



The Halifax Index //2013

An economic gut check with insights for action

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TABLE OF CONTENTS

2	Introduction
4	Key Findings
6	People
7	Population
8	Education
9	Labour Force
10	Workforce Sustainability
11	<i>Special Analysis: Is Halifax's labour market sustainable?</i>
15	Economy
16	Gross Domestic Product (GDP)
17	Sectors
18	Consumer Behaviour
19	Construction
20	Commercial Space
21	Gateway Movement
22	Business Confidence
23	<i>Special Analysis: A Halifax Innovation Agenda</i>
27	Quality of Place
28	Safety
29	Affordability
30	Health
31	Community
32	Arts, Culture and Recreation
33	Sustainability
34	Density
35	Transportation
36	Environment
37	Municipal Fiscal Sustainability

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for more information and analysis.

Halifax is firmly in the middle of the pack in terms of economic performance, but performing below potential. We could be attracting and retaining more people, creating higher wage jobs, and broadening and stabilizing our tax base – key outcomes that are at the heart of a growing economy.

The main conclusion from the 2013 *Halifax Index* is that if we feel that finishing middle of the pack every year isn't good enough for our city, we need to make economic growth a priority and recognize its relationship to people, quality of place and sustainability – the other sections in the *Halifax Index*.

We have to start making decisions based on maximizing the benefits to our community and to our businesses. This means all of us – business, government, academia and thought leaders – need to behave very differently than we have in the past.

There are daily demands on leaders to be progressive in their decisions. In order to make good decisions they need good information. This is the reason we created the *Halifax Index*. It provides a starting point for understanding the impact of our choices and what we can do – individually and collectively – to strengthen our economy and our community.

Better economic opportunity is key to good economic, social and health outcomes for the community. The consequences of middle-of-the-road growth are apparent – governments make tough decisions on which services to reduce and where; businesses have difficulty generating capital to invest in new research and development; non-profit organizations struggle to generate the funds required to provide necessary services; and residents may even decide that other communities provide better opportunities.

The good news is that major projects are on the horizon in Halifax and our region. We have an opportunity to rethink and reset our approach to growth. At a minimum, these projects can create jobs, tax revenue and growth on their own. But they can also be a catalyst for new innovation and business clusters that can live on well past the project's end date.

The 2013 *Halifax Index* tracks our progress towards many different indicators and our special analyses tackle two of our most pressing issues – the sustainability of our workforce and our innovation culture. We've identified the following focus areas to help prioritize growth and realize our potential as a city.

ATTRACTING AND RETAINING TALENT

Halifax's labour force is growing, but there is cause for concern. Ninety-seven per cent of our labour force growth between 2006 and 2012 was in people over the age of 45; the number of people aged 15-44 in the workforce dropped, and labour market outcomes for those under the age of 45 have declined. This means fewer young people are choosing Halifax and those who do are having more difficulty finding jobs. If Halifax is to attract and retain younger employees, we need to equip both employers and employees with the right tools and information to ensure a continued supply of experienced labour is available into the future. Our special analysis on Labour outlines some potential solutions.

ADOPTING AN INNOVATION CULTURE

Innovation cultures are ones where an abundance of opportunity, ideas, and partnership collide. In Nova Scotia, our attitude towards opportunity is likely driven more by belief in scarcity rather than abundance of opportunity.

A culture of scarcity feeds destructive competition, suspicion of high wages, big profits and big business. Too often ideas and resources don't get shared, partnerships don't get formed, and innovation doesn't happen. In order to move to a more growth-oriented, innovative economy, we need to focus on building an innovation culture and an environment that supports new ideas, R&D and commercialization, entrepreneurship and partnerships.

BEING BUSINESS FRIENDLY

Part of the cultural change we need is for governments to become more client focused. The fiscal realities of high taxes are the result of a combination of systemic issues including an aging population and related health care costs and bad decisions in the past. But there is no excuse for bad customer service, long and costly approval processes, uncoordinated regulations or proposing new policies without a full understanding of their impact on business and the economy. This is starting to change and will be this year's key focus in the implementation of *AGREATERHalifax: Halifax's 2011-16 Economic Strategy*.

MAKING WISE INVESTMENTS

Thinking like an investor, we need to put our resources where we'll see the greatest possible return. We need to focus our attention where economic growth is already occurring and create better conditions for continued success.

A focus on economic growth means making strategic investments in transportation and communication infrastructure, sectors, and regions that are already growing rather than trying to drive growth in places it cannot flourish. It means connecting Nova Scotia communities to each other and to the rest of the world. It is ensuring that people have the necessary skills and information to line up with job opportunities, and where gaps exist, finding ways to reduce the risk to business to get potential employees up to speed.

The Conference Board of Canada told us years ago that investments in Halifax can also have a positive effect in Nova Scotia and across Atlantic Canada. Industries that create an economic effect in urban areas are often linked to businesses in rural areas through supply chains. They rely on suppliers and contractors from both urban and rural areas. This creates a positive economic effect in Halifax, the province and the region.

FINAL WORDS

Major economic opportunities offer the possibility of achieving big results. As you read the *Halifax Index*, our hope is that you ask yourself – how can I, and we, positively influence the people, economy and place where we live. We have an opportunity through major project activity, a change in attitude, and growth-oriented decision making, to create the conditions for sustained, better outcomes and to fill our half-full glass right to the top. So let's get on with it.



Fred Morley

Executive Vice-President
and Chief Economist
Greater Halifax Partnership



David Fleming

Economist and
Project Development Specialist
Greater Halifax Partnership

THE HALIFAX INDEX: KEY FINDINGS

The **Halifax Index** primarily benchmarks Halifax's progress against five other cities (St. John's, Quebec City, London, Regina and Victoria) in a more comprehensive way than has ever been done before. It provides a view not only as to whether Halifax is achieving growth, but how Halifax's growth compares to other cities and what it needs to do to achieve better results.

A number of key trends have emerged and provide insight into the inner workings of the economy, the community and the long-term success of the region.

PEOPLE

- Halifax's population growth from 2011-12 was 1.4% and ranked third among benchmark cities. Halifax's population is now over 413,000 people.
- The population in 2012 had 8,000 fewer people aged 0-14 than in 2011 while adding over 16,000 people over the age of 65.
- International migration rebounded in 2012, while interprovincial migration continued an east-to-west pattern.
- Enrolment growth in Halifax universities continued to be above the national average. Community college enrolments remained steady in 2012 after big gains since 2006.
- Sluggish labour force employment growth in 2012 ranked Halifax behind most benchmark cities last year. Despite steady unemployment rates (6.1%) in 2012, participation rates dropped to 69.8%.

ECONOMY

- Halifax's GDP growth was below the national average in 2012 and third highest among the six benchmark cities.
- Halifax's productivity continues to be an issue; it grew very little in 2012 and lagged behind other benchmark cities.
- Retail and housing markets continue to be strong in Halifax – retail sectors grew 4.1% in 2012 while new housing prices increased 6.6%.
- Residential and non-residential permitting values were strong in 2012 – over 40% growth in non-residential and 3% in residential. While overall non-residential construction dipped slightly in 2012, it was less of a dip than in Halifax's benchmark cities.
- More people are moving through the Halifax Gateway (air and cruise passengers). Cargo totals improved slightly in 2012, however slow global economic recovery led to marginal growth.
- Business confidence dipped slightly in 2013, however remained reasonably positive. Nearly 9/10 businesses are optimistic about their economic future in Halifax, although most moderately so.

QUALITY OF PLACE

- Total crime in Halifax was down in 2011 from 2010, however violent crime increased. Halifax continues to have one of the highest violent crime rates among its benchmark cities.
- Halifax is a relatively healthy and active city in comparison to its benchmark cities and the life expectancy is middle of the pack.
- Continued low income growth is putting pressure on the city's affordability. While incomes increased at a greater rate than overall prices, the gap in growth was lowest in Halifax in 2012.
- Halifax's arts, culture and recreation sectors saw growth in 2012, however much was in part-time work and at lower wages.
- Overall life satisfaction is exceptionally high in Halifax, but community belonging remains low.

SUSTAINABILITY

- Public transportation usage increased moderately between 2010-11 and 2012-13. Satisfaction from riders and businesses remains low.
- Halifax's water and air remain among the highest quality of benchmark cities and waste diversion rates (already among the highest in Canada) are increasing. Waste per capita among residential dropped in 2012, while commercial increased slightly.
- The Municipality's fiscal health is in excellent shape; an AA- bond rating signifies confidence on the global lending market. Commercial and overall property taxes grew below economic growth rates in 2012-13.



Ninety-seven per cent of the increase in the labour force between 2006 and 2012 in Halifax was individuals aged 45 and older.

People

Key indicators

POPULATION

- Population estimates
- Components of growth
- Migration by source

EDUCATION

- Workforce by education
- University and college enrolment
- Programs of study

LABOUR FORCE

- Labour force population
- Employment
- Labour force by age
- Unemployment and participation rates

WORKFORCE STABILITY

- Days lost to illness, disability, personal and family responsibility
- Days lost to strike
- Average job tenure

POPULATION

GROWTH

Halifax passes the prime test of a good economy – its population is growing. A growing population is as important to a community as having a pulse is to a person.

Halifax's population grew by 1.4% from 2011 to 2012 to over 413,000 people. This rate of growth outpaced national growth levels. Among its traditional benchmark cities, Halifax ranked third out of six in terms of proportional growth, behind St. John's and Regina, whose high economic growth rates create compelling reasons to live and work there.

Halifax's natural growth rate (births minus deaths) declined for the third straight year – a trend that is likely to continue as baby boomers age.

Conversely, the number of people over the age of 65 (post-labour force age) increased by 16,000 between 2000 and 2012. Proportionally, this represented the second highest level of growth among our benchmark cities, and higher than Montreal, Toronto, and Vancouver.

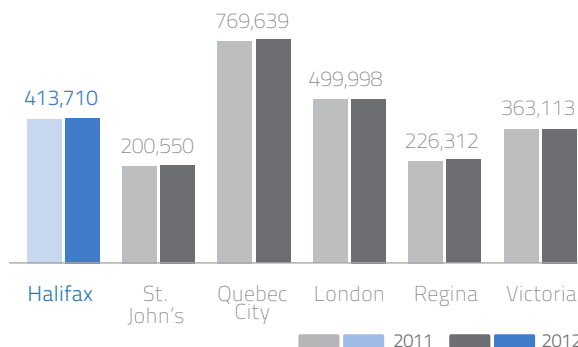
MIGRATION

The good news is that international migration totals rebounded in 2011-12, with over 3,200 new residents calling Halifax home. Proportionate to its population size, Halifax was second only to Regina in terms of international migration, but well behind larger centres like Montreal, Toronto, Calgary, and Vancouver. Given Halifax's challenges with natural growth, proactive policies pushing Halifax's international migration totals (including recommendations from last year's *Index* to increase international student retention post graduation) to levels in larger cities represent a significant opportunity to sustainably grow the population.

With respect to migration within the country, a clear east-to-west trend continues. In 2011-12, every city in the *Index* east of Regina saw negative interprovincial migration totals,

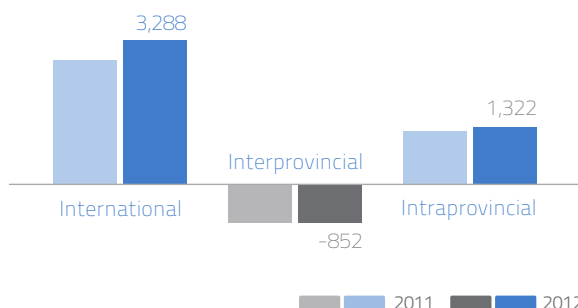
POPULATION ESTIMATES

Source: Statistics Canada



SOURCE OF NET MIGRATION

Source: Statistics Canada



and every city in the West (except Vancouver) saw positive totals. While some movement from Halifax to Montreal or Toronto is surely occurring, Regina, Calgary, and Vancouver were the top three cities in terms of total population growth in 2012, indicating that more people are being attracted to western cities.

Overall, it is clear that Halifax has demographic challenges it needs to address – the attraction and retention of young people, immigrants, and international students are at the forefront of Halifax's long-term future. In the special analysis on Labour we explore some of the issues that Halifax is facing in the labour market, and how Halifax can successfully improve the sustainability of the labour force and the tax base for the city and province.

EDUCATION

At its heart, Halifax is a smart city, a hotbed of learning and discovery. However, taking advantage of knowledge assets is something Halifax has never fully mastered.

Halifax's concentration on knowledge-heavy service industries continues. Over 87% of its jobs are in service industries, meaning the high level of education of its workforce is critical to its economic success.

As a result, its universities are important drivers of the economy – both for their direct economic impact as well as generators of talent. They attract smart people and are a source of high-skilled jobs and research.

ENROLMENTS

Halifax is fortunate to have six degree-granting universities and three large community college campuses. In 2012, Halifax's enrolment in universities hit its highest level since 2005-06, with over 24,250 students attending university at the undergraduate level and another 5,500 attending graduate school.

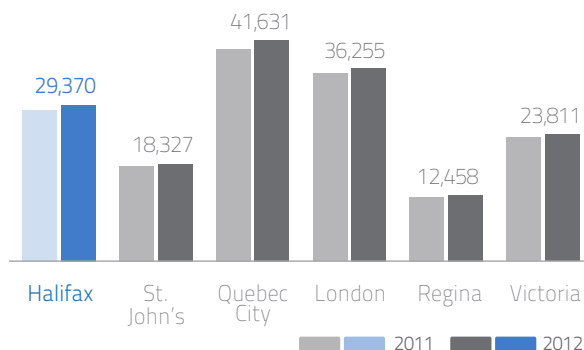
Across Canada, university enrolments increased 2.8% in 2010 to over 1.2 million students. Halifax's universities saw growth of 3.0% in 2010, above the national average and third highest among its benchmark cities. Further, the proportion of students to the overall population is third highest among the benchmark cities at 7.3 students per 100 residents – twice the national average.

In 2011-12, students in Halifax's undergraduate programs continued to gravitate towards health professions, science, and mathematics and engineering. Given growth in sectors requiring those backgrounds, this is not surprising.

Nova Scotia Community College enrolment levels remained steady in 2012 and metro Halifax campuses recorded their highest enrolments ever. The community college's impact on the labour market continues to expand. It offers a range of training programs required for jobs in shipbuilding, oil and gas, construction, and IT – industries that are expected to grow over the next decade.

UNIVERSITY ENROLMENT

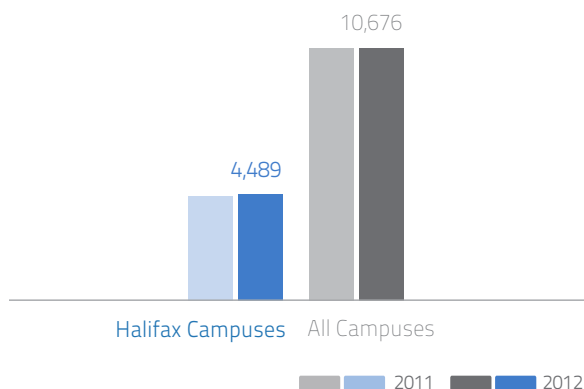
Source: Association of Universities and Colleges of Canada, University of Regina



Note: Universities with smaller campuses in Quebec City and Victoria were excluded, as the data did not allow separation from the main campuses in Montreal and Vancouver.

NOVA SCOTIA COMMUNITY COLLEGE ENROLMENT

Source: Nova Scotia Community College



LABOUR FORCE

EMPLOYMENT

Halifax's labour force outcomes in 2012 were not what it is used to. The labour force grew by only 1,600 people or 0.7% in the last year – the lowest level of growth since the recession and below the Canadian average. This growth was only ahead of Quebec City among benchmark cities.

This labour force growth was likely slowed due to sluggish employment growth – Halifax added 1,800 jobs in 2012, a 0.8% increase from 2011 levels. This was tied with London for the lowest proportional growth among benchmark cities and was below the national average.

UNEMPLOYMENT AND PARTICIPATION RATES

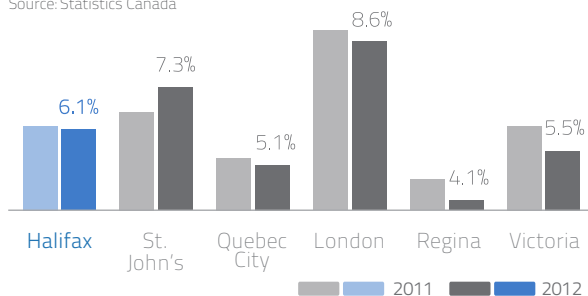
For the second straight year, Halifax saw the unemployment rate drop 0.1% to 6.1% in 2012 and remained over 1% below the national average. Among benchmark cities, Halifax was again third lowest in 2012 and also below Montreal, Toronto, and Vancouver.

While the unemployment rate dropped, a larger drop in the participation rate suggests that a number of unemployed persons stopped looking for work and, therefore, were no longer part of the workforce. Halifax's participation rate, 69.8%, was the lowest since 2008 and a half point lower than in 2011.

In order for Halifax to continue to achieve economic growth and prosperity, growth in the labour force and in employment must occur. Workforce participants not only produce goods and services, but they also pay tax and purchase goods and services. Halifax needs to work hard to ensure it is attracting and retaining the right talent to enable economic growth into the future.

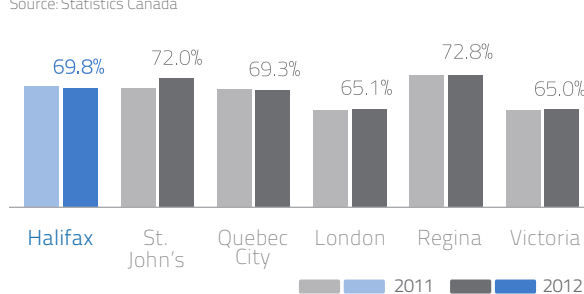
UNEMPLOYMENT RATE

Source: Statistics Canada



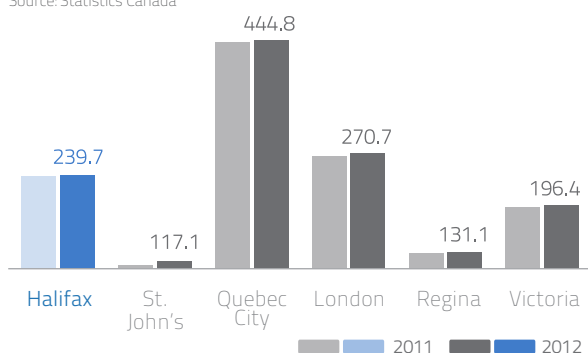
PARTICIPATION RATE

Source: Statistics Canada



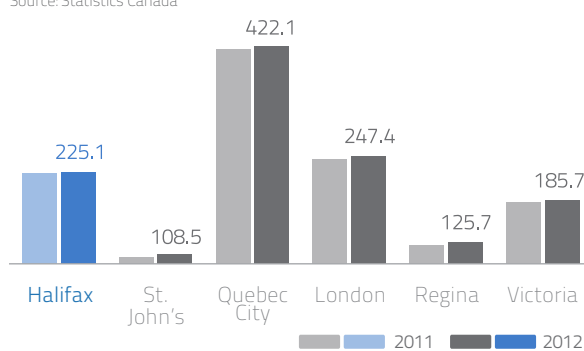
LABOUR FORCE POPULATION, 000s, (SEASONALLY ADJUSTED)

Source: Statistics Canada



EMPLOYMENT, 000s, (SEASONALLY ADJUSTED)

Source: Statistics Canada



ABSENCE RATES OF FULL-TIME EMPLOYEES, (DAYS LOST TO ILLNESS, DISABILITY, PERSONAL OR FAMILY RESPONSIBILITY, ANNUAL)	9.4	2011
	10.2	2012
PERSON DAYS PER CAPITA LOST TO STRIKE, (ANNUAL)	0.0	2011
	0.021	2012
AVERAGE JOB TENURE, (LABOUR FORCE 15 AND OVER, MONTHS)	109	2011
	109	2012

Source: Statistics Canada

WORKFORCE STABILITY

DAYS LOST TO ILLNESS, DISABILITY, PERSONAL AND FAMILY RESPONSIBILITY

After a big drop in 2011, Halifax employees saw an increase in the number of days lost to illness, disability, and personal or family responsibilities in 2012. The average Halifax employee lost 10.2 days in 2011 – a full day above the national average, placing the city third highest among benchmark cities. At the national level, industries such as health care and social assistance (14.0), public administration (12.8), and transportation and warehousing (12.3) had the most days missed while professional, scientific and technical (5.8), primary industries (7), and utilities (7.3) had the fewest.

DAYS LOST TO STRIKE

While Nova Scotia's days lost to strike increased in 2012, it was still one of the most stable labour environments in the country – particularly good considering Halifax has slightly more unionization than the national average. Halifax's per capita days lost to strike rose to meet the Canadian average in 2012.

AVERAGE JOB TENURE

Average job tenure in Nova Scotia continues to be one of the highest in the country. The average job tenure in 2012 was nine years and one month, six months higher than the Canadian average and second highest among benchmark cities. The job tenure didn't change between 2011 and 2012 indicating the amount of movement in the labour force was stable.

Indicators of workforce stability provide insight into employee-employer relations. If job tenures are long, workforce stoppages rare and days missed low, then it would seem that both parties are satisfied with work conditions.

SPECIAL ANALYSIS: IS HALIFAX'S LABOUR MARKET SUSTAINABLE?

Halifax's labour market has changed dramatically. With over 70,000 more people of labour force age since 1996, Halifax, like many other cities, has seen growth in both its labour force and in total jobs.

Current occupational projections show that there will be plenty of job activity by 2016. The Canadian Occupational Projection System (COPS) shows that Nova Scotia is expected to require 74,700 new workers. Three-quarters of those new workers will be needed due to retirement, and another 18,700 new jobs will be created during this period.

COPS's projections do not include peak projections from The Conference Board of Canada on activity at the Halifax Shipyard, and they were created before major projects such as the \$2 billion in offshore exploration contracts were awarded. As such, these projections may provide conservative estimates on the activity that will be occurring in Halifax and Nova Scotia's job markets.

In this in-depth look at Halifax's labour market from 2006-2012, we compare Halifax against 13 other Canadian cities – Halifax's benchmarks plus major cities across the country – to look at how the labour force has been changing (see halifaxindex.com for a complete list). With aging populations, urbanization, and other movements changing urban and rural labour markets, this special analysis explores how Halifax's labour market stacks up in anticipation of future job activity.

OVERALL GROWTH

Halifax's labour force population (people over the age of 15) and labour force (people participating in the workforce) have both grown faster than national rates since 2006 – 1.4% faster in population growth and 3.3% faster in labour force growth. Among the 13 cities listed, Halifax ranked seventh in terms of population growth and ninth in labour force growth – well behind cities such as Calgary, Edmonton, and Regina.

If Halifax's labour force population and labour force grew at the average pace of the other 12 cities in this study, Halifax would have added another 2,600 people to the population and another 900 people to the labour force.

Looking at recent employment growth, Halifax had 3.1% higher growth in total jobs than the national average; however, among the 13 cities listed, Halifax ranked eighth. If Halifax added jobs at the average rate of the other 12 cities in this study, it would have added another 1,400 jobs.

Halifax's participation rate continued to distance itself from the national rate: from 1.9% above the Canadian rate in 2006 to 3.1% above that rate in 2012. Overall, Halifax's participation rate puts it seventh out of the 13 cities in this study and slightly above the national average.

HALIFAX BY GENDER

With the exception of Calgary, in cities across Canada there are more women than men of labour force age. In 2012, 50.8% of Canadians of labour force age were women. However, in Halifax, the percentage was 52.8%, second highest among the cities in this report. Halifax and Victoria were also the only cities in the country with more women participating in the labour force than men.

Halifax and Victoria were also the only labour markets in the country to have more women employed than men – with Halifax achieving this distinction for the first time in 2012. Of the jobs created between 2006 and 2012, women held 65% of them in Halifax – nearly 10% higher than the national average.

Further, while the national difference between participation rates for men and women in 2012 was 9.1%, in Halifax it was only 5.1% – the lowest among the 13 cities. Halifax's participation rates for men (72.5%) and women (67.4%) ranked seventh and sixth, respectively.

Finally, the difference between unemployment rates for women and men was tied with Ottawa for the biggest in the country. Halifax's unemployment rate for women was 5.5% in 2012 – eighth highest out of the 13 cities in Canada. For men, it was 6.8% in 2012 – sixth highest out of the 13 cities in this study.

In Halifax, it is not hard to see why women are finding better employment outcomes; they are making education choices that align with growth sectors of the economy. Between 2006 and 2012, nearly half of the 21,000 jobs created in Halifax were in the health care and social assistance, and education services sectors. When you look at enrolments in Maritime universities in health professions, 81% of people who enrolled were women. Further, looking at education and related enrolments, 71% were women. Finally, in social sciences, 62% of enrolments were women. The alignment of enrolments and job outcomes is telling.

HALIFAX BY AGE

Halifax's labour market has almost exclusively grown among those 45 and older. Ninety-seven per cent of the increase in the labour force between 2006 and 2012 was individuals aged 45 and older, with 58% being over the age of 55.

Further, when looking at employment growth, all of the employment growth during this time was absorbed among the 45+ age group. Employment among those 15-24 and 25-44 declined during this period.

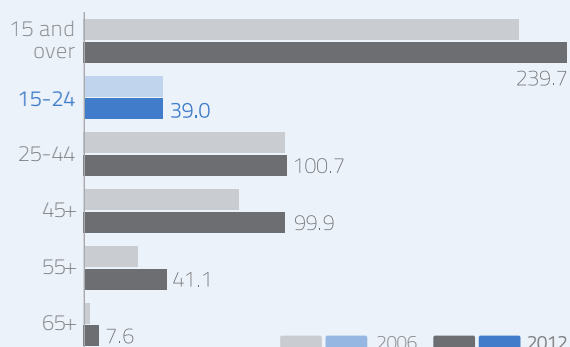
While this trend is attributed to the aging of the population in Halifax and Nova Scotia, excellent labour market prospects for the older age group also explain some growth. The unemployment rate for those aged 45+ in Halifax from 2006 to 2012 remained steady at 3.6% – the fourth lowest of the 13 cities in this study. Moreover, the participation rate jumped from 53.6% in 2006 to 57.9% in 2012, particularly among those 65+ where participation rates doubled during this time.

Of greatest concern in Halifax's labour market is the growth of the 15-24 and 25-44 labour pools. Halifax's labour force population aged 15-24 grew fourth slowest among the 13 cities in this report from 2006 to 2012, and among 25-44 year olds, it was also the fourth slowest. Halifax, like eight other cities in this report, actually saw the number of people in the labour force aged 15-24 drop from 2006-2012, while long-term growth (1996 to 2012) was among the bottom third of cities listed. Among those 25-44, the story is even grimmer; Halifax's labour force grew the third slowest among these cities.

Additionally, when looking at labour market outcomes, both the 15-24 and 25-44 age groups have worse outcomes than in 2006. For those aged 15-24, labour force participation rates decreased 1.3% from 2006 to 2012 in Halifax, and employment levels dropped by 1,200. This led to a 2.8% increase in the unemployment rate, a trend mirrored in many other cities in Canada. Halifax stands seventh out of 13 cities in terms of the unemployment rate for 15-24 year olds and fifth in participation rate.

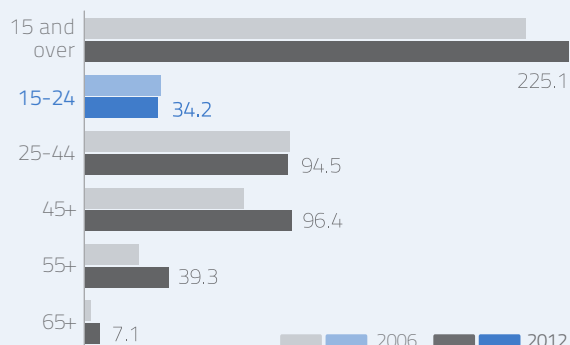
LABOUR FORCE, 000s, SELECT AGE GROUPS

Source: Statistics Canada



EMPLOYMENT, 000s, SELECT AGE GROUPS

Source: Statistics Canada



Among 25-44 year olds, participation rates increased to 88.7% in 2012, a 0.6% bump from 2006. Halifax's participation rate ranked fourth among the 13 cities listed in this report. However, employment dropped by 1,100 between 2006 and 2012 – the second largest proportional drop in these cities. As a result, unemployment rates increased 1.7% to 6.2% in 2012 – eighth highest among the report's 13 cities and higher than western powerhouses such as Calgary, Edmonton, and Regina.

Declining outcomes for entry and mid-level employees is a long-term problem. It not only impacts the sustainability of Halifax's workforce but also retail sectors.

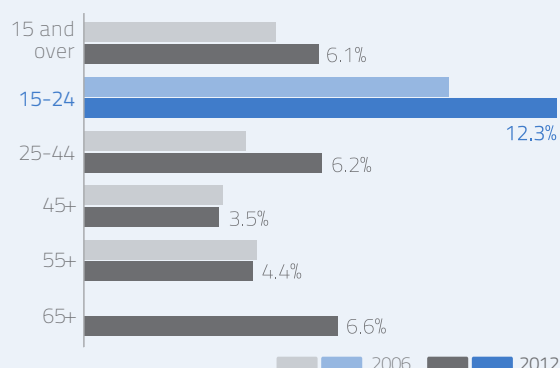
As students leave university or college, they increasingly walk away with significant debt loads. The Canadian

Federation of Students – Nova Scotia estimates that current students graduate with an average of nearly \$31,000 in student debt. These debt loads, if not decreased through steady labour activity, pose a barrier to other major purchases, including houses, cars, and discretionary spending – putting a damper on domestic retail sectors.

Further, it is likely the supply of retirees who are looking to sell their houses for smaller units (and to free equity) will increase. Without strong demand for these properties, they may find it challenging to sell. Finally, business owners looking to sell their businesses on the way to retirement may find it challenging to find younger buyers as debt loads may prevent individuals from accumulating the equity necessary to finance.

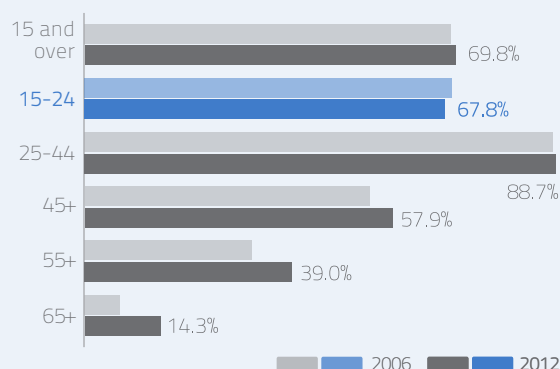
UNEMPLOYMENT RATE, SELECT AGE GROUPS, HALIFAX

Source: Statistics Canada



PARTICIPATION RATE, SELECT AGE GROUPS, HALIFAX

Source: Statistics Canada



In the Partnership's Spring 2013 Business Confidence survey, a representative sample of firms were asked about their hiring patterns for employees with two years or less experience. Forty per cent of firms reported 10% or fewer of their new hires for the last five years were entry-level – particularly among smaller businesses.

Looking ahead to the next five years, 40% of firms expect 10% or fewer of their hires to be entry-level – again more prevalent among smaller businesses than larger ones. This is concerning as companies cannot build long-term organizational intelligence, develop future company leaders or natural successors to the business.

RECOMMENDATIONS

Based on the data available on job vacancies in Nova Scotia and labour market conditions in Halifax, the Partnership is advocating for several forward-thinking programs to be explored over the coming year to meet the needs of employers and employees into the future:

1. **LABOUR MARKET EDUCATION:** Partnerships are needed between governments, research institutions, school boards, universities, and colleges around the availability and presentation of current and future labour market information in Halifax. The goal is to help students make informed choices about their employment futures.
2. **FLEXIBLE WORK STRATEGIES:** Study and develop best practices for companies to create flexible work strategies for parents, older workers, and persons with disabilities who may be able to take on full-time work if offered flexible working options. Telecommuting, flexible work schedules, training, and other practices allow companies around the world to harness as much talent in a region as they can and ensure participation in the workforce is as high as possible.
3. **WORKFORCE DEVELOPMENT PROGRAMMING THROUGH PARTNERSHIP:** Following the lead of provinces such as New Brunswick, develop a small business program to target gaps in the labour market. While there is a need to continue facilitating connections between talent and business through programs such as the Partnership's Connector

Program and the Professional Mentorship Program at ISIS, skills gaps must be addressed where they exist. Small businesses requiring employees with specific certifications or training could benefit from incentives and offsets to mitigate costs and risks associated with hiring and developing new talent. A new Saint Mary's Business Development Centre wage subsidy program is a step in the right direction.

4. **FACILITATE YOUNG ENTREPRENEURSHIP:** Enhance knowledge about available businesses for sale in Halifax among university and college students and ensure they have access to this information, as well as tools to encourage young entrepreneurs to consider current opportunities in Halifax.
5. **ENABLING FOREIGN STUDENT ENTREPRENEURSHIP:** Explore ways to encourage foreign student retention through incentivizing entrepreneurship. Currently, it is not possible for a foreign student to achieve the required work experience for the Work Experience Class of the Nova Scotia Nominee Program through a self-run business, pushing several entrepreneurs who wish to stay in Nova Scotia out. Developing programs to encourage foreign students to start their own business (or purchase a local one) while in school, potentially hiring other Nova Scotians in the process, will encourage dynamic and driven students to remain in the province. Entrepreneurship is hard work, and it would be in Nova Scotia's best interests to value it as work experience to keep more entrepreneurial students here.

Businesses and regions benefit from a healthy and active labour force, and Halifax would be well served to ensure it is proactively creating sustainable sources of labour into the future.

For more information on programs and services available to help you hire and train new employees or start a business, visit halifaxindex.com.

Business confidence research indicates only 9% of firms in Halifax are planning to make major investments in research and development in the next year.

Economy

Key indicators

GROSS DOMESTIC PRODUCT (GDP)

- GDP growth
- GDP per capita
- Research and development

COMMERCIAL SPACE

- Inventory of office and retail space
- Vacancy rates

SECTORS

- Employment by sector
- Public and private sector employment
- Wages by industry

GATEWAY MOVEMENT

- People and cargo movement through Halifax International Airport and Port of Halifax
- Total air and boat movements

CONSUMER BEHAVIOUR

- Retail sales
- Housing starts and sales
- Housing prices

BUSINESS CONFIDENCE

- Rating of Halifax as a place to do business
- Optimism of current economic prospects

CONSTRUCTION

- Value of building permits
- Total capital investment
- Building permit processing times

GROSS DOMESTIC PRODUCT (GDP)

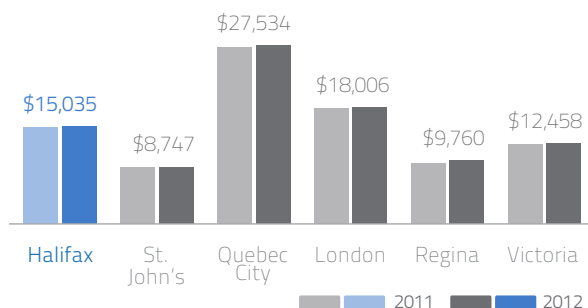
GDP GROWTH

GDP helps us understand how productive a region is and the return on investment in employment. In 2012, Halifax's real GDP was over \$15 billion for the first time, accounting for 54.6% of the total value of goods and services produced in Nova Scotia. This was up from 50.2% in 2011.

Halifax's real GDP grew by 1.4% in 2012, slightly below the national average and third highest among its benchmark cities. Looking at future growth, 2013 is expected to be a more robust year with The Conference Board of Canada projecting growth of 2.3%, and ranking Halifax thirteenth among the 28 cities listed in their Metropolitan Outlook report.

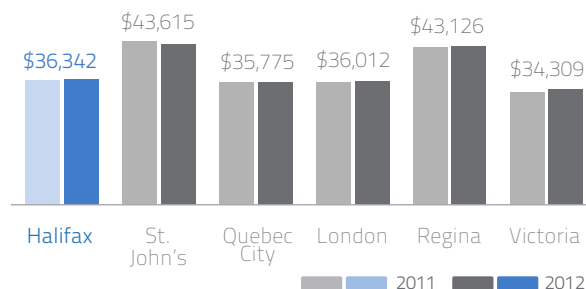
REAL GDP, CMAS, \$2002 CHAINED MILLIONS

Source: Conference Board of Canada



REAL GDP PER CAPITA, CMAS, \$2002 CHAINED DOLLARS

Source: Conference Board of Canada, Statistics Canada



GDP PER CAPITA

Halifax's productivity – its output per person – continued to be significantly below the Canadian average, although it had moved to third among benchmark cities. Halifax's output per person grew by only 0.1% in 2012, below the Canadian average of 0.7%, and ranked higher than only St. John's, whose productivity fell in 2012 after a lackluster year in resource markets.

RESEARCH AND DEVELOPMENT

Investments in research and development are crucial to long-term economic growth. They are the impetus for new products, technologies, and processes that can be exported to create large-scale growth. Nova Scotia's gross domestic expenditures stagnated between 2006 and 2009, mirroring

national trends. Per capita, Nova Scotians invested \$532 in research and development in 2009, significantly below the national average of \$873. When looking at the funders of research per capita, federal investment in Nova Scotia was at national averages (Can \$175 – NS \$174), and higher education funding was greater (Can \$152 – NS \$198). However, business enterprise (Can \$406 – NS \$198), provincial investment (Can \$47 – NS \$11), and foreign investment (Can \$64 – NS \$10) were all considerably below national averages. This will be covered further in the special analysis on Innovation.

Low growth is a negative drag on virtually every indicator in the Index. As such, ensuring our employees are productive and our companies are investing in research and training is vital to Halifax's long-term success.

SECTORS

EMPLOYMENT BY SECTOR

Halifax's goods-producing sectors regressed in 2012, losing 900 jobs from 2011 levels. Their comparative level of growth since 2000 sits fourth among benchmark cities. Conversely, Halifax's services sector saw growth of nearly 2,700 jobs in 2012 and has grown each year since 2000.

In part due to declining budgets and cutbacks at the federal level and provincial government jobs moving from Halifax to other regions of Nova Scotia, the public administration and health care sectors saw a decline of employment in 2012 from 50,300 to 49,700. All other sectors collectively added 2,400 jobs in 2012. The health care and public administration sector growth since 2000 in Halifax was second among benchmark cities, while growth in all other sectors was second lowest among those cities.

Breaking down other sectors, results were mixed in 2012. Gains were largest in transportation and warehousing (1,700 jobs); professional, technical and scientific services (1,500); educational services (1,400); and other services (2,900). By far, the sector losing the most employment was trade (-5,200 jobs), construction (-1,000), and manufacturing (-900).

In terms of wage growth, overall average hourly wages increased by 3.7% in 2012. Increases were particularly fruitful in primary industries (9.1%), management (7.6%), and processing and manufacturing (7%). The arts, culture, recreation and sport sector was the only one with declining wages (-4.0%) and lagged \$1.72 behind the overall average hourly wage in 2012.

Of concern to Halifax's stability are continued cuts to federal and provincial job totals in Halifax. While Halifax has a lower proportion of public sector and health care jobs (not including the Canadian Forces) than other benchmark cities, federal government job levels could drop to their lowest in recent memory, and cuts to the Canadian Forces are reported as well. Unfortunately, Statistics Canada has stopped tracking federal government jobs by census metropolitan area, so it will be difficult to determine the exact impact on Halifax.

EMPLOYMENT BY SECTOR, HALIFAX

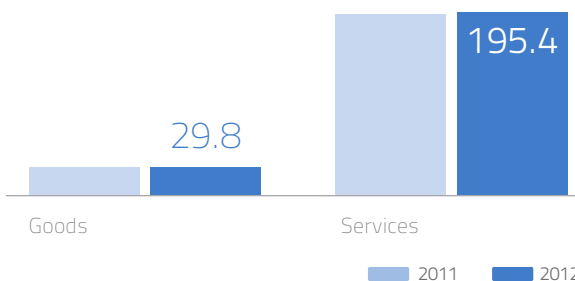
Year	2011	2012
Total employed	223.4	225.2
Agriculture	X	X
Forestry, fishing, mining, quarrying, oil and gas	1.1	2.0
Utilities	2.6	2.5
Construction	15.2	14.2
Manufacturing	11.6	10.8
Trade	37.6	32.4
Transportation and warehousing	10.1	11.8
Finance, insurance, real estate and leasing	15.4	16.4
Professional, scientific and technical services	15.1	16.5
Business, building and other support services	10.6	10.4
Educational services	19.1	20.4
Health care and social assistance	30.7	32.2
Information, culture and recreation	11.3	11.5
Accommodation and food services	14.9	15.0
Other services	8.3	11.2
Public administration	19.6	17.5

X - less than 1,000 employed

Source: Statistics Canada

EMPLOYMENT IN GOODS AND SERVICE SECTORS, 000s, HALIFAX

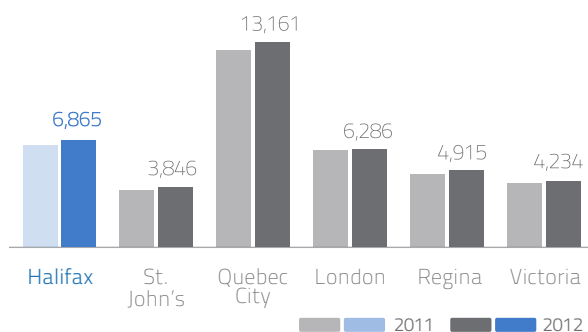
Source: Statistics Canada



ECONOMY

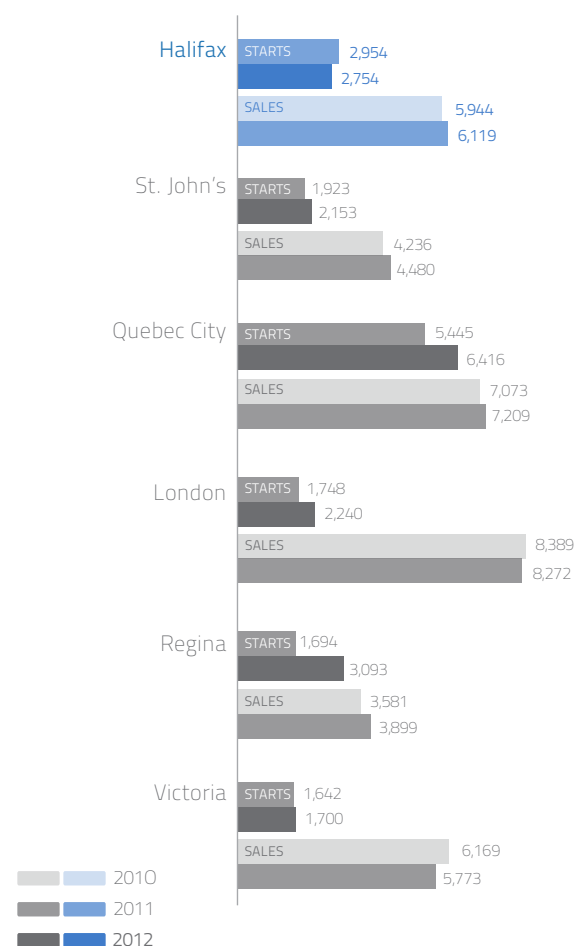
RETAIL SALES, CMAS, \$ MILLIONS

Source: Conference Board of Canada



HOUSING STARTS AND RESIDENTIAL SALES, CMAS

Source: Canadian Mortgage and Housing Corporation



CONSUMER BEHAVIOUR

RETAIL SALES

Halifax's retail sectors saw continued strong growth in 2012, increasing 5.1% to \$6.9 billion. This growth was well above the Canadian average of 4.1% and ranked third among benchmark cities.

HOUSING STARTS AND SALES

Housing activity in Halifax was strong in 2012. Total housing starts were over 2,700, down slightly from 2011. Among its benchmark cities, Halifax had the third-highest number of housing starts. Looking deeper at Halifax's housing market, single-unit housing starts increased by 10.9%, while multiple-unit starts decreased by 14.5%.

HOUSING PRICES

Halifax's average price growth for both new and existing housing increased in 2012. The average price of a new house in Halifax increased by 6.6% to nearly \$427,000 – third highest among benchmark cities. Halifax peninsula (\$565,000) and Bedford-Hammonds Plains (\$503,000) were the highest-priced regions, while Halifax County East (\$270,000) and Dartmouth (\$328,000) were the cheapest.

The average selling price for an existing house in Halifax increased a more modest 3.7% in 2012 to just under \$269,000. This put Halifax fourth among its five benchmark cities. Bedford-Hammonds Plains (\$352,000) and peninsular Halifax peninsula (\$323,000) were the most expensive regions, while Halifax County East (\$200,300) and Sackville (\$219,000) were the least expensive. The average time on the market for houses in 2012 dropped to 87 days from 95 days in 2011.

CONSTRUCTION

VALUE OF BUILDING PERMITS

Last year was the strongest in recent memory for both residential and non-residential permits, with over \$900 million in permits issued. Year-over-year growth in non-residential permits (40%) outpaced residential growth (3%), although residential grew for the fourth straight year. In all, since 2000, over \$8.2 billion in permits have been issued – earning Halifax fourth place among benchmark cities.

The value of non-residential construction activity slipped slightly in 2012 from \$385 million to \$382 million, a decrease of 0.8%. This decrease significantly outpaced national losses of -28% from 2011 to 2012 as slow economic growth held back many projects across the country.

CAPITAL INVESTMENT

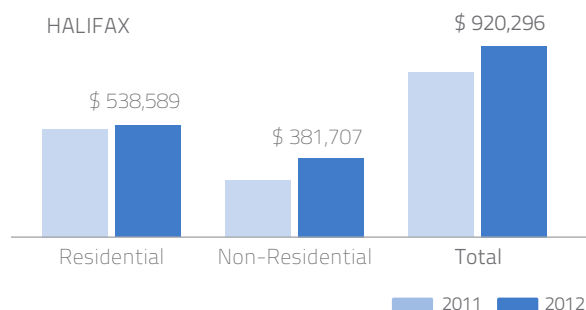
Looking deeper at non-residential construction, nationally government construction spending (boosted for several years by federal government investment) ground to a halt, losing 42% year-over-year and returning to levels not seen since 2001. Halifax, however, was the only city to see its government and institutional construction total rise in 2012 due in part to major capital investments by Dalhousie University and the Halifax Regional Municipality's Central Library. Among industrial and commercial sectors, 2012 saw a dip of 5% from 2011 levels of construction – well above national levels of -22% and second among benchmark cities (only St. John's saw growth in this area).

BUILDING PERMIT PROCESSING TIMES

2012 development timelines, with the exception of Downtown Halifax Site Plan Approvals, did not hit service standards, and several timelines were longer than in 2011. This is a concerning trend as development activity (particularly urban and suburban projects which are more complex) has increased. Ensuring projects are met with efficient and updated processes and policies would be a major step towards ensuring a better business climate.

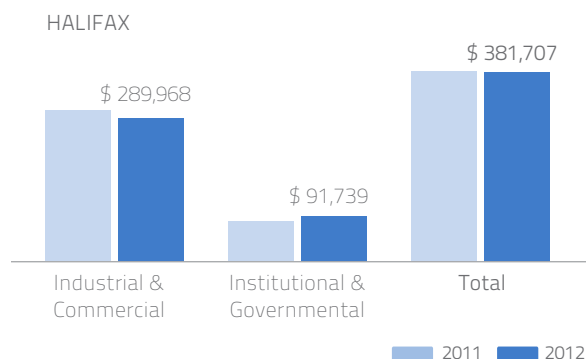
TOTAL VALUE OF BUILDING PERMITS, ANNUAL SUM, SEASONALLY ADJUSTED (000s)

Source: Statistics Canada



TOTAL INVESTMENT IN NON-RESIDENTIAL CONSTRUCTION, ANNUAL SUM, SEASONALLY ADJUSTED, CURRENT DOLLARS (000s)

Source: Statistics Canada



Construction is a by-product of confident investors eager to take advantage of improving economic conditions. Increasing construction activity is a sign that economic growth is expected by many in Halifax.

COMMERCIAL SPACE

INVENTORY OF OFFICE AND RETAIL SPACE AND VACANCY RATES

Halifax's commercial and office space market had a number of major construction starts in 2012, although the evidence of increased space will likely not show up until 2013-14.

Office vacancy rates stabilized in the downtown in 2012 at 10.4%. The rest of Halifax peninsula added 200,000

sq. ft. of new supply, pushing vacancy rates from 5.8% to 9.0% in 2012. Meanwhile, throughout Dartmouth/Bedford/Sackville supply dropped nearly 60,000 sq. ft. and vacancy rates dropped slightly to 12.8%.

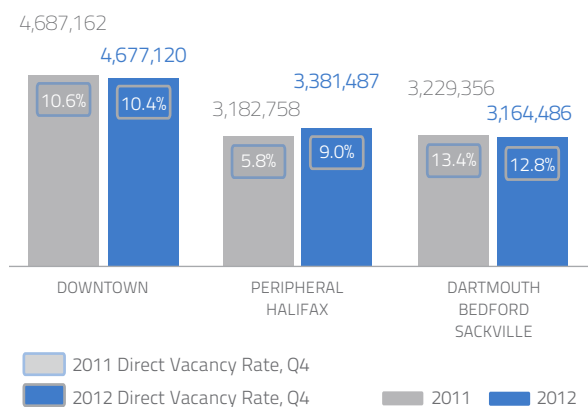
Further, the 190,000 sq. ft. of new construction in the downtown represents over half of the new construction started in 2012. This may be a sign that investors are betting on a resurgence in the downtown for the first time in a generation in the swell of new economic activity.

Given the importance of proximity to clients, parking, and commute, location decisions require a collaborative approach to satisfy the demands of businesses.

Business park sales in HRM increased significantly to 354.2 acres in 2012, generating nearly \$22 million in revenue for the municipality.

TOTAL SUPPLY OF COMMERCIAL SPACE INVENTORY BY REGION (SQ. FT.), HALIFAX

Source: Colliers International (Atlantic) Inc.



HRM BUSINESS PARK SALES

	Acreage Sold	Gross Sales Revenue
2011	58.2	\$10,416,711
2012	354.2	\$21,816,546

Source: HRM Planning and Infrastructure

A Halifax Regional Municipality and Strategic Urban Partnership study of businesses and their location drivers showed that decision making is relatively complex, and those located in different places in the municipality value different things. From the study, the top five factors for businesses of various types/locations were:

TOP FACTORS	DOWNTOWN - OFFICE	DOWNTOWN - RETAIL	SUBURBAN - OFFICE	SUBURBAN - RETAIL
1	Employer Preference	Proximity to Customers	Parking Availability	Parking Availability
2	Image Profile	Image Profile	Parking Cost	Parking Cost
3	Proximity to Clients	Employer Preference	Commute Time	Available Space
4	Transit/Access	Proximity to Retail	Face Rent	Proximity to Retail
5	Proximity to Restaurants/Services	Proximity to Restaurants/Services	Employee Preference	Employer Preference

Source: Altus Group

HALIFAX GATEWAY MOVEMENT

PEOPLE AND CARGO MOVEMENTS

2012 was another record year at Halifax Stanfield International Airport, as more than 3.6 million passengers moved through the airport. Air cargo also continued its post-recession rebound, increasing for the fifth consecutive year and inching closer to pre-recession levels.

After a lackluster 2011, the Port of Halifax results improved slightly in 2012 as domestic and international markets improved, particularly south of the border. Total cargo tonnage increased slightly in 2012 after four years of decline, and with new calls into the Port of Halifax expected in the near future, the trend may be turning around.

Twenty-foot equivalent units (TEUs) saw marginal increases as well in 2012, although not quite recovering losses in 2011. Continued economic recovery in the United States is critical to the stability and growth of TEUs as Halifax plays a role as an intermodal transportation hub to the Midwestern United States.

Halifax saw a surge of cruise ship activity in 2012, in part due to several ships being routed through Halifax during hurricane season. Nearly 10% more cruise ships called in Halifax in 2012 than 2011, and overall 46% more ships have called since 2007. This pushed passenger levels over 250,000, up more than 9,000 from 2011.

Gateway stakeholders are investing in future growth. The Port and its terminal operators have made investments of over \$250 million in infrastructure in the past five years to secure future business. These investments to increase capacity and create more efficiency should pay big dividends in the long term as world markets improve.

Economic impacts at the port and airport total \$1.6 and \$1.2 billion, respectively, and the organizations employ thousands of Halifax residents. Their success and Halifax's are entwined and the alignment of governments and the private sector are crucial to the long-term success of the Halifax Gateway.

Building on growth in 2012, and with improved global economic conditions, Halifax's Gateway should be well-positioned into the future.

TOTAL PEOPLE, PLANE/CRUISE MOVEMENT AND METRIC TONNES THROUGH HALIFAX GATEWAY

	Air Passengers (En/Deplaned)	Plane Movements	Cruise Passengers	Cruise Ships	Port Cargo	Air Cargo	TEUs
2011	3,594,164	83,139	243,577	122	9,486,612	29,263	410,649
2012	3,605,701	80,876	252,847	134	9,490,961	29,569	416,572

Source: Port of Halifax, Halifax Stanfield International Airport

BUSINESS CONFIDENCE

Business confidence in Halifax has declined slightly since the Partnership's spring 2012 confidence survey. The Business Confidence Index (a measure of past, present, and future confidence, as well as the business climate ranging from 100 to -100) dropped from 25.6 to 24.5.

Looking at some of the age and geographic splits, confidence among newer businesses – whose confidence was significantly above the average in spring 2012 – has lost some of its steam and is now just a little above average. Older businesses have remained below the average, although their optimism has increased slightly. Regardless of the age of a business, there is moderate optimism.

Geographically, Halifax and Dartmouth businesses had a significant confidence gap from businesses in the rest of the Municipality, however this gap has shrunk. Halifax and Dartmouth businesses saw their confidence dip slightly,

while businesses in the rest of HRM saw theirs increase slightly. Again, all areas saw moderate amounts of optimism.

Looking at what has moved the Business Confidence Index, nearly 9/10 businesses are optimistic about their current economic prospects in Halifax – most moderately. There has been virtually no change in this over time, indicating that most businesses see growth prospects. Of concern is the perception of Halifax as a place to do business – 3/5 businesses believe Halifax is an “average” place to do business, while 1/5 believe it is above average and 1/5 believe it is below average.

While global economic conditions affect confidence, our local business climate is well within our control. Creating productive, efficient and client-friendly processes that help entrepreneurs and established companies do business faster and cheaper would help make Halifax a better place to do business and encourage more people to take risks, expand and grow.

BUSINESS CONFIDENCE INDEX, HALIFAX

Year	General	Regions			Age of Business	
	Overall	Halifax	Dartmouth	Other HRM	New (<10 Years)	Established (10+)
2012 Spring	25.6	26.1	29.9	20.2	38.5	20.2
2013 Spring	24.5	25.2	25.3	22.6	29.1	22.5

Source: Greater Halifax Partnership Business Confidence Survey. Index ranges from 100 to -100. A score of zero would be considered neither positive or negative.

RATING OF HRM AS A PLACE TO DO BUSINESS AND OPTIMISM OF CURRENT ECONOMIC PROSPECTS FOR BUSINESS IN HALIFAX

Year	Rating of Halifax as a Place to do Business				Optimism of Current Economic Prospects for Business in Halifax				
	Above Average	Just Average	Below Average	Don't Know/ No Answer	Extremely Optimistic	Moderately Optimistic	Not Very Optimistic	Not at all Optimistic	Don't Know/ No Answer
2012 Spring	15%	64%	16%	5%	12%	74%	10%	2%	2%
2013 Spring	19%	59%	18%	4%	10%	77%	11%	1%	1%

Source: Greater Halifax Partnership Business Confidence Survey

SPECIAL ANALYSIS: A HALIFAX INNOVATION AGENDA

Halifax's GDP growth for 2012 was estimated to be sixteenth out of the 28 cities listed in The Conference Board's Metropolitan Outlook. In 2013, forecasted growth is expected to be thirteenth and between 2014-17, fourteenth. Traditionally, Halifax has been a middle-of-the-pack growth city and a hub for economic activity in Atlantic Canada.

Over the past two years, Halifax, Nova Scotia, and the broader Atlantic Canada region have seen record major project growth. The Atlantic Provinces Economic Council's major project inventory lists over \$100 billion in major projects in the region in resource industries, energy, shipbuilding, and other key sectors. Many sectors will see benefits from this project activity – directly as project leads and suppliers; indirectly as support industries including financial services, legal, and accounting; and through induced retail and commercial spending as a result of the direct and indirect activity.

While this is good news, Halifax and Nova Scotia face some major challenges:

- Nova Scotia has the oldest population in Canada;
- Nova Scotia has some of the highest personal and corporate tax rates in Canada;
- Outside of Halifax, rural areas and some traditional industries are in decline and new resource development opportunities have been slow to find a pathway to development; and
- Nova Scotia is catching up with global trends towards urbanization and economic development fueled by strong regional cities.

While major project work is a huge opportunity, questions remain to be answered:

- Are Nova Scotia companies capable of competing with global firms for work on these projects?
- Are Nova Scotia and Halifax capable of competing for the skilled labour necessary to complete this work?

The biggest question, however, is:

- Will Halifax and Nova Scotia's economy be a growth leader after the major projects have ended and improve on decades of middle (or in Nova Scotia's case, low) ranking growth?

Major projects like Halifax Shipyard's \$25 billion shipbuilding project provide the opportunity for a city to re-define itself, but it won't happen on its own. With over \$5 billion in tax revenue expected during the 30-year project, governments have a future stream of resources that could be invested today to foster change in the way we do business. Businesses have the opportunity to invest in their plants and their people in ways that will allow them to tap into these big opportunities.

In short, after years of moderate growth, we can change the way we play the game, but more importantly we have to change the way we think. We need a new culture of innovation.

THE INNOVATION PROBLEM

Research by The Conference Board of Canada shows that Canada ranked thirteenth out of 16 countries in its How Canada Performs scorecard. Governments come out relatively well. The Board's Ease of Entrepreneurship Index ranks Canada fourth easiest – its government services availability ranks fourth as well – while ICT investment and public R&D investment ranked eighth out of 16.

Where Canada struggled was in business research and development funding (fifteenth out of 16), patents and venture capital (both fourteenth out of 15), and connectivity (fifteenth out of 16).

Of concern in particular is Nova Scotia's performance in several of the key areas where Canada struggled. Among research and development funding, Nova Scotia's businesses invest well below the national average, per capita, in research and development. This shortfall, combined with below average provincial funding and foreign investment in research and development, creates a significant gap between Nova Scotia and Canadian firms and their level of investment in their future growth.

In 2012, Nova Scotia also ranked sixth among 10 provinces in terms of its venture capital attraction. Further, patent applications and grants, per capita, are well below national averages. While Internet connectivity rates and speeds are generally high, overall in a country that does not perform well on many innovation indicators, Nova Scotia comparatively performed well below average in a number of key indicators.

Some firms and industries are thriving in Halifax – others are in decline. If we are to create systemic growth that provides greater prosperity for more people in Halifax, we can take a page from other regions and firms which are creating growth and build an innovation agenda that reflects where Halifax's opportunities lie.

A WAY FORWARD

Pathways for ramping up innovation in Nova Scotia are not that difficult to outline. Reviewing what has worked well in other jurisdictions and building the appropriate innovation systems in Nova Scotia is a straight-forward task. What's difficult is adopting an innovation culture. Success requires we do both.

INNOVATION SYSTEMS

Innovation systems include the strategies governments, universities, and business employ to help underpin innovation and growth. These include incubators, accelerators, financial tools, training and mentoring initiatives, and even physical buildings. The systems required for innovation involve a rather standard approach.

TWO STEPS TOWARDS AN INNOVATION AGENDA

1. Develop more industry-driven university and college partnerships aimed at commercialization.

Funding for higher education has been in decline, putting pressure on administrators and faculty to do more with less. As a result, many do not have the time to create partnerships and pursue ideas. New funding, with a focus on commercialization, provides three key benefits:

- It provides the universities and colleges resources to take on new initiatives
- It provides incentives to unlock the potential of the great minds in academia
- If commercialization increases, the potential economic and tax impact will increase public coffers.

2. Mitigate the risk of new entrepreneurship through support for cluster incubation and acceleration.

The Partnership's Business Confidence Survey (page 22) shows that confidence is slipping among younger companies and access to capital continues to be the number one barrier to growth as identified through the Partnership's Business Retention and Expansion program. Given the low level of investment in R&D by businesses in Nova Scotia, steps to encourage new R&D would put more firms in a position to succeed.

Fostering more entrepreneurship-friendly environments – such as incubators or accelerators – can help to mitigate risk and ensure individuals and firms are constantly connecting, sharing and collaborating on projects. Increased support for cluster-led incubation and acceleration could play a pivotal role in young firm growth and success.

INNOVATION CULTURE

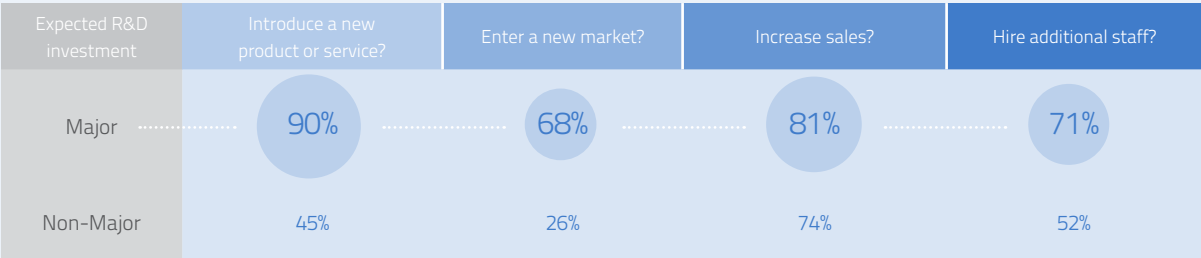
When you talk to people at the epicentre of innovation in places like San Diego and Silicon Valley, you find that they have great innovation structures...lots of venture capital, good universities and partnerships. What you also find is that they have a culture finely tuned to innovation.

The innovative culture of the West Coast in Vancouver, Silicon Valley, San Francisco and San Diego is built on partnerships that form and dissolve as needed knowing that an environment of abundant opportunity yields great results from working together. Partnership is at the core of any innovation culture.

On the West Coast, two people meet in a coffee shop and find they share a common idea. Their innovation culture tells them that they will succeed best if they work together. Innovation cultures are ones where an abundance of opportunity, ideas, and partnership collide. In Nova Scotia, our attitude towards opportunity is likely driven more by belief in scarcity rather than abundance of opportunity. A culture of scarcity feeds destructive competition, suspicion of high wages, big profits and big business. Too often ideas and resources don't get shared, partnerships don't get formed, and innovation doesn't happen.

COMPANY INVESTMENT IN R&D

Over the next 12 months in your HRM business operations, do you expect your company will:



Source: Greater Halifax Partnership Business Confidence Survey

BUSINESS INTENTIONS

Over the next 12 months in your HRM business operations, do you expect your company will:

	Make a major investment in R&D?	Enter a new market?	Make a major investment in facilities or equipment?
2012 Spring	8%	27%	38%
2013 Spring	9%	31%	33%

Source: Greater Halifax Partnership Business Confidence Survey

Fortunately, times are changing. Big opportunities are emerging in shipbuilding, energy, oil and gas, and investments in Halifax's downtown. However, in order to maximize these opportunities, we need to change our attitudes from those based on scarcity (if you get something, it must come from me because it's one pie) to ones based on abundance – to find ways to partner and to expand the economic pie.

Today's attitudes are shifting and we are regaining some of our pioneering spirit. Our business confidence surveys show that young entrepreneurs are still more confident about the future than longer established business. They are more open to ideas of partnership and sharing their best ideas.

New and successful businesses in Nova Scotia are capturing the pioneering spirit and building an innovative culture right now.

The [Halifax Index](#) has identified ideas to build up our innovation culture.

Top leadership must own the need for major change and proactively foster a culture to encourage it.

Whether within governments, business, academia or the community, leadership is a key driver of success. Business Confidence research by the Partnership indicates that only 9% of firms in Halifax are planning to make major investments in research and development in the next year. This indicates that few firms are investing heavily in innovation.

Halifax and Nova Scotia's business and political leaders need to be champions of a high-growth mentality, even if it means doing things differently than the way we always have. "Change is inevitable – growth is intentional."

ALIGNING INNOVATION AND BUSINESS STRATEGIES

Booz and Company, a global management services firm, in surveys for their Global Innovation 1000 research, found that less than half of all firms:

- Have an innovation strategy;
- Align that strategy closely with their business development strategy;
- Foster a company culture that inherently supports innovative development.

Regionally, business development efforts need to be aligned with innovators and growth sectors, and programs, services and funds need to help companies pursue their own innovation agenda.

With limited resources available, focusing on those firms and industries already growing not only creates the greatest opportunity for return, it also provides an incentive for firms to pursue a high-growth model.

FOSTERING REGIONAL CLUSTERS REQUIRES CONNECTION AND COLLABORATION

Research by the Brookings Institution suggests that strong business clusters (geographic concentrations of interconnected firms and supporting or coordinating organizations) are poised to drive future economic development. They also bring tangible benefits to workers, firms and regions – but you can't create a 'Silicon Valley' or 'Waterloo' out of thin air.

In particular, several key principles are behind successful regional clustering:

- **Focus on industries that are already growing and propel them** – rather than focusing on creating growth in industries that aren't growing on their own.
- **The private sector needs to lead.** The Brookings Institution writes:

'Clustering is a dynamic of the private economy in the presence of public goods. Cluster strategy should be pursued with humility as a matter of supporting, connecting, filling gaps, and removing obstacles to private enterprise while making sure certain public and quasi-public goods are available.'

- **Use data and analysis to measure performance and determine where to get involved** (and just as important, where to get out of the way) – focus on objective measures and trackable outcomes.

- **Regional leaders should identify cluster challenges and coordinate cluster players.**

While private sector focuses on creating growth, regional leaders need to focus on identifying, marketing and removing barriers to growth – including aligning resources, programs and departments around clusters, rather than operational boundaries.

FINAL WORDS

Halifax and Nova Scotia have more major project activity on their books than ever before. How and what we invest in today will be a determinant of what the long-lasting impact will be – whether here one day, gone the next; a transformative change in our growth culture; or somewhere in between.

For residents, small and large businesses, governments, universities and colleges, non-profits, arts and culture, and social groups, a new paradigm of economic growth is vital to the long-term success of the region. The more we align and support clusters and innovators in the region, the better off the whole region will be.

It's up to each of us to think about, and act on, fostering an innovative culture in our lives, work, businesses and community. No one organization or person can create transformative change on their own, however we have never had so many reasons to do so as we do today.

Ensuring health and social outcomes are linked to economic growth is a crucial step to achieving shared prosperity in Halifax.

Quality of Place

Key indicators

SAFETY

- Total and violent crime indices
- Incidence of traffic collision
- Crime and fire stats
- Satisfaction with police services

AFFORDABILITY

- Personal income
- Percentage of people with low income
- Market basket measure
- Apartment rental and vacancy rates
- Median housing prices and affordability

HEALTH

- Life expectancy
- Perceived health and mental health
- Activity levels

COMMUNITY

- Charitable contributions
- Life satisfaction
- Sense of belonging to community
- Voter turnouts

ARTS, CULTURE AND RECREATION

- Employment and wages in arts, culture and recreation
- Use of programs in arts, culture and recreation

SAFETY

TOTAL AND VIOLENT CRIME

Total crime in Halifax declined for the second consecutive year in Halifax with Statistics Canada's Total Crime Index (which measures volume and severity of crime) dropping from 96.8 to 87.4 in 2011 and down from a high of 135.3 in 2004. While this is positive news, Halifax's total crime index remains above national averages (77.6) and ranked third highest among its benchmark cities.

After a big drop in violent crime in 2010, Halifax saw an increase in the Violent Crime Index in 2011 from 105.6 to 111.7 in 2010. Halifax continues to have the second highest violent crime rate among its benchmark cities, and Regina, the only city with a higher violent crime rate than Halifax, significantly closed the gap between the two cities in 2011.

Among the various types of crime, several types of crimes saw a decrease in 2012. Person crimes decreased by 14.6% in 2012 to their lowest levels in over five years, while property crimes also declined for the second straight year. The 8.3% decrease in 2012

dropped the number of property crimes to their lowest levels in over five years as well.

TRAFFIC INCIDENTS

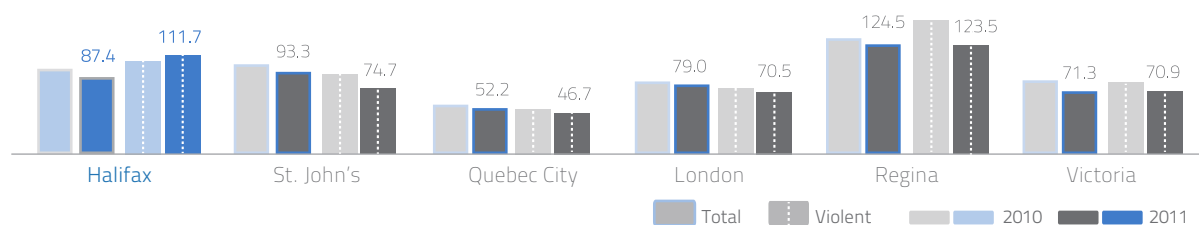
Jurisdictional crime results were mixed as federal offences dropped by 4% in 2012 while provincial offences increased 2% in 2012. Further, it was a worse year for traffic incidents – criminal traffic violations increased by 0.1%, while the number of collisions recorded increased by 29.7% to their highest levels in recent memory (after a big drop in 2011).

Fire and emergency services responded to nearly 12,000 incidents in 2012, up 5.8% from 2011. Urban response rates remained steady, with 84% of first-unit responders arriving within five minutes – rural rates improved from 82% to 89% arriving within 10 minutes in 2012.

SATISFACTION WITH POLICE SERVICES

Overall feelings of safety in Halifax remain high. Business and citizen surveying indicates that most residents feel safe where they live and work while businesses continue to be satisfied with police services.

TOTAL AND VIOLENT CRIME SEVERITY INDEX, CMAS
Source: Statistics Canada



RATING OF POLICE SERVICES BY BUSINESSES

	Businesses				
	Completely Satisfied	Mostly Satisfied	Neither Satisfied nor Dissatisfied	Mostly Dissatisfied	Completely Dissatisfied
Spring 2012	15%	76%	2%	4%	2%
Spring 2013	19%	65%	2%	7%	1%

Source: Greater Halifax Partnership Business Confidence Survey

AFFORDABILITY

PERSONAL INCOME

Halifax's per capita income of \$39,966 continued to be slightly above the Canadian average in 2012, although behind all but London among its benchmark cities. Further, growth from 2011 to 2012 (2.3%) mirrored the Canadian average but was the lowest among its benchmark cities.

While income growth was moderate, growth in the cost of a market basket (a basic, representative sample of goods purchased in various jurisdictions) grew by 1.5% in 2010. This was the second highest growth for the year, and Halifax's market basket cost (\$32,303) was second highest among its benchmark cities – passed for the first time by St. John's in 2010.

The high cost of goods and the moderate wages in Halifax contribute to higher-than-average levels of poverty. While Halifax's percentage of people with low incomes (those who cannot afford the market basket) dropped 1.1% in 2010 to 11.5%, it remained 1.6% higher than the national average and second highest among benchmark cities.

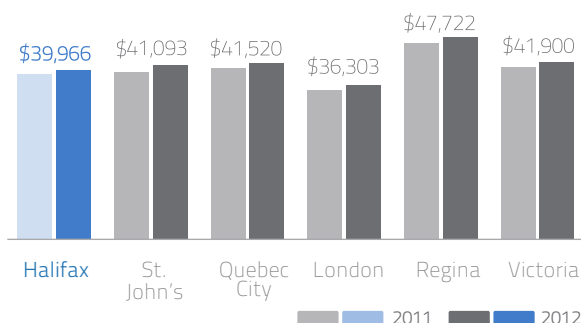
HOUSING PRICES, APARTMENT RENTAL AND VACANCY RATES

In 2012, the price of a new house in Halifax increased by 6.6% to nearly \$427,000. This increase was second highest among benchmark cities, and the average price overall was third. For existing houses being sold, the average price increased 3.7% to nearly \$269,000. This growth was third lowest among benchmark cities and the price was also third lowest. Meanwhile, average rental costs increased 3.8% in 2012 to \$925 per month for a two-bedroom apartment. This ranked Halifax third among benchmark cities in 2012 in growth as well as third in the overall rental cost.

For Halifax to truly improve the affordability of the city, it must leverage major economic opportunities to create better economic and social outcomes for those well below the averages. Increased access to education, health-care, affordable housing and entry-level work would benefit many struggling to afford to live in the city and allow them to benefit from increased economic activity.

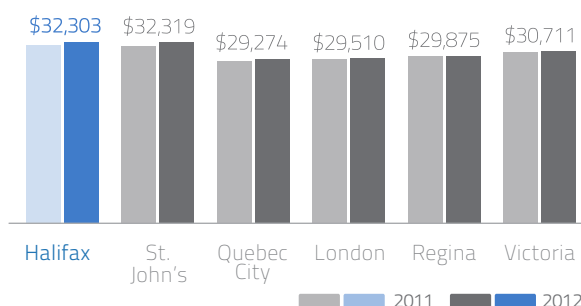
PERSONAL INCOME PER CAPITA, CMAS

Source: Conference Board of Canada



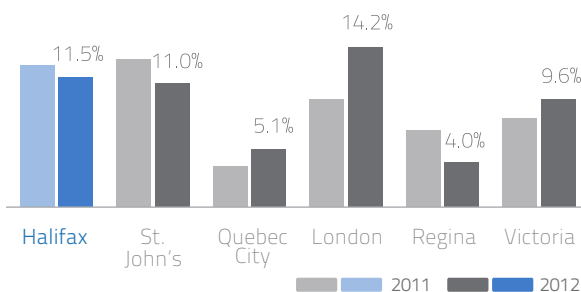
MARKET BASKET MEASURE THRESHOLD, LOW-INCOME THRESHOLD, BENCHMARK CMAS

Source: Statistics Canada



PERCENT OF PERSONS IN LOW INCOME, MARKET BASKET MEASURE (2008 BASE), CMAS

Source: Statistics Canada



HEALTH

LIFE EXPECTANCY

Halifax residents' life expectancy is slightly below the national average, although growing at comparable rates. When compared to its benchmark cities, Halifax is middle of the pack in terms of the anticipated length of life.

Chronic illnesses such as diabetes and high blood pressure – two of the most prevalent illnesses – present major concerns for the long-term budgets of provinces. Halifax residents' diabetes rates rose in 2011 by 0.6% while national rates fell by 0.3%, although Halifax remained third among its five benchmark cities. In terms of high blood pressure, Halifax's rate remained steady at 16.5% – lowest among its benchmark cities and 1.1% below the national average.

PERCEIVED HEALTH AND MENTAL HEALTH

In addition to actual health outcomes, perceived physical and mental health outcomes are also important. When asked by Statistics Canada, 62% of Halifax residents answered that they perceive their health as "very good" or "excellent" – 2% above the national average and third highest among benchmark cities. Further, when asked about their mental health, 74.2% (up a half point) answered "very good" or "excellent" – again 1.5% above the national average and third highest among benchmark cities.

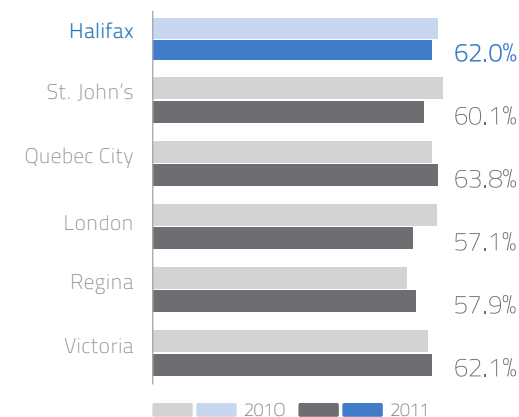
ACTIVITY LEVELS

While nationally, and in all other benchmark cities, activity levels rose, Halifax's activity levels dropped in 2011. 56.8% of residents identified themselves as "active" or "moderately active" during their leisure time, down 0.9% from 2010. With that said, Halifax's activity levels were 3% above national averages and ranked second among benchmark cities.

Health has a two-way relationship with many economic indicators. A person's health can influence how productive they can be, and their ability to generate income can dictate their ability to manage their health. As such, ensuring health and social outcomes are linked to economic growth is a crucial step to achieving shared prosperity in Halifax.

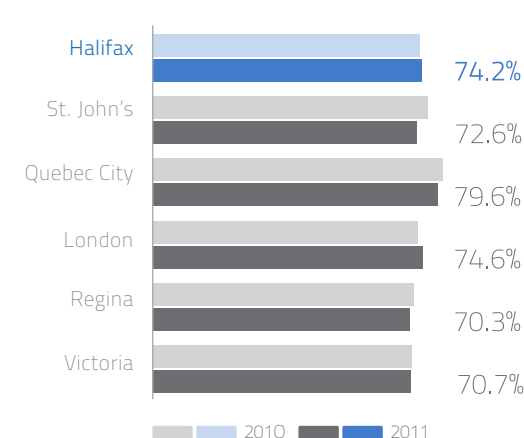
PERCEIVED HEALTH, VERY GOOD OR EXCELLENT

Source: Statistics Canada



PERCEIVED MENTAL HEALTH, VERY GOOD OR EXCELLENT

Source: Statistics Canada



COMMUNITY

SENSE OF BELONGING

Halifax residents' sense of belonging improved in 2011 and the gap from the national average increased. 68.4% of residents expressed a "somewhat" or "very strong" sense of belonging to the community, third highest among benchmark cities and 3.6% above the national average.

LIFE SATISFACTION

Further, Halifax residents' life satisfaction was relatively stable – the percentage of people who consider themselves "satisfied" or "very satisfied" with life remained high at 93.3% in 2011. That said, with increases in St. John's and Regina, Halifax dropped from second to tie for third among its benchmark cities.

VOTER TURNOUT

Of concern is the relative stagnation of voter rates, particularly in municipal elections in 2012. Despite the introduction of e-voting technology that, in theory, would remove time and geographic barriers, the percentage of eligible voters who actually voted increased by only 0.8% from 2008 to 36.9%. The number of eligible voters increased by 6.8% between 2008 and 2012, slightly above the population growth of 5.3% for that period, but that increase does not help to explain why so few voters cast ballots in 2012.

Further, with both provincial and municipal voter turnouts declining over the past 10 years, and the second lowest federal election turnout among benchmark cities in 2011, a trend of declining democratic activity should be better understood to ensure Halifax residents continue to engage with the political direction of the city.

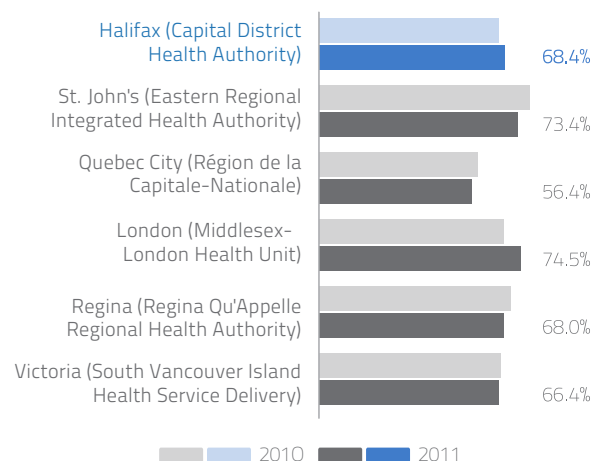
Ultimately, a greater understanding of why voter turnout rates are so low may help to frame future community engagement strategies and to ensure that community needs are realized into the future.

CHARITABLE CONTRIBUTIONS

The proportion of tax filers who claim charitable contributions remained stable at 24.9% in 2011. This proportion was again the second lowest among benchmark cities. Median charitable contributions in 2011 were \$310, unchanged from 2010, and again tying for second highest behind Victoria's \$390.

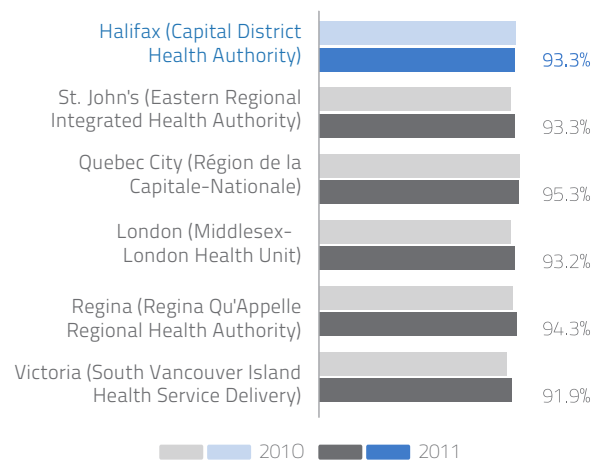
SENSE OF BELONGING TO LOCAL COMMUNITY,
SOMEWHAT OR VERY STRONG

Source: Statistics Canada



PERCENTAGE (AGED 12+) SATISFIED OR VERY SATISFIED WITH LIFE

Source: Statistics Canada



ARTS, CULTURE AND RECREATION

EMPLOYMENT AND WAGES

Employment in arts, culture, recreation and sport increased by 1,000 people year-over-year in 2012, passing levels last seen in 2008 and an increase of 12.8% from 2011. This growth rate ranked third among benchmark cities.

While the overall number of people working in art, culture, recreation and sport is up, 67% of new jobs were for positions between 1-14 hours per week. Further, the average actual hours worked dropped from 28.4 in 2008 to 27.5 in 2012.

Last year, average hourly wages in this sector dipped 12% to \$18.77 per hour – \$2.13 per hour less than the average for all occupations in Nova Scotia in 2012. Since 2006, wages in arts, culture recreation and sport increased only 7% compared to 17% for all occupations, indicating that not only are average hours decreasing, but the rate of pay is falling behind as well.

PROGRAM USE

There were over 900,000 attendees for performances and programs in 2012 put on by the 23 organizations that make up the Greater Halifax Arts Coalition (GHAC). These professional arts organizations have a sustainable base of attendees with over 330,000 attendees under the age of 25.

Funding for these organizations typically comes from four avenues: provincial (36.7%), corporate (32.1%), federal (25.1%), and municipal (6.1%). Hill Strategies' reports on municipal funding for the arts show that Halifax performing arts organizations receive the lowest, per capita, funding in Canada – with other levels of government and corporate funding not covered in the report.

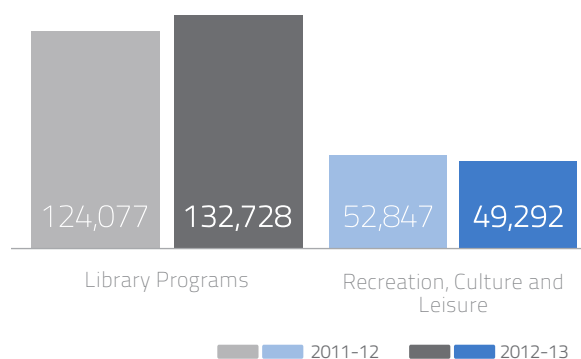
FULL-TIME HOURLY WAGES IN ART, CULTURE, RECREATION AND SPORT OCCUPATIONS, NOVA SCOTIA

	All Occupations	Art, Culture, Recreation, Sport
2011	\$21.43	\$21.36
2012	\$20.90	\$18.77

Source: Statistics Canada

MUNICIPAL PROGRAMMING ATTENDANCE IN HRM IN LIBRARY, CULTURE, RECREATION AND LEISURE

Source: Halifax Regional Library



Uptake of HRMs recreation, culture and leisure programs dipped for the second consecutive year from nearly 53,000 registrations in 2011-12 to over 49,000 in 2012-13. This is in part due to the closure of the Northcliffe recreation facility, but is also responding to citizens who are expressing their desire to participate in more unstructured and flexible programs – like the Emera Oval – which do not require registration.

Library programming and usage increased for the third consecutive year, increasing 6.9% in 2012-13. Visits per capita remained stable (six in 2012-13) and ranked fifteenth out of 42 cities in Canada. Further, meeting room bookings were up 50% over the past five years, in part due to the popularity of the library as a public meeting space.



Halifax and Nova Scotia invest more to achieve good environmental outcomes than many cities in Canada – and it shows.

Sustainability

Key indicators

DENSITY

- Density of cities and urban areas
- Regional Centre population and dwelling counts

TRANSPORTATION

- Mode of transportation to work
- Median commuting distance
- Public transit usage, availability and satisfaction

ENVIRONMENT

- Water quality
- Air quality
- Average water usage
- Waste disposal and diversion

MUNICIPAL FISCAL SUSTAINABILITY

- Bond rating
- Revenues
- Commercial tax per property

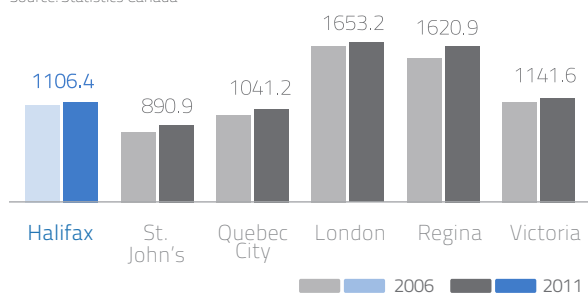
DENSITY

CITIES AND URBAN AREAS

Halifax has the second lowest population density among its benchmark cities; however this is not surprising given the landscape. Halifax has significant work to do to achieve the kind of urban density that cities such as London and Regina have. Population density in the urban areas of Halifax did not change greatly between 2006 and 2011.

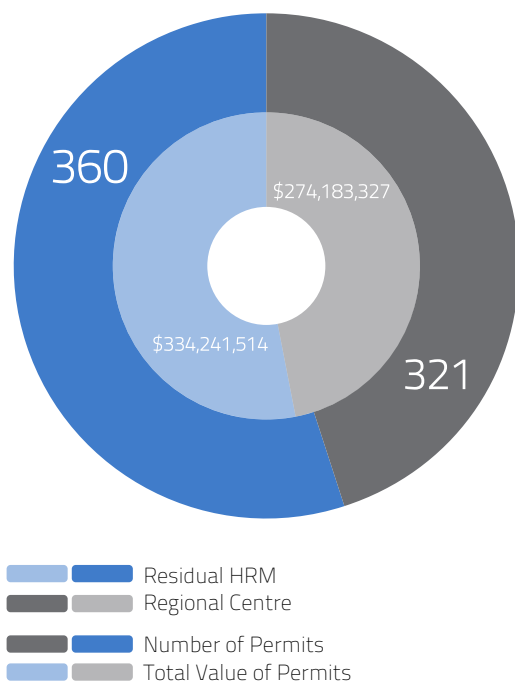
POPULATION DENSITY (PERSONS PER KM²) OF URBAN AREAS/
POPULATION CENTRES

Source: Statistics Canada



TOTAL PERMITS, VALUE AND NUMBER, SUB-HALIFAX, 2012-13

Source: Statistics Canada



REGIONAL CENTRE POPULATION

Of concern is the population density in the Regional Centre. Halifax's core has been stagnant in terms of population growth. This trend has turned around just recently but not quite at target levels. Between 2006 and 2011, the Regional Centre added 1,832 people, providing a marginal increase in the amount of density in that time.

A major turnaround to population trends may be in the works. According to the Planning and Design Centre's development map, an estimated 1,500-3,000 residential units are proposed, approved, under construction or nearing completion in the Regional Centre. These units, if constructed and filled, would be home to thousands of residents. Overall, building permits approved in the Regional Centre represented 45% of the total for HRM in 2012 – a significant improvement from the 31% average of the previous five years.

While these trends are positive, continued work to encourage a densified urban core is required. In particular, the municipality has two key open items that will determine the ability to create more density in the Regional Centre:

1. Adjustments to the HRM charter to allow for density bonusing
2. Adjustments to the HRM charter to allow for site plan approvals for the full Regional Centre, allowing for a streamlined process for individual sites getting approved

Both of these items are currently in front of the Nova Scotia legislature and would allow elements of the Regional Plan, including the Centre Plan, the flexibility to achieve the desired outcomes.

TRANSPORTATION

USE OF PUBLIC TRANSPORTATION

Overall use of public transportation grew significantly between 2011-12 and 2012-13; however the biggest reason for this was the month-long Metro Transit strike which dampened the 2011-12 totals. Looking back further, ridership grew 1.1% from 2010-11 despite a 4.7% increase in the number of hours of service on the road. Looking even further back to 2007-08, despite an increase in service hours of 18.7%, ridership has only grown 2.8%.

Growth in hours of service in 2012-13 was the result of the new MetroX Route to the Airport/Fall River, as well as the creation of a high-frequency corridor on Portland Street, along with several other smaller routing and schedule adjustments.

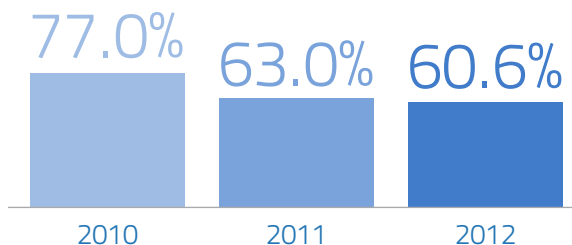
PUBLIC TRANSIT SATISFACTION

Another reason for the lack of growth in ridership may be found in the rider satisfaction survey. Between 2010 and 2012, rider satisfaction dropped 16.4% to 60.6% in 2012. The slow long-term growth suggests that more in-depth knowledge of what it would take to significantly boost ridership is necessary.

Overall satisfaction with transportation among the business community remains fair. Most businesses surveyed show some level of satisfaction with the public transportation system and the local road and street network. However, among municipal services listed in the Partnership's semi-annual business confidence survey, transit is consistently the lowest ranked municipal service by businesses.

RIDER SATISFACTION WITH PUBLIC TRANSPORTATION

Source: HRM Citizen Survey, Intercept Survey



MODE OF TRANSPORTATION TO WORK AND MEDIAN COMMUTING DISTANCE

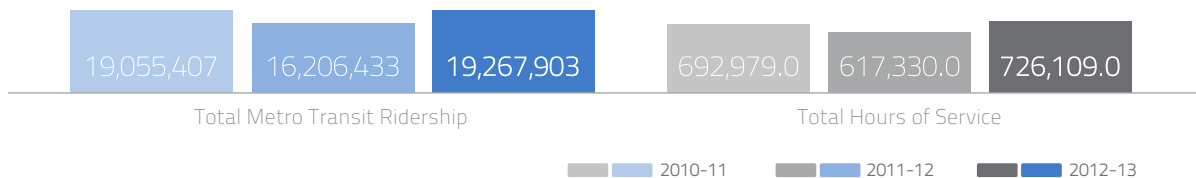
Halifax had the highest proportion of its population that took public transit to work in 2006 among its benchmark cities. With nearly 12% of the population taking public transit, Halifax is a full percentage point above the national average.

Unfortunately, cuts to Statistics Canada's census make it challenging to continue tracking these statistics against other jurisdictions. As such, data availability on how people get to work may not line up in the future with these existing statistics.

Ensuring resident and businesses' public transportation needs are met – and understanding why satisfaction is low – is important to the long-term sustainability of the city. As the city grows, public transportation will be a vital link for many residents to jobs and services within the community.

TRANSIT PASSENGER VOLUME & HOURS OF SERVICE, HALIFAX

Source: HRM - Metro Transit



ENVIRONMENT

Halifax and Nova Scotia invest more to achieve good environmental outcomes than many cities in Canada – and it shows.

AIR QUALITY

Air quality in Halifax continues to be among the best in its benchmark cities. Ground-level ozone levels, a major contributor to urban smog and a health irritant, rank lowest among benchmark cities again in 2011. Fine particulate-matter levels, remnants from fuel burned that can cause a variety of serious health problems, are among the lowest in the benchmark cities.

WATER QUALITY BY PROVINCE

Year	Nova Scotia	Newfoundland	Quebec	Ontario	Saskatchewan	British Columbia
2006	B	D	B+	A-	B-	C+
2011	A-	B	B-	A	B-	C+

Source: Waterproof – Canada's Drinking Water Report Card

WATER QUALITY AND AVERAGE USAGE

Nova Scotia's water quality is second highest among benchmark provinces, and like most provinces, it has improved in recent years. Waterproof 3: Canada's Drinking Water Report Card states that Nova Scotia has "protected a large percentage of water sources that concomitantly protect the vast majority of the population."

Use of water in Halifax has decreased by nearly 9L per capita since 2004 and ranks as the third lowest usage among benchmark cities. Residential water use, which accounts for 65% of all water use in the municipality, decreased by 2% in that time frame. While this is positive, decreases in several other benchmark cities during this transportation were higher and furthered the gap between lower users and Halifax.

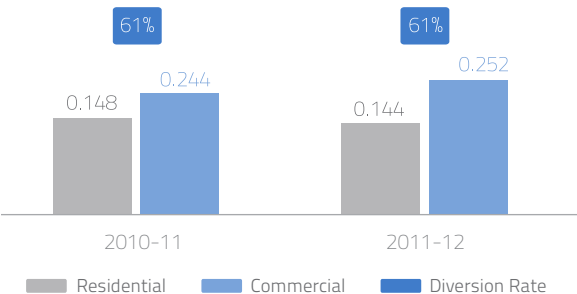
WASTE DISPOSAL AND DIVERSION

Year-over-year residential waste levels per capita dropped in Halifax in 2011-12 by 0.004 tonnes (8.8 pounds). Commercial waste increased slightly by 0.008 tonnes in 2011-12. Over the longer term, both commercial and residential waste levels have dropped since 2007-08 and remain well below national averages. Diversion rates from landfills remained steady in 2011-12, with over 61% of solid waste material diverted from the residual waste system. This proportionally is one of the highest municipal rates in Canada.

In addition to the environmental impacts, waste diversion has fiscal sustainability impacts – particularly recycling. In 2011-12, composting (\$6.62 per tonne), waste disposal (\$3.12 per tonne), and recycling (\$1.48 per tonne) increased; however, looking longer term, recycling costs have declined since 2007-08 while composting and waste disposal increased significantly. Creating sustainable economic growth is important, and ensuring both cost-effectiveness and achievement of environmental goals is key to creating truly sustainable progress.

WASTE DIVERSION AND TONNES OF WASTE PER CAPITA, HALIFAX

Source: HRM – Transportation and Public Works



MUNICIPAL FISCAL SUSTAINABILITY

COMMERCIAL TAXES

The commercial proportion of property taxes paid decreased by -0.4% between 2011-12 and 2012-13. Longer-term, the commercial proportion has declined from 40.3% in 2007-08 to 38.8% in 2012-13. This is in part due to the phasing out of the business occupancy tax as well as increases in total residential assessed value relative to commercial.

The average commercial property tax increased by 0.8% between 2011-12 and 2012-13, continuing its trend of growing at a slower rate than GDP. Overall, commercial and business occupancy taxes as a percentage of GDP dropped in 2011-12 from 1.18% to 1.16% in 2012-13 – and the longer trend shows relative stability as the 2007-08 commercial tax was 1.16% of GDP.

Overall, all taxes and payments in lieu of taxes represented 3.39% of GDP in 2012-13. This was a decrease from 2011-12 0.02%, however an increase from 2007-08, which represented 3.2% of GDP.

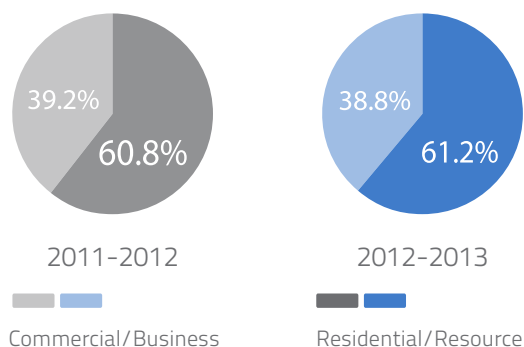
REVENUES

Expenditures kept up with revenues in 2012-13, increasing 4.1% from 2011-12 to \$821 million. When looking at revenues per dwelling, the value actually decreased from \$3,560 in 2011-12 to \$3,535. This is a positive indicator as it suggests much of the growth in revenues and expenditures is occurring as a result of Halifax increasing its population and GDP, rather than an increased average burden on commercial or residential payees.

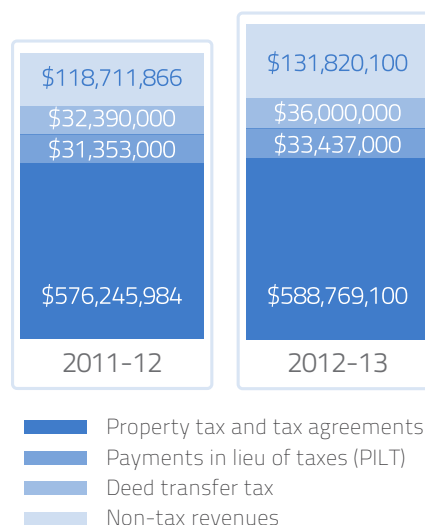
BOND RATING

HRMs credit rating improved in 2012 to AA- and the outlook is stable, indicating that the municipality's credit worthiness continues to be high.

RESIDENTIAL AND COMMERCIAL TAX SPLIT, HRM
(GENERAL, PROVINCIAL, & TRANSIT)
Source: HRM Taxation and Fiscal Policy



TOTAL REVENUES BY SOURCE, HRM
Source: HRM Taxation and Fiscal Policy



The municipality's long-term fiscal health is important, and keeping up with infrastructure improvements without greater burden on businesses and residents is a challenge that many municipalities will continue to face. Further, ensuring that taxation is stable, predictable, and viable at the margins as well as the average is critical to the long-term prosperity of the city.

NOTES



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