



**THE INDEX**

- Business Climate Index
- Development Capacity
- Economic Performance
- Tax & Fiscal Environment
- Business Vitality

*“Our economic growth strategy is about action. It’s about taking the initiative – making things happen instead of waiting for things to happen to us. Nova Scotia’s recent economic success is proof that we are on the right path. We must build on this success and move our economy forward.”*

Premier John Hamm,  
March 2003

## Business Climate Index

This *Business Climate Index* is a key deliverable from *Opportunities for Prosperity* and provides a benchmark for comparing Nova Scotia’s performance to other jurisdictions.

### Measuring Progress toward Opportunities for Prosperity Goals

PERFORMANCE INDICATOR	BASE YEAR 1999	PROGRESS TO DATE		
		2000	2001	2002
Balanced Budget by 2002-2003				Achieved
Increase in provincial employment by 20,000 by 2005		+11,000	+14,000	+23,000
Investment per person above the national average (% of Canada)	(94%)	(78%)	(72%)	(82%)
Export expansion by \$2 billion or 40 per cent between 1999 and 2005 – and –		+1.1B	+1.7B	
Exports per person above the national average by 2010 (% of Canada)	(37%)	(41%)	(47%)	
Provincial GDP growth above national average by 2010 (% of Canada)	(102%)	(63%)	(158%)	
Consistent net in-migration to 2010.	+1000	+1000	No Change	

see [www.gov.ns.ca/econ/strategy/strategy\\_7.0.htm](http://www.gov.ns.ca/econ/strategy/strategy_7.0.htm)

### Business Climate Action Plan

#### PRIORITIES

1. Business Immigration/ Skilled Immigrants
2. Corporate and Personal Income Tax Levels
3. Access to Capital
4. Electricity Cost

### Questions or Comments?

If you have ideas for increasing the value of the information contained in the index or if you just want to comment, please let us know.

#### Business Climate Index

Nova Scotia Economic Development  
P.O. Box 2133  
Halifax, Nova Scotia  
B3J 3C8

Telephone: (902) 424-2106  
Fax: (902)424-0500  
E-mail: [businessclimate@gov.ns.ca](mailto:businessclimate@gov.ns.ca)

Thank you to Corporate Research Associates, Industry Canada, Atlantic Canada Opportunities Agency, Human Resources Development Canada, Canada Mortgage and Housing Corporation, Nova Scotia Statistics Agency, Nova Scotia Departments of Education and Finance, and Canmac Economics Limited.  
Design: Artworks



PROVIDING A BENCHMARK OF NOVA SCOTIA'S BUSINESS CLIMATE

# Building a more competitive business climate

## Nova Scotia's business climate ranks 4th in Canada

This is the second edition of Nova Scotia's 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 across 53 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.

Many indicators were revised to reflect changes in Statistics Canada data sources and to use more up-to-date information. If you wish to compare last year's index with this year's using last year's data sources, please visit the Business Climate Web site: [www.gov.ns.ca/econ/businessclimate/](http://www.gov.ns.ca/econ/businessclimate/).

This report builds on the index from last year and uses additional resources identified from extensive provincial consultation and feedback from the federal/provincial business-climate working group.

As a result of this feedback one indicator was dropped, *Change in Manufacturing Salaries per Worker*, and two indicators were added: *Business Service Growth* to recognize the importance of the service sector and *Public Debt per Capita*, as debt service is a significant cost item.

### NOVA SCOTIA Business Climate Ranking

PROVINCE	1999 <sup>r</sup>	2000
Ontario	2	1
Alberta	1	2
British Columbia	4	3
<b>Nova Scotia</b>	<b>3</b>	<b>4</b>
Quebec	6	5
Manitoba	7	6
Prince Edward Island	9	7
New Brunswick	5	8
Saskatchewan	8	9
Newfoundland & Labrador	10	10

<sup>r</sup> = ranking has been revised to include new indicators and revisions by Statistics Canada. Only 1999 and 2000 statistics are used to determine rankings.

## Development Capacity

Nova Scotia moves to 4th place in Canada and 1st place ranking in Atlantic Canada in Development Capacity. Development capacity refers to the quality of the social and physical infrastructure supporting economic performance. Nova Scotia rankings improved in two groups, graduates with advanced degrees and highway quality. It slipped in high school attainment, and health-care worker per capita. Challenges continue in the level of financial resources available to business.

	INDICATORS	1999 r	2000
Human Resources	Post-secondary Attainment	1	1
	High School Attainment	4	5
	Literacy	5*	5*
	Skilled Immigrants	6	6
	Graduates with Advanced Degrees	3	2
Technology Resources	Science/Engineering Graduates	8	8*
	Patents Granted	9	9
	Venture Capital Investments	8	8
Financial Resources	Business Loans Per Employee	6	6
	Health Professionals Per Capita	1	4
Infrastructure and Amenities	Highway Quality	4	2
	Internet Use	4	4
	Land Cost	4	4*
	Major Crimes	5	5
	Sewage Treatment	7	7*
	<b>Overall Ranking</b>	<b>Development Capacity</b>	<b>5</b>

\* not included in calculating the overall ranking; comparable data not available  
r = ranking has been revised to include new indicators and revisions by Statistics Canada

*“Canada needs to design policies to ... increase equity financing available to young innovative firms, particularly through venture capital and angel investors.”*

*The Path to Prosperity – Canadian Federation of Independent Business, Canadian Manufacturers & Exporters and RBC Financial Group*

## Economic Performance

Nova Scotia's ranking fell from 4th to 8th in 2000 and ranks 2nd in Atlantic Canada. Economic performance refers to the strength and growth of the provincial economy. Nova Scotia's ranking improved in employment growth and the change in income distribution and declined in personal-income growth. The level of output of the economy continues to be a challenge when compared to the fast growing economies in some provinces in Canada.

	INDICATORS	1999 r	2000
Output	Personal Income Growth	2	7
	GDP Growth Rate	5	8
	Personal Income Per Capita	6	6
	GDP Per Capita	8	8
Employment Base	Employment Growth	5	3
	Unemployment Rate	7	7
Earnings and Job Quality	Average Annual Pay Growth	1	9
	Average Annual Pay	6	6
Equity	Rural Income vs Urban Income	6*	6*
	Low Income	6	6
	Income Distribution	6	6
	% Income Distribution Change	6	4
<b>Overall Ranking</b>	<b>Economic Performance</b>	<b>4</b>	<b>8</b>

\* not included in calculating the overall ranking; comparable data not available  
r = ranking has been revised to include new indicators and revisions by Statistics Canada.

*“The path to continued growth and prosperity lies in ensuring continued productivity improvements throughout the economy, bringing the benefits of new skills and technologies to a whole range of industries.”*

*Atlantic Provinces Economic Council, Annual report 2001/2002*

## Tax & Fiscal Environment

Nova Scotia's tax and fiscal environment continues to rank 3rd in Canada and 1st in Atlantic Canada. Rankings improved in sales tax per personal income and business subsidies per GDP. Rankings fell in corporate tax per GDP and property tax per GDP. Overall Nova Scotia's tax & fiscal environment continues to be competitive.

	INDICATORS	1999 r	2000
Tax Base	Corporate Tax/GDP	3	5
	Indirect Tax/Personal Income	2	2
	Personal Income Tax	4	4
	Sales Tax/Personal Income	5	2
	Property Tax/GDP	3	4
	Workers' Compensation Premiums	8	8
	Government Expenditures/GDP	6	6
Expenditures Base	Business Subsidies/GDP	4	2
	Government Expenditures/GDP	9	9
	Public Debt per Capita	8	8
	Government Employment Per Capita	1	2
	<b>Overall Ranking</b>	<b>Tax &amp; Fiscal Environment</b>	<b>3</b>

\* not included in calculating the overall ranking; comparable data not available  
r = ranking has been revised to include new indicators and revisions by Statistics Canada

*“... optimism prevails throughout the province, with all economic regions predicting similar or better performance in 2003.”*

*Nova Scotia Business Barometer 2003, Canadian Federation of Independent Business*

## Business Vitality

Nova Scotia rank falls to 7th in Canada in business vitality. Business vitality refers to the strength of its business sector. Nova Scotia continues its leadership in percentage change in new companies and low relative transportation cost. Change in export diversity accelerated. Rankings slipped in business immigration and business service employment growth.

	INDICATORS	1999 r	2000
Existing Business Strength	Manufacturing Capital Investment	5	5*
	Business Service Employment Growth	7	8
	Manufacturing Salaries/Worker	7	7
	Business Closings	7	7*
Entrepreneurial Energy	Change In New Companies	1	1*
	New Business Job Growth	3	3*
	Business Immigration	2	3
	New Companies	3	3*
Structural Diversity	Export Diversity	5	5
	Change In Export Diversity	10	5
Business Location Competitiveness	Transportation Cost Index	3	3
	Labour Cost	5	5
	Housing Cost	6	6
	OH&S Regulation	7*	7*
	Electricity Cost	9	9
	<b>Overall Ranking</b>	<b>Business Vitality</b>	<b>5</b>

\* not included in calculating the overall ranking; comparable data not available  
r = ranking has been revised to include new indicators and revisions by Statistics Canada

*“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.*