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“It is not in our nature to champion our successes... or pat ourselves on the back for those things we should rightfully be proud of.”

Premier John Hamm, State of the Province Address, November 2001

Business Climate Index

This *Business Climate Index* provides a method of comparing Nova Scotia's performance to that of other jurisdictions. It is a key deliverable from Opportunities for Prosperity – the province's economic growth strategy.

Business Climate Action Plan

PRIORITIES

1. Business Immigration/Skilled Immigrants
2. Workers Compensation Ranking
3. Electricity Cost Index
4. Number of Patents Granted

Questions or Comments?

As with any tool, we need feedback on its usefulness. If you have ideas for increasing the value of the information contained in the index or any comments, please let us know.

Business Climate Division
 Nova Scotia Office of Economic Development
 World Trade and Convention Centre
 1800 Argyle Street
 P.O. Box 519, Suite 705
 Halifax, Nova Scotia B3J 2R7

Telephone: (902) 424-7583
 E-mail: businessclimate@gov.ns.ca

Our thanks to Corporate Research Associates for assistance in preparing this index.



PROVIDING A BENCHMARK OF NOVA SCOTIA'S BUSINESS CLIMATE

Building a more competitive business climate

Nova Scotia's business climate ranks 4th

Welcome to the first annual Nova Scotia *Business Climate Index*. This report monitors and compares Nova Scotia's business climate ranking nationally and in Atlantic Canada using comparable measures. It assesses general business climate levels across 52 indicators and ranks the province on each of these relative to other provinces in Canada. Data for the index is compiled primarily from Statistics Canada and is based on the most recent year available.

Only 1999 statistics are used to determine rankings.

This approach to determine Nova Scotia's business climate competitiveness was adapted for the province by CanMac Economics Limited.

The indicators are grouped under four major sub-indices: development capacity, economic performance, tax & fiscal environment, and business vitality. For more information on the methodology and the indicators, please visit the website:
www.gov.ns.ca/econ/businessclimate/

NOVA SCOTIA Business Climate

BUSINESS CLIMATE RANKING	PROVINCE
1st	Alberta
2nd	Ontario
3rd	British Columbia
4th	Nova Scotia
5th	Quebec
6th	Manitoba
7th	New Brunswick
8th	Saskatchewan
9th	Newfoundland & Labrador
10th	Prince Edward Island



Development Capacity

Nova Scotia ranks 5th in Canada and 1st in Atlantic Canada in terms of its development capacity. Development capacity refers to the quality of the social and physical infrastructure supporting economic performance. Strengths include educational attainment at college/university levels, while weaknesses are evident in the number of patents granted, the level of science and engineering graduates per capita, and the infrastructure required for sewage treatment.

	INDICATORS	RANK
Human Resources	Post Secondary Education Attainment	4*
	High School Attainment	5*
	Literacy	5*
	Skilled Immigrants	6
Technology Resources	Doctorate Graduates	2*
	Science/Engineering Graduates	8
	Patents Granted	8
Financial Resources	Venture Capital Investments	4
	Business Loans Per Employee	6
Infrastructure and Amenities	Health Professionals Per Capita	1
	Highway Deficiency	4
	Internet Use	4
	Land Cost	4
	Major Crimes	6
	Sewage Treatment	7
Overall Ranking	Development Capacity	5

* not included in calculating the overall ranking: comparable data not available

“...overcoming skill shortages remains a top priority for CME members who continue to experience the greatest gaps in the areas of engineering, manufacturing management, design and machining.”

Canadian Manufacturers and Exporters Annual Survey, 2000

Economic Performance

Nova Scotia ranked 3rd in Canada and 1st in Atlantic Canada in economic performance, which measures the strength and growth of the economy. Clearly, unemployment rates remain high within Nova Scotia compared with other provinces. The above-average performance in this measure is driven by the province's growth rate.

	INDICATORS	RANK
Output	Personal Income Growth	3
	GDP Growth Rate	4
	Personal Income Per Capita	6
	GDP Per Capita	8
Employment Base	Employment Growth	5
	Unemployment Rate	7
Earnings and Job Quality	Average Annual Pay Growth	4
	Average Annual Pay	7
Equity	Rural Income vs Urban Income	6*
	Low Income	7*
	Income Distribution	7
	% Income Distribution Change	2
Overall Ranking	Economic Performance	3

* not included in calculating the overall ranking: comparable data not available

“Atlantic Canada needs to maximize its potential for knowledge base growth [which] requires a significant redirection of interests to support initiatives such as more investments in R&D, the development of more innovative management practices as well as changes in education and training.”

Atlantic Provinces Economic Council, Annual Report 2000/01

Tax & Fiscal Environment

Nova Scotia's tax & fiscal environment ranked 3rd in Canada and 1st in Atlantic Canada. Strengths include relatively low effective tax rates, led by a low provincial corporate tax per GDP. Challenges are higher workers' compensation premiums per employee and higher property taxes per GDP.

	INDICATORS	RANK
Tax Base	Corporate Tax Per GDP	2
	Indirect Tax/Personal Income	3
	Personal Income Tax	4
	Sales Tax/Personal Income	3
	Property Tax/GDP	3
	Workers' Compensation Premiums	6
Expenditures Base	R&D Tax Credits/Businesses	5*
	Business Subsidies Per GDP	7
	Government Expenditures Per GDP	7
	Government Employment/% Total	7
Overall Ranking	Tax & Fiscal Environment	3

* not included in calculating the overall ranking: comparable data not available

“When asked what components go into building a successful community: reasonable tax levels, good transportation links, a good school system and workforce, coupled with having a general business-friendly local government topped the list across the country. [These] were seen as even more important among businesses in high growth communities.”

Building Better Communities, Canadian Federation of Independent Business Report, Fall 2001

Business Vitality

Nova Scotia ranks 6th in Canada and 2nd in Atlantic Canada in the strength of its business sector. Strengths include entrepreneurial energy and business location competitiveness as a result of reasonable labour, construction and transportation costs. Export diversity continues to be a challenge for Nova Scotia.

	INDICATORS	RANK
Existing Business Strength	Manufacturing Capital Investment	1*
	Change In Manufacturing Salaries/Worker	3
	Manufacturing Salaries/Worker	7
	Business Closings	8*
Entrepreneurial Energy	Change In New Companies	2*
	New Business Job Growth	2*
	Business Immigration	2
	New Companies	4*
Structural Diversity	Export Diversity	5
	Change In Export Diversity	10
Business Location Competitiveness	Transportation Cost Index	3
	Labour Cost	4
	Construction Price Index	4
	OH&S Regulation	7*
	Electricity Cost	8
Overall Ranking	Business Vitality	6

* not included in calculating the overall ranking: comparable data not available

“Our vision is of a thriving Nova Scotia that by 2010 is the best place in Canada to live, work, do business and raise families.”

Opportunities for Prosperity, A New Economic Growth Strategy for Nova Scotians, 2000.