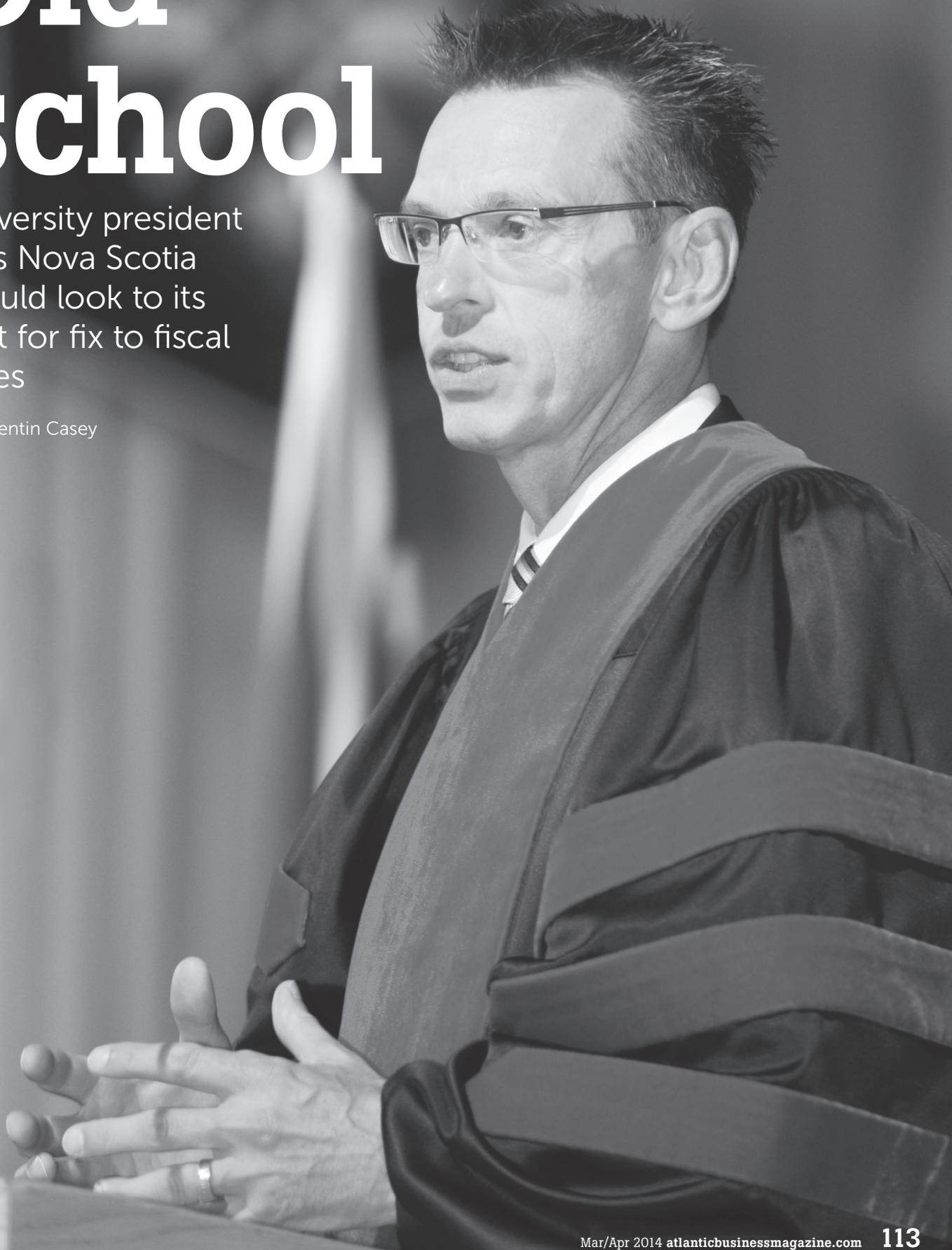


Old school

University president
says Nova Scotia
should look to its
past for fix to fiscal
woes

By Quentin Casey



Ray Ivany is the bearer of bad news. And he's OK with that.

In fact, it's become a key part of his role as chairman of a commission looking to boost Nova Scotia's economy.

A good portion of Nova Scotians simply don't realize how dire their province's economic situation is, he argues. "We will make pains to underscore just how serious we think the current situation is," he says, referring to the commission's final report, which is expected sometime in February.

Ivany, the president of Acadia University, is joined on the Nova Scotia Commission on Building Our New Economy by Oxford Frozen Foods president John Bragg, marine conservationist Susanna Fuller, aboriginal leader Dan Christmas and Irene d'Entremont, a business management consultant.

The group has spent more than a year consulting with Nova Scotians, visiting local businesses, and developing an assessment of the province's economic prospects. It's a grim tale, one highlighted by sinking demographics and stagnant growth.

"The vice-like effect of demography on one side and sluggish economic growth on the other represents a very, very serious challenge to the prosperity of the province," says Ivany, a native Cape Bretoner who has helmed Acadia for four years.

Based on current demographic projections, Nova Scotia's population could easily drop by five per cent within 10-20 years. "But that only tells part of the story," Ivany says. The population decline among residents of working age (18-65) will be two to three times the general decline, translating into a population drop of up to 15 per cent in that group.

"The math becomes abundantly clear. You've got an aging population, higher demand for many public services and fewer people in the tax-paying age bracket," he says. "It's not a happy formula."

The result, he says, will be a further erosion of the province's ability to deliver essential

services, such as schools, hospitals and roads. Concluded Ivany: "Of course it will be a different Nova Scotia, but it will also be a lesser Nova Scotia."

Nova Scotia's economic future is apparently bleak, and yet the present doesn't offer much to celebrate either.

A recent report from the Atlantic Provinces Economic Council (APEC) presents a string of dour numbers. For instance, employment in Nova Scotia was down 0.2 per cent between

15%

Anticipated decline in Nova Scotia's working age population (18-65) over next two decades

5

Number of years since Nova Scotia has generated any substantial job growth

9%

Nova Scotia's unemployment rate

January and September of last year. "This is now the fifth straight year that Nova Scotia has failed to generate any substantial job growth," the report noted. Employment in the third quarter of 2013 was just 0.75 per cent higher than it was in 2008. The unemployment rate, meanwhile, is hovering around nine per cent.

How does APEC senior economist David Chaundy characterize the current state of the Nova Scotia economy? "It's been quite soft," he says. "We've had five years of almost no job growth. Consumer spending

has been quite weak. And exports are down," he adds. "And there's almost no growth in retail trade."

APEC pegged 2013 GDP growth at 0.8 per cent. The outlook for 2014 is slightly better: Chaundy is predicting a two per cent rise in GDP. He says the province will benefit from a "substantial jump" in offshore natural gas production, with both the Sable and Deep Panuke projects expected to be on stream this year, following a period of various shutdowns and production delays. Chaundy notes that offshore activity could accelerate, depending on the results of seismic surveying and drilling performed by oil and gas giants Shell and BP. Each company has committed to spending \$1 billion on exploratory work in the coming years.

More immediately, the province will benefit from a solid number of major projects. Overall, APEC is forecasting a 12 per cent rise in major project spending in 2014. The list includes the Maritime Link project, which will help bring hydroelectric power to Nova Scotia from Newfoundland and Labrador. In the capital, Irving's Halifax shipyard is undergoing a \$300-million modernization to prepare for the upcoming roster of federal shipbuilding contracts. Actual shipbuilding work is expected to get underway in mid-2015 with steel cutting for the Arctic Offshore Patrol Ships. Chaundy says Halifax will also benefit from the construction of a new convention centre.

The province's tourism operators, meanwhile, are hoping for a boost from a new ferry service connecting Yarmouth and Portland, Maine. The previous NDP government scrapped the service in 2009 but later committed more than \$20 million to relaunch it. Without the ferry, accommodation bookings are down 10 per cent along the province's South Shore. The new ferry is expected to begin sailing in May.

In their upcoming report, Ray Ivany and his fellow panel members will make recommendations aimed at improving Nova Scotia's economy in the long-term. The report will call for Nova Scotia to put a modern spin on its traditional resource sectors, such as fishing and agriculture. "It's a big part of who we are. It's a big part of our economy," Ivany says. "Getting more out of what you're already good

at is certainly one of the central strategies we've seen succeed in other jurisdictions. So why would we not want to do the same thing here?"

The "knowledge economy", he argues, should apply to traditional sectors just as readily as it does to emerging sectors like IT. He points to companies such as Acadian Seaplants (which makes food, biochemical and agricultural products from seaweed), and Ocean Nutrition Canada (the ocean supplement company purchased by Royal DSM in May of 2012 for \$540 million.)

Those are just two of the companies he says are helping to redefine the local economy. "If you saw them in Silicon Valley or the South of France, you'd say, 'That's an absolutely outstanding, globally competitive company,'" he says. "We need more of them."

And Ivany is optimistic that can happen. He says his travels and consultations left him particularly impressed with the entrepreneurial vigour displayed by those in the under-35 age bracket. Entrepreneurship and an innovative

spirit, he says, can help take Nova Scotia "back to the future". In other words, he wants Nova Scotians to embrace the qualities displayed by their ancestors in the pre-Confederation days.

"We were free traders, we were north-south traders, we added value to everything we did, and we were, comparatively, one of the wealthiest parts of pre-Confederation Canada," he says. "We were incredibly self-reliant... and we were incredibly entrepreneurial."

Ivany believes a shift back to those roots could help the province avoid its inevitable lurch toward economic decay. "This is a very serious situation that we have... I believe in Nova Scotians. I think we will rise up and say: 'We just don't want that to happen,'" he says.

"We have to stiffen our backbone and stick our chest out and say, 'We don't want that as an outcome for our children and grandchildren.'" •

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