

OPPORTUNITIES FOR Sustainable Prosperity

Progress Update

Fall 2006



Opportunities for Sustainable Prosperity
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SUMMARY

In the spring of 2006 the Government of Nova Scotia embraced a bold new approach for making Nova Scotia an economic leader of the 21st Century. *Opportunities for Sustainable Prosperity* builds on the province's economic growth strategy of 2000 (*Opportunities for Prosperity*) with an important difference. Our renewed approach to economic growth emphasizes "sustainable competitiveness" leading to sustainable prosperity. This means that we take a holistic approach, integrating economic, social and environmental systems. It means that we strategically invest in the basic building blocks that support our economy - our financial, built, natural, human and social capitals. By supporting such things as tax and regulatory systems that protect the public interest and encourage competitiveness; strategic access to capital; quality transportation and communication links and infrastructure; clean air, water and natural spaces; a skilled work force; vibrant communities; and solid social programs, we are building a strong business climate. This in turn attracts new businesses to our province and helps us sustain the ones that have already made Nova Scotia their home. With business growth comes opportunities for innovation and increased potential to compete in the global economy.

This strategy brings together many diverse interests to work on common government priorities that move us towards achieving sustainable prosperity. The progress highlighted in this report represents the contributions of many departments and agencies across government. The Office of Economic Development (OED) is committed to coordinate implementation and regularly communicate progress as we move forward with the strategy. This commitment is demonstrated in the assignment of a Growth Strategy Development and Implementation Officer as a dedicated resource to this initiative. Together with a multi-department/agency steering committee, and an OED Implementation Team, the Officer will work to keep the strategy current and focused on its priorities.

For this new economic model to be effective we must stand out from the pack. We must compete in the global marketplace. We must focus and build on our unique strengths. We must look to innovation, creativity and resourcefulness to find new ways of doing business. *Opportunities for Sustainable Prosperity* provides the framework to do this. We will become "a thriving Nova Scotia that is the best place in Canada to live, work, do business and raise families". This is our vision.

Over time we will track the following measures to assess our progress in achieving this vision:

a thriving Nova Scotia...

- By 2010 Nova Scotia's real GDP will be five per cent closer to the Canadian average.
(Base year 2005: NS at 76.1% of Canadian average real GDP)
- By 2010 Nova Scotia's personal disposable income per person will increase by five per cent.
(Base year 2005: NS personal disposable income per person \$22,026)

the best place to live and work...

- By 2011 Nova Scotia will experience a net in-migration of individuals under the age of 30. (Base year 2005: net-migration = -4,609 under 30)
- By 2010 Nova Scotia will attract 3,600 immigrants per year. (Base year 2005: 1,929 immigrants)

the best place to do business...

- By 2016 Nova Scotia will improve its national ranking on the "business gross fixed capital formation (excluding residential structures) as a percentage of GDP. (Base year 2005: NS Ranks 6th at 10.5%)

the best place to raise a family...

- By 2016 Nova Scotia will improve its percentage on Statistics Canada's "strong sense of belonging to their local community" measure. (Base year 2005: very strong to somewhat strong sense of belonging to local community = 70.3%)

IMPLEMENTATION HIGHLIGHTS

This section highlights selected efforts in each of the eight strategic focus areas as we implement *Opportunities for Sustainable Prosperity*. This represents a high level glimpse at things that are happening across the province in support of the strategy. The reader is encouraged to discover more details in the attached Strategic Focus Area Overviews and Useful Links sections that follow.

Trade and Competitiveness

Support economic growth through an integrated, collaborative approach to international trade, investment and development of sustainable goods, services and communities at world standards.

Government is:

- implementing an export strategy to increase the number of exporters, support those exporting and diversify the international customer base
- helping to connect small to medium sized Nova Scotia businesses with buyers around the world to optimize trade opportunities
- attracting strategic, knowledge intensive companies to the province that are a strong fit with the province's skilled labour force

Productivity through Innovation

Promote increased productivity through innovative products and processes that eliminate waste of all kinds.

Government is:

- supporting research and development leading to commercialization of innovative products and processes
- improving the provincial procurement system to encourage innovation

Business Climate - Environment for Growth

Support a business climate that attracts out of province investors and encourages local business to start and grow in ways that support sustainable competitiveness.

Government is:

- improving the quality of our regulatory regime
- improving the tax system
- making provincial procurement tendering process more transparent to business
- collaborating with the Atlantic Provinces Economic Council (APEC) to improve the way the region measures its business climate

Financial Capital - Investment

Ensure that financing is available for opportunities that will create a more sustainably competitive economy.

Government is:

- attracting strategic investment to Nova Scotia and supporting job creation
- providing companies with access to financial capital through programs designed to grow the economy in Nova Scotia
- maximizing both internal and out of region capital investment in the province by helping companies to be better prepared when approaching capital markets



Natural Capital - Sustainability

Manage our natural capital to sustain our quality of life, our economy and our environment.

Government is:

- encouraging energy efficiency and investigating renewable energy opportunities
- updating the provincial *Green Plan*, through consultations with environmental leaders and communities
- managing its environmental considerations through the corporate Environmental Management Policy
- exploring the concept of “sustainable competitiveness” and developing an action plan to demonstrate the benefits of this approach to economic development

Built Capital - Infrastructure

Support infrastructure that can be sustained and will support current and future economic activity.

Government is:

- supporting Nova Scotia as an Atlantic gateway to North American markets for trade coming from Asia and the India subcontinent
- looking at ways to connect rural areas of the province with high-speed Internet
- investing in our provincial highway system to improve the quality and safety of our transportation links
- supporting a strong military presence in Nova Scotia
- investing in municipal and rural community infrastructure through the Municipal Rural Infrastructure Fund

Human Capital - Labour Force

Take a long-term view to ensure that Nova Scotia's workforce continues to be a magnet for business.

Government is:

- implementing Nova Scotia's Immigration Strategy, designed to attract people from other places around the world and keep them here in Nova Scotia
- implementing the Nova Scotia Skills Framework to prepare for emerging market skill development needs and provide better labour market access and support to Nova Scotians
- supporting economic development programs aimed at specific target groups such as youth, the underemployed and older workers
- implementing a 4R Strategy which focuses on the retention, recruitment, retraining and repatriation of workers to Nova Scotia
- supporting initiatives aimed at workplace training, specific training related to industry needs and supply and demand

Social Capital - Regional Capacity

Capitalize on ways to expand economic opportunity throughout the province, maintaining a balance in quality of life.

Government is:

- supporting the network of Regional Development Authorities across the province to facilitate economic growth at the community level
- participating in a Business Retention and Expansion program designed to identify barriers to business growth and develop solutions

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INSIGHT ON IMMIGRATION

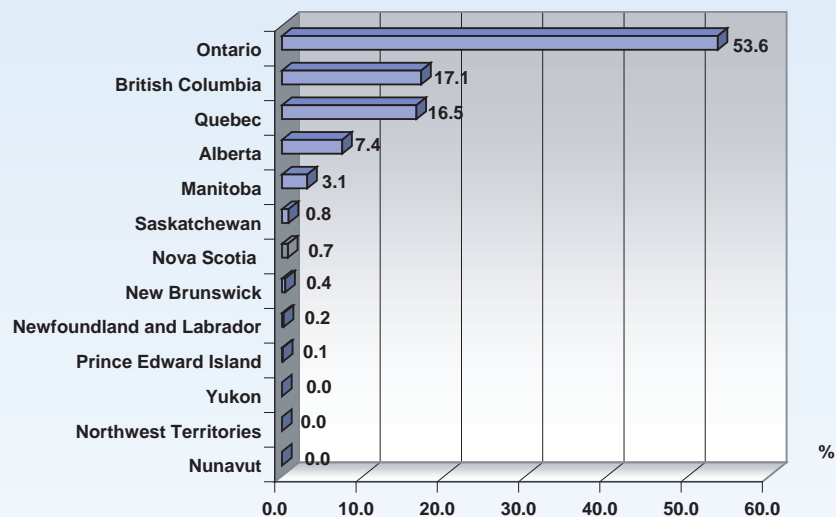
Engage and work with partners to attract, integrate and retain immigrants, recognizing the important contributions they make to our social, economic and cultural fabric.

This first progress report focuses on the topic of immigration because of the critical role it plays in shaping the future of Nova Scotia. Like many other provinces, Nova Scotia's population is aging, our birth rates are dropping and our youth and skilled workers are being drawn away by opportunities in other places. Without careful planning and strategic investment, access to a skilled workforce needed to support economic growth may be our biggest challenge as we move forward in the 21st century.

One way to counter current demographic trends is to increase the number of people from other places that choose to make Nova Scotia their new home. Immigrants have a lot to offer Nova Scotia and Nova Scotia has a lot to offer immigrants. Their skills, innovation, culture and life experiences enrich our way of life, and contribute to economic growth and competitiveness. Nova Scotia has excellent P - 12 and post-secondary education institutions, business opportunities, safe communities, a rich culture, clean environment and a rewarding quality of life that balances work and leisure. Attracting and retaining immigrants is an important way to help meet the growing demographic strains on our economy and build a strong and diverse future for Nova Scotia. Data for 2005 shows that although Nova Scotia is the leader in Atlantic Canada for the percentage distribution of those with permanent resident ¹ status, we attract only a small fraction compared to Ontario, Quebec or British Columbia (Figure 1).

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Figure 1. Percentage distribution of permanent residents in Canada by province or territory (2005; n = 262,236 people).



1 A permanent resident in Canada is someone who is not a Canadian citizen but has the right to enter or remain in Canada. A permanent resident must live in Canada for two years of every five years or risk losing his or her permanent resident status.

Nova Scotia has been built on the contributions of immigrants, both past and present. The Government of Nova Scotia understands the important role immigrants play in our province. In January, 2005 Nova Scotia's Immigration Strategy was launched to attract and retain newcomers to our province. This five-year framework helps to build a strong interest in Nova Scotia among potential immigrants and provides improved services that encourage them to stay here and put their skills to work for Nova Scotia.

Work is also being done at the community level through the Regional Development Authorities and some municipalities such as the Cape Breton Regional Municipality, Colchester County and the Halifax Regional Municipality, which has developed its own immigration strategy (www.halifax.ca/council/mayor/documents/4.HRMActionPlan.pdf).

The Office of Immigration focuses on attracting, integrating and retaining immigrants through the implementation of Nova Scotia's Immigration Strategy. This work is done together with all levels of government (federal, provincial, municipal) and many other partners, such as Regional Development Authorities, settlement agencies, business and labour, community organizations and sector councils.

The Nova Scotia Nominee Program (NSNP) is the main tool for attracting newcomers. Since the Office of Immigration was established, nomination numbers have increased significantly with 400 nomination certificates being issued in 2006, compared to less than 25 in 2003 (Figure 2). Immigration intake numbers are also on a steady increase as noted in Figure 3. Much of this increase can be attributed to the nominee program. Additional program streams, such as Family Business and International Students will soon be added to the NSNP, allowing for more people to qualify to be nominated by the province.

Figure 2. Nominee certificates issued in Nova Scotia

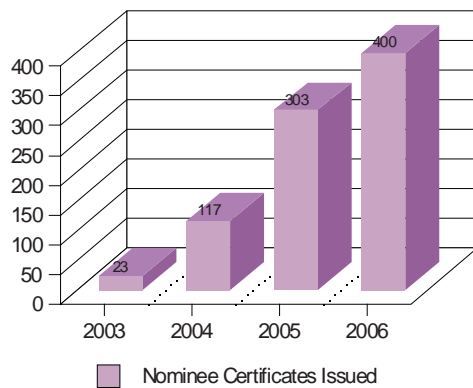


Figure 3. Permanent resident landings in Nova Scotia



It is very important that once an immigrant has selected Nova Scotia as their new home, programs and services are available to help them adjust to their new life. In 2005-2006 \$1.5 million was spent on settlement programs. This investment was increased to \$1.8 million in 2006-2007.

STRATEGIC FOCUS AREA OVERVIEWS

Taking Action On Trade and Competitiveness

Support economic growth through an integrated, collaborative approach to international trade, investment and development of sustainable goods, services and communities at world standards.

Government Priorities

Export Development; Reducing Barriers to Trade; Investment Attraction

To grow the economy in Nova Scotia we must look beyond our boundaries to international markets for our products and services. On average, Nova Scotia companies are nearly 40 per cent less likely to export than companies in the rest of Canada. A Provincial Trade Committee, with representatives from government departments and agencies is implementing an export strategy to turn this trend around. Three objectives are emphasized: (1) to increase the number of exporters in the province; (2) to support current exporters in growing their export volumes; and (3) to diversify the international customer base.

As part of the Nearshore Strategy, Nova Scotia Business Inc. is continuing to pursue opportunities in the information and technology (IT) sector. The focus is on outsourcing - a growing trend in which companies contract their IT services to outside technology firms that specialize in software development and maintenance. In the US alone, thousands of companies are spending more than \$600 billion on these services. Nova Scotia is a premium location for US companies looking to outsource. We offer geographic proximity to the US (i.e., nearshore), cultural and business similarities, cost competitiveness, geopolitical security and a highly skilled workforce. Recent successes like Research In Motion (RIM) and CGI demonstrate the results. NSBI has broadened this successful nearshore model to the financial services sector and has attracted internationally focused financial services companies like WestEnd Capital, Butterfield Fund Services, Citco Fund Services and Olympia Capital.

InNOVAcorp's proven High Performance Incubation™ (HPi™) business model is maximizing the success of export oriented early stage companies. Most recent examples include: Medusa Medical Technologies, Protocase and Ocean Nutrition Canada. All three of these companies are experiencing rapid growth, exporting their products around the world and generating significant new revenue streams from knowledge based businesses.

Other progress in the area of Trade and Competitiveness:

- In the area of in-market programming (trade missions and in-coming buyer sessions):
 - Nova Scotia Environment and Labour led an environmental mission to the Caribbean Water and Wastewater Association Conference in Tobago in which approximately \$200,000 in contracts were reported by the attending companies. A “Nova Scotia Day” was held at the conference and Nova Scotia firms shared innovative solutions to water and wastewater problems and promoted their services.
 - Nova Scotia Department of Energy, through its mandate, identifies and develops export opportunities while initiating in international trade through various trade missions, strategic partnerships, and the promotion of Nova Scotia’s energy industry.
 - A long-term export strategy for cultural products was developed and consultation on its content has begun. In 2005-2006, approximately \$1.7 million was spent on various projects to support the export of cultural products, including music and production craft.
- Provincial departments and agencies collaborated with federal and non-governmental organizations on numerous events and activities to increase awareness of the importance of trade and enhance the competitiveness of Nova Scotia exporters through market intelligence, skill development and collaborative support. A few examples of initiatives that took place during this reporting period are:
 - Market intelligence seminars for Wales, Ireland, Estonia, Latvia, Lithuania and Italy covering a range of traditional, diversification, and emerging-market opportunities.
 - Enhanced provincial representation with Multilateral Development Banks and United Nations agencies was acquired with Nova Scotia receiving membership within the World Bank’s Private Sector Liaison Officer (PSLO) program.
 - Sponsorship of trade conferences such as the Forum for International Trade Training - National Conference (Halifax, May 2006); and sector conferences with a trade component such as the East Coast Environmental Conference.
 - Business development assistance to small and medium sized enterprises (SMEs) continued through programs such as the Service Export Program; Export Prospector; Export Development Program for Music; and Trade Mentoring Program (through ACOA).
 - The International Business Development Agreement approved five new export initiatives and four previously approved activities were implemented for projects that were either multi-sectoral or sector specific (e.g., life sciences, film and television, tourism and culture, and seafood).

- Nova Scotia Agriculture and Nova Scotia Fisheries and Aquaculture completed a future snapshot of business and economic growth needs of the sectors and are completing a competitive analysis of the seafood processing sector.
- Nova Scotia Agriculture and Nova Scotia Fisheries and Aquaculture developed a trade plan focused on Nova Scotia's seafood, agri-food, bioproducts and related technologies, that aligns with the province's goals for export development and promotion.
- Intergovernmental Affairs continues to work with other departments to identify and represent Nova Scotia's trade interests in various trade forums as they relate to international and interprovincial trade agreements and disputes. Recent examples where Nova Scotia has met success in mitigating barriers to trade include:
 - achieving a delay in the implementation of the Western Hemisphere Travel Initiative (the so-called passport law) that would require travelers between the United States and Canada to carry a passport and potentially negatively affect tourism
 - achieving a delay in the implementation of a new US Department of Agriculture rule that would apply inspections and fees to Canadian travelers and cargo entering the United States
 - achieving a resolution to the Canada-US softwood lumber dispute
- In the area of investment attraction to support trade:
 - NSBI initiatives will bring investment and up to 5000 job opportunities over the next five years including such companies as SolutionINC Technologies Ltd., Consolidated Fastfrate, On-Line Support, SportsDirect Inc., ADP Canada, Acrobat Research Ltd., L-3 Communications Canada, Crape Geomatics Corporation, and Research In Motion.
 - NSBI has launched its IT Labour Initiative to assist with ensuring a skilled labour pool exists to support growth of this sector. NSBI, in conjunction with the Department of Education, introduced the in-school program of this initiative in September 2006.
 - Nova Scotia Department of Energy actively promotes investment in the capabilities of Nova Scotia's energy industry and is responsible for investment attraction through the promotion of both Nova Scotia's onshore and offshore petroleum potential.

Measurable targets for Trade and Competitiveness

- Under development.

Taking Action On Productivity through Innovation

Promote increased productivity through innovative products and processes that eliminate waste of all kinds.

Government Priorities

Innovative Processes - Improved Efficiency; Innovative Products - Commercialization

Nova Scotia's ability to compete – regionally and globally – depends on how well we commercialize our high-potential research and innovations. Our top-notch post-secondary and research institutions are full of ideas and potential, but often struggle to move from the laboratory to commercialization. InNOVAcorp's High Performance Incubation (HPI™) business model is recognized around the world as a best-practice approach to technology commercialization. It integrates three important resources – incubation infrastructure, business mentoring, and seed/venture capital investment – to help entrepreneurs overcome obstacles to business growth. Business incubation services, the Technology Innovation Centre (Dartmouth) and the Bioscience Enterprise Centre (Halifax) are currently running at close to capacity. In 2005-2006 mentoring services advanced the efforts of more than 65 early-stage companies and more than 25 university research-level projects.

Since 2003 InNOVAcorp approved and invested more than \$4 million in promising early stage companies based in Nova Scotia. These investments helped to attract more than \$14 million in additional capital. The Early Stage Commercialization Fund, managed by the Office of Economic Development in conjunction with InNOVAcorp, is another example of support for research and development in Nova Scotia. Established in 2005, this fund helps university researchers in the development of prototypes, patents, and business plans. Once awarded, InNOVAcorp works closely with fund recipients in the development and commercialization process. To date, this fund has allocated \$180,000 to research projects.



Other progress in the area of Innovation:

- In keeping with the “no waste” and “cradle to cradle” concepts introduced in *Opportunities for Sustainable Prosperity*, the Office of Economic Development is exploring ways to identify and increase research and development in the private sector. This initiative is focusing on innovative products and services that support sustainable competitiveness.
- Government is looking at ways to improve the procurement system in support of innovation. Some initiatives include:
 - Reverse Trade Shows in the communities of Bridgewater, Port Hawkesbury, Greenwich and Shelburne to showcase the procurement needs of government, as part of Office of Economic Development’s Supplier Development Program.
 - The development of guidelines and outreach and education initiatives to promote the benefits of environmentally responsible procurement.
- The Atlantic BioVenture Centre, established at AgriTECH Park in 2005, facilitates effective industry liaison and commercialization of research. This centre works with agriculture, fish and food industries on bio-resource value chain development and technology transfer.
- In March 2006 the Department of Energy invested \$5.2 million in the establishment of the Offshore Energy Technical Research Corporation and the Offshore Energy Environmental Research Corporation to establish partnerships between industry and research institutions that will result in a better understanding of technical and environmental barriers associated with offshore gas and oil exploration, development and production.

Measurable targets for Productivity through Innovation

- Under development.

Taking Action On Business Climate - Environment for Growth

Support a business climate that attracts out of province investors and encourages local business to start and grow in ways that support sustainable competitiveness.

Government Priorities

Provincial Tax Structure; Provincial Regulatory Environment; Provincial Procurement; Public Policy and Monitoring

Since the release of the original Opportunities for Prosperity in 2000, Nova Scotia has continued to track the state of our business climate (Table 1; <http://www.gov.ns.ca/econ/businessclimate/>). The Business Climate Index (BCI) is a series of indicators designed to work together to give a picture of what it is like to do business in Nova Scotia. The Office of Economic Development is currently working with the Atlantic Provinces Economic Council (APEC) on an initiative to improve the way we measure the business climate in the region. We will report on this improved BCI in subsequent progress reports.

TABLE 1 Indicators of Business Climate in Nova Scotia

| | 2003 | 2002 | 2001 | 2000 | 1999 |
|----------------------------|--------|--------|------|------|------|
| Development Capacity | 5 | 4 | 4 | 4 | 4 |
| Economic Performance | 10 | 3 | 4 | 10 | 4 |
| Tax and Fiscal Environment | 4(tie) | 5 | 4 | 4 | 2 |
| Business Vitality | 9 | 9 | 8 | 6 | 3 |
| Business Climate Ranking | 6 | 5(tie) | 4 | 4 | 3 |

* rank as compared to the other nine provinces in Canada, based on the most recent data

Regulations establish the rules business must follow. Our regulatory system helps to define our business climate here in Nova Scotia. Building on the work of the Red Tape Reduction Task Force, government has launched a multi-year initiative known as “Better Regulation – Everyone’s Business”. This government-wide initiative is working to support a competitive business climate, while protecting what Nova Scotians value – public health and safety, a clean environment, a fair consumer marketplace, and safe workplaces. An aggressive target has been set to reduce the paperwork burden of regulations by 20 per cent by 2010. This will reduce the time businesses spend filling out paperwork and allow more time to grow their businesses. We are also improving the way regulations are designed and implemented – so that time and resources are invested where they are needed. In addition, efforts are being made to help businesses understand and comply with regulations that are so important to safeguard the public interest.

Our tax system is another important component of the business climate. Nova Scotia's 2006 provincial budget started the process to eliminate Large Corporation Capital Tax by 2012. This tax is paid on share capital, long term debt and other capital components. This will have important financial benefits for many businesses, helping them to compete in national and global markets. The Department of Finance is also reviewing the performance of the business and personal income tax structure, with the aim to improve its long term competitiveness, efficiency, sustainability and fairness.

Other progress in the area of Business Climate:

- The provincial procurement tendering process is improving to meet the needs of its clients through creative approaches to problem solving. For example, the Procurement Division, Office of Economic Development conducted vendor consultations on government requirements in the fuel and IT professional services sectors.

Measurable targets for Business Climate

- Eliminate the Large Corporations Capital Tax by 2012.
- Reduce the paperwork burden of regulations by 20 per cent by 2010.
- Improve Nova Scotia's Business Climate Index.
- Sustain or improve the province's credit rating from major rating agencies, including the Dominion Bond Rating Service (DBRS), Standard & Poor's (S&P) and Moody's.
- Reduce the provincial government debt as a percentage of GDP.

Taking Action On Financial Capital - Investment

Ensure that financing is available for opportunities that will create a more sustainably competitive economy.

Government Priorities

Access to Capital - Capacity Building; Opportunity Matching; Gap Analysis

Businesses need capital investment to grow and prosper. Strategic investment in key areas enhances the business climate in Nova Scotia and supports innovation. Programs such as the Nova Scotia First Fund, Technology Seed Investment Fund, Nova Scotia Business Fund, Community Economic Development Investment Fund, the Industrial Expansion Fund and others provide Nova Scotia companies with access to capital.

Managed by InNOVAcorp, the Nova Scotia First Fund (NSFF) was recapitalized in 2003-2004. As of March 31, 2006, InNOVAcorp approved and invested more than \$4 million in promising early stage companies based in Nova Scotia. In that time, the corporation helped attract more than \$14 million from angel and strategic investors, financial institutions, and other seed and venture capital funds. More than \$8 million of this investment originated outside Atlantic Canada. As of March 31, 2006, the cumulative amount of investment made in client companies in which investments were made by the NSFF was \$93 million.

The First Angel Network Association, a not-for-profit organization that identifies and helps to grow promising Atlantic Canadian companies, has made four investments this year in the region. They support new enterprises that other more traditional funding agencies may not consider.

Other progress in the area of Financial Capital:

- An investor readiness strategy is being developed by the Access to Capital Roundtable, Atlantic Prosperity Initiative.
- Research is underway at the University of Moncton to examine financing and equity gaps in Atlantic Canada.
- The Equity Tax Credit Program was extended from December 31, 2006 to December 31, 2009. Thirty-three companies received Equity Tax Credit Certificates from January to September 2006.
- Changes were made to the Community Economic Development Investment Fund in order to encourage long-term capital growth in pooled funds. The hold period was extended from four to five years, the 20 per cent provincial guarantee was eliminated, and the option to roll over the investments in a fund after five and after ten years was added.

Measurable targets for Financial Capital

- Under development.

Taking Action On Natural Capital - Sustainability

Manage our natural capital to sustain our quality of life, our economy and our environment.

Government Priorities

Sustainable Competitiveness; Green Plan; Energy

Opportunities for Sustainable Prosperity introduced the concept of “sustainable competitiveness” – a new approach to economic development in Nova Scotia. By recognizing and investing in our unique strengths, we can add value and become more competitive. Nova Scotia’s natural capital – our natural resources, water, land, air and ecosystems – is certainly one of our strengths. We must manage our natural capital wisely if we are to enjoy long term success and a high quality of life.

Government will soon update the provincial green plan - *Towards a Sustainable Environment* through consultations with environmental leaders and communities. Launched in 2003, this plan brings together the environmental commitments of provincial departments in the areas of sustainable communities; human health and environmental quality; responsible growth and environmental protection; and government leading by example. A progress report (2005) highlights milestones in the ongoing implementation of the green plan. And progress continues. For example, the network of nature reserves and wilderness areas in the province continues to grow with the designation of eight new areas over the last year, including four new nature reserves, two expanded nature reserves, and two expanded wilderness areas.

Conserve Nova Scotia, a government agency, was recently established to advance conservation and energy efficiency measures in the residential, commercial and industrial sectors in Nova Scotia. The agency encourages Nova Scotians to reduce energy waste and achieve greater energy efficiency through its programs and policies. The Smart Energy Choices program assists Nova Scotians to become more energy efficient through public education and financial incentives.

Increasing the amount of sustainable, renewable energy in Nova Scotia will have local and global environmental benefits, provide economic opportunities to Nova Scotians and help position the province to meet future energy demands. The Department of Energy is working with industry to assess distribution, tax and jurisdictional issues that affect the use of renewable energy sources, such as wind, solar and tidal power. A recent study identified Nova Scotia as the best location in North America to develop tidal power, and further work is underway to explore this opportunity.

Other progress in the area of Natural Capital:

- A government/academic/private sector team is exploring the concept of “sustainable competitiveness” and developing an action plan to demonstrate the benefits of this approach to economic development.
- The Department of Natural Resources will soon initiate a process to create natural resource strategies for forests, minerals and biodiversity.
- Building on the success of the drinking water strategy, Nova Scotia Environment and Labour is leading action on the next steps to address a broader range of water quality and water quantity issues.
- Nova Scotia Fisheries and Aquaculture is preparing a new aquaculture development strategy and is entering into negotiations for a new federal / provincial aquaculture framework agreement.
- Nova Scotia Agriculture is completing a consultation plan as it moves forward on an agricultural policy framework encompassing the environment, renewal, business risk management and other strategic areas. Work continues with industry partners on the Nova Scotia Environmental Planning Initiative.
- The Government of Nova Scotia is developing a process to implement its corporate Environmental Management Policy that supports the consideration of environmental issues in the development and implementation of government policies, strategies and programs; the coordination and integration of environmental management activities of government; and the consolidation and reporting of government’s environmental commitments and results achieved.
- Air emission reduction targets for sulphur dioxide (25% reduction from 2001 levels) and mercury (30% reduction from 1995 levels) were achieved in 2005.
- Air and water quality monitoring networks throughout the province were upgraded and expanded to improve the availability of environmental quality data.
- Tourism, Culture and Heritage delivers the SMART Tourism strategy - the Sustainable Marketable Assets Relevant to Tourism, which coordinates tourism initiatives that further the sustainable management of our natural resources and supports the province’s green plan.

Measurable targets for Natural Capital

- By 2015, build an additional 280 megawatts (MW) of new wind power in Nova Scotia.
- Increase the hectares of land in Nova Scotia under various protection options.
- Reduce nitrogen oxide (NOx) air emissions by 20 per cent by 2009, relative to emissions in 2000.
- By 2010, achieve a 50 per cent reduction in sulphur dioxide emissions by current major emitters, relative to the emission cap in 1995.

Taking Action On Built Capital - Infrastructure

Support infrastructure that can be sustained and will support current and future economic activity.

Government Priorities

Transportation; Broadband and Wireless; Education and Health; Municipal Infrastructure; Industrial Lands; Federal Presence

Canada is a trade dependant nation. The nation's transportation system moves more than a trillion dollars worth of goods a year. Canada's East Coast Gateway via Nova Scotia is a natural intercontinental portal to North America. Proximity to markets, deep ice-free waters, and excellent rail, truck, marine and air connections give our province competitive advantages over other locations for capitalizing on the rising wave of global trade. Nova Scotia is strategically located to serve as the east coast entry point to North American markets for trade coming from South and East Asia and the Indian Subcontinent, through the Suez Canal. The Halifax Gateway Council, including government and industry representatives, has been working on an Atlantic Gateway Initiative for nearly two years. They are looking at opportunities in container sized cargo, the cruise business, rail and air transport (passenger and cargo). The Department of Transportation and Public Works (lead on gateway) has accepted the proposal submitted by CPCS Transcom Limited in partnership with Drewry Shipping Consultants Limited to investigate gateway opportunities for Nova Scotia. The report will help to define the roles of government and industry and develop a plan to act on this unique and exciting opportunity.

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High-speed Internet is becoming a business and consumer necessity in the global marketplace. Although we have one of the most widely deployed and reliable digital broadband networks in North America, there is still room for improvement. Currently 72 per cent of Nova Scotia communities and 85 per cent of our citizens have access to this service. In an effort to determine the best way to bring high-speed Internet to rural and remote areas of the province, a pilot project is underway for the communities of Tidnish and Port Howe in Cumberland County. The successes and lessons learned from this project will help to set the path forward for expanding high-speed Internet access to all Nova Scotians who want it.

The military is important to Nova Scotia's economy, contributing to our built, human and social capitals. There are about 14,500 military personnel, reservists and civilian employees and the Canadian Forces spend more than \$1 billion each year on salaries, operations and facilities in Nova Scotia. The province has established a Defence Forum mandated to build Nova Scotia's capacity to deal with military issues and opportunities, sustain a strong relationship with the Canadian Forces and Department of National Defence, and help Nova Scotia work towards a stronger military presence in the province. In October 2006, the Honourable Murray Scott was appointed as Minister of Military Relations. The appointment helps to formalize the role of the Defence Forum and galvanizes the province's desire to build a stronger relationship and military presence in Nova Scotia.



Other progress in the area of Built Capital:

- Together with the governments of Canada and New Brunswick, Nova Scotia is analyzing the potential options to help keep the Digby-Saint John Ferry service in operation in the long term. The Nova Scotia government has committed up to \$2 million over the next two years as part of this multi-government effort.
- The Halifax International Airport Authority officially opened its US pre-clearance facility in October 2006. Now travelers on non-stop flights to the US will proceed through US Customs and Border Protection prior to their departure. They will be treated as domestic passengers upon arrival in the US and benefit from easier and more convenient connections.
- Government is investing in our provincial highway system with a 10 per cent increase in funding over four years for the 4R's Program (resurfacing, restoration, rehabilitation and reconstruction). In addition, the capital program for highways will see an additional \$34 million, and a tangible capital asset increase of \$19 million this year.
- Tourism, Culture and Heritage is working with partners to strengthen transportation access in Nova Scotia. Efforts are focusing on improving ferry access from the US and working with the Halifax International Airport Authority to build new air routes from target markets.
- The federal and provincial governments are each providing up to \$37 million to the Canada-Nova Scotia Municipal Rural Infrastructure Fund, administered by Service Nova Scotia and Municipal Relations. To date, 29 projects, with total project costs of over \$71 million have been approved, in ten categories.
- InNOVAcorp is committed to ensuring its clients have access to state of the art IT infrastructure, so they can leverage technology to speed time to market and have maximum efficiency when interacting with local, regional and global customers. Its three business incubation facilities in Halifax-Dartmouth are linked through a high-capacity fibre-optic telecommunications network spanning the Halifax Harbour. In addition to fulfilling InNOVAcorp's immediate need for multiple-site conductivity, the new fibre-optic infrastructure is designed to provide a reliable platform for the organization's state-of-the-art integrated data and voice network on which Voice Over Internet Protocol (VoIP) will be deployed.
- Government continues to support and strengthen the Community Access Program (C@P) network.

- All new government building construction projects will be designed following Leadership in Energy and Environmental Design (LEED) principles and Transportation and Public Works has set a target to obtain LEED certification on 50 per cent of these projects. LEED design principles strive for improvement in energy efficiency, occupant comfort, waste reduction and reduce the impact of the building design and construction on the environment.
- The province is actively engaged in development initiatives on the Lunenburg waterfront and around Halifax Harbour.
- Two new Crown corporations were recently created to address the former SYSCO lands in Sydney. One is similar to an industrial park (Harbourside Commercial Park) and the other addresses the re-mediation of “Brownfield” lands formerly owned by SYSCO (Nova Scotia Lands Inc.).

Measurable targets for Built Capital

- By 2007, 100 per cent of new government buildings are designed to Leadership in Energy and Environmental Design (LEED) and 50 per cent of completed buildings receive LEED certification.
- By 2010, 100 per cent of Nova Scotia communities will have access to high-speed Internet.

Taking Action On Human Capital - Labour Force

Take a long-term view to ensure that Nova Scotia's workforce continues to be a magnet for business.

Government Priorities

Population; Education System

Our people are our most valuable resource, but our population dynamic is shifting. Baby boomers are beginning to retire, our birth rates are dropping and our youth and skilled workers are leaving the province for opportunities in other places. As noted in our "Insight on Immigration" section - careful planning and strategic investment is needed to ensure access to a skilled workforce to support economic growth.

Attracting and retaining skilled immigrants is one part of the solution. We also need to look ahead and prepare for future labour force needs. The Department of Education continues to coordinate and support the implementation of the Skills Nova Scotia Framework to prepare Nova Scotia's workforce to take advantage of emerging economic opportunities in the province. The framework has three goals: (1) to meet the needs of Nova Scotia's labour market; (2) to provide better labour market access and support to Nova Scotians; and (3) to strengthen Nova Scotia's system of lifelong learning opportunities. The Skills Nova Scotia annual progress report (2005-2006) highlights the successes achieved in moving the province's skills agenda forward. This includes the development of strategic initiatives that respond to emerging market skill development needs in partnership with industry, business, labour, education and training providers, and community-based organizations. This work also includes a research project, which identifies the demographic shifts that Nova Scotia will likely face over the next twenty years and assesses how these changes will impact on and interact with the social, economic and labour market changes in Nova Scotia over the same time period.



Other progress in the area of Human Capital:

- The Office of Economic Development, working primarily through the Tripartite Economic Development Working Committee (TEDWC), is supporting a number of initiatives related to improving the economic and community well-being of the Mi'kmaq in Nova Scotia including: the Economic Development Officers Network (EDON), Open for Business Eskasoni, Mi'kmaq FirstNet and the Aboriginal Youth Summit.
- Youth are being engaged in the economy through two initiatives supported by the Office of Economic Development:
 - Eskasoni Youth Entrepreneurship Summer Camps provide an opportunity for First Nations' youth from across Nova Scotia to learn about business / technology and the options of entrepreneurship in a fun and exciting atmosphere. The camps help develop an entrepreneurial spirit in Mi'kmaq youth and expose them to a variety of career options.
 - HeartWood Centre for Community Youth Development is a non-government charitable organization that works directly with youth to develop their skills and confidence as community builders and engaged citizens. One of HeartWood's strategic objectives is to promote science and entrepreneurship among youth. HeartWood's programs build the entrepreneurial skills and attitudes of young people by engaging them in innovative systems, processes and thinking.
- The Department of Education is investigating the development of a Youth Employment and Skills Development Strategy to provide direction for the government in assisting young Nova Scotians to make a meaningful connection to the labour market.

Measurable targets for Human Capital

- Increase the number of immigrants choosing to come to Nova Scotia to 3,600 per year by 2010.
- Retain 70 per cent of immigrants arriving in Nova Scotia by 2011.

Taking Action On Social Capital - Regional Capacity

Capitalize on ways to expand economic opportunity throughout the province, maintaining a balance in quality of life.

Government Priorities

Community Development; Regional Planning and Development; Entrepreneurship and Small Business

Rural economies continue to be under pressure from a number of external factors. The most notable of these are an aging workforce and a shortage of skilled labour, outmigration of population (both youth and adults) and major industry closures or threats of closures due to international pressures and the strength of the dollar in international markets.

The Nova Scotia Association of Regional Development Authorities plays a key role in developing capacity and facilitating economic growth at the community level. It includes a provincial network of community-based groups (Regional Development Authorities - RDAs) that develop strategic plans to identify and help individual and community ventures succeed. The primary function of the RDAs is to integrate and coordinate the activities of all local development groups and/or undertake activities to accomplish common objectives within their communities. Ultimately, this helps communities build competitiveness and capitalize on market opportunities. RDAs are investing in the future and building capacity at the community level through a leadership development program for their boards of directors and tailored training programs for staff.

The Business Retention and Expansion program (BRE) is a joint initiative of the Office of Economic Development, Atlantic Canada Opportunities Agency, Service Canada, Department of Education and Nova Scotia Business Inc. It focuses on taking care of the businesses we have in our province. This initiative was expanded from the Halifax area to Queens, Southwest Shore, Kings, Hants, Colchester and Pictou counties. Over the next two years, the RDAs will meet with 900 businesses in these areas to identify barriers to growth and develop solutions. This initiative provides an excellent link between business development and community development.

Other progress in the area of Social Capital:

- New strategic plans have been completed for Guysborough and Cape Breton County RDAs. Annapolis and Digby Counties are establishing a new RDA. A draft business plan has also been completed for that area.
- The Canada Nova Scotia Business Service Centre network has been expanded to include new sites in Cheticamp and Sheet Harbour. This joint initiative of Atlantic Canada Opportunities Agency (ACOA), Enterprise Cape Breton Corporation (ECBC) and Office of Economic Development will create a network of 14 rural locations providing custom business advice to existing and new businesses.
- The Students in Business Program continues giving financial support and mentoring to students who wish to run a small business while completing their education. The target is to have 50 student businesses this year. The Nova Scotia Association of Community Business Development Associations (NSCBDC) and the Canada Nova Scotia Business Service Centre administer this program for Entrepreneurship Education and Development (CEED). ACOA, ECBC, OED, Indian, and Northern Affairs Canada (INAC) provide the funding.
- The Credit Union Small Business Loan Guarantee Program continues to provide loans to eligible companies. In excess of \$13 million has been loaned to over 200 businesses provincially, providing much needed capital for growth.

Measurable targets for Social Capital

- Under development.



USEFUL LINKS

This section includes links to organizational websites and documents of interest for each of the strategic focus areas in the strategy. We will continue to build this resource over time.

Trade and Competitiveness

Team Canada Atlantic
www.teamcanadaatlantic.com

Trade Team Nova Scotia
ttns.gov.ns.ca

Export Development Canada (EDC)
www.edc.ca

Nova Scotia Business Inc.
www.novascotiabusiness.com

Productivity Through Innovation

Premier's Advisory Council on Innovation - Interim Report of Council
www.gov.ns.ca/econ/docs/PremiersCouncil_InterimReport.pdf

InNOVAcorp
www.innovacorp.ns.ca

AgriTECH Park
www.agritechpark.com

Business Climate - Environment for Growth

Better Regulation-Everyone's Business
www.gov.ns.ca/enla/ccli/

Supplier Development Program
www.gov.ns.ca/tenders/supplierdevelopment/

Business Climate Index
www.gov.ns.ca/econ/businessclimate/

Atlantic Provinces Economic Council (APEC)
www.apec-econ.ca

Financial Capital

First Angel Network Association
www.firstangelnetwork.ca

Community Economic Development Investment Fund
www.gov.ns.ca/econ/cedif/

Natural Capital

Greenweb
www.gov.ns.ca/greenweb/

Nova Scotia's Environmental Management Policy
www.gov.ns.ca/greenweb/emp/

Conserve Nova Scotia
www.conservens.ca

Sustainable Competitiveness Discussion Paper
www.gov.ns.ca/econ/ofsp/docs/Sustainable_Competitiveness_Discussion_Paper.pdf

Smart Energy Choices Program (click on Consumer Information)
www.gov.ns.ca/energy/

Built Capital

Route to Prosperity - Nova Scotia's Infrastructure
www.gov.ns.ca/tran/publications/Infrastructure.pdf

Canada-Nova Scotia Municipal Rural Infrastructure Fund
www.mrif.ns.ca

Human Capital

Office of Immigration
www.novascotiaimmigration.com

Skills Nova Scotia
skillsnovascotia.ednet.ns.ca

Heartwood Centre for Community Youth Development
www.heartwood.ns.ca

Social Capital

Nova Scotia Association of Regional Development Authorities
www.nsarda.ca

Regional Economic Development Authorities
www.gov.ns.ca/econ/rda/

Community Development Policy
www.gov.ns.ca/econ/cdpolicy/

Community Economic Development Online
ced.gov.ns.ca

Centre for Entrepreneurship Education and Development
www.ceed.info

Students in Business Program
www.studentsinbusiness.ca

Community Access Program (CAP)
www.nscap.ca