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“New jobs are a reflection of our overall economic climate. When we believe in our province, its people and its future, then some risks are taken investments are made, new markets are opened and opportunities seized.”

Premier John Hamm,
Geared for Growth Conference, 2005

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		PROGRESS TO DATE			
	1999	2000	2001	2002	2003	2004
Balanced Budget by 2002-2003	Achieved					
Increase in provincial employment by 20,000 by 2005	+7,900		+12,200	+19,200	+28,100	+38,400
Investment per person above the national average (% of Canada)	94%	80%	83%	92%	85%	82%
Export expansion by \$2 billion or 40 per cent between 1999 and 2005 – and –	+1.1B		+1.7B	+1.3B	+1.4B	+1.9B
Exports per person above the national average by 2010 (% of Canada)	37%	42%	48%	45%	49%	49%
Provincial GDP growth above national average by 2010 (% of Canada)	99%	59%	178%	137%	45%	47%
Consistent net in-migration to 2010	+900	-1400	-1900	-300	+100	-400

see www.gov.ns.ca/econ/strategy/strategy_7.0.htm

Business Climate Action Plan

PRIORITIES

1. Immigration
2. Corporate and Personal Income Tax Levels
3. Access to Capital
4. Measure Regulatory Burden

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

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Building a competitive business climate

Nova Scotia's business climate continues to lead Atlantic Canada

This is the fourth 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.

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

Many indicators were revised to reflect changes in Statistics Canada data sources and to use more up-to-date information. For more information please visit the Business Climate Web site: www.gov.ns.ca/econ/businessclimate/.

NOVA SCOTIA Business Climate Ranking

PROVINCE	2001(r)	2002	2003
Ontario	.2nd	.3rd	.1st
British Columbia	.3rd	.1st (tie)	.2nd
Alberta	.1st	.1st (tie)	.3rd
Quebec	.5th	.4th	.4th
Manitoba	.6th	.5th (tie)	.5th
Nova Scotia	.4th	.5th (tie)	.6th
Saskatchewan	.9th	.9th	.7th (tie)
New Brunswick	.8th	.8th	.7th (tie)
Newfoundland & Labrador	.10th	.10th	.9th (tie)
Prince Edward Island	.7th	.7th	.9th (tie)

r = ranking has been revised to include new indicators and revisions by Statistics Canada.



Development Capacity

Nova Scotia falls to 5th place in Canada and continues its 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's rankings slipped in business loans and major crimes. Challenges continue in the level of financial resources available to business and attraction of immigrants.

INDICATORS		2001(r)	2002	2003
Human Resources	Post-secondary Education Attainment	1	3	2
	High School Attainment	4	5	4
	Low Education Attainment	6	6	5
	Skilled Immigrants	6	6	6
Technology Resources	Graduates with Advanced Degrees (replacing Doctorate Graduates)	3	3	3
	Science/Engineering Graduates	1	1	1
	Patents Granted	7	7	8
	Venture Capital Investments	6	8	7
Financial Resources	Business Loans per Employee	6	6	7
	Health Professionals per Capita	3	3	2
Infrastructure and Amenities	Highway Quality	2	2	1
	Internet Use	5	5	5
	Land Cost	4*	4*	4*
	Major Crimes	4	5	6
	Sewage Treatment	9	9*	9*
	Overall Ranking	Development Capacity	4	4

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

The competitiveness of large and small firms in Atlantic Canada depends on their ability to attract or generate investment.

Elizabeth Beale
President, Atlantic Provinces
Economic Council,
September 2005

Economic Performance

Nova Scotia's ranking falls to 10th in Canada and 4th in Atlantic Canada. Economic Performance refers to the strength and growth of the provincial economy. Nova Scotia economic growth slowed when compared to the rest of the country resulting in poorer rankings in real GDP growth, personal income and average annual pay growth. Employment growth and the unemployment rate improved.

INDICATORS		2001(r)	2002	2003
Output	Personal Income Growth	5	2	8
	GDP Growth Rate	1	4	10
	Personal Income per Capita	6	6	6
	GDP per Capita	7	8	8
Employment Base	Employment Growth	6	7	5
	Unemployment Rate	7	7	6
Earnings and Job Quality	Average Annual Pay Growth	4	2	9
	Average Annual Pay	6	6	6
Equity	Rural Income vs Urban Income	5	3	8
	Low Income	6	5	5
	Income Distribution	6	6	5
	% Income Distribution Change	4	5	2
Overall Ranking	Economic Performance	4	3	10

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Markets are again changing – fast. Canadian companies are now responding to a stronger dollar, the rise of new global competitors like China and India, the emergence of new international market opportunities, the need to catch up in the race for innovation and productivity improvement, and a domestic business environment that has become a less reliable competitive advantage for manufacturing in Canada.

Honourable Perrin Beatty, President and CEO,
Canadian Manufacturers & Exporters 20/20

Tax & Fiscal Environment

Nova Scotia's tax and fiscal environment ranks 4th (tie) in Canada and continues to rank 1st in Atlantic Canada. Rankings improved in business subsidies and property tax per GDP. Rankings slipped in sales tax per GDP and indirect tax per personal income. Overall Nova Scotia's tax & fiscal environment continues to be competitive but is trending down.

INDICATORS		2001(r)	2002	2003
Tax Base	Corporate Tax per GDP	4	7	6
	Indirect Tax per Personal Income	2	2	3
	Personal Income Tax	9	9	9
	Sales Tax per Personal Income	6	6	8
	Property Tax per GDP	4	4	3
	Workers' Compensation Premiums	8	8	7
	R&D Expenditures per Business	6	7	6
Expenditures Base	Business Subsidies per GDP	2	4	1
	Government Expenditures per GDP	5	5	5
	Public Debt per Capita	8	8	8
	Government Employment per Capita	3	4	4
Overall Ranking	Tax & Fiscal Environment	4	5	4 (tie)

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Both (the federal and provincial) levels of government see the many benefits of regulatory reform: not only will it result in a more competitive business environment; it will mean better government.

Leanne Hachey
Canadian Federation of
Independent Business,
Nova Scotia Branch

Business Vitality

Nova Scotia's rank drops to 9th in Canada and 4th in Atlantic Canada in business vitality. Business vitality refers to the strength of its business sector. Nova Scotia improves in electricity cost and new companies. Rankings slipped in work place safety, transportation cost and the business service sector employment growth.

INDICATORS		2001(r)	2002	2003
Existing Business Strength	Manufacturing Capital Investment	2	2	7
	Business Service Employment Growth	8	6	8
	Manufacturing Salaries per Worker	6	7	7
	Business Closings	7	7	6
Entrepreneurial Energy	Change In New Companies	8	9	2
	New Business Job Growth	2	5	6
	Business Immigration	4	4	4
	New Companies	6	9	7
Structural Diversity	Export Diversity	5	5	5
	Change In Export Diversity	9	3	6
Business Location Competitiveness	Transportation Cost Index	4	6	6
	Labour Cost	6	6	6
	Housing Cost	6	7	6
	OH&S Effectiveness (Regulation)	4	6	6
	Electricity Cost	9	9	7
Overall Ranking	Business Vitality	8	9	9

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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.