

MHCC Economic Development Committee Discussion Paper
Place Audit of Metropolitan Halifax
Moving the Community into the Millennium

TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
1.0 INTRODUCTION	9
1.1 What is a 'place audit'?	9
1.2 About the Authors of this Place Audit	10
1.3 Why the EDC took on this project?	11
2.0 WHAT IS THE COMMUNITY LIKE TODAY?	12
2.1 Demographic Features.	12
2.2 Labour Force and Economic Profile	13
2.3 Housing market characteristics	14
2.4 Industry structure	15
2.4.1 Overview of Selected Sectors	20
2.4.1.1 Software Industry	20
2.4.1.2 BioTech	22
2.4.1.3 Ocean Sciences	23
2.4.1.4 Engineering & Environmental Sciences	23
2.4.1.6 Tourism	24
2.4.1.7 Military Community	24
2.4.2 Challenges for Sectors	24
2.5 Community health characteristics	25
2.6 Transportation facilities / Telecommunications infrastructure	25
2.6.1 Airport	25
2.6.2 Marine	26
2.6.3 Rail	30
2.6.4 Highways	30
2.7 Education and Research Institutions	30
2.7.1 Education Infrastructure	31
2.7.2 Composition of the workforce	32
2.7.3 Skills required by employers	32
2.7.4 Status of learning in Nova Scotia	35
2.7.5 Effects on employment	36
2.8 Public Safety and Crime Statistics	36
2.9 Recreation and Cultural Resources	37
3.0 HALIFAX'S MAIN COMPETITORS - [Eastern North America]	38
3.1 Superior Competitor	38
3.2 Peer Competitors	39
3.3 Weak Competitors(s)	39

4.0	MAJOR TRENDS AND DEVELOPMENTS	40
4.1	Sources of financing	40
4.2	Environmental Forces and Regulations	41
4.3	Global Developments and Change	41
	4.3.1 Population shifts	41
	4.3.2 Information Technology	42
4.4	Services vs. Taxes	43
5.0	ANALYSIS OF HRM'S STRENGTHS AND WEAKNESSES	44
6.0	HALIFAX'S OPPORTUNITIES AND THREATS (EXTERNAL)	48
6.1	Opportunities (Success Probabilities)	48
6.2	Threats (Seriousness and Probability of Occurrence)	49
6.3	Focus for change in the business climate	50
7.0	CHALLENGES FOR HRM	51
7.1	Urban Development	51
7.2	Population Growth	51
7.3	Information Technology	52
7.4	Education and Training	52
7.5	Transportation Infrastructure	52
8.0	ECONOMIC DEVELOPMENT COMMITTEE RECOMMENDATIONS	53
	APPENDIX A - STAFF DEVELOPMENT SUPPLIERS	54

TABLE OF CHARTS

CHART 1 - Percentage Change in Employment, 1987-1996 16
CHART 2 - Employment by Industry, All Industries, 1987-1996 17
CHART 3 - Employment by Industry, By Industry, 1987-1996 18
CHART 4 - North American Container Ports, 1995 28
CHART 5 - Container Traffic at Select East Coast Ports, 1987-1996 29

TABLE OF TABLES

**TABLE 1 - Business and Industry Establishments &
Manufacturing Plants, 1991-1995 15**
TABLE 2 - Major Employers in HRM, 1996 19
TABLE 3 - Crime Statistics, Selected Cities, 1995 36
TABLE 4 - Strengths & Weaknesses 44

EXECUTIVE SUMMARY - PLACE AUDIT

The 'place audit'

The Economic Development Committee (EDC) of the Metropolitan Halifax Chamber of Commerce has compiled a 'place audit' of the Halifax Regional Municipality (HRM). A place audit is an inventory of community characteristics that are used to perform a critical analysis on the 'place'. The concept for this project came from Philip Kotler's book, *Marketing Cities*. In his book, Philip Kotler describes this research-driven methodology as an approach for marketing cities.

The purpose of the place audit is to act as a catalyst to a strategic or visioning process. It is the baseline data for a community planning forum where a vision for the future of this city can be created¹. This vision will drive a strategic action plan that will increase economic growth in the region.

This place audit analysis is useful because it reinforces one of the prime reasons for amalgamation. Municipal amalgamation was intended to eliminate competition and increase the effectiveness of economic development. It is useful because it enables everyone to see what the region looks like today. The place audit can create community awareness of the present strengths and weaknesses of the city.

Another reason for conducting a place audit of local resources is to identify challenges for the future growth of the city. There are many municipal planning issues that will affect Metro's ability to grow as a dynamic urban area.

The next step is to hold a community planning process where a vision for the future can be determined. Community planning processes ensure community participation in the continuing increase of economic activity within HRM.

The Authors of the Place Audit

The Economic Development Committee (EDC) of the Metropolitan Halifax Chamber of Commerce is a volunteer committee of business professionals dedicated to support economic growth in this city. Each member of the committee has brought their own special insight and expertise to bear on the results. The committee reflects various

¹HRM's neighbour in Greater Moncton is preparing for its third major planning symposium in January 1998. Article attached at the end of this document.

sectors of this urban economy. Bringing these perspectives together into one document has shown where both common challenges to growth have been experienced as well as shared successes. This document is a collaboration of various points of view but interestingly, its authors agree on the primary challenges affecting the economic growth of the municipality.

Why the EDC took on this project?

There are three reasons why the EDC took on this project:

1. While HRM enjoys the lowest unemployment rate in Atlantic Canada, other major cities in Canada have lower rates;
2. HRM is the economic growth centre for Atlantic Canada;
3. The amalgamation of the municipality and the Boards and Chambers changed the way economic development was done.

In addition to planning for economic growth, a comprehensive look at the needs of a growing city is required. To anticipate future needs, we must determine what type of infrastructure development may be required. As a community, we also need to understand how and where the city is growing.

This place audit identifies realities, trends, strengths, and challenges. Its purpose is to stimulate action that will lead towards economic growth. This discussion paper does not answer all of the questions but is intended to facilitate the public participation in economic development issues. In fact, it raises many questions about our community. The EDC want people in the HRM to think about the future of their city.

Future Challenges for HRM

The EDC sees five areas which will pose significant, future challenges for this region. This paper is not intended to provide solutions but to point out the areas for future action. Each of these areas is described briefly. These five areas are: urban development, population growth, information technology, education and training and transportation infrastructure.

1. Urban Development

The population of HRM will continue to grow as people arrive from other areas of Atlantic Canada. There is a need for comprehensive city planning. How the city will plan for growth should be of concern to everyone. Citizens need to know what HRM will look like in ten or twenty years from now. Urban planning issues include the redevelopment of the downtowns, zoning, infrastructure, land use and housing, to name a few.

The challenge for HRM will be to develop policies that address these issues in a manner that increases HRM's economic growth and improves our quality of life. Another challenge for HRM will be to convince federal and provincial development agencies not to design assistance programs that exclude the urban area.

2. Population Growth

Although the population is growing, it is not at the rate experienced by other Canadian cities. In 1996, the population growth rates in Greater Toronto and Vancouver exceeded that of HRM. Much of that population growth has been attributed to immigration. While there is population movement from rural to urban areas, thereby ensuring a labour force for HRM, this rate does not address the larger issue of overall population decline within Atlantic Canada. Atlantic Canada would benefit from an infusion of population that would stimulate the economy. HRM, as the urban centre for Atlantic Canada, would benefit the most from such a strategy.

The challenge for HRM will be to encourage immigration, especially where they have resources and skills that can increase economic activity.

3. Information Technology

Halifax has an attractive local climate for businesses involved with the information technology sector.

There is a strong local base of educated and skilled labour which can fill the demand for this sector. There are few barriers to entry as firms have no major capital investments to make, the long distance operating costs of telecommunications systems have been opened to competition thereby reducing costs. The presence of the technical university and research institutions also ensures continued availability of new technology applications. To our advantage, Halifax has all the essential factors.

At this time, there is no apparent co-ordinated plan or strategy to realize potential growth. A plan that would support market positioning and a growth strategy for the sector is needed.

4. Education and Training

Education and training can be split into two concepts. The first is the level of education achieved, the second is the perceived lack of practical business skills in the region's labour force.

The level of education and training of both the workforce and management is one of the biggest barriers to increased economic activity for HRM. Numerous studies have indicated that there is a gap in the level of basic literacy and numeracy skills in the workforce.

Many businesses are now hiring on the basis of acquired business skills rather than grades achieved during school. Business looks for people who can demonstrate common-sense, analytic and conceptual ability and leadership skills.

Again, there is no co-ordinated plan or planning that would address either of these concepts. The challenge for HRM is to develop a co-ordinated plan with other agencies that will address these inconsistencies.

5. Transportation Infrastructure

Halifax is the nerve centre for the transportation network of Atlantic Canada. Present threats to the multi-modal network include the following: the loss of federal dollars for capital investment needed at the Halifax International Airport; heavy competition for container cargo at the ports; budgetary shortfalls that may cut back on highway maintenance; and the importance of CN Rail in the multi-modal equation.

There may also be a lost opportunity for growth if the issue of capital investment for the port is not resolved. There are big decisions to be made and so far, it appears that no coordinated planning has been undertaken to tackle this issue.

The challenge for HRM will be to preserve and integrate all pieces of the multi-modal network in light of continuing threats.

Economic Development Committee Recommendations

For a community to thrive, a strong economic development framework is required. An economic development framework leads to a vision of what the community has to offer its citizens in the way of employment and life-style opportunities. HRM needs a vision. It should be a shared, community vision of how to achieve sustained economic growth into the next millennium.

This report initiates this process. This EDC recommends that the Metropolitan Chamber of Commerce take the initial lead on a formal planning process for economic development. The most important factor of this process is to involve the community. To be successful, the planning process must have community participation, especially from the private sector.

For people who work within the various sectors of our economy, a formal planning process will provide a framework that businesses and employees can use to air their ideas about increasing and improving economic activity in the Halifax region.

Five areas have been identified for immediate consideration:

1. Lobby HRM to initiate an Urban Growth Plan to address population growth;
2. Co-ordinate an Information Technology Sector Strategy;
3. Co-ordinate an Education & Training initiative which would look at two issues:
 - Basic educational attainment;
 - Basic practical business skills;
4. Co-ordinate a Transportation Strategy; and
5. Initiate an ongoing strategic process for economic development which would include public participation.

This Committee suggests that the next step should be further investigation into how the planning process is undertaken. We suggest that the Chamber of Commerce select representatives to attend the Moncton Planning Symposium being held January 15 to 17, 1998. The Chamber of Commerce should then consult with the Halifax Regional Municipality and the Greater Halifax Partnership to discuss the organization of a community planning event.

1.0 INTRODUCTION

1.1 What is a 'place audit'?

The Economic Development Committee (EDC) of the Metropolitan Halifax Chamber of Commerce has been working on a 'place audit' of the Halifax Regional Municipality (HRM). A place audit is an examination of community characteristics. A combination of data and descriptive characteristics relating to the community is compiled and then used to perform a critical analysis on factors relating to the 'place'. The concept for this project came from Philip Kotler's book, *Marketing Cities*. In his book, Philip Kotler provides a methodology for a research driven approach to market cities to attract investment and support economic development.

Community characteristics generally used in a place audit include the following: economic/demographic features; housing market characteristics; industry structure and labour market characteristics; natural resources; education and research institutions; and numerous other factors. We have attempted to capture as much of this information as possible for our place audit. From this information we have attempted to identify HRM's main competitors, major trends and developments likely to impact the economy, and HRM's strengths and weaknesses, both internal and external. A place audit is often undertaken as the preliminary step to a strategic or visioning process. This document is intended to be the baseline data for a community planning forum that would create a vision for the future of this city.²

This type of community analysis is useful as it reinforces one of the primary reasons for amalgamation. Municipal amalgamation was intended to eliminate competition and increase the effectiveness of economic development. It is useful now to compile information that enables everyone to see the region's community profile. The purpose of the place audit then, is to create community awareness of the present strengths and weaknesses of the city. The next step is to propose a planning process where the community determines the vision for the future. The plan and the vision would ensure community participation in the continued increase of economic activity within HRM.

²HRM's neighbour in Greater Moncton is preparing for its third major planning symposium in January 1998.

There are a number of factors that affect HRM's future. HRM continues to grow both in population and land area. Although HRM has the lowest unemployment rate within Atlantic Canada, it is not low enough. The objective is to have continued increase in economic activity. Having a lower unemployment rate is not good enough. While many of sectors of our economy are mature industries with a declining life cycle, as a community, we must ensure that new growth industries are given priority with respect to development assistance, be that labour-force training or capital investment.

Another reason for conducting a place audit of local resources is to identify challenges for the future growth of the city. There are many municipal planning issues that will affect Metro's ability to grow as a dynamic urban area. One example is, the 'Go Plan'. How will the changes in transportation infrastructure impact on any urban planning already in effect. Another issue is the revitalization of both downtown Halifax and Dartmouth. There is also urban sprawl which radiates directly out of the peninsula area. During the 1970's, the City of Halifax went through a comprehensive planning exercised that produced many significant changes to the urban area. Is a similar process needed again?

HRM is perceived as being the Regional urban centre for Atlantic Canada. A concentration of public administration, medical research, educational institutions and transportation infrastructure is based here. There is a need to ensure the economic health of this urban area. There are new opportunities but there needs to be more. There is a need for sectoral diversity and employment opportunities. The Metropolitan Halifax Chamber of Commerce must ensure that the municipality plan its growth to ensure Metro's place as a globally competitive city.

1.2 About the Authors of this Place Audit

The Economic Development Committee (EDC) of the Metropolitan Halifax Chamber of Commerce is a volunteer committee of business professionals dedicated to support increased economic activity of their city. Each member of the committee has brought their own special insight and expertise to bear on the results of this place audit. The committee reflects many sectors of this urban economy. Bringing these perspectives together into one document has shown where common challenges to growth have been

experienced, as well as shared successes. This document therefore, is a collaboration of different outlooks which ultimately provided balanced results.

The data collected is the most up-to-date available at the time of writing. Much of the data used to describe the Halifax Regional Municipality is taken from the 1991 census as only preliminary 1996 census data has been released. Where more recent data is available, it has been used.

To complete this report, the Economic Development Committee has obtained the information from many sources. Individual members of the committee have contributed their time interviewing members of the Metro community and researching critical issues related to this project. This is not an academic paper. It is based both on statistical data and reflections of how these volunteers see their community.

1.3 Why the EDC took on this project?

The three planning events that changed the way Metropolitan Halifax does economic development were as follows: (i) economic development activity become integrated; (ii) the various Boards of Trade and Chambers of Commerce agreed to amalgamate into one organization, the Metropolitan Halifax Chamber of Commerce (MHCC); and (iii) the amalgamation of several local government units into HRM. The combination of these three events resulted in the creation of a private/public partnership agency, the Greater Halifax Partnership (GHP), with a mandate to attract investment and initiate marketing activities on behalf of the Metro area.

The EDC participated in the creation of the Partnership by providing discussion papers to the Chamber on specific economic development issues that were affecting the municipal region. Even though the activities of the Partnership have resolved many of the issues, there remains a need for community participation in economic development. The members of the EDC are community volunteers committed to supporting economic growth in their community. With the city amalgamation there is some question as to what this region looks like economically and how it compares to other cities. With or without the amalgamation, the need for research and analysis is an on-going process. The economy is constantly shifting. The EDC believe that performing a place audit provides the community with a benchmark. From this, activity can be planned according to a community vision.

In addition to economic planning, there is the City itself. A comprehensive look at the needs of a growing city is also required. To anticipate future needs, we must find out what the City looks like from an infrastructure point of view. As a community, we also need to understand how the city is growing and where, geographically, it is going. Understanding these issues will provide information for future municipal government's revenue generation and spending patterns. The city may need a new comprehensive plan.

This place audit identifies realities, trends, strengths, and challenges. Its purpose is to stimulate action that will lead towards economic growth. This discussion paper does not answer all of the questions. In fact, it raises many questions about our community. The Economic Development Committee want people in the Halifax Regional Municipality to think about the future of their city. What is the vision for HRM? The best example seen recently of Metro's ability to perform was the G7. That should be the benchmark for action from which we work.

Through this place audit, the EDC has had the opportunity to look at other cities economic development planning process. **For many cities, visioning and community participation is integral to their economic development activity. HRM is not alone in pursuing this objective.**

2.0 WHAT IS THE COMMUNITY LIKE TODAY?

2.1 Demographic Features.

The population of the Halifax CMA (Census Metropolitan Area) in 1996 was 332,518 people. This is a 3.7 percent increase over the 1991 census figures. In comparison, the overall population growth for Canada between the 1991 and 1996 census was 1.1 percent. Approximately 56 percent of Nova Scotia's population live within the urban area with the remaining 46 percent living in the rural region. In 1991, Halifax CMA was ranked 13th out of the top 25 CMAs in Canada. With the 1996 census, this ranking has not changed.

The average household income in HRM was \$46,386 according to the 1991 census. Approximately 21 percent of the municipality's households earned less than \$20,000 per year while 18 percent of the households earned incomes of \$70,000 and over. The average number of persons per census family in 1991 was 3 with an estimated 86 percent of census

families headed by two-parent families. Demographically, the population in the 0-34 age groups is stagnant and/or declining in HRM according to Statistics Canada projections for 2006. This is a critical consideration in planning for future economic growth.

Approximately 72.5 percent of the population is of British Isles origin. The next most common ethnic origin is French with 9.11 percent, (it was not specified as to whether this was French, Quebecois or Acadian). The third largest group has German ethnic origins (3.83 percent) and fourth is Dutch (1.57 percent). People with Lebanese ethnic origins make up approximately .92 percent of the population with Chinese ethnic origin of .75 percent.

The Halifax Regional Municipality is primarily English speaking with 97.5 percent of the population reporting English as their home language in 1991. Of the population in HRM, approximately 9.46 percent are bilingual in both official languages, French and English. The third most spoken language is Chinese with 0.22 percent of the population followed by Arabic with .19 percent and the fifth most spoken language with 0.19 percent is Greek.

As to religious affiliation, 50 percent of the population report being of Protestant belief while 37.3 percent belong to the Catholic Church. Other religious affiliations make up 4 percent of the population while 8.7 percent reported having no religious affiliation at all.

These demographics suggest that the population of HRM is predominantly of Western European origin, speaks primarily English and follows the Christian doctrine. This suggests a rather homogenous demographic profile.

2.2 Labour Force and Economic Profile

In 1996, the labour force in the municipality was about 176,000 people. Unemployment in Metro is the lowest within the Atlantic Region. According to Statistics Canada's most recently released unemployment rates³, Halifax reported a 9.0 percent unemployment rate. This compared favourably with other Atlantic Canadian CMAs, St. John's reported a 13.7 percent unemployment rate while Saint John recorded a rate of 12.4 percent. Compared to other Canadian urban centres, Halifax only beat out Montreal (11.1

³ StatsCan Cat. No. 71-001-PPB, August 1997, 3-month moving average.

percent), tied with Ottawa, (9.0 percent), and was higher than Toronto (7.8 percent), Winnipeg (7.4 percent), Regina (5.8 percent), Calgary (6.1percent), Vancouver, (8.7 percent and Victoria (7.8 percent).

Approximately 58 percent of the Halifax CMA labour force works in the City of Halifax with 25 percent working in Dartmouth and 17 percent working in the remainder of the CMA. In 1991, an estimated 5 percent of the labour force worked from their homes.

Within the population of people 15 years and over, more men than women participated in the labour force in HRM. An estimated 78.8 percent of males, 15 years and over participated within the labour force while only 62.6 percent of females participated. The average, per capita income for males in the labour force was \$30,544 while for females, it was reported to be \$17,545. Men are predominantly employed in service, managerial, administrative and related fields, and sales. Women work predominantly in clerical, followed by service occupations.

Sources of income within the Municipality came primarily from employment with 79.8 percent of the total. Government transfer payments accounted for 9.9 percent while other sources accounted for 10.3 percent of income sources in 1991.

The consumer price index, as reported by Statistics Canada, for Halifax in August 1996, was 132.6. This is a 5.07 percent increase over August 1992. The average increase in CPI for twelve Canadian cities was 6.8 percent, 1.73 percent over the percentage increase for Halifax during the same time period.

2.3 Housing market characteristics

The housing market, by dwelling type, within the municipality is characterized as 61 percent housing units and 36 percent apartment type units. 50 percent of the housing units are single-detached houses. The total private occupied dwellings reported in the 1991 census were 122,115 units, in 1996, total dwellings had increased to 128,618, an increase of 5.3 percent. Further analysis would indicate where this growth is occurring, whether urban or suburban.

In 1991, 59 percent of the population in HRM owned their dwellings while 41 percent rented. The percentage of renter households that could afford to buy their homes, as forecast for 1997 by CMHC, was 49 percent. The CMHC forecast for the average MLS price of a single-detached dwelling for the metropolitan area is \$106,500. In 1997, CMHC

forecast the average rent for a 2 bedroom apartment to be \$625 with an 8.1 percent vacancy rate.

2.4 Industry structure

As Table 1 - Business & Industry Establishments & Manufacturing Plants, 1991-95 indicates, the number of both businesses and manufacturing facilities in HRM has increased. In percentage term, business establishments have increased by 12.5 percent while the number of manufacturing plants has grown by 21.5 percent.

TABLE 1 - Business & Industry Establishments & Manufacturing Plants, 1991-95					
	1991	1992	1993	1994	1995
Business Establishments	9295	9591	9775	9812	10455
Manufacturing	428	457	463	480	520
Source: Nova Scotia Department of Finance					

Between 1987 and 1996, total employment increased by 11.75 percent. Chart 1 - Percentage Change in Employment, indicates that the largest percentage growth occurred in the Service sector with a 34 percent increase and in the Trade sector with 13.5 percent growth. The largest declines were experienced in the Primary and Agriculture sector which decreased 60 percent, while employment in Manufacturing dropped by 18 percent. Employment within the Public Administration sector declined by 8.99 percent mainly as a result of cutbacks and layoffs within the public sector. Throughout this period, 1987-1996, employment tended to fluctuate depending upon the activity of the business cycle. From Chart 2, Employment by Industry, this is especially evident in for the employment level for all sectors in 1992. Chart 3 takes the total employment and breaks the sectors out by percentage of employment.

CHART 1 - Percentage Change in Employment, 1987-1996

CHART 2 - Employment by Industry, All Industries, 1987-1996

CHART 3 - Employment by Industry, By Industry, 1987-1996

TABLE 2 - Major employers located in HRM, 1996:	
Employer	No. Employees
National Defence	6800
MT&T	3095*
QEII	3500
Dalhousie Polytechnic	3000
IMP Group	2560*
NSPI	1907*
* Adjusted for 1997 where available	
Source: Nova Scotia Government Department of Finance, Atlantic Progress Magazine, September 1997.	

In 1996 there were twelve establishments in Nova Scotia employing between 1,000 and 2,499 persons of which eight of these twelve establishments had either their head office or regional head office located in HRM:

1. Bank of Nova Scotia;
2. Bolands;
3. Halifax Shipyard Ltd.;
4. Nova Scotia Power Inc.;
5. Royal Bank of Canada;
6. Royal Canadian Mounted Police;
7. Saint Mary's University; and
8. Sears Canada Inc.

Advanced technology is reported to be the fastest growing sector in Nova Scotia. Information on labour force employment and incomes describing this sector are limited by the current statistical methodology used to capture economic data. HRM has a strong R&D environment strengthened by the number of university research institutions and by the fact that HRM has Canada's lowest after-tax costs. There has also been a rapid growth in the number of companies obtaining ISO designations.

Strategic sectors in Nova Scotia include information technology, environmental engineering, oceanography, transportation, health care, education, finance, national defence, national and regional media, manufacturing, culture & tourism and business services. These strategic sectors are critical to the continued economic viability of both the province and HRM. Many of the infrastructure and resources for these strategic sectors are physically located within HRM.

2.4.1 Overview of Selected Sectors

The sectoral overviews provided in this section are intended to provide highlights. The descriptions are meant to provoke questions that will lead to further analysis and investigation.

2.4.1.1 Software Industry

Major Trends & Development

The statistics used in this section to describe the software industry encompass the entire province. Industry experts estimate that HRM accounts for approximately 70 percent of the industry figures. The reader should keep in mind that Cape Breton also has experienced significant growth in software and multimedia industries.

Nova Scotia's Information Technology (IT) Industry contributes over \$3 billion to the Nova Scotia economy annually. Over 300 companies in Nova Scotia's IT industry provide employment in the order of 15,000 direct and another 7,000 indirect jobs.

In its 1996 Report on Atlantic Canada's indigenous software industry, the Atlantic Provinces Economic Council (APEC), demonstrated that Nova Scotia accounts for 48 percent of Atlantic Canada's gross output in software, outstripping all other Atlantic Provinces. In 1996, the software business in Nova Scotia outperformed all other provincial industries combined having a 62 percent overall growth. This surpassed the 35 percent growth rate in the software industry experienced in 1995.

Testimonials that support the strength of this industry have been provided by KPMG and Business week magazine. In 1996 KPMG Management Consultants, rated Halifax as the 'Premiere spot in North America to establish a 'new' software business.'" BusinessWeek magazine placed Metro Halifax in the top five cities for communication technology infrastructure.

ITANS, (Information Technology Industry Alliance of Nova Scotia) formerly SIANS, (Software Industry Association of Nova Scotia), have publicly stated that more jobs in Nova Scotia have recently been created in the information technology industry than all other businesses combined.

Barriers to Growth

The most critical barrier to growth for the IT sector is having the right skills in the labour force. There is a lack of sufficient and suitable graduates of education and training programs to 'grow' and 'feed' the IT industry requirements. For example, it will take at least five years before the public/private education systems help ease the 'national' shortfall. In Canada, there are 12,000 software programming jobs to be filled because Canada lacks trained people to fill those jobs!

The software industry suffers from a lack of 'sufficient' capital and access to capital via venture capital, merchant banks, and financial institutions. This situation is slowly changing as banks learn to place value on knowledge based businesses.

There is a lack of 'sufficient' economic development programs within the community other than the few offered through professional associations, such as ITANS, governments and universities. Economic development programs are slowly adjusting to the needs of an industry that is not based on asset-financing but is based on a knowledgeable and highly trained labour force.

There is a general lack of awareness of the importance of the IT sector to the local economy. As more people integrate computers into their home-life, they will begin to understand the pervasiveness of the IT sector.

Conditions/Infrastructure needed for expansion

This sector needs better government/industry partnerships to focus on the type of economic development programming that would help this sector to grow. What is needed is more and better high-tech training centres to expand the output of computer science graduates. We need to increase the amount of capital availability - "pools" of money are needed from industry and government and, investors for equity types of financing are needed.

Entrepreneurship

More start-up and expansion financing is needed to assist new software companies. Joint venture/Co-operatives with larger scale firms aiding 'smaller' companies are required. For example, Newbridge Networks sponsors and takes equity participation in several smaller IT firms which possess innovative technologies and products but which require managerial and capital assistance.

Areas of Potential Growth

We need to focus on growing our local companies. What we have is world class and we need to keep them that way while growing more. We need to maintain the attractive R&D tax advantage that exists in Nova Scotia. We need to improve the dialogue between government and industry and convince them that there are growth potentials in partnerships. More emphasis is also need to support infrastructure development and promote export opportunities. Encouraging growth will help us to achieve internationally competitive salaries in Nova Scotia. From this we will be able to attract and retain our talented and skilled labour force instead of seeing them migrate to another IT centre.

2.4.1.2 BioTech

The largest concentration of medical and biotech research in Atlantic Canada is located within HRM. With over 1,000 faculty members teaching medicine, this sector has the skilled and professional labour force available for continued development.

To support initiatives in medical and biotech research, there has been preliminary development of a 'Nova Scotia Science Park'. The future of this venture is unsure given the likely demise of the anchor tenant, the Red Cross Fractionation facility.

Located within HRM, Innovacorp, a provincial crown corporation, assists the development of medical and biotech research within the community. Innovacorp is ideally situated to assist the research and business communities create partnerships which bring research into commercial application.

2.4.1.3 Ocean Sciences

HRM is home to the largest concentration of marine scientists in Canada. Approximately 30 percent of Canada's ocean sciences activity is located here. Expertise is available in marine biology, genetics, food cultivation, monitoring and remote sensing, robotic and environmental systems, and information services. Approximately 500 of the world's leading oceanographic scientists live and work in our urban area.

2.4.1.4 Engineering & Environmental Sciences

There is a strong representation of engineering and environmental sciences business in HRM. These firms have found success lies in taking advantage of export and foreign investment opportunities. These businesses are examples of world class firms who are competitive both locally and globally. Many have obtained ISO 9000 standing enabling them to be best in the world. These companies are a valuable resource for other companies wishing to emulate their experience and success.

2.4.1.6 Tourism

In 1996, the tourism sector employed 9,100 direct and 3,400 indirect jobs for a total of 12,500 jobs. In 1994, 71 percent of visitors to Halifax CMA were residents of the province and of those, 55 percent were same-day visitors. As a proportion of provincial tourism receipts, Halifax was responsible for generating 43 percent of the total or \$392 million. Since 1992, there has been a 12% increase in tourism receipts. At 43 percent, Halifax has retained the same proportion of total receipts during this time period.

Halifax Regional Municipality is considered to be a successful convention centre destination because of its reputation for being well managed, efficient and friendly. This is critical for continued business since competition in the Convention & Meetings Business is worldwide. Meetings, conferences, corporate and government travel account for 70 percent of total hotel rooms sold in the Province.⁴ According to the Tourism Industry Association of Nova Scotia, (TIANS), the average expenditure of a convention delegate is \$800 per day and the average stay is 4 days.

⁴ Interview with Joe Gillivan, President Hotel Association of Nova Scotia, Business Voice, Metropolitan Halifax Chamber of Commerce, September 1996.

HRM is currently sponsoring a taxi driver's course to improve the service delivery within that profession.

2.4.1.7 Military Community

There is a steady state presence of 6,800 military and 4,200 civilian employees for a total of 11,000 personnel. The military presence injects salaries into HRM of \$270 million for military personnel and \$142 million for civilian employees for a total of \$412 million. Of this amount, it is estimated that 50 percent or \$206 million is spent locally. Goods and services purchased locally by the military total \$72.6 million annually while grants paid in lieu of various property and business taxes are the equivalent of \$6.1 million. Single and family housing units total 2,500 in Halifax while another 2,500 units are dispersed throughout HRM. Students from military families in local schools total 3,500.

Military Force Reduction

The force reduction (military and civilian), consolidation and restructuring of military forces in the area is just about completed. The move to Ottawa of the Maritime Command Headquarters and Maritime Air Group Headquarters is underway and there remains a further relocation of only a few hundred members. There are no new reductions planned.

New ways of doing business for the military include contracting out, alternative service delivery and property/lease reductions. This will impact both negatively and positively on the local business community.

Future of the Military

A major military presence will remain in the Halifax Metro Area. All significant reductions and relocations are complete and there are no current plans to undertake further cuts.⁵

2.4.2 Challenges for Sectors

The challenge for the community is how do we create more economic activity for these sectors and others operating within this economy.

⁵ Public Relations Dept. CFB Halifax, 1997.

2.5 Community health characteristics

Health Canada released a 1993-95 mortality study for the provinces that indicated Nova Scotia's mortality rates were for all diseases including cancer and heart disease were among the worst.⁶

2.6 Transportation facilities / Telecommunications infrastructure

HRM has multi-modal transportation centre potential. Multi-modal transportation here includes traditional transit modes such as air, trucking, rail and sea. Our local telephone company provide an infrastructure suitable for doing business through various telecommunication and computer mediums.

2.6.1 Airport

According to the *Wall Street Journal*, a good airport and quality air services count as one of the three most important factors for corporations looking for a new location. Halifax International Airport (HIA) links the Region with the remainder of Canada and the rest of the World. HIA is the passenger and air cargo hub for the Atlantic Provinces. Hub and spoke operations at HIA have produced passenger volumes that far exceed those of airports in comparably sized cities. HIA's volumes have reached 2.5 million passengers per year with 100 departures per day to domestic and international destinations. The airport offers around the clock operations with landing capability in all but the worst weather. The airport offers Halifax global gateway status.⁷

HIA is the seventh busiest airport in the country. Aviation is essential to international tourism. Scheduled domestic and regional air service is essential to provide connecting flights.

The economic spinoffs resulting from air service are tremendously more dramatic than other modes of travel and travel into HIA benefits the entire region. For every 100 passengers using Halifax as a destination or origin, another 84 passengers use it for

⁶ *Easterners' Health Abysmal*, Halifax Chronicle-Herald, September 22, 1997.

⁷ The Greater Halifax Multi-Modal Transportation Study, Booz-Allen Hamilton, Inc., for the Greater Halifax Partnership, November 1996.

connecting flights. Nineteen percent of all visitors to Nova Scotia arrive by air. Air travel accounts for 37 percent of tourism revenues.⁸

Benchmarking HIA against Canada's other airports with comparable passenger volumes, HIA is the most severely deficient in its facilities, passengers per check in space, passengers per holdroom space and passengers per baggage claim space. Improving the terminal to meet minimal standards would require well in excess of \$100 million.⁹

Challenge

The challenge for the airport will be the ability of the newly privatized airport authority to negotiate and lobby the Federal government for continued support by means of providing capital investment and supporting favourable legislation.

2.6.2 Marine

After a flurry of activity last summer and fall, the issue of port development has receded from public debate. The development of a container 'superport' at Shearwater or some other location on Halifax Harbour still represents one of the major opportunities for our community to create jobs. Depending on whether you believe the Chamber's own task force, or Booz Allen & Hamilton, there is the very real potential to create between 10,000 - 20,000 jobs within the next ten years.

Time, and the shipping industry, marches on, and we now run the risk of missing a once in a generation opportunity if we don't act soon. The next generation of 6,000+ teu capacity is rapidly being introduced on the major trade lanes of the world. They will arrive first in the Europe-Far East route, next on Far East to North America West coast, then South East Asia to North America East Coast, followed by the North Atlantic. The latter two routes have implications for Halifax. Most likely, these new leviathans will arrive on the North American east coast within 3-5 years. Halifax is not ready for them, as it lacks suitable terminals and crane capacity. Luckily, neither are any of our North American competitors, although plans are far more advanced in some cases.

⁸ Tourist Industry Association of Nova Scotia, TIANS.

⁹ Ibid., Booz-Allen Hamilton, Inc.

Meanwhile, the port has slipped badly in terms of its North American market share, as the accompanying charts illustrate. We presently run the risk of becoming marginalized as a port, especially with respect to container traffic. Fifteen years ago, changes in the container industry favoured Halifax: round-the-world services, G-3 vessels, and the trend towards 'load centres'. In 1989, the port came within 50,000 teu of its arch rival, Montreal. In the early 1990's, structural change within the industry had a deleterious effect on Halifax, and we lost both volume and market share to rivals such as Montreal and Norfolk.

At the end of the 1990's it appears, once again, that HRM could position itself to benefit from the latest changes in the industry. In the words of Leo Donovan, Vice President of Booz Allen, they have no doubt about the *potential* for Halifax, and all other things being equal, they foresee two container 'superports' on the east coast - one at Halifax and the other at Norfolk. Unfortunately, they doubt our *ability* to pull all of our resources together to get the job done. Meanwhile, ports such as New York, which requires major dredging, and Norfolk are preparing for the next generation of vessels.

CHART 4 - North American Container Ports, 1995

CHART 5 - Container Traffic at Select East Coast Ports, 1987-1996

2.6.3 Rail

The Halifax rail terminal is integrated with the arrival and departure of container ships. Special container trains link the Halifax terminals daily with inland terminals in Montreal and Toronto. At these destinations, container cars are linked with other rail movement to Detroit, Chicago, Winnipeg and Vancouver. The Halifax rail terminal has double-stack train service capability. Access to the Sarnia-Port Huron Tunnel has reduced the transit time between the port of Halifax and the US Midwest by approximately 12 hours.¹⁰

2.6.4 Highways

Halifax is connected to the TransCanada Highway and Interstate highways in the US by a high-speed, all-weather highway system. Freight arriving at the port is transported via speciality commodity carriers or contract haulers from Halifax on the highway system as well as by rail.¹¹

2.7 Education and Research Institutions

HRM's level of educational attainment indicates the available skill level and also the potential for future training of the workforce. Lower levels pose a significant detriment to a labour force's ability to adapt to changes in the workplace. Looking at a broadly-based statistical profile of the educational attainment of HRM's labour force, the following was determined, it appears that almost **half** of the labour force was without some type of formal certificate, training program, or degree. Using 1991 census data, educational attainment ratings for HRM were broken into three broad categories as follows:

- 1) those with Grade 13 or less;
- 2) those with trade or non-university training, with or without a certificate; and
- 3) those with some university training with or without a degree.

¹⁰ <http://www.gov.ns.ca/ecor/iat.nsinfo/sect7.htm>

¹¹ Ibid.

Using these three broad classifications, the profile for HRM's labour force, for those 15 years and over, breaks down as follows:

1) Up to Grade 13, with or without a secondary certificate	43%
2) Trade or non-university training, with or without a certificate	27%
3) University training, with or without a degree	30%

Although HRM may have many university graduates within the workforce, we also have many under-educated and unskilled workers. It is this part of the labour force that requires upgrading and training.

2.7.1 Education Infrastructure

Target groups for training and education include youth, adults, employees, the unemployed and seniors. Appendix A provides a partial list of organizations providing training and education which are active in the Halifax area. There are 13 degree granting institutions for fewer than 1 million people in Nova Scotia, seven of which are in HRM.¹² Other mandated education providers include public schools, libraries, private trainers, and registered trade schools. Indirect providers include government health agencies, government community services, law enforcement organizations, economic development agencies, Business Development Canada, and entrepreneurship programs (eg. Step-In and Step-Up Programs for women). In addition, the following groups are also involved in training and education programs to a more limited extent: community institutions and groups, churches, chambers of commerce, service clubs, recreation groups and advocacy groups. Finally, employers also provide training, although 41 percent of workers received no training at all in the past two years.¹³

¹² "Lack of skill a bitter pill for those seeking jobs", Financial Post, January 2, 1992

¹³ Creating Our Own Future/A Nova Scotia Economic Strategy, p. 26

2.7.2 Composition of the workforce

In 1996, forty-four percent of the workforce in Nova Scotia worked part year, 49 percent work all year.¹⁴ The employed-to-population ratio was 64.6 percent compared to 70.4 percent nationally; the participation rate was 60.4 percent compared to 65.3 percent nationally and the unemployment rate was 13.3 percent compared to 10.4 percent nationally.¹⁵ Womens' share of the total labour force in Nova Scotia has risen from 25 percent in 1961 to 46 percent in 1993.¹⁶ Women are concentrated in disciplines leading to occupations which pay less than the areas where men predominate.¹⁷ The female-to-male wage ratio has hovered around 65 percent in Nova Scotia, compared to a national average of 72 percent.¹⁸ Women working full time are more affected by the presence of young children in the household than are men. In 1992, women who were employed full time and whose youngest child was under age 6 did a daily average of 5.4 hours of unpaid work, including child care, while their male counterpart did just 3.4 hours of unpaid work.¹⁹

2.7.3 Skills required by employers

According to the Conference Board of Canada, the critical skills required of the Canadian workforce in the 1990's and beyond²⁰ have been determined to be:

1) Academic skills:

- communicating
- thinking

¹⁴ Abstract of a Training Needs Analysis for Nova Scotia, Nova Scotia Labour Force Development Board, 1996, p. 4

¹⁵ Ibid.

¹⁶ "Women in Nova Scotia, a Statistical Handbook", 2nd ed., NS Women's Directorate, Department of Human Resources, January 1996

¹⁷ "Women and Economic Development", Ad Hoc Committee on Women & Economic Development, Human Resources Sector, Voluntary Planning, February 22, 1996, p. 3

¹⁸ Ibid., 4.

¹⁹ Statistics Canada, Canadian Social Trends, Catalogue 11-008, Autumn 1993, pp. 13-16

²⁰ "Employability Skills Profile", The Conference Board of Canada, 1993

- learning
- 2) Personal management skills:
 - positive attitudes and behaviours
 - responsibility
 - adaptability
- 3) Teamwork skills:
 - working with others

A New Brunswick survey²¹ found that the most frequently cited skills in demand were:

- computer training
- driving ability
- having the correct provincial license, professional association, or trade
- certification
- sales and accounting
- basic skills
- worker motivation
- literacy
- interpersonal skills

2.7.4 Status of learning in Nova Scotia

Fifteen percent of Nova Scotians are either illiterate or have serious difficulties with common reading materials.²² Forty-four percent of Nova Scotians are not able to perform simple sequences of numerical operations which enable them to meet most everyday needs.²³ High school students in Nova Scotia scored among the bottom 25 percent in Canada²⁴ in standardized science achievement tests. However, after a concerted

²¹ Adult Education and Labour Survey, New Brunswick, 1993 (13)

²² Statistics Canada Survey of Literacy Skills Used in Daily Activities, 1989

²³ Ibid.

²⁴ Robert K. Crocker, Science Achievement in Canadian Schools, National and International Comparisons, Economic Council of Canada, 1990

5-year effort to upgrade junior high school science skills, grade 9 students in Nova Scotia scored among the highest in Canada in science achievement test results.²⁵

According to ACOA, training programs do not meet the needs of employers; there is a communication gap between government and employers; educational institutions are unable to respond sufficiently quickly to changing training requirements of employers.²⁶ Furthermore the poor quality of Nova Scotia labour is blamed for lack of competitiveness of NS manufactured goods. It is claimed that labour has less technical knowledge than counterparts in the US and that labour is less aware of international market trends. Also, Nova Scotia is more dependent on the UI system and grants to business in order to develop the manufacturing sector. As a result, more human capital development is recommended to improve on competitiveness.²⁷ More than 75 percent of Nova Scotia companies responding to a survey reported they experienced difficulties finding employees with the skills they required.²⁸

According to the Canadian Federation of Independent Business (CFIB), small businesses have determined the following to be barriers to hiring:

- inadequate skill training;
- poor attitude of job applicants;
- lack of suitable local applicants;
- high cost of payroll taxes and benefits; and
- inadequate writing, interpersonal, technical and computer skills.

The CFIB concluded that employers should be included in the curriculum development phase for reform of education so that students can upgrade skills more in tune with business needs.²⁹ Of 72 employers surveyed, over 50 percent said that the education system was inadequate to prepare students³⁰ in the following:

²⁵ Ibid.

²⁶ ACOA commissioned study, 1989

²⁷ O'Farrell Report, 1990 (13)

²⁸ Creating Our Own future, 26.

²⁹ Canadian Federation of Independent Business Survey, ? (13)

³⁰ Nova Scotia Labour Force Development Board, 1996, 4.

- language skills;
- mathematical literacy;
- problem solving;
- social skills;
- critical thinking;
- technology; and
- scientific skills;

According to the results of a survey of over 1,200 Dartmouth businesses, 16 percent said important skills were missing in their employees and that the most frequent reason for lack of skills was an inadequate education.³¹

According to a High Technology RITC Needs Assessment, employers in the high technology industry feel that obstacles to training include high cost, ability to pay, lack of courses, and lack of employee interest.³²

2.7.5 Effects on employment

There is a direct relationship between the level of education and the level of participation in the labour force.³³ Unspecified industry representatives estimate that about 300,000 jobs a year are unfilled in Canada.³⁴

³¹ Dartmouth Chamber of Commerce Survey, 1994 (13)

³² High Technology Needs Assessment, RITC, 1995, ? (13)

³³ Statistics Canada Labour Force Survey Results by Education, Nova Scotia , 1992
Averages

³⁴ Financial Post, January 2, 1992

2.8 Public Safety and Crime Statistics

Table 3 Crime statistics, selected cities 1995				
	Halifax Regional Municipality	Montreal	Toronto	Vancouver
CRIME RATES, REGIONAL (CMA)				
Homicides per 100,000	2	3.3	2.4	5.9
Attempted Murders per 100,000	3	8.9	3.9	7.5
Assaults per 100,000	1,059	834.3	934.6	1044.4
Other Sexual Offences per 100,000	15	9.2	2.7	11
Abductions per 100,000	2	2.6	2.9	2
Robberies per 100,000	75	335.4	213.6	487.4
Property Crimes per 100,000	5,499	6,204.2	5,321.1	15,202
Other Crimes per 100,000	2,544	1,751	2,044	3,143
Source: SitePro Database				

The above table provides a comparison of several crime measures between HRM and four other Canadian municipalities. While HRM ranks the highest on Assaults and Other Sexual Offences compared to other urban centres. HRM does have comparable October 28, 1997 rates on property crimes.

Although HRM has many attributes that make it a great place to live, statistically speaking, crime appears to be on par with other major Canadian urban centres.

2.9 Recreation and Cultural Resources

HRM has a selection of sports and recreation facilities. It is home to fifty sport, recreational and social clubs including aquatic, rowing, dance, fitness, and racquet sport centres. HRM also has twelve golf courses, five yacht clubs and marinas and five riding academies. Major spectator events include the Moosehead Grand Prix, the Atlantic Universities Basketball, Football and Hockey Conference Finals and the Halifax Mooseheads of the Quebec Major Junior Hockey League.

HRM is a regional centre for the arts and culture. It is served by twenty-five (25) public and private art galleries and museums, including the Art Gallery of Nova Scotia, the Nova Scotia Museum of Natural History and the Maritime Museum of the Atlantic. It is also home to Symphony Nova Scotia, Neptune Theatre, and Halifax Dance's Young Company. In addition to the live arts, Halifax also has twenty-five mainstream and two alternative movie screens as well as a number of motion picture production companies and studios.

HRM is also the site of a number of special events and festivals. Some of the more prominent festivals include the Atlantic Jazz Festival, the Atlantic Film Festival, Scotia Festival of Music, Nova Scotia International Tattoo, International Buskers Festival and the Moosehead Grand Prix. The Region's historic places include the Public Gardens, Halifax Citadel National Historic Park, the Halifax Town Clock and Point Pleasant Park.³⁵

³⁵ SitePro Database

3.0 HRM'S MAIN COMPETITORS IN EASTERN NORTH AMERICA

A competitive analysis should be done for each industry sector that does business in HRM. For purposes of this discussion, we will initiate a first draft addressing this issue. It will be assumed that service and manufacturing businesses have similar location requirements which, of course, is an over simplification. A separate competitive analysis should also be done for Tourism which has criteria for success which differ from those for services and manufacturing. Throughout the audit, we have concentrated on attracting businesses which provide exportable goods and/or services which create new economic activity in HRM.

The Halifax Regional Municipality Policy Analysis staff and the Greater Halifax Partnership recently surveyed over 800 businesses within the Metro area. Their report, *Listening to Business 1997*³⁶, asked several questions about how businesses perceived competition. The survey asked questions about customers and their locations, the level of competition, and the location of competitors.

If HRM wants to be a global competitor, then the answers to this survey highlight impediments to that goal. Overall, the answers given indicate that 56 percent of the respondent businesses's customers are located within Metro, 51 percent supplied products or services to government at all levels, 84 percent indicated they had either a fair amount of competition with 70 percent of their major competitors located within HRM. Forty-four percent indicated that they obtained most of their materials within the metro area. This concentration of business activity suggests that the primary competitors for internal markets are located in HRM.

This response suggests that new business investment attracted here should be capable of producing exportable products and/or services which do not overly rely upon the internal market.

3.1 Superior Competitor

The following areas are perceived to be superior competitors for the following reasons:

Toronto and Southern Ontario - lifestyle, population, and services ;

Southeastern US (North Carolina) - population, climate and low wages; and

³⁶ *Listening to Business 1997, first Annual Survey of Businesses, Halifax Regional Municipality, Greater Halifax Partnership and the Halifax Regional Municipality, April 1997.*

Northeastern US (Boston) - population and services.

3.2 Peer Competitors

The following areas are considered to be peer competitors:

Moncton, New Brunswick - was previously a superior competitor because it was better organized having a plan and had the benefit of operating under a Provincial Marketing Plan; and

Montreal, Quebec - may now be a peer competitor due to political uncertainty.

3.3 Weak Competitors(s)

While various Nova Scotia communities such as Bridgewater, Kentville and New Glasgow, will hopefully have more successes such as Michelin Tires (Canada) Ltd., they lack the services and labour force of HRM.

4.0 MAJOR TRENDS AND DEVELOPMENTS

4.1 Sources of financing

Business financing is available from various sources. Federal government sources of funding include:

- ACOA's interest free, repayable contributions program;
- The Business Development Bank (BDC) has equity and loan financing programs;
- Small Business Loan Guarantees; and
- Immigrant Investor Funds.

Provincial financing programs are available from:

- the Nova Scotia Business Development Corporation, which provides loans and some equity financing;
- Innovacorp's NS First Fund; and
- the Community Business Loans Program.

Funding available from private sources includes access to:

- the Working Ventures Capital Fund, \$865 million investment pool;
- the Atlantic Canada Fund Equity, \$30 million public/private investment pool;
- Roynat, which provides subordinated debt;
- Calmeadow Nova Scotia, peer lending;
- Banks; and
- Angels (private venture capitalists).

Financing Issues

The objective of many Provincial financial assistance programs has been to support and develop rural regions which excludes HRM. HRM must thereby ensure that resources remain available to strengthen and grow the sectors which do business within HRM.

The banks have become more aggressive in financing small- and medium-sized enterprises (SMEs) and appear to be providing increased services in the area of micro-loans lending. More money is now available for business financing. Interest rates continue to remain low partially due to low inflation rates. Low interest rates also reflect the

competition financial institutions are now experiencing in trying to attract large-scale borrowers.

While a venture capital market may continue to grow, it must be encouraged by good business ideas and legislation which encourages companies to go public.

As a result of a long-standing “free money” mentality, there is still considerable dependence on ‘safe’ financing from government, as opposed to relatively riskier bank and venture capital sources. This reflects risk aversion and a lack of self-confidence in the business community.

A proprietary database, CANLOC, available on the WEB was developed by BDI: Business Development Information, Inc. CANLOC provides a directory of federal and provincial government financial assistance programs to business. This simplifies the process of finding an appropriate funding mechanism.

4.2 Environmental Forces and Regulations

HRM continues to put forward proposals to clean-up Halifax Harbour and treat sewage output. A voluntary source control program for business has been put into place as well as an extensive recycling program for residents. Approximately 30 percent of HRM’s sewage is now being treated, mostly in the Bedford and Sackville areas.

HRM’s priority should be to satisfactorily resolve these environmental issues so that the region can project the image of a healthy and environmentally safe city.

4.3 Global Developments and Change

4.3.1 Population shifts

As the urban centre for the Atlantic Region, HRM accepts ‘migrants’ from other areas of Atlantic Canada. Being the primary service provider, HRM has the largest concentration of resources, education, health, employment and government services. According to the 1996 census, the population increased by 3.7 percent since 1991 while Nova Scotia’s population increased by only 1.0 percent. Newfoundland lost 2.9 percent of its population while St. John’s increased its population by 1.3 percent. The City of Saint John decreased its base by .1 percent while New Brunswick grew at 2.0 percent. Several other smaller municipal areas within the Atlantic region also lost population. Within

Nova Scotia, Annapolis, Census Subdivision A., Yarmouth and Guysborough each lost population. In Newfoundland, Placentia decreased by 9.1 percent and in New Brunswick, Miramichi, Chatham and Bathurst also decreased in population reflecting the downsizing of their military installations.

The significance of these numbers lies in a determination of where the population goes once it leaves an area. There appears to be some movement into outer-urban areas, as in the case of Saint John, while others are moving into urban areas as is the case in St. John's and HRM. Many of these migrants travel west to Ontario or further while some come to HRM. As a result of this migratory movement, HRM will continue to have population growth in the future. This is good news because it means that HRM will have a labour force. The challenge will be to ensure that the labour force has the right mix of skills and training.

Compared to other Canadian cities, however, Halifax does appear to be at a disadvantage. Other cities, such as Toronto (+9.4 percent population growth) and Vancouver (+14.3 percent population growth), grew at a much higher rate. These cities received migrants from rural areas as well as international immigrants. According to the 1996 census, international migration accounted for more than half the growth of the metropolitan area of Toronto. The influx of immigrants, especially pursuant to the Immigrant Investor Program, stimulates a local economy by adding people to the workforce and capital investment.

4.3.2 Information Technology

Access to the world through mass communication mediums has increased peoples' knowledge and demand for goods and services globally. This access has also increased the level of sophistication of consumers and businesses. Because of this, local business must now be able to compete globally.

HRM is well positioned with respect to information technology. Private sector commitment to capital investment in HRM's telecommunications infrastructure has equipped the Metro area with the most innovative technology available.

4.4 Services vs. Taxes

The municipal budget of the amalgamated municipality has a predicted shortfall of \$26 million for the 1997-98 budget year. Depending on how this and future shortfalls are handled, cutbacks could have a significant impact on the services and amenities available within the municipality.

In the survey, *Listening to Business, 1997*, when businesses were asked the question, "What could the Regional Municipality do to assist you most in the operations and growth of your business over the next five years?," 24 percent of the respondents chose, "Reduce taxes." In its own survey of its membership, the MHCC has also determined that the level of taxes within HRM is of concern to business owners. MHCC intends to further investigate the issue of municipal taxation.

5.0 ANALYSIS OF HRM'S STRENGTHS AND WEAKNESSES

TABLE 4 - STRENGTHS & WEAKNESSES		
ASSET	STRENGTHS	WEAKNESSES
ECONOMIC	<ul style="list-style-type: none"> - Business parks (e.g. Burnside, Bayers Lake) - Convention Centre - relatively stable economy - government and military centre - Provincial Capital - formation of alliances is increasing - entrance to NAFTA; costs as much to ship to Toronto as to Singapore; access to the world at competitive prices 	<ul style="list-style-type: none"> - economic base not well diversified - undue reliance on government and military (6,800 National Defence employees in 1991) - part of economically disadvantaged region within Canada - municipal governments not functioning up to full capacity as a result of recent amalgamation - inability to draw much major manufacturing and industrial (exceptions are Crossley, Carastan, Stanfield's, Michelin, Stora, Volvo assembly) means low-based GDP - attracting competing businesses to the area - perception of distance from North American markets - relatively unknown as a site-location option. - misperceptions held by external investors.
Source: Suggestions Made by Committee Members		

5.0 Analysis of HRM's Strengths and Weaknesses

TABLE 4 - STRENGTHS & WEAKNESSES CONTINUED

ASSET	STRENGTHS	WEAKNESSES
INFRASTRUCTURE	<ul style="list-style-type: none"> - all major services and companies are represented - all transportation links are here: air, rail, sea & highway access - government and military infrastructure - solid tax base <p>Education</p> <ul style="list-style-type: none"> - all here but mis-focused & not taken advantage of - competitive system - law, medical, engineering school, etc. - hub of eastern seaboard, regional urban centre - 57% of population have post-secondary degrees (Halifax Partnership) <p>Medical Centre</p> <ul style="list-style-type: none"> - specialists - biotech <p>Culture</p> <ul style="list-style-type: none"> - much in the way of "arts" <p>Atmosphere</p> <ul style="list-style-type: none"> - downtown <p>Aesthetics</p> <ul style="list-style-type: none"> - green areas - Public Gardens - Lake Banook - Point Pleasant Park - Citadel Hill 	<ul style="list-style-type: none"> - no international headquarter corporate centres - undue reliance on military spending, 40% of revenues come from defence spending - limited "value-added" to sell - public education system (major) <ul style="list-style-type: none"> - Harbour clean-up not resolved - old city decay (major): Barrington Street, Gottingen Street, need for urban redevelopment - downtown Dartmouth
<p>Source: Suggestions Made by Committee Members</p>		

5.0 ANALYSIS OF HRM'S STRENGTHS AND WEAKNESSES

TABLE 4 - STRENGTHS & WEAKNESSES CONTINUED		
ASSET	STRENGTHS	WEAKNESSES
FUNDING	- Innovacorp	- sources of funding insufficient
FINANCING	- banks making some effort in SME financing - beginning of a venture capital market; room for significant improvement - immigrant investor funds	- weak fiscal management; room for improvement; ties in with decaying downtown areas - the fact that there is a directory of government lending programs - hangover from ACOA "free money" mentality - insufficient capital for industrial expansion
INFORMATION TECHNOLOGY	- software capital - advanced technology is the fastest growing sector in Nova Scotia - strong R&D environment with least after-tax costs - rapid growth of ISO designation	
Source: Suggestions Made by Committee Members		

5.0 Analysis of HRM's Strengths and Weaknesses

TABLE 4 - STRENGTHS & WEAKNESSES CONTINUED		
ASSET	STRENGTHS	WEAKNESSES
PEOPLE	<p>Employment</p> <ul style="list-style-type: none"> - lower unemployment rates than in the rest of Nova Scotia and Atlantic Canada <p>Labour Force</p>	<ul style="list-style-type: none"> - unused/underutilized human resource capacity; unemployment rate of 8.8% (Nov. 1996) - in need of upgrading and training - need for more relevant effective and efficient skills development - need to "sell" education & training to locals - need to attract major industries from outside the Province - population is growing slightly ahead of the Canadian average (Statistics Canada projections) - need for export & management expertise <p>Diversity of population</p> <ul style="list-style-type: none"> - inability to effectively manage population diversity - Black - 3.94% - Acadian - 9.11% (includes all French, Quebecois and Acadian French) - First Nations - 1.76%
Source: Suggestions Made by Committee Members		

6.0 HALIFAX'S OPPORTUNITIES AND THREATS (EXTERNAL)

6.1 Opportunities (Success Probabilities)

Three areas of opportunity have been identified. First, businesses in HRM believe that HRM is a good place to do business; second, public/private partnerships are a provide benefits to all stakeholders; and third, the information technology sector shows the greatest potential for continued economic growth. Each of these categories is discussed below.

Good Place to Do Business

According to the survey, *Listening to Business, 1997*, Halifax is a good place to do business. Eighty-seven percent of businesses responding to the survey rated Halifax as an excellent, very good, or good location for their business, particularly for those in the services sector. The major reasons given by all sectors for being in HRM were as follows: being close to markets (69 percent); quality of life (43 percent); and being close to business connections (41 percent).

A positive attitude coming from the HRM business community will attract other businesses to the region.

Public/Private Partnerships

There is an increase in strategic alliances and partnerships within the business community. These include public/private partnerships as well as private sector joint-ventures. Business alliances leverage the strengths of small firms enabling them to access markets that may have been beyond their resource capabilities. Public/private partnerships share the financial risk between the public and private sector. While reducing the financial burden on the public partner, there is an opportunity for the private partner to share in risks and potential gains.

Growth of the Information Technology Sector

A small sector of "virtual" business is developing in Halifax. The continuing investment in telecommunications capability will enable more of these businesses to grow. Our technical university can provide an educated and trained workforce to match

this sector's needs. Investment in technology becomes a competitive advantage when geography is no longer a factor in competitive success.

Information technology has increased the ability of businesses to access the global market for goods and services. The increased access to goods and services has also increased the level of sophistication of consumers and businesses. Many businesses in HRM have made a commitment to attain ISO 9000 certification. This is a good start towards full participation in the global market.

Technology is one area where change is constant and rapid. Continued investment in capital and human assets will be required just to maintain market share. The linkage between applied research and commercial production requires continued partnering among government, research institutions and the private sector. To grow the local technology sectors, HRM must work at retaining and attracting key management personnel. Another critical factor for technology growth is access to financing. HRM must ensure that capital is available for investment in technology and encourage businesses to access available capital.

6.2 Threats (Seriousness and Probability of Occurrence)

Developing a global outlook will be crucial for business in the future. With open trading regimes spreading throughout the world, greater opportunity exists for businesses to expand their markets. This is a real opportunity for local businesses. In the survey, *Listening to Business, 1997*, 51 percent of respondents reported selling to government. Given the uncertainty with government spending levels, businesses in HRM should be looking for new markets, thereby hedging against possible business decline.

Only 3 percent of HRM's businesses customers are located outside of Canada. According to the survey, 56 percent of HRM's businesses' customers are located with the Regional Municipality. The percentage of customers from Nova Scotia and Atlantic Canada, added together, total 91 percent. The remaining 6 percent are located in other parts of Canada. Businesses, therefore have a lot of room for expansion and growth into global markets.³⁷ These survey results suggest a risk averse, non-expansionary business culture located within HRM that follows a free-market form of import substitution.

³⁷ *Listening to Business, 1997*, A survey of business, Halifax Regional Municipality and the Greater Halifax Partnership.

It is perceived and generally believed that the business culture within HRM is very conservative, resistant to change and risk averse. However, this is slowly changing, primarily among “young” businesses. There is also a perceived lack of confidence in the variety of export business undertaken.

Some feel that business continues to support a hand-out mentality which stems from the long history of government grants.

The threat to continued prosperity and increasing economic growth is the lack of flexibility in doing business. Eighty-four percent of the businesses surveyed said their competition was local. There is also a threat to economic growth when there is an overreliance on local markets that have limited or declining growth.

6.3 Focus for change in the business climate

The following are suggestions to change the way the community does business:

1. Help businesses in HRM relinquish their continued dependence on government and look for opportunities in new markets;
2. Government emphasis on fostering an entrepreneurial environment should continue without an entrepreneurial dependence on government;
3. Help businesses understand where and how to access capital;
4. Ensure that training programs are available, especially for that portion of the labour force that lacks sufficient skills. Encourage continued education as a life-long endeavour;
5. There has been focus on developing the international trade of products and services and fostering an international perspective overall within the business community. This should be continued and emphasized;
6. Continue to develop export and management expertise, and support training for global business;
7. Continue supporting the commercialization of research, the formation of partnerships, and the establishment of quality standards through ISO; and
8. Continue promoting HRM as the best, most competitive place to do business. Change the image both internally and externally.

7.0 CHALLENGES FOR HRM

The Economic Development Committee sees four areas which will pose significant future challenges for this region. This paper is not intended to provide solutions but to point out the areas for future action. Each of the following areas is described briefly. These four areas are: urban development; population growth; information technology; and education and training.

7.1 Urban Development

The population of HRM will continue to grow as people arrive from other areas of Atlantic Canada. There is a need for comprehensive city planning. Everyone should be concerned about how the city will plan for growth. Citizens need to know what HRM intends to look like in ten or twenty years from now. Urban planning issues include the redevelopment of the downtowns, zoning, infrastructure, land use and housing.

The challenge for HRM will be to develop policies that address these issues in a manner that increases our economic growth and quality of life. Another challenge for HRM will be to convince federal and provincial development agencies not to design assistance programs that exclude HRM.

7.2 Population Growth

Although the population is growing, it is not at the rate experienced by other Canadian cities. In 1996, the population growth rates of Greater Toronto and Vancouver areas exceeded that of HRM. Much of that population growth has been attributed to immigration. While there is population movement from rural to urban thereby ensuring a labour force for HRM, it does not address the larger issue of overall population decline within Atlantic Canada. Atlantic Canada would benefit from an infusion of population that would stimulate the economy. HRM, as the urban centre for Atlantic Canada, would benefit the most from such a strategy.

The challenge for HRM will be to encourage immigration, especially where they have resources and skills to increase economic activity.

7.3 Information Technology

HRM is the head office location of MT&T, the primary telecommunications provider for Nova Scotia, and derives significant benefits from that presence. HRM benefits from the direct employment, the level of infrastructure and the access companies have to telecommunication technology. The private sector growth of information technology businesses has provided HRM with a competitive edge. The presence of government and university research institutions also ensures continued availability of new technology applications.

The Challenge for HRM will be to leverage these competitive advantages through continued supported and further expansion.

7.4 Education and Training

The level of education and training of both the workforce and management is one of the biggest barriers to increased economic activity for HRM. This situation is compounded by the perceived resistance to change that is part of the business culture.

The challenge for HRM will be to develop policy and programs that will encourage more partnership arrangements between private and public entities that will work to eliminate both the cultural attitude and the lack of training.

7.5 Transportation Infrastructure

Halifax is the nerve centre for the transportation network of Atlantic Canada. Present threats to the multi-modal network include the following: loss of federal dollars for capital investment in the Halifax International Airport; heavy competition for container cargo for the ports; budget shortfalls that may cut back on highway maintenance; and continued profitability of the CN rail connection.

The challenge for HRM will be to preserve and integrate all pieces of the multi-modal network in light of continuing challenges and strong competition.

8.0 ECONOMIC DEVELOPMENT COMMITTEE RECOMMENDATIONS

For a community to thrive, a strong economic development framework is required. An economic development framework leads to a vision of what the community has to offer its citizens in the way of employment and life-style opportunities. The question becomes, what will be the vision for HRM? It should be a shared, community vision of how to achieve economic growth within the global community into the new millennium.

This report begins the process. This Committee recommends that MHCC lead a formal planning process for economic development. The most important factor of this process is to involve the community. To be successful, the Community, and especially the private sector, must participate in the planning process.

For firms, employers and employees within the various sectors of our economy, a formal planning process will provide a framework that they can use to air their ideas about increasing and improving economic activity in the Halifax region.

This Committee suggests that the next step should be further investigation into how the planning process will be undertaken. To further this goal, we suggest that the Chamber of Commerce select representative(s) to attend the Moncton Planning Symposium being held January 15 to 17, 1998.

APPENDIX A - STAFF DEVELOPMENT SUPPLIERS

CONSULTANTS

Achieve Group

Enhancing Your Horizons

CML

Corporate Computer Training

Dale Carnegie

Dynamic Learning

Earle Bain & Associates

Forsyth Training & Development

Franklin Quest

Keith Geddes & Associates

Ledgehill

APT Training

Lifestyle Management

Towbridge Group

Priority Management

Skillshop

Pfeiffer Company

Career Track

Associated Management Counsellors

Wilson Learning

Newport

Blanchard

Superior Medical Limited

Marlin Westwood Training

Catalyst

Development Associates

Corporate Management Solution Compensation

HR Solutions

Chrysalis

Human Synergistics Canada

Fairwinds Training & Development (Canadian Training & Development Group)

Skill Dynamics

Training Works

Forsyth & Associates

PROFESSIONAL ASSOCIATIONS/BODIES

Institute of Professional Management (Recruiter's Guild)

Canadian Compensation Association

American Compensation Association

American Management Association

HRANS Professional Development

UNIVERSITIES & COLLEGES

Dalhousie University

Saint Mary's University

Other educational institutions

Continuing Education

Queens University

TUNS

University of Western Ontario

Michigan Business School

Mount Saint Vincent University

Nova Scotia Community College

CORPORATIONS

MT&T

XEROX

GOVERNMENT

Department of Human Resources

Workplace Education, Department of Education and Culture

Metro Council on Continuing Education
Community Education, Halifax Regional School Board
Halifax Regional Municipality Recreation Department
Business Development Canada
Maritime Municipal Training and Development Board

OTHER

Canadian Labour Force Development Board
Management Training Centre (Atlantic Region)
IAT
Confined Space Entry Training