN Consultants & Partner International	5	The Executive Summary for the study of the Ocean Technology sector in NS, particularly on the global value chain and implications for growth

Submitter	Pages	Topic
Daniel Costello	7	Daniel's ideas and suggestions, based on experience gained from his education and world travels.
"Top of the Island" communities of Cape Breton	8	Summary of a community meeting on how to engage with the Commission, outlining activities the communities themselves can undertake, and where they need government cooperation. Detailed analysis of local assets and issues.
Feed Nova Scotia	2	Colchester-East Hants-Cumberland profile – facts and statistics on food bank use, economics & hunger.
Feed Nova Scotia	4	Hunger Count 2012 – facts and statistics on food bank use throughout NS, recommendations to improve the situation
Prof. Tom Webb - Economics and Democracy Council of Canadians	69 slides	Looking at democracy vs. Capitalism, then examining the new theory of economic democracy through a cooperative model
Prof. Tom Webb	7	Professor Webb's thoughts and ideas on economic democracy, how to bring about development, particularly using the cooperative model and credit unions.
Gardner Pinfold – Concise SWOT Analysis of the NS Economy	16	An overview of the structure of the NS economy in terms of industrial composition and regional distribution, significant amount of data and analysis of complex issues.
CUPE NS	22	The CUPE viewpoint focuses on investment rather than austerity measures. Focuses on education, use of strong national programs, impact of federal cuts, and the buy local "10% shift" movement.
Jane MacKay, citizen submission	4	Adding her thoughts after attending the Antigonish meeting, providing ideas focused on tourism, aquaculture, rural transportation, education, and improving NS economy in general to make it more consistent with other parts of Canada
Stewart Lamont, Managing Director, Tangier Lobster Co. Ltd.	2	Thoughts on small-scale wild fisheries of NS and how that industry can be developed, revitalized, and improved in order to support rural economic development
Jim Kimbrell, citizen submission	8	Supporting increased development of fish hatcheries in NS, particularly salt water, and providing a wealth of links on information for other areas that have done similar work and how they have been successful, as well as general information on fish hatcheries and associated research.

Submitter	Pages	Topic
Michael Hope-Simpson	2	Michael helped set up the federal international facilitation unit for Canada's International Development programming (CIDA) and feels that NS has unique opportunity to act in a facilitation capacity, encouraging the Commission to embark on multi-stakeholder consultations.
Cumberland/Amherst/ Parrsboro/ Springhill/Oxford (CAPSO)	10 slides	Municipal presentation from ONE NS meeting answering the questions of what's working, ideas on improving prosperity, commission success view.
Guysborough Presentation	20 slides	Overview of economic development projects in the area (comparing itself to the Ugly Duckling) and then a set of recommendations including ways to prioritize rural development and various suggestions for government programs.
Eastern Shore Proposals from Drs. Marike Finlay-de Monchy, Karin Cope & Elisabeth Bigras	7	A plan for low capitalization sustainable economic development based on best practices.
	10	Discussion on the aim of the commission, which should be to increase wellbeing, not simply economic output, advocating GPI measurement methods. Recommendations on how the Eastern Shore economy can be improved in key sectors – fisheries, forestry, tourism, support to arts and culture, healthy living, retiree attraction for summer living, green energy, volunteerism, gov't services, youth services, and community building.
Letters from Herschel Spector to Minister Belliveau about the Economics of Open Pen Salmon Farms	13	A series of letters opposing open-pen coastal fish farming and highlighting various studies that point to negative consequences of such practices.
Letters from Herschel Spector to Minister Belliveau about the Economics of Open Pen Salmon Farms (revised)	34	Similar to the above item, a more complete series of letters opposing fish farming highlighting various studies that point to negative consequences of such practices. Includes response to the group from Minister Belliveau.
Rachel Brighton	7	Ms. Brighton's answers questions about our assets and provides examples and ideas to inspire wealth creation.
Bill Black	3	Mr. Black provides six ideas on areas for improvement for NS, including resource industries, immigration, employment, communities, universities, and avoiding non-viable businesses.

Submitter	Pages	Topic
NS Small Schools Initiative	25	A proposal for regeneration of small communities by turning schools into community hubs. Includes information on how schools that are transformed into hubs help the community and provides recommendations to the Commission on how NS can benefit from this practice.
Expert Panel on Yarmouth-US Ferry	83	A report on the matter of re-establishing of the ferry service to the USA.
NS Alternative Provincial Budget	116	Reviewed as part of the literature review process. The alternative budget is designed to make a persuasive case for how we can reallocate and/ or raise additional public funds to create a community that is socially and economically just, as well as environmentally sustainable, and also designed to educate the public that alternatives do exist.
Twelve Things You Should Know about Nova Scotia's Fiscal Situation	6	Provides 12 reasons to support the assertion that faith in addressing the deficit through austerity measures is misplaced.
Nova Scotia's Vital Signs	50	A study of Nova Scotia society presenting how Nova Scotians are faring in terms of income, demographics, health, security, learning, environment, life satisfaction, and other indicators.
Rural and Coastal Communities Network Presentation to the Commission	3	Answers 5 questions on what's working, barriers, assets, etc, with ideas for increasing prosperity through community hubs and rural development inititatives.
Geoff Brinston, citizen submission	2	Mr. Brinston advocates for a concept to provide guaranteed employment for everybody. He asserts that 90% of needed resources are already in place.
Teresa MacNeil, Rural Communities Foundation of NS	3	The Foundation focuses on leadership development and innovative thinking (rather than just job creation) as the way to strengthen the economy. Provides recommendations to the Commission on rural community issues.
Ross Haynes, QC, Citizen Submission	4	Mr. Haynes expresses his concern regarding the overabundance of government in the province" "Never have so few been governed by so many." He provides a wide range of suggestions on how to reduce the size of government and then move forward with economic building.
Gail Fowlow, Director, Penney Group & Villages of Seven Lakes (2 submissions on same topic)	42	Pictou County Business Attraction & Investment Strategy –report identifying strategies and priorities for growing and attracting businesses and business investment in the Pictou region, focused on 3 areas – economic gardening of high growth businesses, leveraging the power of the internet, and developing partnerships with Aboriginal and First Nations businesses.

Submitter	Pages	Topic
Gail Fowlow, Director, Penney Group & Villages of Seven Lakes (2 submissions on same topic)	2 & 8 pages	Outlines plans for 634 unit low impact conservation community in Porter's Lake. The community aims to build without compromising watersheds or ag land, minimizing footprint and protecting the environment, while contributing to rural community living.
Mike Gushue, NS International Ferry Partnership	2	Supporting the resumption of ferry service between Yarmouth and the USA, contingent on 3 factors – improvement of US economy, the right ship, and effective marketing of the service.
Christopher Wright, Bay of Fundy Marine Transportation Assoc.	8	Attended Shelburne meeting, submitting further thoughts on governance and government involvement levels, the fishing industry, forestry, agriculture, manufacturing and tourism.
Christopher Wright, Bay of Fundy Marine Transportation Assoc.	13	"Ferries and the Economy of SW Nova Scotia" – this is a paper on the history of ferry service in SW Nova Scotia and the current situation, giving data on loss in regional tourism revenue based on room night declines and also the impact on the ground fish industry in terms of trucking. Also covers environmental and social impact of the loss of ferry service.
David Saxton & David Arenburg, Yarmouth	10	Presentation prepared for the Commission's visit to Yarmouth and surrounding area that is focused on issues with governance, economic development, medical services and transportation, giving current situation and recommendations, for each topic.
Jack Kyte, Exec. Director, Pictou Regional Development Agency	42	Pictou County Business Attraction & Investment Strategy –report identifying strategies and priorities for growing and attracting businesses and business investment in the Pictou region, focused on 3 areas – economic gardening of high growth businesses, leveraging the power of the internet, and developing partnerships with Aboriginal and First Nations businesses.
Don Mills, Corp. Rsch. Assoc.	1	Don provided a map of the 8 urban towns in NS with at least 5,000 population, and recommends an urban town strategy rather than a rural strategy by focusing on the urban areas and their ability to support the rural areas.
Steve Sampson, Warden of Richmond County	2	Concerning the Strait of Canso SuperPort Corporation for Canada Port Authority status.
Craig Bower, citizen submission	8	Attended Shelburne meeting, submitting further thoughts on governance and government involvement levels, the fishing industry, forestry, agriculture, manufacturing and tourism.

Submitter	Pages	Topic
John Pettipas, citizen submission	14	Attended Cape Breton meeting, reviews significant events and facts of NS history, mostly pointing to the need for immigrants and the urgent need to stop out-migration.
Mary Jess MacDonald, citizen submission	2	Queensville resident, raises issues around rural areas needing an "equal playing field" to urban areas, emphasizes need for infrastructure, a need to recognize rural Cape Breton apart from CBRM, need to involve youth and help find employment opportunities for rural CB.
Henry Vissers, citizen submission	1	Emphasizes need for 100% high speed internet and cellular coverage. Agriculture issues are covered, particularly trade barriers & market restrictions. Rural infrastructure, government "can't do" attitude, EI access and seasonal jobs, funding for ag projects and small minded politics.
Mary Morrissey & Phil Davison, Prior Learning Centre & St. FXU	4	Providing detail on recent wide-scale social innovation activities undertaken by the Prior Learning Centre & St. FX University, including research and development projects and other strategic initiatives.
Greg McLeod, Tompkins Institute	1	Recommendations including community-based investment company with a business research arm, decentralization of government offices to save costs, immigration program to recruit foreign business graduates and a competition inviting proposals from areas of high unemployment for not-for-profit groups. Enlist university help.
"Top of the Island" submission (separate from the already listed one)	2	Recommendations to address local realities include creating a satellite economic and business development centre, implementing programs to strengthen community centres, recruiting medical staff, providing support for schools, increased CEDIF investment incentives and investment in youth.
Truro & Colchester Chamber of Commerce	4	Sharing ideas from the Chamber of Commerce – a growing urban region but lagging rural areas, concerns about red tape deterring businesses from setting up in NS, need to compete with HRM for businesses, concerns about provincial department regulation enforcement, and emphasis on nurturing the creative economy.
Tourism Industry Association of NS (TIANS)	1	12 Recommendations for making rural NS more competitive

Submitter	Pages	Topic
Tourism Industry Association of NS (TIANS)	28	Report on the impact of tourism on rural economies in NS, reviewing the role of tourism and its economic impact, benefits to rural economies, comparisons with rural tourism in other provinces and countries, and opportunities for creating success.
Tourism Industry Association of NS (TIANS)	22 slides	Presentation to Commission from March 27: facts on the tourism industry, economic impacts, trends, constraints and future ideas, as well as recommendations on making rural NS more competitive.
Susan Myers-Levy, Citizen submission	1	Email to the Commission regarding meeting with the Sheet Harbour Chamber of Commerce, and concerns that they do not fully represent the Sheet Harbour or Eastern Shore communities – general disappointment that Eastern Shore is being left out of the process. Grassroots community revitalization needed.
Municipality of Clare	69	"Securing the Future: The Clare Economic Development Master Plan" – a plan developed through resident interview input, as well as input from industry, education and community leaders, and government representatives. Submitted in response to the Church Point session.
Envision NS	5	A review of the Envision NS position on economic development – concerns that a focus on economic growth without consideration for social, cultural, and environmental issues will miss the big picture. Success needs more than just economic growth. Provides 5 recommendations to the Commission.
The KLOG Centre	8	Presentation to the Commission – emphasizing that the economy isn't the only thing we need to improve – all aspects of life must be considered. We lack a vision of where we want to go. Provides recommendations on future success.

Appendix C | Research Scan Summary

Nova Scotia Reports, Reviews & Policies

Title	Key Topics
Jobs Here	productivity, governance, business climate, access to capital, globalism, immigration, current NS opportunities, relationships, what we do well, assets, entrepreneurial culture
Invest More, Innovate More, Trade More, Learn More: The Way Ahead for Nova Scotia	barriers to development, access to capital, business climate, governance, rural viability, urban-rural relationship, cultural and creative economy, business incubation, value-added manufacturing, attitude, relationships.
Addressing Nova Scotia's Fiscal Challenge	Barriers to economic development, governance, efficiencies, current NS opportunities, business climate, infrastructure
Stimulating Innovation: Is Canada Pursuing the Right Policies?	Innovation strategies, business climate, governance, public policy
Indicators of Prosperity Technical Report	evidence bases, data, statistics
Strengthening Connections, Connecting Communities: Nova Scotia Alternative Provincial Budget (NSAPB) 2013	governance, multiple levels of government and agencies, alternative structures, business climate
The New Rural Economy in Canada	rural viability, urban-rural relationship, successful transition strategies, coops, governance
Twelve Things You Should Know about Nova Scotia's Fiscal Situation	governance, barriers to economic development, labour pool, indicators
Rural Nova Scotia Issues	rural viability, urban-rural relationship, retention, immigration, attraction
NS Air Route Development Program	current NS opportunities, attraction, export
Creative Economy Literature Review (NS)	cultural and creative economy, provincial and international examples of success
A Greater Halifax: Economic Strategy 2011-2016	business climate, infrastructure, globalism, governance, multiple levels of government and agencies, attraction, current NS opportunities, what we do well, assets, advantages
Nova Scotia's Vital Signs (report and slide presentation overview)	evidence basis, statistics, data
Rural Development Assessment for Coastal Communities Network (NS)	rural viability, rural-urban relationship, out migration, labour pool/workforce, youth, social economy, culture, relationships, governance, barriers to economic development
Rural Nova Scotia in 2012: An Economic Profile	indicators, evidence bases, data, statistics, assets, advantages, barriers to economic development
Schools at the Centre: A Revitalization Strategy for Rural Communities (NS)	rural viability, urban-rural relationship, education, youth
Nova Scotia's Tourism-Related Municipal Tax Impacts	Taxation, statistics, data
Halifax Stanfield International Airport: Rural Economic Impacts	data, statistics, rural viability, labour pool, rural employment

Cape Breton Island and Mulgrave Integrated Strategic Framework for Economic Prosperity	Current NS opportunities, growth sectors, globalism, infrastructure, assets, advantages, social economy, labour pool, education
Renewing Regional Economic Development in Nova Scotia	governance, multiple levels of government and agencies, efficiencies, partnerships
New Policy Directions for Nova Scotia: Using the Genuine Progress Index to Count What Matters	evidence basis, data, statistics, policy development, governance, GDP, GPI
Long Term Value Strategy for the Canadian Lobster Industry Report Summary	Current NS opportunities, business climate, value chains
NS Nominee Program Evaluation Report	Immigration, attraction, retention, labour pool
Immigrant Labour Market Requirements for Nova Scotia: Evidence for Increased Immigration	attraction, retention, immigration, labour force
A Detailed Analysis of Nova Scotia's Productivity Performance, 1997-2010	productivity, growth, labour market, infrastructure, stats, data
The NSPS Shipbuilding Value Chains	Current NS Opportunities, value chains

Other Canadian Jurisdictions

Title	Key Topics
Advantage Ontario	Value-added manufacturing, growth sectors, small and medium sized enterprises, collaborations, barrier to economic development, access to capital, business climate, export, entrepreneurial culture, infrastructure, governance
Strategies for Innovation: A framework for accelerating the province of New Brunswick	governance, provincial examples of success, entrepreneurial culture, transition strategies, barriers to economic development, business climate, infrastructure, globalism, small and medium sized enterprises, growth sectors, collaboration, innovation, commercialization of intellectual property
OECD Rural Policy Reviews: Quebec, Canada	Rural viability, urban-rural relationship, out migration, retention, immigration, attraction, successful transition strategies, provincial success example, governance
2007-2014 National Policy on Rurality: A Source of Strength for Quebec	Provincial examples of success, rural viability, rural-urban relationship, governance, access to capital, culture, successful transition strategies
The OECD Rural Development Programme and the ongoing review of Québec, Canada	rural viability, urban-rural relationship, retention, attraction, culture
Harnessing the Tide: A New Approach to Rural Development in BC	rural viability, transition strategies, governance, concepts of development, First Nations
Rural and Regional Development in Newfoundland and Labrador: Emerging Challenges and Opportunities	rural viability, rural-urban relationships, transition strategies, provincial examples, indicators
Leading Innovation: Insights from Canadian Regions	Innovation, productivity, business incubation, evidence bases, data, infrastructure, retention, attraction, creative economy, entrepreneurial culture, hubs, clusters, collaborations, access to capital

International Jurisdictions

Title	Key Topics
Road to Growth: How Lagging Economies Become Prosperous	business climate, international examples of success, governance
Hyden Tourism Development Company (Western Australia)	International example of success, rural viability, successful transition strategy, communities of place/interest, attitude, relationships, youth
Business-led Mobilisation for Rural Growth: Two Swedish Exceptions to the Rule, or a Model in the Making?	International examples of success, rural viability, retention, attraction
The New Rural Paradigm: Policies and Governance	Governance, international examples of success, business climate, infrastructure, rural viability, urban-rural relationship
Investing for Growth: Building Innovative Regions	governance, business climate, relationships, urban-rural relationship
OECD Rural Urban Partnerships Evaluation of Policy Practices in the EU and Selected OECD Countries (project summary) and CS Summary Grid (2 documents)	urban-rural relationship, rural viability
Innovation for Scotland: A strategic framework for innovation in Scotland	Innovation, small and medium sized enterprises, international example, business climate
Commission on the Future Delivery of Public Services (Scotland)	Public services, governance, social culture, levels of government and agencies, International example
Maine Future Forest Economy Project: Current Conditions and Factors Influencing the Future of Maine's Forest Products Industry	natural resources, business climate, globalism, US jurisdiction
Keeping Maine's Forest-Based Economy: A National Demonstration Project A Proposal to Keep Forests as Forests, Strengthen the Forest-based Economy, and Revitalize Rural Communities	natural resource based industry, US jurisdiction, governance, access to capital, tourism, rural viability
Maine Future Forest Economy Project – Executive Summary	natural resources, value chains, rural viability, US jurisdiction, business climate
The X factor in the Norwegian Economy	Productivity, international success example, workforce, skills, talent
Start-Up Chile	business incubation, accelerators, international examples of success, attracting, entrepreneurial culture, youth, attitude, culture

Newspaper & Website Articles & Opinion Pieces

Title	Key Topics
When it comes to fracking, enough study, consultation	current NS opportunity, infrastructure (energy)
You might need to pay a bit more for good labour	rural viability, attraction, retention, labour pool/workforce, skills
Halifax to lead province's growth	growth sectors, sectors in decline, barriers to economic development, indicators
Want to save small towns? Save their schools	youth, rural viability, retention, attraction, education
How Scottish should Nova Scotia be in 2013, anyway?	Attitude, culture
Michelin announces $73 million investment at Waterville	NS example of success
Nova Scotia MP believes wineries hold key to a revitalized future	current NS opportunities, example of success, value-added manufacturing
Canadian Launches The Founder Project, a Seed Stage VC Fund for Student Startups	business incubation, youth
OCAD University Launches Imagination Catalyst, Led by Entrepreneur Steve Billinger	business incubation, collaboration, youth, entrepreneurial culture, cultural and creative economy
11 Ways to Turn Public Spaces into Great Places	communities, cultural and creative economy
Breaking out of the Box	governance, multiple levels of government and agencies, efficiencies, alternative structures, rural viability, health of youth
Is GDP the Right Way to Measure Progress? One Economist Says No.	indicators, governance, multiple levels of government and agencies, efficiencies, alternative structures, social economy
How supply management is thwarting Canada's agrifood industry	barriers to economic development/wealth creation, globalism, export
Let's keep doors open at schools	hubs, collaborations, rural viability, cultural and creative economy
Community hub schools emerging third option	hubs, rural viability, social enterprise, cultural and creative economy

Other

Title	Key Topics
Entrepreneurship and Job Creation	entrepreneurship, social economy
Gallup's Entrepreneur Acceleration System (EAS): A Unique Path to Sustainable Job Creation	small and medium sized enterprises, business incubation
Urban Productivity: Who Benefits from Agglomeration Economies?	clusters, collaborations, small and medium sized enterprises, efficiencies, statistics
Unlocking Entrepreneurship: A Handbook for Economic Developers (IEDC)	entrepreneurial culture, business incubation, commercialization of IP, collaborations, hubs, small and medium sized enterprises, innovation, productivity, infrastructure, access to capital
Accelerating Success: Strategies to Support Growth-Oriented Companies (IEDC)	business incubation, commercialization of IP, collaborations, hubs, small and medium sized enterprises, innovation, productivity, entrepreneurial culture
New Realities for Economic Development Organizations (IEDC)	access to capital, business climate, levels of government and agencies, incubation, strategic planning, leadership, economic development organizations
Leveraging Training and Skills Development in SMEs	small and medium sized enterprises, training, labour pool/workforce, skills, education
Best Practices in Local and Regional Economic Development	development, targeting, business climate, infrastructure
Rural-Urban Interdependence: Why Metropolitan and Rural America Need Each Other	rural viability, urban-rural relationships, retention, attraction
Small Towns Action Agenda: Priority Recommendations from the Small Towns Action Council	out-migration, retention, attraction, rural viability, transition strategies, communities of place
Small Towns, Big Ideas: Case Studies in Small Town Community Economic Development	rural viability, urban-rural relationships, out migration, attraction, retention, international examples of success, culture, communities of place, social economy

Appendix D | **Sector Profiles**

Sector Identification

The following sectors were defined based on their main product or service according to Statistics Canada NAICS codes for each sector::

Agriculture & Agri-Food

	111	Crop production
	112	Animal production and aquaculture
	1151	Support Activities for Crop Production
	1152	Support Activities for Animal Production
	3111	Animal Food Manufacturing
	3112	Grain and Oilseed Milling
	3113	Sugar and Confectionery Product Manufacturing
	3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing
	3115	Dairy Product Manufacturing
	3116	Meat Product Manufacturing
	3118	Bakeries and Tortilla Manufacturing
	3119	Other Food Manufacturing
	3121	Beverage Manufacturing
LESS	*1125*	*Aquaculture*

Fishing & Seafood Processing

114	Fishing, hunting and trapping
3117	Seafood Product Preparation and Packaging

Aquaculture

1125	Aquaculture

Forestry Products

113	Forestry and logging
1153	Support Activities for Forestry
321	Wood products manufacturing
322	Paper Manufacturing
337110	Wood Kitchen Cabinet and Counter Top Manufacturing
337123	Other Wood Household Furniture Manufacturing
337213	Wood Office Furniture, including Custom Architectural Woodwork, Manufacturing
484223	Forest Products Trucking, Local
484233	Forest Products Trucking, Long Distance

Oil & Gas

211	Oil & gas extraction
213111	Oil and Gas Contract Drilling
213117	Contract Drilling (except Oil and Gas)
213118	Services to Oil and Gas Extraction
2212	Natural Gas distribution

Mining & Mineral Products

212	Mining and Quarrying (except oil & gas)
213119	Other Support Activities for Mining
327	Non-metallic Mineral Product Manufacturing

Finance & Insurance

52	Finance and Insurance

ICT

334	Computer and Electronic Product Manufacturing
5112	Software Publishers
517	Telecommunications
5415	Computer Systems Design and Related Services

Oceans Technology, Life Sciences, CleanTech and Aerospace and Defence are defined based on the markets these sectors serve along with the types of products and services they produce.

Culture and Creative Industries

In its recent report for the Minister of Communities, Culture and Heritage, the Creative Nova Scotia Leadership Council (CNSLC), contends that Nova Scotia's culture sector contributed roughly $950 million to the province's GDP in 2008, making the culture sector the eighth-largest private sector in the province. This arts and culture advisory committee to the Province believes that greater investment in the sector is needed to realize the full potential of Nova Scotia's artistic, cultural and creative industries. The CNSLC informed the Commission that data gathering efforts between provincial and federal partners will soon provide a better picture of the size and economic impact of Nova Scotia's culture sector. In the coming months, the Commission intends to identify opportunities specific to cultural industries in light of the recent creation of Film and Creative Industries Nova Scotia.

The following links provide more information on the Culture Sector in Nova Scotia

http://creative.novascotia.ca/sites/default/files/files/CultureNovaScotiaFuture.pdf

http://www.creativecity.ca/database/files/library/ns_can.pdf

Sector Statistics

Sector statistics (unless otherwise noted), including graphs of salary shares, revenues and profits, are derived from Department of Finance custom tabulations of taxfiler information.

The number of companies is an approximation of the total number of corporations in each sector based on taxfiler information. This figure includes local and multi-jurisdictional corporations; it does not include partnerships or sole proprietors. The data will not match that found in the Registry of Joint Stock Companies because of these omissions.

Revenue and profit figures include only revenues and profits earned in Nova Scotia based on taxfiler information. It does not include revenue/profit of multi-jurisdictional companies attributed to other provinces.

NS Assets include Nova Scotian assets of companies based on taxfiler information.

R&D spending is based on information from taxfiler data representing qualified research and development spending for companies that have claimed the Nova Scotia Research and Development Tax Credit.

Startups are estimated based on the number of new taxfilers in the 2011 tax year.

Salaries include all salaries paid to Nova Scotians. The graph of the share of Nova Scotia's Salaries by sector is estimated relative to the total salaries paid to Nova Scotians in active companies based on taxfiler information.

GDP for the ICT, retail and wholesale sectors are based on Statistics Canada estimates: Table 379-0030 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (dollars) (accessed: April 09, 2013)

Employment sources varied because of the detail needed.

- Some sectors were able to use the Statistics Canada Labour Force Survey estimates which are household-based. CANSIM Table 282-0008 [Labour force survey estimates (LFS), by North American Industry Classification System (NAICS), sex and age group, annual (persons unless otherwise noted)] was used for:
  - Agriculture (primary only)
  - Forestry (primary only)
  - Fishing (primary only)
  - Mining (primary only)
  - Retail
  - Wholesale
- Some industries within sectors with a NAICS code were able to use information from the Survey of Employment, Labour and Hours, a business based survey. CANSIM Table 281-0024 [Employment (SEPH), unadjusted for seasonal variation, by type of employee for selected industries classified using the North American Industry Classification System (NAICS), annual (persons)] was used for:
  - Food and beverage Industries
  - Non-metallic mineral production industries
  - Paper manufacturing and wood manufacturing

- Nova Scotia Department of Fisheries and Aquaculture provided estimates of fishers and aquaculture employment.

- Nova Scotia Department of Economic and Rural Development and Tourism provided employment estimated through analysis conducted with the Tourism Economic Impact Model.

Average weekly earnings based on Statistics Canada estimates: Table 281-0027 - Average weekly earnings (SEPH), by type of employee for selected industries classified using the North American Industry Classification System (NAICS), annual (current dollars) was used for the retail and wholesale sector.

Average salary for the Tourism industry was provided through the Nova Scotia Department of Economic and Rural Development and Tourism estimated through analysis conducted with the Tourism Economic Impact Model.

Sector Locations/Concentration

Company locations are based on Statistics Canada's Canadian Business Patterns information as well as individual company street address information. Sector Concentration is calculated using Statistics Canada's Canadian Business Patterns information for each county with the number of "businesses" with the appropriate NAICS codes for the sector being divided by the total number of "businesses" for the county.

Percentage of Companies by Employee Size

The source of the information is Statistics Canada's Canadian Business Patterns. "Company" is this context is the lowest level that is capable of reporting such data as operating profit. Companies include corporations, self-employed individuals, government entities, non-profit organizations, partnerships, or financial funds. Employment includes both full-time and part-time employees and may represent peak employment. The "Indeterminate" companies do not maintain an employee payroll, but may have a workforce which consists of contracted workers, family members or business owners. This category also includes employers who did not have employees in the last 12 months.

Other statistics & Sources

Other statistics noted in the text of the sector profiles are based on research performed by staff of the Department of Economic and Rural Development and Tourism. Sources of the information may vary and include online materials, consultant reports and custom tabulations.

Agriculture & Agri-Food

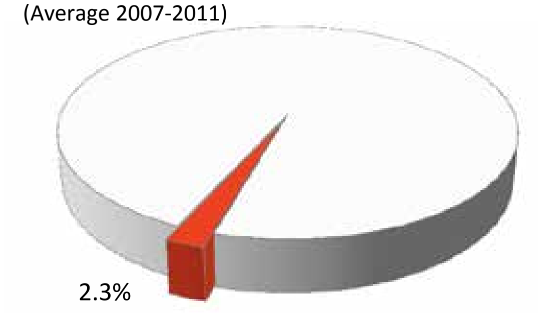
- Agriculture and Agri-food is comprised of the primary sector of agriculture (aquaculture excluded) and food manufacturing for animal and human consumption (fish processing excluded). Christmas trees and some forest production such as maple syrup are included.
- Average annual 2012 agriculture employment was 6,000 people (aquaculture employment included).
- The three top contributors to farm cash receipts are: dairy (24%); furs, largely mink (18%); and hens/chickens (14%) which does not include eggs (6%).
- In 2012, the food and beverage manufacturing industries employed approximately 3,650 people, 58% in bakeries and beverage products manufacturing.
- Restructuring is ongoing; the hog industry collapsed; beef is under severe pressure; apple orchards are being renewed, and the meat products industry has seen plant closures as well as the opening of a poultry processing facility. Stronger growth has occurred in the mink and grape and wine industry.
- Farmer demographics and trade talk pressures on the supply management system (dairy, poultry and eggs) are a risk to these industries. Nova Scotia agriculture, though more diverse than nationally, has smaller farms, making it difficult to be as efficient. Future success means concentrating on sustainable competitive positions

Core Sector Statistics (2011)

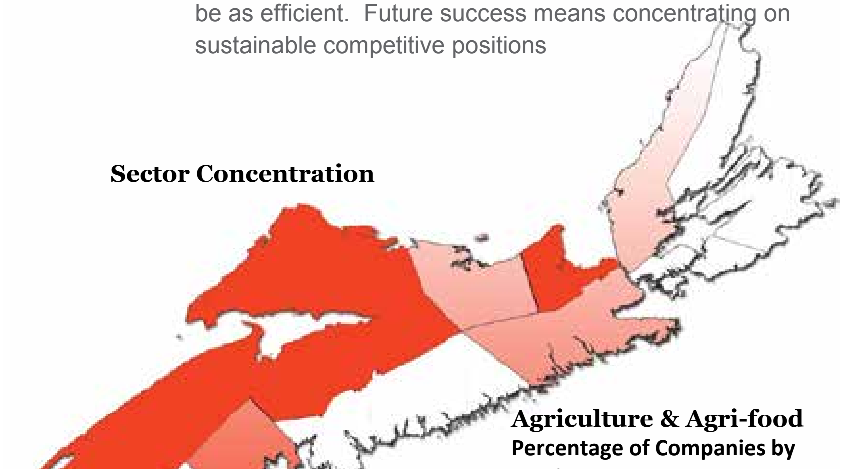
Companies (#)	~800
Revenues ($m)	$2,066
Profits* ($m)	$399
NS Assets ($m)	$2,585
R&D ($m)	$2
Startups (#)	16
Salaries ($m)	$164
Number of farms	3,905

*Does not include farms

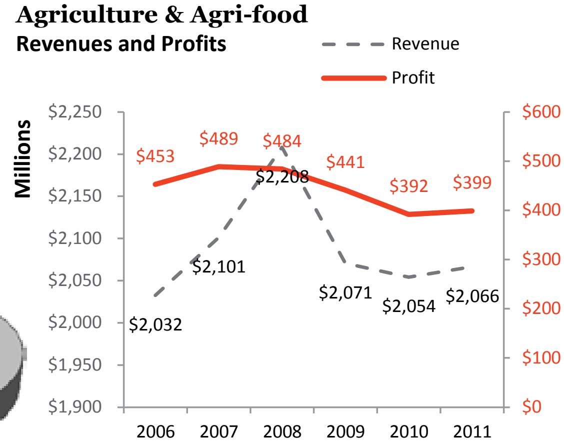
Agriculture & Agri-food
Share of Nova Scotia's Salaries
(Average 2007-2011)



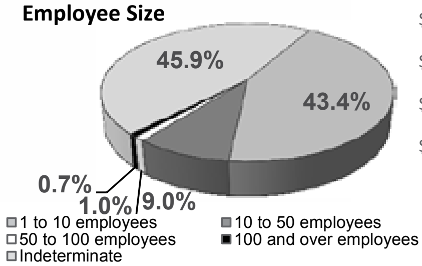
Sector Concentration



Agriculture & Agri-food
Revenues and Profits



Agriculture & Agri-food
Percentage of Companies by Employee Size



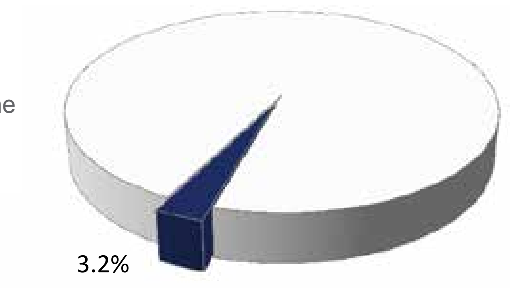
Fishing & Seafood

- The Fishing and Seafood sector contains the primary sector of fishing, hunting and trapping (the latter two very small in Nova Scotia) and seafood, product, preparation and packaging.
- Core sector statistics do not capture unincorporated business and many fishers file personal income taxes.
- In 2010 there were 4,330 commercial fishing vessels and 21,478 fishing licenses for different species. Lobster is about half of the landed value.
- The 2012 annual average fishing employment was 4,700, but peak employment would be greater. In 2010, the NS Department of Fisheries and Aquaculture estimated there were 13,750 commercial fishers, including crew.
- As of March 20, 2012, there were 237 licensed fishing processing facilities, with an average annual employment of 4,050. Both employment and the number of fish processing facilities have been declining.
- The industry has faced a number of challenges with the increased value of the Canadian dollar, higher fuel costs, the anemic recovery from the global recession and supply/demand imbalances with lobster landings. Export opportunities could open up with the EU trade talks.

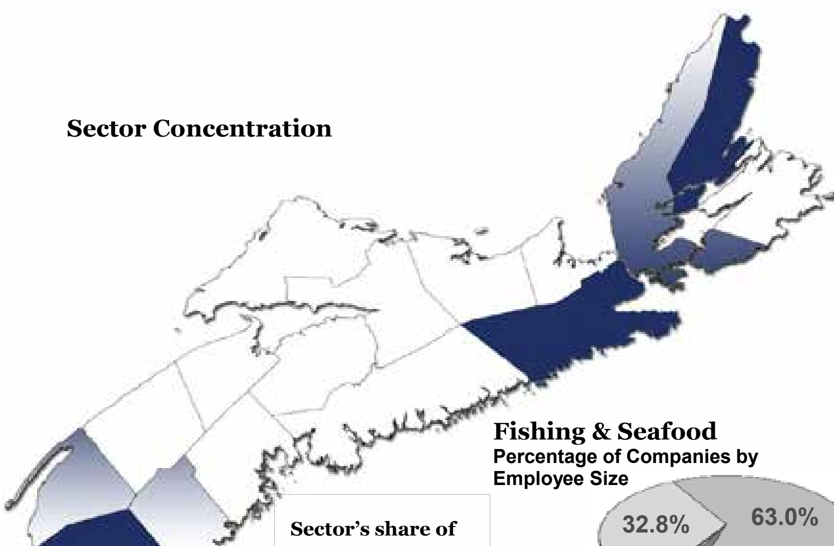
Core Sector Statistics (2011)

Companies (#)	~1,500
Revenues ($m)	$1,247
Profits ($m)	$82
NS Assets ($m)	$1,190
R&D ($m)	$4
Startups (#)	24
Salaries ($m)	$199

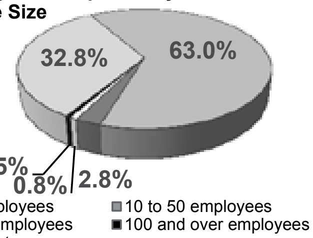
Fishing & Seafood
Share of Nova Scotia's Salaries
(Average 2007-2011)



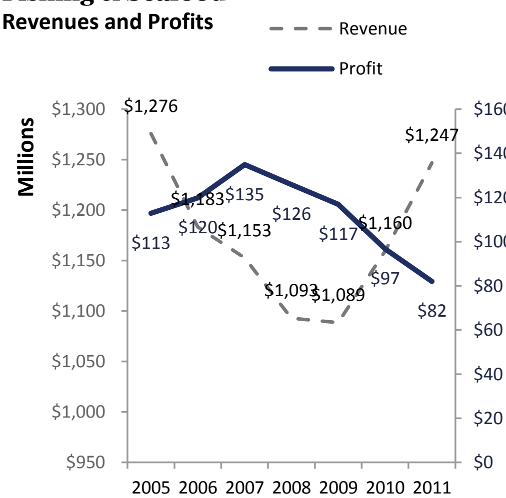
Sector Concentration



Fishing & Seafood
Percentage of Companies by Employee Size



Fishing & Seafood
Revenues and Profits



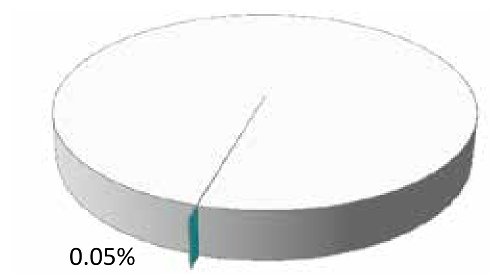
Aquaculture

- Aquaculture in Nova Scotia includes the “farm-raising” of aquatic plants and animals. It includes both land-based and marine-based facilities. The statistics presented in core statistics reflect incorporated business only.
- In 2011, the industry employed 549 workers, 40% of them full-time.
- Salmon is the dominate species. Salmon and trout (hatcheries included) produced 76% of the value of the industry in 2011. Other species include rainbow trout, mussels, oysters, quahogs, scallops and marine plants. There are land-based operations producing arctic char, halibut and European sea bass and 17 land-based hatcheries.
- This can be a high-risk industry with potential for high profits which has meant some volatility in terms of production and revenues.
- Although Nova Scotia has a number of sites which are promising for development of aquaculture, not all sites which have licenses are being utilized. Community support of marine-based aquaculture and environmental concerns will be a factor in development.

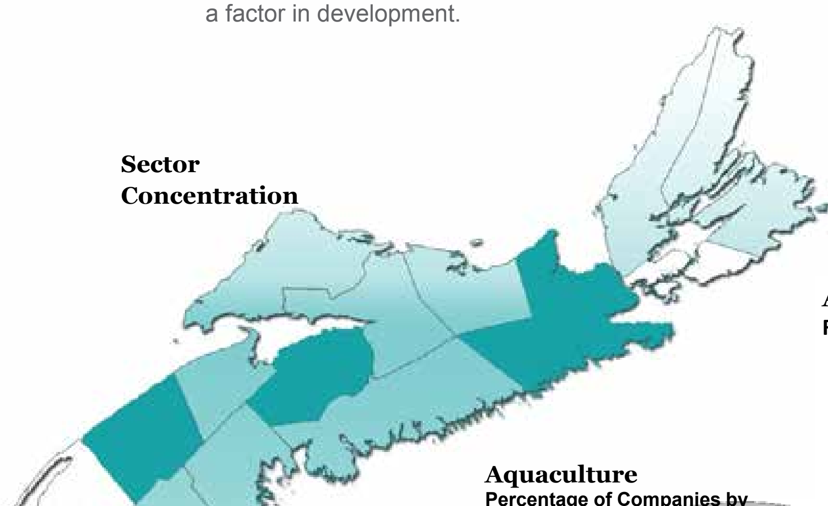
Core Sector Statistics (2011)

Companies (#)	~35
Revenues ($m)	$24
Profits ($m)	$4
NS Assets ($m)	$34
R&D ($m)	$0
Startups (#)	0
Salaries ($m)	$3

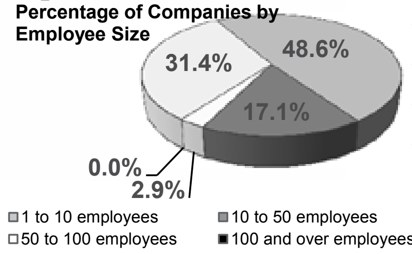
Aquaculture
Share of Nova Scotia's Salaries
(Average 2007-2011)



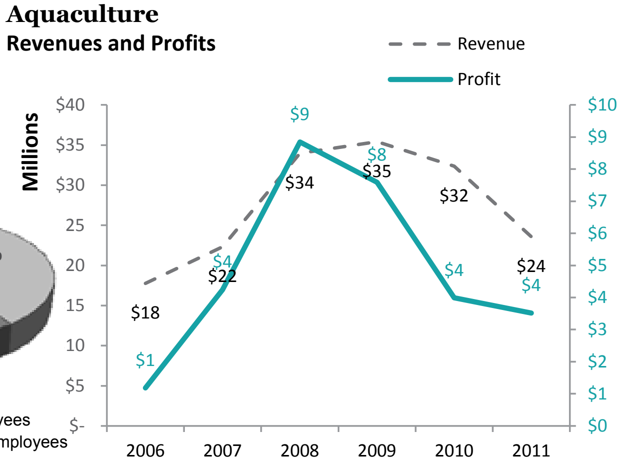
Sector Concentration



Aquaculture
Percentage of Companies by Employee Size



Aquaculture
Revenues and Profits



Forestry Products

- Forestry Products industry includes primary sector of forestry, logging and support activities, paper manufacturing, wood product manufacturing, wood kitchen cabinet and wooden furniture manufacturing and forest products trucking. Christmas trees, maple syrup and some forest products are included in the agriculture industries.

- The primary sector's annual average employment in 2012 was 2,300. Employment has been volatile but showing a decline over the past decade.

- Employment in the paper manufacturing and wood product manufacturing in 2012 averaged approximately 3,100, 35% lower than the previous year.

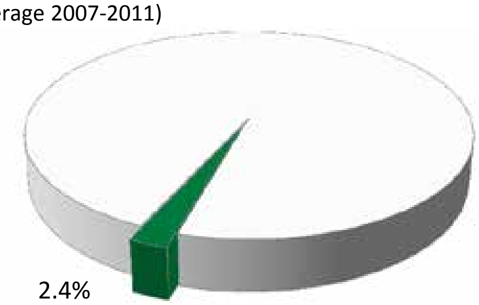
- The worldwide recession starting in 2008 further added to the pressure in the forestry industry and hastened restructuring in the industry. Sawmills and major pulp and paper manufacturers closed.

- The forestry sector is in transition. While the requirement to provide wood fibre is still a big concern, there is a need to improve the quality and character of our forest that sustains the value-based production and services of our forest economy.

Core Sector Statistics (2011)

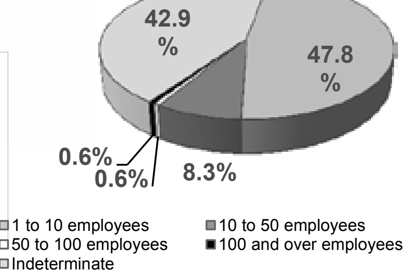
Companies (#)	~550
Revenues ($m)	$1,401
Revenue Growth	0%
Profits ($m)	$226
Profit Growth	-3%
NS Assets ($m)	$1,547
R&D ($m)	$3
Startups (#)	7
Salaries ($m)	$106

Forestry Products
Share of Nova Scotia's Salaries
(Average 2007-2011)

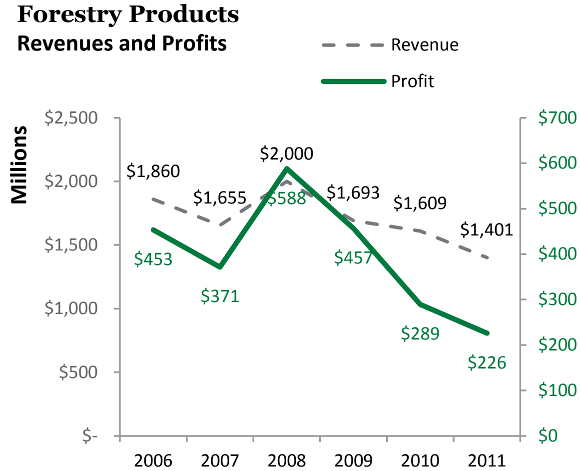


Sector Concentration

Forestry Products
Percentage of Companies by Employee Size



Forestry Products
Revenues and Profits



Oil & Gas

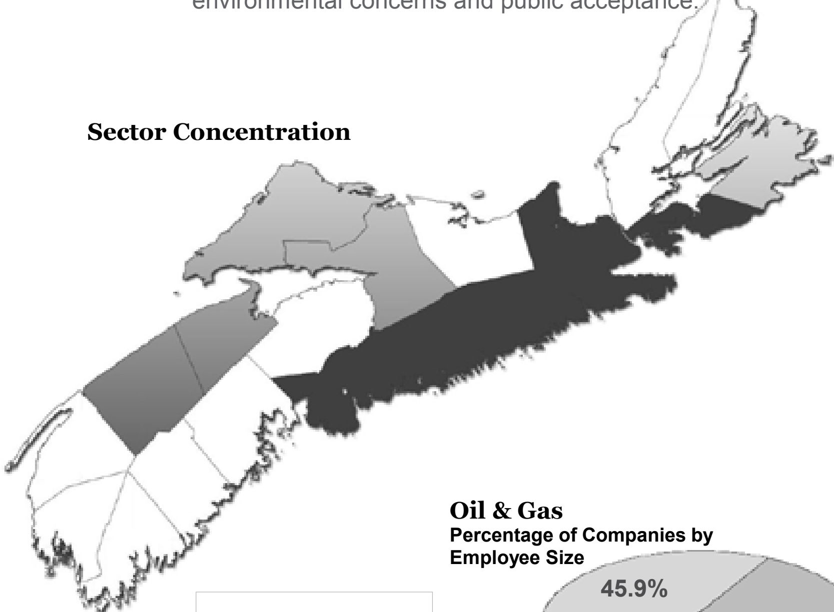
- This sector includes the primary sector of oil and gas exploration and production and the services that support this as well as natural gas distribution.
- Employment estimates are not available but the 2011 Canada-Nova Scotia Benefits Report estimated that hours worked by Nova Scotians on the Sable Offshore Energy Project Offshore translated to 271 full-time equivalents.
- Offshore, natural gas production has been occurring as since1999 with Deep Panuke expected to begin producing in 2013. Onshore, there are five license holders with a mixture of conventional oil and gas and coal gas agreements, including both production and exploration agreements.
- Natural gas is not only distributed through pipelines but is now transported by trucks as compressed natural gas.
- Offshore, Shell Canada and BP Exploration plan to spend $2 billion on offshore exploration over the next six years.
- Future activity will be influenced by price, technology, environmental concerns and public acceptance.

Core Sector Statistics (2011)

Companies (#)	~100
Revenues ($m)	$386
Profits ($m)	$116
NS Assets ($m)	$2,312
R&D* ($m)	$0
Startups (#)	3
Salaries ($m)	$8

*Does not include commitments under Benefits Agreements

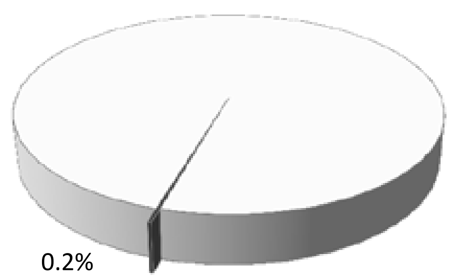
Sector Concentration



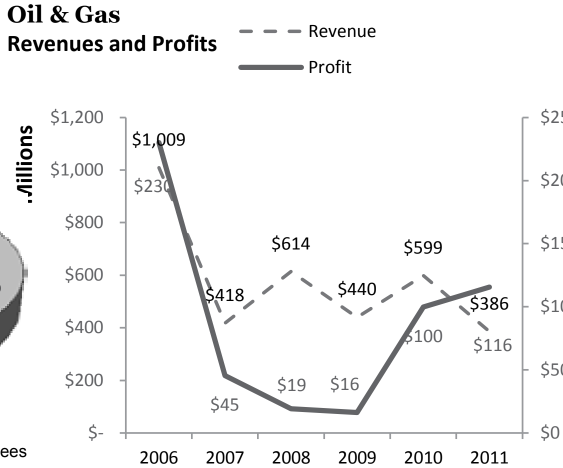
Sector's share of county businesses

- 0.2% to 0.3%
- 0.1% to 0.2%
- 0 to 0.1%

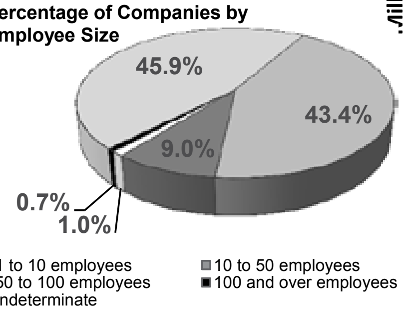
Oil & Gas
Share of Nova Scotia's Salaries
(Average 2007-2011)



Oil & Gas
Revenues and Profits



Oil & Gas
Percentage of Companies by Employee Size



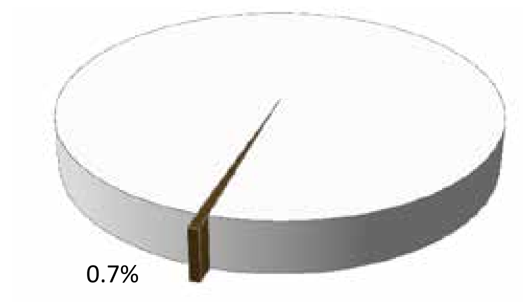
Mining & Mineral Products

- The Mining and Mineral Product sector includes the primary sector of mining and quarrying (both exploration and production) and non-metallic mineral product manufacturing (e.g., concrete and cement products, bricks, dressed stone, etc.).
- Primary sector employment (including oil and gas), was 4,400 in 2012, the highest level since 1998. However, employment in mining production (gypsum, limestone, silica sand, coal, and salt) is at its lowest level in decades. Exploration activity amounted to about $12 million in 2012.
- In 2012, non-metallic mineral production employment was 780, the majority in cement and concrete product manufacturing.
- The recession that began in 2008 took its toll on mining; several gypsum mining sites were placed on standby as American demand dropped and drops in prices and demand slowed exploration activities. A rebound in the housing and construction market in the United States could result in growth of the gypsum industry.
- There are a number of projects that could develop into full-fledged mining operations. Future growth in this sector will depend on price and commodity demand, technological advances, public attitudes towards the industry and the

Core Sector Statistics (2011)

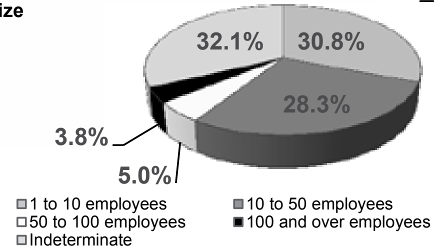
Companies (#)	~125
Revenues ($m)	$469
Profits ($m)	$139
NS Assets ($m)	$1,562
R&D ($m)	$0
Startups (#)	7
Salaries ($m)	$51

Mining & Mineral Products
Share of Nova Scotia's Salaries
(Average 2007-2011)

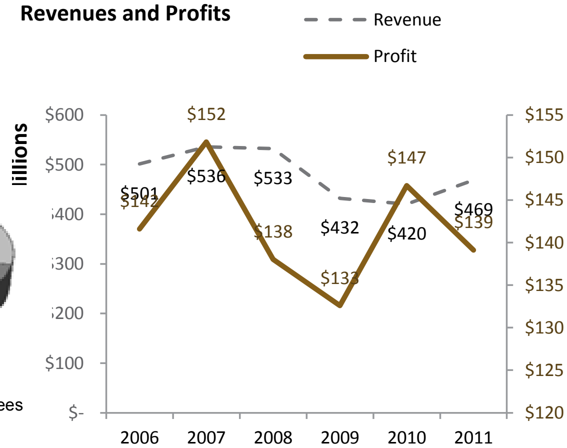


Sector Concentration

Mining & Minerals
Percentage of Companies by Employee Size



Mining & Mineral Products
Revenues and Profits



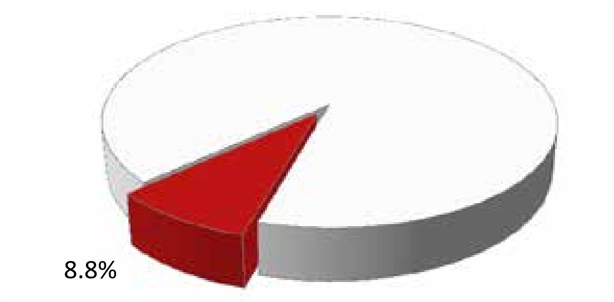
Finance & Insurance

- The Finance and Insurance sector consists of financial services companies mainly involved in financial transactions (transactions that involve creation, liquidation, or change in ownership of financial assets) or in supporting financial transactions and companies who provide insurance services.
- Nova Scotia has more than 3,000 finance and insurance firms that employ more than 17,000 people. A significant number of these people work in rural areas of the province, typically at insurance brokerages, banks and credit unions. Earnings in this sector are 20% above the provincial average.
- The key services provided by Nova Scotian firms include: insurance, securities & advisory services; fund administrators; investment managers; depository institutions; data centers; trusts and custody institutions; due diligence; and other supporting services.
- As the regional headquarters for Canada's largest banks, this sector has added 500 jobs in the past three years.
- A number of major global financial service providers have also established back and middle operations in the area recently and plan to employ an additional 1,200 employees.
- Cost, incentives, workforce, time zones and access to major financial districts are attractive features for this sector.

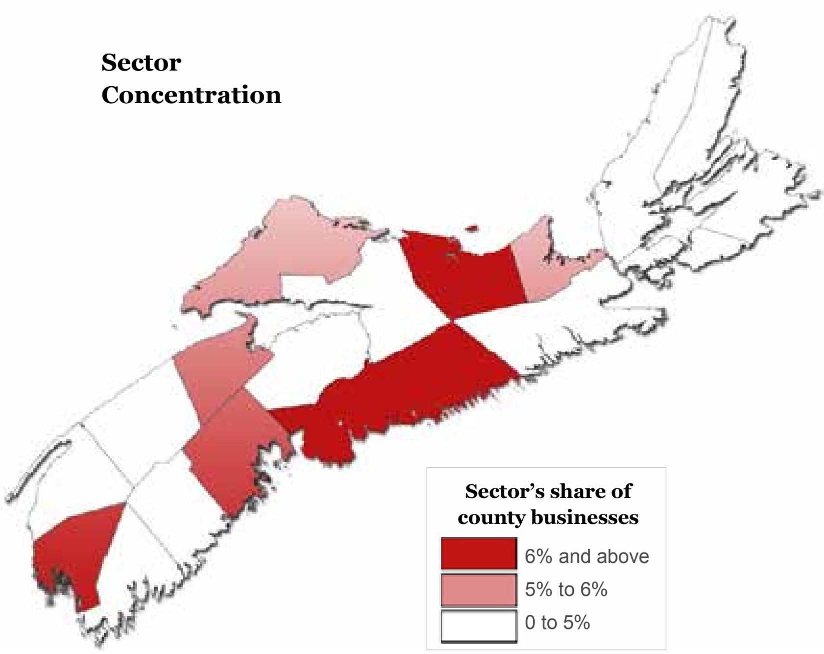
Core Sector Statistics (2011)

Companies (#)	~3,300
Employment (2012)	17,000
Revenues ($m)	$3,763
Profits ($m)	$483
NS Assets ($m)	$57,457
R&D ($m)	$1
Startups (#)	101
Salaries ($m)	$573

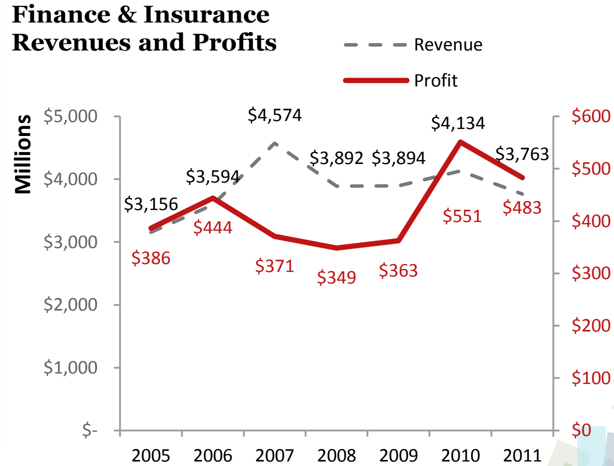
Finance & Insurance Share of Nova Scotia's Salaries
(Average 2007-2011)



Sector Concentration



Finance & Insurance Revenues and Profits



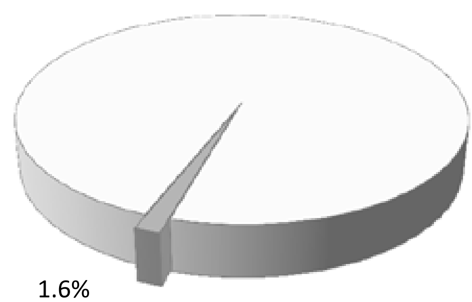
Information & Communications Technology

- The Information and Communications Technology (ICT) sector is made up of companies that mainly produce goods and services, or supply technologies, used to process, transmit or receive information by electronic means.
- Roughly 600 companies with 900 establishments make up this sector in Nova Scotia. In 2011, ICT represents a $2.5 billion industry and accounts for approximately 4.1% of Nova Scotia GDP.
- ICT can be further broken down into subsectors such as telecommunications, computer hardware and communications equipment manufacturing, software and IT professional services. Employment in Nova Scotia's sector is concentrated in IT services and telecommunications. Key emerging growth areas include interactive media/gaming and business analytics with IBM's expansion into the province.
- More than 21,000 people are directly employed by the ICT sector (just over 4% of total employment).
- The ICT sector accounts for more than 34% of all private sector R&D spending.
- Even though the province has the highest number of graduates per capita in ICT-supporting fields, skills shortages are expected in the next few years if supply does not increase.
- Gartner Consulting, a global leader in ICT sector analysis, forecasts global ICT spending could reach $3.8 trillion (US)

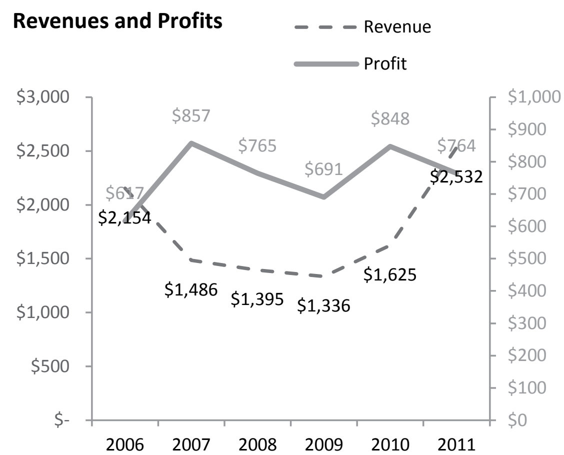
Core Sector Statistics (2011)

Companies (#)	~600
Employment (2012)	21,000
GDP($m, % of NS)	$1,368 (4.1%)
Revenues ($m)	$2,532
Profits ($m)	$764
NS Assets ($m)	$6,303
R&D ($m)	$36
Startups	35
Salaries ($m)	$109

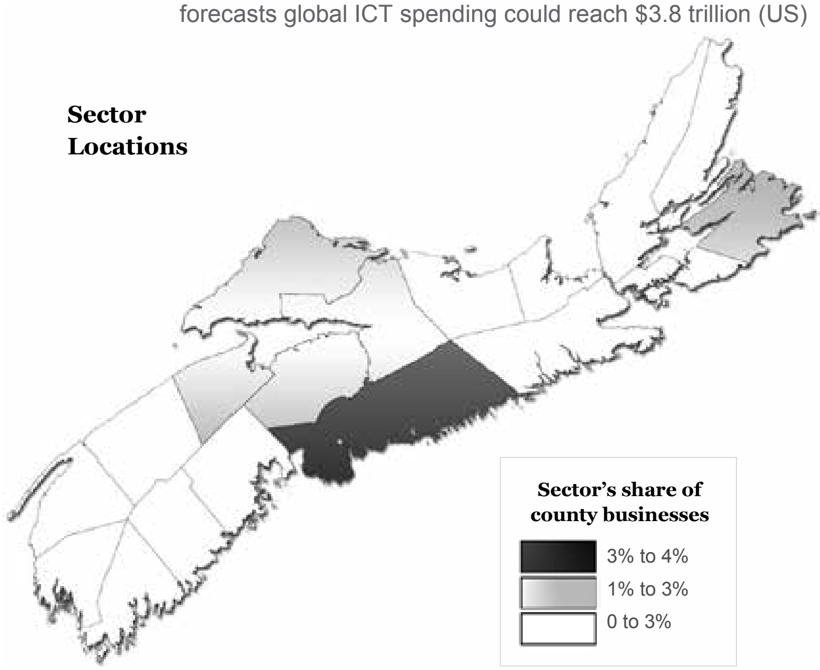
ICT
Share of Nova Scotia's Salaries
(Average 2007-2011)



ICT
Revenues and Profits



Sector Locations



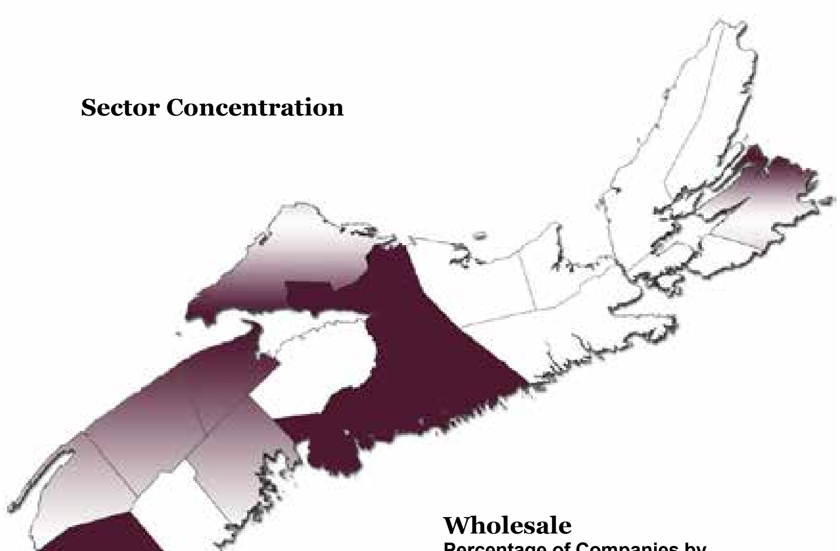
Wholesale

- The Wholesale sector consists of businesses (incorporated or unincorporated) which sell products to retailers, other businesses and industrial clients. It includes both wholesale merchants and brokers who arrange the purchasing of goods for a commission. It also includes branch offices of manufacturing/producing firms that are established to market a product.
- In 2012, average annual employment was 12,600; 2,200 (or 14.6%) lower than 2011, and 600 (or 8.2%) lower than 2002. In 2012, wholesale trade was 2.8% of Nova Scotia's employment.
- The average weekly wage in 2012 including overtime for all wholesale employees was $934.33. The industrial average was $789.71.
- In 2011, it contributed about 4% to Nova Scotia's GDP.
- The number of wholesaling businesses started to drop in 2005. There are now 12% fewer business than 2004.

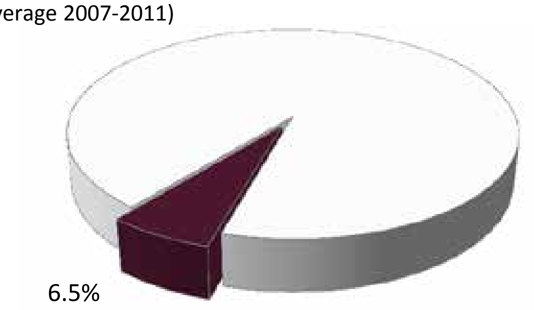
Core Sector Statistics (2011)

Companies (#)	~1700
Revenues ($m)	$7,069
Profits ($m)	$1,163
NS Assets ($m)	$3,606
R&D ($m)	$3
Startups (#)	54
Salaries ($m)	$403

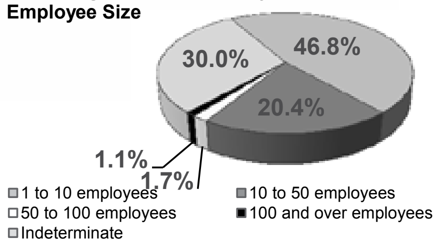
Sector Concentration



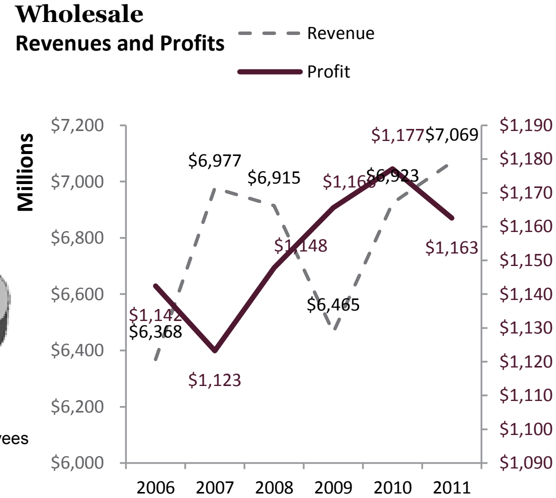
Wholesale
Share of Nova Scotia's Salaries
(Average 2007-2011)



Wholesale
Percentage of Companies by Employee Size



Wholesale
Revenues and Profits



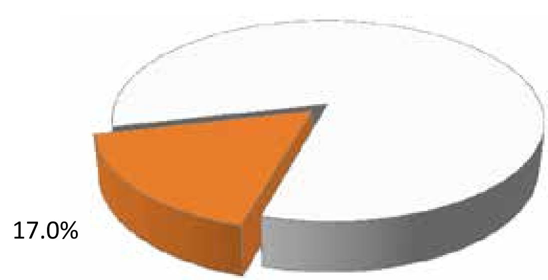
Retail

- The Retail sector usually sells small quantities of goods to the general public but also to business and institutions (e.g., office supplies, computers, gasoline). It may include an element of repair (e.g., computers) or installation (e.g., window coverings). Non store retailers are also included (e.g., catalogues, vending machines and home delivery (e.g., oil).
- In 2012, average annual employment for retail was 59,000 people, 13.0% of Nova Scotia's total employment. This was 5.8% lower than 2011 and 8.2% lower than 2002.
- The 2012 average weekly wage including overtime for all employees was $508.7; the Nova Scotia industrial average was $789.71.
- Retail trade in 2011 contributed 7.1% to Nova Scotia's GDP.
- The number of businesses has declined 14.6% since 2007.
- Changes in retailing trends such as big box stores, retail parks and internet shopping have and will continue to impact this sector. Demographic impacts include population shifts which may mean that the required market size is no longer available to support a store in certain areas and consumption patterns change with age.

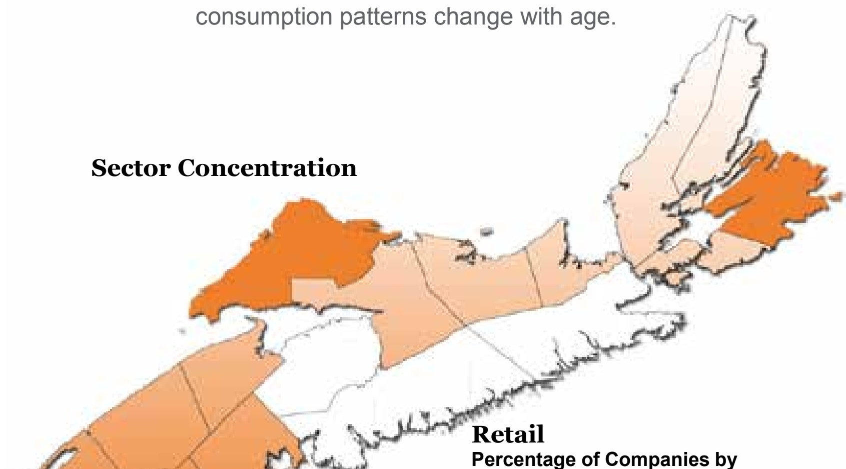
Core Sector Statistics (2011)

Companies (#)	~3,000
Revenues ($m)	$12,724
Profits ($m)	$4,037
NS Assets ($m)	$5,798
R&D ($m)	$1
Startups (#)	85
Salaries ($m)	$1,119

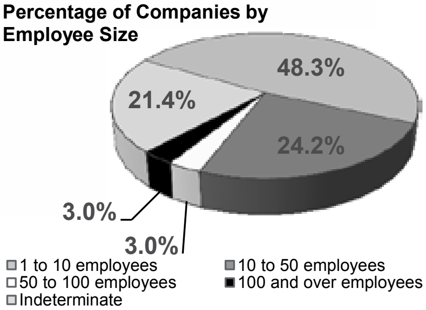
Retail
Share of Nova Scotia's Salaries
(Average 2007-2011)



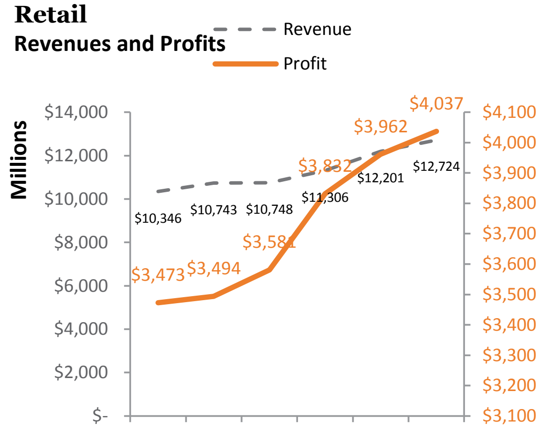
Sector Concentration



Retail
Percentage of Companies by Employee Size



Retail
Revenues and Profits



Tourism

- Tourism industry is comprised of businesses which provide goods and services to tourists. Some business' activities may be exclusively concentrated on tourists (e.g., bed and breakfast) while for others in may only be a small part of their revenues (e.g., grocery store).

- A tourist is a resident or non-resident travelling for pleasure, business, to visit friends and relatives or other non-routine reasons. Their expenditures on food and beverages, accommodation, transportation, etc. support the industry.

- In 2010, 44% of tourism expenditures/revenues were from other Canadians, 9% from Americans, 5% from overseas visitors and the remaining 42% from Nova Scotians.

- Out-of-province visitors bring important export revenues into Nova Scotia. After peaking at around 2.2 million, out-of-province visitors has now slipped below 2 million. Like the rest of Canada, Nova Scotia has experienced a long-term decline in American visitors.

- Tourism activity occurs throughout Nova Scotia. Influenced in part by the Halifax International Airport, just over half of expenditures occur in Metro Halifax. Over the past decade, tourism activity in Halifax has been growing while activity in rural areas has declined.

- Tourism has been changing; types of vacations change, stays become shorter, and there is more world-wide competition for tourism dollars. Many factors such as economic conditions world-wide, perceptions of security and safety, exchange rates, the attractiveness of other destinations, and the quality of the Nova Scotia product affect the local tourism industry.

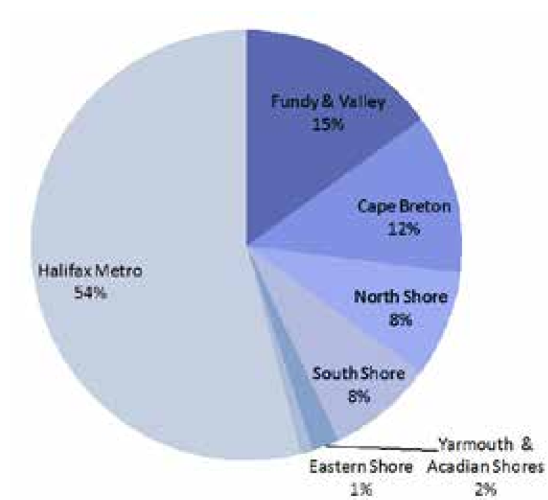
- The number reason for visiting Nova Scotia is visiting friends and relatives but these tourists tend not to be the larger spenders. For future revenue growth, the industry needs to focus more strategically on higher value segments, especially new visitors (e.g., outdoor enthusiasts, people interested in food and culture). This will necessitate investment in higher-quality products and experiences and technology on the part of industry.

The Commission intends to treat tourism as a major economic plank for our future.

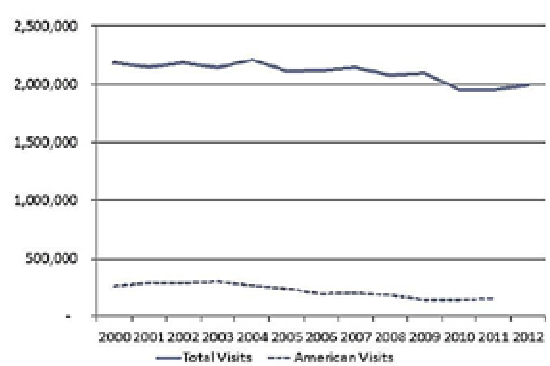
Key Sector Statistics (2010)

Employment (2012)	24,000
Revenues ($m)	$2,020
Household Income ($m)	$531,000
Average Salary	$22,000
Out-of-province visitors (2012)	1,993,300

Out of Province Visitor Destinations



Out of Province Visitors (2012)



CleanTech

- The CleanTech sector is made up of knowledge-based companies that have exclusive technology or know-how allowing them to have superior performance at lower costs, while reducing or eliminating negative ecological impacts, as well as improving the productive and responsible use of natural resources.

- Key areas for these companies include: energy & energy efficiency technologies; air and the environment; recycling and green products manufacturing; and materials. Nova Scotia's products and services have applications in a variety of markets, from defence to agriculture.

- Nova Scotia's clean tech sector comprises about 4% of the over 700 companies nationwide that together earn more than $10 billion and employ over 50,000 Canadians.

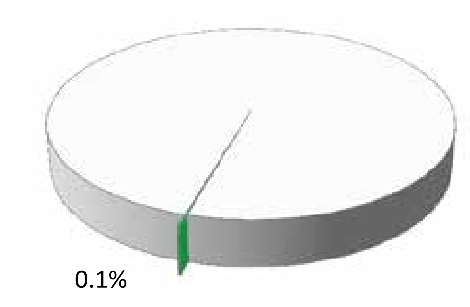
- Canadian CleanTech companies are 9 times more likely to export with 82% of Canadian companies exporting, and more than half of these exporting outside of the US. Nova Scotian CleanTech products are exported across five continents.

- Increased international standards in response to issues related to climate change will provide opportunities for more green products and services.

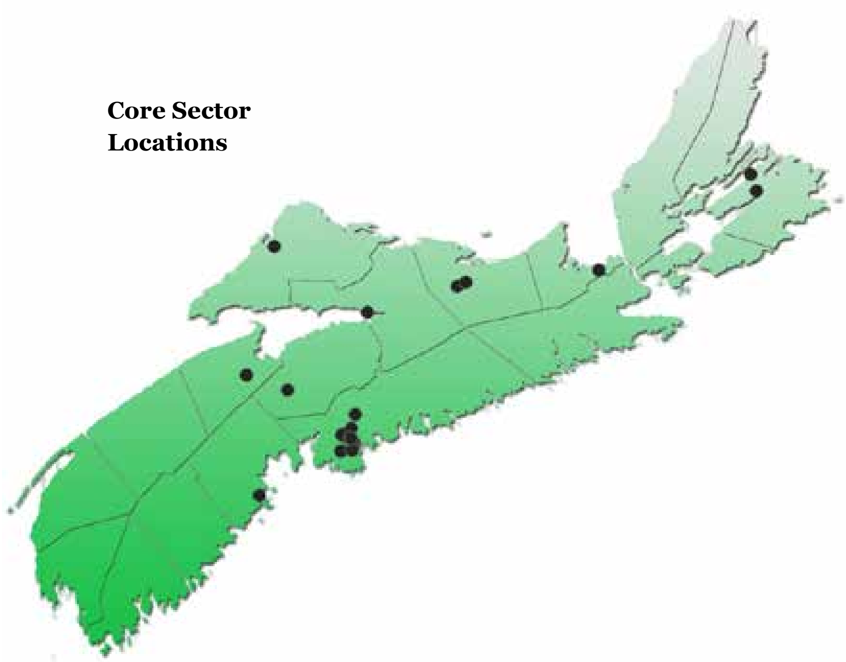
Core Sector Statistics (2011)

Companies (#)	~30
Revenues ($m)	$119
Profits ($m)	$29
NS Assets ($m)	$130
R&D ($m)	$2
Salaries ($m)	$10

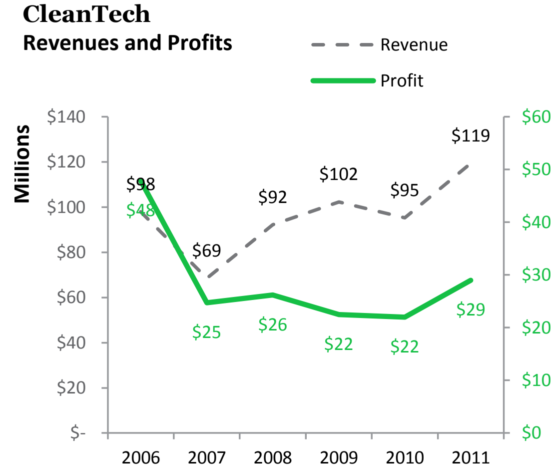
CleanTech
Share of Nova Scotia's Salaries
(Average 2007-2011)



Core Sector Locations



CleanTech
Revenues and Profits



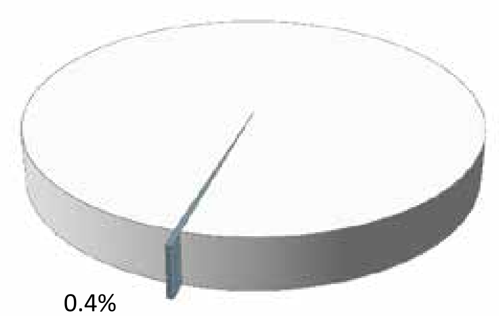
Aerospace & Defence

- The Aerospace and Defence sector includes companies that produce advanced goods and services for the military for use on land, air and sea as well as commercial aircraft, engines, propulsion units, auxiliary equipment, and parts.
- Over 50 core companies operate in the Aerospace and Defence sector in Nova Scotia. Nova Scotia also has specialized expertise in marine defence including acoustic hull design and sonar technologies.
- Aerospace and Defence represents an industry worth over $1 billion in Nova Scotia.
- In the last 20 years, the Aerospace and Defence sector has tripled its global market share and is now the 5th largest in the world.
- More than 77% of products in this sector in Canada are oriented to commercial markets and more than 82% of the industry's output is exported.
- Nova Scotia has more than 40% of Canada's military assets, including shipyards, seaports & airports. The province is also home to two air bases. The National Shipbuilding Procurement Strategy (NSPS) which is an unprecedented long-term, multi-billion dollar commitment to building a new fleet of vessels will provide the sector with opportunities for further growth.

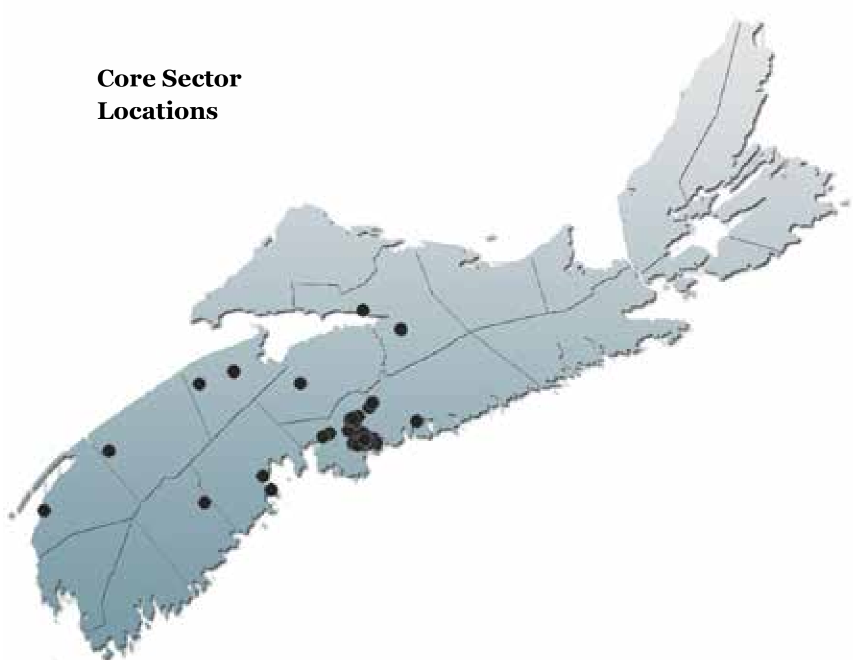
Core Sector Statistics (2011)

Companies (#)	~50
Revenues ($m)	$1,417
Profits ($m)	$198
NS Assets ($m)	$1,196
R&D ($m)	$20
Salaries ($m)	$35

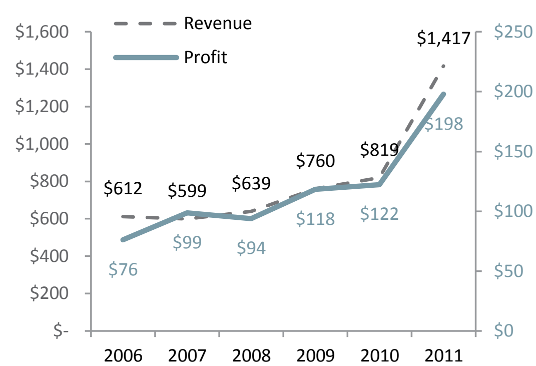
Aerospace & Defence
Share of Nova Scotia's Salaries
(Average 2007-2011)



Core Sector Locations



Aerospace & Defence
Revenues and Profits



Ocean Technology

- The Oceans Technology sector is made up of knowledge-based companies that invent, develop and produce high tech products for specific use in or on the ocean; or provide knowledge-intensive, technology-based services that are unique to the ocean. Nova Scotia has growing capabilities in six key areas: acoustics, sensors and instrumentation; data, information and communication; marine geomatics; marine biotechnology; unmanned surface and underwater vehicles; and naval architecture.

- Roughly 60 core companies produce innovative oceans-related products and services while 200 others supply oceans-related activities such as defence, shipbuilding, offshore energy and fisheries.

- Three-quarters of the core companies are exclusively based in Nova Scotia. Most are small and medium-sized with a few multi-nationals.

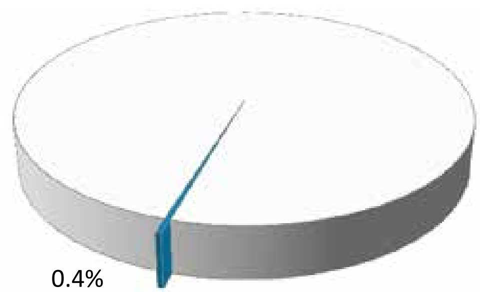
- This sector accounts for a third of all R&D conducted by businesses in Nova Scotia. The sector is supported by world-class academic and government institutes. The recently established Halifax Marine Research Institute and the Ocean Technology Council of Nova Scotia are building connections and strengthening the sector's profile.

- The global market for oceans-related industries is estimated at over $3 trillion, double its size six years ago. The National Shipbuilding Procurement Strategy, a 30-year, $25 billion federal commitment to building a new fleet of vessels, will also provide unique opportunities for further growth.

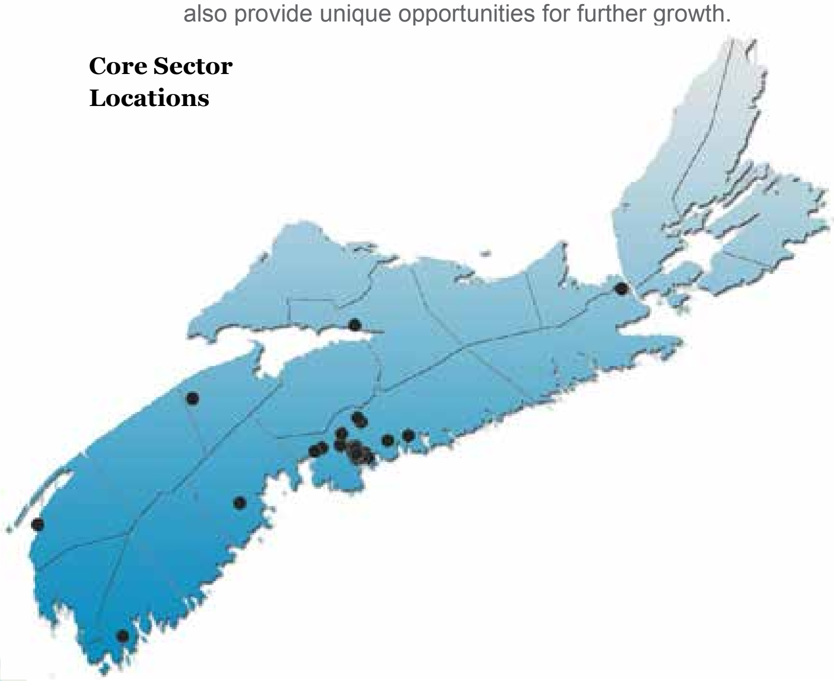
Core Sector Statistics (2011)

Companies (#)	~60
Revenues ($m)	$1,083
Profits ($m)	$190
NS Assets ($m)	$1,069
R&D ($m)	$19
Salaries ($m)	$30

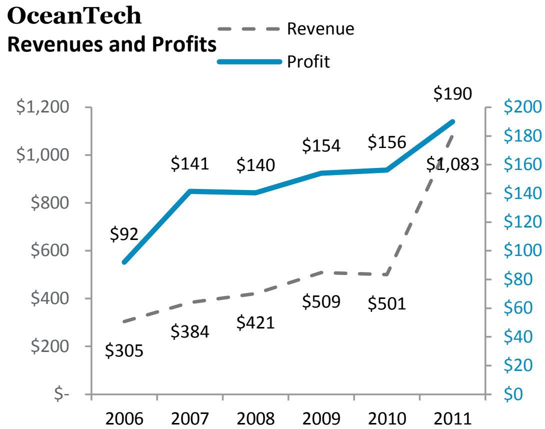
OceanTech
Share of Nova Scotia's Salaries
(Average 2007-2011)



Core Sector Locations



OceanTech
Revenues and Profits



Life Sciences

- The Life Sciences sector is made up of a large variety of private and publicly funded companies and institutions involved in applying science and technology to living organisms. This includes all branches of biology from biochemistry to zoology.

- Nova Scotia is home to about 50 life sciences companies, as well as a variety of others that use biotechnology in their everyday processes. These companies produce more than 500 different products that are sold around the world.

- Nova Scotia's areas of expertise can be categorized as: medical technology; pharmaceuticals and vaccines; digital health; natural health products and nutraceuticals; bioproducts; and contract research/manufacturing.

- The value of the Nova Scotia's life science sector has more than doubled over the past seven years to just under $300 million annually.

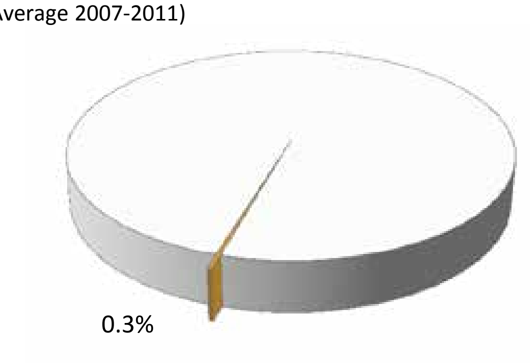
- The global life sciences sector generated total revenues in excess of US$1.1 trillion in 2011. Five-year trends (2007-2011) show the annual growth in this sector is around 7%.

- Aging populations, rising wealth in emerging markets, and growing global interests in healthy living are supporting the sector's stability and provides significant opportunity for growth.

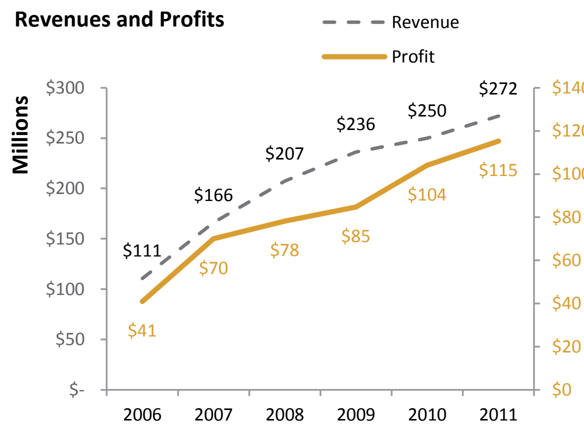
Core Sector Statistics (2011)

Companies (#)	~50
Revenues ($m)	$272
Profits ($m)	$115
NS Assets ($m)	$290
R&D ($m)	$7
Salaries ($m)	$27

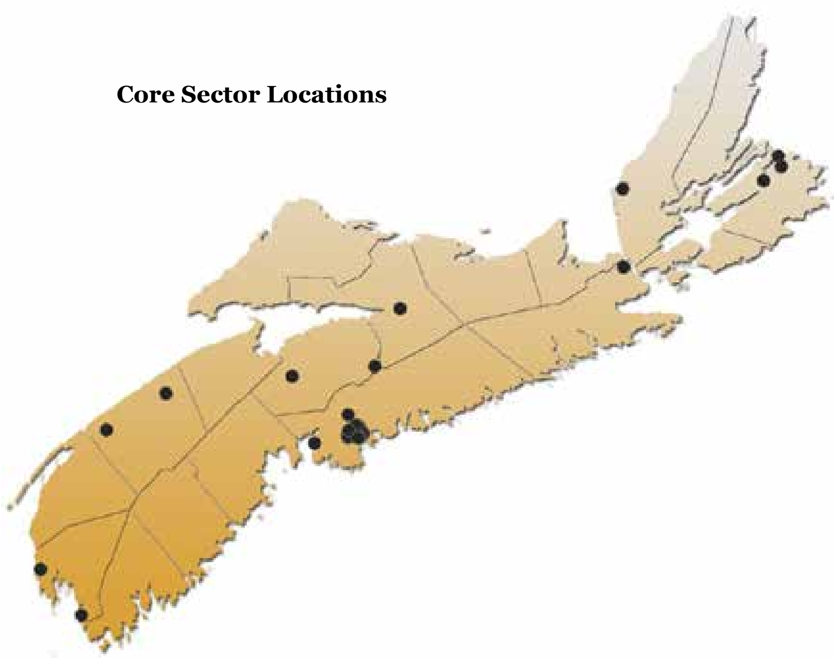
Life Sciences
Share of Nova Scotia's Salaries
(Average 2007-2011)



Life Sciences
Revenues and Profits



Core Sector Locations



The Nova Scotia Commission on Building Our New Economy is grateful to so many Nova Scotians who have engaged with them in conversation , research, and inspiration leading to the publication of this Interim Report. Together we will shape our new economy.