

Halifax Regional Municipality Budget 2011-12 Economic Background

Halifax is the economic hub of Atlantic Canada. This means that our growth not only benefits the citizens of HRM but all of Nova Scotia, and indeed all of Atlantic Canada. Being a hub city is not just about geography or strategic location. Hub cities are economic powerhouses with business, government and social assets that benefit their economies and the communities around them. Indeed, the Conference Board of Canada states that hub cities are vital to our nation's economic prospects. Our economy is built on economic assets like strong industry clusters in education, finance, oceans, transportation, ITC and life sciences; important enabling industries like legal and marketing services; a strong concentration of regional and head office decision makers; and a disproportionate federal public service including the heart of the Canadian Navy. This economic structure gives us the economic diversity that makes us resistant to recession and the economic strength that benefits Halifax and neighbouring communities.

In approving Halifax's first economic strategy, HRM Regional Council made a promise to grow our economy for the benefit of all our citizens. Council kept its promise. Over the past five years, our population has grown by 22,000 and 20,000 net new jobs have been created, mostly by business. Late in 2009, the Bank of Commerce's Metro Monitor indicated that Halifax had the strongest economy in the country even though the world was in recession. A few months ago, the same scorecard on major Canadian municipalities saw Halifax falling from the top spot, but still ranking in the top third of Canadian cities.

Halifax will enjoy one of the stronger growth rates in Atlantic Canada this year and will outperform the province as a whole, despite an expected shift in federal and provincial government focus from fiscal stimulus to restraint. While Halifax's diverse economic structure usually protects us from the worst of recession, other cities with more exposure to boom and bust industries tend to do better in the post-recession period. Nevertheless, the Conference Board of Canada expects our economy will generate \$13.6 billion (in 2002 dollars) in total economic activity (GDP) in 2011. This represents growth of 2.5% over last year. Growth of 3% is expected next year - matching the national pace of economic expansion. Employment will reach 221,000 this year and top 226,000 next year.

Progress does not happen by accident. It happens because of decisions we made years ago. Similarly, future progress depends on the decisions we make today, but we have a guide. Regional Council has made a new promise by approving a renewed five-year economic strategy. The degree to which this plan is implemented will help to determine where our economy will be in five years. It will determine how fast we will grow, and what sectors will drive this growth.

Our implementation will determine how many people live here, how many young people move away and how many stay and build their futures, and it will determine how attractive we are to immigrants, who have the world to choose from when they decide where they want to live.

We will have some challenges to overcome, such as federal and provincial fiscal restraint and the inevitable downloading to the local level. Our exports of goods and services and our tourism industry will be constrained by the high value of the Canadian dollar. We will continue to face increasing competition for talent and visitors. More and more, business will be locating and expanding where the business climate and the quality of life is most competitive and leaving those centres that no longer measure up.

We have some opportunities that could help drive growth over the next five years and some may get underway this year. Major projects like the \$500 million convention centre project slated for the Herald property on Argyle Street, combined with the potential for a \$25 billion / 30 year combat ship construction and maintenance contract at the Halifax Shipyard could, on their own, shift Halifax's pace of economic growth to national leadership once again. The potential for Capital Ideas and the Strategic Urban Partnership to rejuvenate the regional centre could be another spur to long term smart growth. This kind of growth could simultaneously reduce costs to HRM, generate new revenue, increase vibrancy and attractiveness of the regional centre, and drive new economic growth in our community.

On balance the economic performance of Halifax has more upside than down. Some influences on our economy are beyond our control. Others are very much in our control, like our reputation as a good place to expand and grow companies, our quality of place, and the quality of our services. Mostly what we control is the ability to work as partners in this community on a renewed promise of prosperity - our new Economic Strategy. We have come a long way in five years. We are a good city ... edging slowly and cautiously towards greatness.

Fred Morley

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