

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

Oceans Consultation

Wednesday, June 23, 2010

9:00 – 12:00 p.m.

Location: Admiral South, Four Points by Sheraton

Champion: Martha Crago, Dalhousie University

Facilitator: Shannon MacDonald, Deloitte

Participants

- Geoff Lebens, ODIM Brook Oceans
- Geoff MacIntyre, Satlantic Inc.
- Bob Fournier, Dalhousie
- Jim Simmons, Stantec Consulting
- Denise LeBlanc, National Research Council
- Mary-Jane MacKinnon, ACOA
- Tony Blouin, Water Commission, HRM
- Martha Crago, Dalhousie University
- Lieutenant Commander MacNeil, DND
- Robert Orr, Ocean Nutrition
- Gordon Gale, DFAIT

Session Recorder

- Krista Hall, Greater Halifax Partnership

Observers

- Allan Cocksedge, Greater Halifax Partnership
- Sandra Wood, Greater Halifax Partnership

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

Introduction – Margo Crago

1. Project Overview
2. Participant Introductions

Consultation Overview – Shannon MacDonald

1. Meeting Flow
2. Data Collection Overview
3. Ground Rules
4. Questions

Participant Feedback

Opportunities and Challenges

1. **What is your overall reaction to the opportunities and challenges?**
 - Reasonably complete
 - Most are outcomes, not drivers for strategies
 - Tactical execution points that don't lead to strategy
 - Need more definition of "hub city", "productivity", "high-carbon dependency"
 - Need to include sustainability with productivity
 - This list seems to identify more problems than opportunities
 - The things identified are more symptoms of larger issues
 - Difficult to get to strategy when you're stuck in the problems
 - Good overall – some are not specific to the oceans sector. In some cases, reaction depends on how each item is interpreted

Oceans Specific Opportunities / Challenges

- St. John's is selling their position as an oceans centre better than we are, but they don't have the personnel. We have the personnel and the infrastructure but we are not marketing this asset well. We have all the pieces but they aren't connected.
- We could marry information technologies and the oceans. There are opportunities to make connections between many sectors.
- Halifax has some of the writers of "the law of the sea" right here at Dalhousie
- PEI developed a clear strategy and have executed on it. It was global in its perspective and they brought in people who weren't biased by PEI issues. Their provincial government was also behind it – tax incentives, etc.
- Halifax is the 5th largest hub for oceans in the world. We are a hub in this sector.

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

- We are the third or fifth largest research centre for oceans in the world. Why doesn't that get addressed? Why doesn't the city or province embrace and sell it? People think it's an important statistic, but it never gets translated into marketing or other initiatives.
- Look at what Norway or Qinhuangdao in China is doing. They have been able to align their academic, corporate and governmental agencies around developing strategies around their positions in the oceans.

2. Is the list complete? If not, what is missing?

- Sustainability – need a clearly articulated vision
 - Sustainability in the economic and environmental sense should be explicit in many of the items listed
 - Growth must recognize resource limitations in the oceans sector - the fisheries collapse is a good example. Offshore energy is another example; the resource is finite. How do we adapt when it declines?
- Doesn't address the provincial debt - tax incentives or growth vs tax strategies
- Word "community"
- Ability to develop a community strategy – absence of an overall community design/development strategy
- Absence of plan for waterfront, etc. – urban design
- Missing clearly articulated vision and strategy that we can be aligned with
 - Newfoundland has a provincial eye on oceans. We don't.
- Two things that are going to change our lives in the next 20 years are genomics and computer power. They will transform the ways we live. If we don't participate in that we'll be destined to fail.

3. Is the list accurate? If not, what revisions would you propose and why?

- Reasonably complete
- Sustainability pertains to many items such as population growth, productivity and growth, carbon dependence
- Recognition that the oceans sector is key for the Halifax region in terms of investment, expertise, employment and future prospects
- Hub City Strategy, Productivity and Growth, and High Carbon Dependence could all use clearer definitions
 - Carbon dependence is mentioned but the picture is incomplete. Our petroleum resource is likely to decline in the near future and the cost will rise significantly. How do we adopt and shift to alternate energy?
 - High-carbon intensity is often seen to be connected to Nova Scotia Power. But 50% is transportation and heating. We could be using sea water to cool.

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

4. Which opportunities and challenges are the most important/least important and why?

** Note: There were two tables of participants. Each Table = x

| From the Point of View of your sector, which opportunities and challenges are the most/least important and why? | Most Important | | | | Least Important |
|---|----------------|---|----|---|-----------------|
| | 1 | 2 | 3 | 4 | 5 |
| Hub City Strategy | xx | | | | |
| High Value Jobs | x | | x | | |
| Alignment | xx | | | | |
| High Education Level | | x | x | | |
| Concentration of Post-secondary institutions | | x | x | | |
| Demographic Shift | | | xx | | |
| Population Growth | | | xx | | |
| Taxation | x | | | x | |
| Regulation | | | x | x | |
| Inertia/resistance | x | | | | x |
| Missing the Green Wave | x | x | | | |
| Productivity Growth | x | x | | | |
| Partnership and Alignment | xx | | | | |
| International Focus | xx | | | | |
| Myths on Growth Drivers Need Correcting | | | x | x | |
| Overdue Public and Private Investment in the Downtown Core | | | xx | | |
| High Carbon Dependence | | x | | | x |
| Other: Talent Retention | | | | | |
| Other: Housing Diversity | | | | | |

Plenary Comments

- Ranked many things 3 because they don't describe what Halifax is working towards. They describe outcomes. They aren't things that will automatically make a big shift – like higher education levels. Just being educated won't create economic growth.
- Rated the first three as #1 as well as partnership and alignment and international focus

Top rated Opportunities and Challenges

- Hub city strategy
 - Maritime Hub – needs to be an international hub. Too regionally focused
 - You can be the hub of more than one thing. Halifax should be a global hub from an ocean perspective. From an economic standpoint, Halifax is the hub of the region. The hub city strategy needs to identify and address regional and global hub opportunities.

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

- Partnership and Alignment
 - Need a clearly articulated vision that people can align to. Inertia and Resistance is linked to this.
 - In and of itself it doesn't create opportunities. It's a tactical component to implement a strategy.
 - Oceans sector is not too bad overall
 - Need provincial ocean development
- Inertia / resistance
 - We need a clearly aligned strategy
 - Inertia and resistance is not true in the oceans sector
- Taxation
 - Need innovative tax system (corporate, personal, and R&D)
 - Most important economic driver in winning cities is having an innovative and competitive tax strategy. Big issue around tax is our provincial debt. We need to generate income, not increase tax. We need massive incentives to get cornerstone industries/companies to come here. They will attract the people that will increase our tax base. You cannot save your way to prosperity.
- Missing the green wave
 - focus on global green technology sector
- Productivity and growth
 - need technologically driven strategy
 - needs to be sustainable

Other Opportunities and Challenges

- Myths on Growth Drivers Need Correction
 - New strategy, new vision
- Downtown Core
 - Community-driven, planning strategy (e.g. aquarium, waterfront plan). Planned community space!
- High Carbon Dependence
 - Linked to a clean technology sector
- High Education Levels
 - We want to maintain this

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

Vision Statements

What is your first reaction to the draft vision statements?

- These are vision statements that were written by economists
- Focusing on High-value sustainable jobs is the wrong way to go. They are an outcome not a driver.

- Vision # 1
 - Generally captured some of the things they thought were important
 - More general and appropriate as a vision
- Vision #2
 - Too specific, limited, and outcome focused
 - Describes metrics not a vision
 - Set of metrics not a compelling vision statement

Questions 2, 3 and 4

| Vision | | | |
|--|-----|----|---|
| | Yes | No | Notes |
| Do the statements describe what we want to be in HRM? | x | x | Vision #1 <ul style="list-style-type: none"> • Yes • Somewhat, with modifications Vision #2 <ul style="list-style-type: none"> • No – too metrics focused |
| Are the statements valid? | xx | | <ul style="list-style-type: none"> • Elements that were valid • Vision #1 – generally • Ok, but not a vision a statement • Jobs are an outcome of an effective strategy • Vision #2 – No, too focused on business outcomes |
| Do you see your sector's future represented in the statements? | xx | x | <ul style="list-style-type: none"> • Sustainable, innovative, global are important to the sector. • Yes, if “globally oriented hub city.” • Vision #1 – yes • Vision #2 – partially (e.g. post-secondary education is important) |

If not, what changes would you propose?

- Add diversity to the statement (relative to the economy and/or population)
- Saying Halifax “will be” not “is”. We are not recognized globally right now.

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

- Quality of Life is subjective
- Quality of life “can” be the envy of the world or adding the word “balanced” life/lifestyles
- We should steer away from metrics that focus on being recognized. Focus on accomplishment not recognition. You will never be able to control what other people think about you. Focus on accomplishing our goals and recognition will come.
- Take objection to the word “more”. Implies doing just a bit better than we are now.
- Add the first sentence of Vision #2 (“Halifax is recognized around the world as a smart, international and competitive city.”) to Vision #1

Alternate Visions

- “Halifax is a growing, creative, innovative, internationally competitive and sustainable community.”
- “Halifax is a growing, innovative, internationally competitive and globally oriented hub for ocean technology and research.”
- “Halifax is a creative, innovative, internationally competitive and globally-oriented hub city providing:
 - Economic and social well-being to people in the HRM as well as throughout Nova Scotia and the Atlantic region
 - High value and sustainable jobs that will attract highly qualified people of diverse backgrounds
 - A balanced quality of life”

Priority Areas and Strategic Goals

1. Do you agree with the areas and goals? If not, what do we need to add, revise or remove?

| Priority Areas & Strategic Goals: Do you agree with the areas and goals? If not, what do we need to add, revise or remove? | | | | | | |
|--|-------|----------|-----|--------|--------|-------------------------|
| | Agree | Disagree | Add | Revise | Remove | Comments |
| More and better qualified people for high wage and more productive jobs | x | | | | x | |
| Development of a vibrant and attractive urban core as the primary economic driver | x | x | | | x | |
| Development of an "ecosystem" of entrepreneurship to reduce commercial risk and improve productivity | x | | | xx | | Yes - Strategic Goal #1 |
| Market and enhance assets of Halifax as a "Global City" | xx | | | | | Yes - Strategic Goal #1 |

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

Plenary Comments

- Bit of a disconnect between the priority areas and the related goals
- Priority #1
 - Don't just focus on high-wage.
 - Aren't these high-wage jobs just surrogates to attract bright people that break-off and start their own companies. Spin-off effect. (Boston example)
 - Focus on high-paying jobs is a completely wrong strategy. Focus on the strategic points where you can be competitive
- Priority #3
 - No initiatives in there around entrepreneurship strategy
 - Goal #1 – change “impede” to “accelerate”

Revise Priorities

- Priority #1 – develop a clearly articulated economic development strategy with globally competitive focal points for alignment, one of which would be oceans.
- Priority #2 - Determine innovative tax and regulatory policies based on incentives
- Priority #3 - Enact an urban plan that values individual and corporate communities that would link into national and internal networks
- Priority #4 - Develop and implement an enhanced trade and investment strategy based on globally competitive priorities – a strategy that links and equally values individual, corporate and community to the larger picture

2. Which areas and goals are the most/or least important to the future of your sector and why?

| Priority Areas & Strategic Goals: Which areas and goals are the most/lest important to the future of your sector and why? | Most Important | | | | | Least Important | Notes |
|---|----------------|---|---|---|---|-----------------|-------|
| | 1 | 2 | 3 | 4 | 5 | | |
| More and better qualified people for high wage and more productive jobs | | x | | | | x | |
| Development of a vibrant and attractive urban core as the primary economic driver | | | x | | | | |
| Development of an "ecosystem" of entrepreneurship to reduce commercial risk and improve productivity | | | | | | | |
| Market and enhance assets of Halifax as a "Global City" | x | | | | | | |

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

3. Which areas and goals should we focus on right away in order to give momentum to the implementation stage?

| Priority Areas & Strategic Goals: Which areas and goals should we focus on right away in order to give momentum to the implementation stage? | | | |
|--|---------------------|----------|---|
| | Focus on Right Away | Comments | Notes |
| More and better qualified people for high wage and more productive jobs | | | <ul style="list-style-type: none"> Focus on this area first |
| Development of a vibrant and attractive urban core as the primary economic driver | | | |
| Development of an "ecosystem" of entrepreneurship to reduce commercial risk and improve productivity | | | |
| Market and enhance assets of Halifax as a "Global City" | x | | <ul style="list-style-type: none"> Focus on this area first Focus on this area second |

4. Do you have any thoughts on how we organize to achieve these goals?

- Get academic, business and all three levels of government aligned
- Set up goals and strategy
- Set up measures
- Formally recognize/acknowledge that oceans is integral to our economy and our region
- Have sub-committees that will drive implementation of each strategic area
- Municipal becoming a driver. (PEI example) HRM's strategy is a provincial strategy. We need to embrace this.
- Formal acknowledgement / recognition from council
- Review success of last 5-year plan (lessons learned)
- Better coordination between the various stakeholders – governments, academia, business, NGOs. First step could be better communications, establishment of a forum for each sector to become informed about priorities of the others.
- Consensus and direction on priorities are needed through some organizing group – committee, board, task force. With supporting resources to enable actions.

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

Group Discussion

- New framework called Canada First. Define certain areas as centres of excellence. Defense should be able to go to companies, say what they need, and those companies can go to the universities to build that equipment. There is potential with defence. If we could get all three levels of government to agree to give incentives to companies to come here and build for defence, that would grow the economy
 - Small-business initiative research program in US
 - Shipbuilding isn't just related to the military
- What we don't really have is a true map of what our talent pool is and our industrial capacity in Nova Scotia. ACOA has not provided adequate support to grow our oceans sector. They are funding Newfoundland but not Nova Scotia. ACOA does now have an oceans file. Before it fell under Aerospace and Defence.

Wrap-up – Martha Crago

- Halifax has to become a driver and partner in many areas
- We need to develop an aligned strategy that drives the economy here and in the region
- We need to brand oceans. It's a natural for the city.

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

APPENDIX – Descriptions & Questions

SECTION 1: OPPORTUNITIES AND CHALLENGES

Thinking about the opportunities and challenges below:

- What is your overall reaction to the opportunities and challenges?
- Is the list complete? If not, what is missing?
- Is the list accurate? If not, what revisions would you propose and why?
- From the point of view of your sector, which opportunities and challenges are the most important/least important and why?

OPPORTUNITIES

Hub City

- Conference Board identifies Halifax as one of 9 Canadian Hub Cities
- Halifax is Atlantic Canada's economic hub.
- Economic growth in Halifax drives an even faster rate of growth in the province and region
- Overall, the region benefits from growth in Halifax

High Value Jobs

- Halifax has critical mass in high-value sectors like Finance, Insurance and Real-estate, Digital Industries, Oceans, Life Sciences, Aerospace and others

Alignment

- Fiscal and economic challenges provide a motivation to realign priorities and spending....to focus on growth in high wage jobs and high value sectors

High Education Levels

- Halifax has among the highest post-secondary education levels of any city in Canada
- Education levels drive economic growth -Research by the US based CEOs for Cities shows that education levels in cities accounts for almost 60% of economic growth

Concentration of Post Secondary Institutions

- Halifax has among the highest concentration of post secondary education institutions and students in Canada
- The sector's value relates to its high wage direct jobs, its ability to act as a hub of research and innovation, and its role as a talent magnet
- As enrolment of Nova Scotia-born students declines because of demographics and high costs, the ability of these institutions to attract and retain international students has significant potential

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CHALLENGES

Demographic Shift

- A demographic profile close to the Canadian average within a province that has the oldest population in Canada
- Over 45,000 Nova Scotians will retire from the labourforce and another 9,500 new jobs, all within the broader Halifax area, will be created by 2014
- Thus, 55,000 job openings between 2009 to 2014
- With population growth stagnant it is likely that wage pressure and the need for productivity investments will increase dramatically

Population Growth

- Up until the recent recession Nova Scotia had been battered by outflows of young professionals and skilled workers headed to areas of better economic growth and higher wages
- The population growth rate of Halifax dropped below the pace of major cities in neighbouring provinces
- Immigration has been limited, slower than past trends and slower than in neighbouring provinces

Taxation

- Personal taxation is higher in Nova Scotia than every Canadian province, with the largest differential at the high wage –high skill end of the spectrum
- Corporate taxation is the highest in Canada. Nova Scotia remains one of the last provinces to remove investment inhibiting capital tax
- Nova Scotia needs new investment to boost productivity and retain key companies (If a company is not investing it is dis-investing)

Regulation

- Major regulatory reform usually takes place without full consideration of the economic and business costs
- Regulatory costs affect business climate and ultimately the fiscal health of governments

Inertia/Resistance

- Sectors and groups benefiting from existing programming and current sector focus tend to resist change
- Some members of our elected leadership, the public sector, and implementing organizations may resist necessary change

Missing the Green Wave

- Nova Scotia is among Canada's most carbon dependent provinces
- Tidal energy is an area where Nova Scotia seems to have a competitive advantage

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Productivity Growth

- Nova Scotia has one of the worst productivity performances in Canada and Canada is among the worst in the G20
- A policy focus that put jobs growth ahead of quality jobs and a fiscal regulatory climate hostile to productivity improvement has hurt productivity growth

Partnership and Alignment

- There is little strategic alignment of economic development resources among federal, provincial and municipal governments and between agencies and departments of individual governments
- Lack of consensus in areas like gateway, infrastructure priorities, labour force policies and other areas has stalled progress

International Focus

- Nova Scotia has among the worst export growth of any province in Canada over the last decade
- Most business activity is focused on delivery of goods and services in local markets
- The value of externally oriented business and organizations as the key economic generators in our economy is not well understood by policy makers or business organizations

Myths on Growth Drivers Need Correcting

- “Last mile” efforts at a fully “wired” province will have limited economic benefits
- Political and economic policies that emphasize geographic balance over economic opportunity constrain growth
- Traditional areas of government policy attention often focuses on low wage, low growth, seasonal, low skill, low productivity, but vocal industries
- Nova Scotia has missed most of the early stage green-tech opportunities. Most government efforts have been on the regulatory side which often have economic costs. Government investment in Green-tech industry has been limited
- Old style politics, which features urban rural divisions hurt economic growth
- It is likely that net new growth in Nova Scotia will be in the region surrounding and including Halifax

Overdue Public and Private Investment in the Downtown Core

- About 20% of land in the downtown core is vacant land
- Beyond basic maintenance, HRM has not invested in the Core since amalgamation in the mid-90s

High Carbon Dependence

- Adds cost burden to both individuals and companies
- Contributes to greenhouse gas problems

HRM's Review and Renewal of the Economic Strategy 2011 – 2016

SECTION 2: VISION

Thinking about the vision statements below:

- What is your first reaction?
- Do the statements describe what we want to be in HRM?
- Are the statements valid?
- Do you see your future reflected in the statements?
- If not, what changes would you propose?

Vision – Alternative 1

Halifax is recognized by the rest of the world as a more creative, innovative, internationally competitive, and globally-oriented hub city providing:

- Increased economic and social well-being not only to people in the HRM but also to Nova Scotia and the Atlantic region;
- More high value and sustainable jobs that will attract highly qualified people of diverse backgrounds and;
- A quality of life that is the “envy of the world”.

Vision –Alternative 2

Halifax is recognized around the world as a smart, international and competitive city where:

- X% of the 25-45 year-old population has completed post-secondary education;
- X% of the city's GDP is driven by international business;
- Is found the most competitive business environment in Eastern Canada and;
- X number of high-value jobs have been created.

SECTION 2: PRIORITY AREAS AND STRATEGIC GOALS

Thinking about the list of priority areas and strategic goals below:

- Do you agree with the areas and goals? If not, what do we need to add, revise or remove?
- Which areas and goals are the most/or least important to the future of your sector and why?
- Which areas and goals should we focus on right away in order to give momentum to the implementation stage?
- Do you have any thoughts on how we organize to achieve these goals?

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Priority Area #1: More and better qualified people for high wage and more productive jobs.

Strategic Goals:

1. Development and implementation of a comprehensive learning strategy to re-skill workers to a level that allows them to compete for high wage and more productive jobs.
2. Development and implementation of an enhanced external recruitment and retention strategy to attract and retain high skilled workers from the rest of Canada and internationally.
3. Design and implement an engagement strategy with the young professional community to ensure their active involvement with the design and implementation of economic development initiatives
4. Design and implement a "talent" strategy to ensure that all elements of the population participate actively in the labor market.

Priority Area #2: Development of a vibrant and attractive urban core as the primary economic driver.

Strategic Goals:

1. Develop and implement an aggressive strategy to attract significant private investment to the urban core to address the issue of downtown office and residential stock
2. Implement a 5 year public infrastructure improvement program including targeted service and maintenance improvements.
3. Develop a plan for the building of renowned cultural institutions.

Priority Area #3: Development of an "ecosystem" of entrepreneurship to reduce commercial risk and improve productivity.

Strategic Goals:

1. Undertake a regulatory and tax review to identify and advocate the changes to the policies and regulations at all levels of government that impede economic growth in HRM.
2. Design an engagement strategy between the economic development organizations and the college, university and technical school community to identify and act in partnership on initiatives to support economic development, improve productivity and promote entrepreneurialism.
3. Develop and deliver a strategy for business attraction and retention that targets the creation of highly skilled jobs and limiting the exit of skilled and educated young people.

Priority Area #4: Market and enhance assets of Halifax as a "Global City"

Strategic Goals:

1. Develop and implement an enhanced trade and investment strategy that builds on the current international market development activities underway.

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2. Continue the development of an internationally competitive transportation system covering all modes that supports the efficient movement of goods and people.
3. Design and deliver a wide-reaching public relations and communications program designed to change the awareness and perception of the players in the HRM regarding the growth potential and opportunities in the international marketplace.