

ECONOMIC REVIEW

ANNAPOLIS VALLEY REGION, NOVA SCOTIA

April 2019

ECONOMIC CONTEXT

- Labour supply (reflecting total population and its age structure) is a constraint on economic growth.
- Residential attraction is one response to labour supply and to economic growth generally.
- Other factors influencing economic growth, despite labour constraints, include the use of capital, value-added trade, labour force skills, and technology and innovation.
- This situation analysis is based largely on statistics for the Annapolis Valley Economic Region, comprised of Hants County, Kings County and Annapolis County. This region is larger than the Valley REN service area.

POPULATION

DENSITY

The Annapolis Valley economic region spans 8,367.78 km and comprises Hants County in the eastern part, Annapolis County in the western part, and Kings County in the central part. The population of the whole region, as recorded in the 2016 Census, was 123,749. The population density across the region was 14.8 people per km. The difference in density across the three counties is shown below.

Hants County

Population (2016): 42,558

Area: 3,051.93 km²

Density: 13.9 people per km²

Kings County

Population (2016): 60,600

Area: 2,126.71 km²

Density: 28.5 people per km²

Annapolis County

Population (2016): 20,591

Area: 3,189.14 km²

Density: 6.5 people per km²

GROWTH ESTIMATE

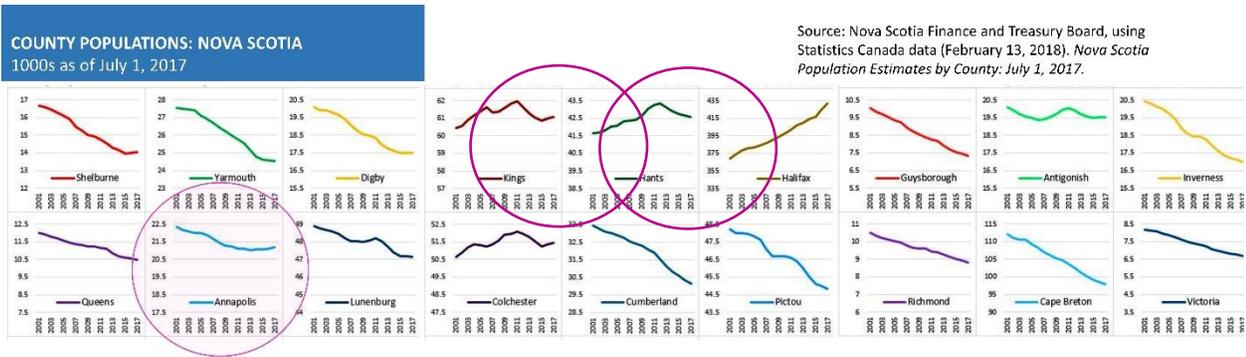
The estimated population in the Annapolis Valley in 2018 was 127,664, up 0.8 percent from 2017. Over the past decade (2008-2018), the population in the region has increased by 1.8 percent.¹

CENSUS COUNTS

Between the 2011 and 2016 Census counts, the regional population remained steady at approximately 123,750. During this period, the population was steady in Kings County; it rose by 0.6 percent in Hants County, and fell by 0.8 percent in Annapolis County. Between the two Census counts, there were notable population gains in the towns of Middleton (4.7 percent), Kentville (2.9 percent) and Berwick (2.2 percent), and in the area of Port Williams (13 percent). Strong growth (4.7 percent) also took place in the Windsor and Falmouth area. Unlike in many other counties, where there have been steady declines in population over a decade, the three counties in the Annapolis Valley economic region have seen growth spurts (Kings and Hants) or declines taper off.²

¹ Province of Nova Scotia (April 2019), *Nova Scotia Business and Workforce by Region - Annapolis Valley*.

² Nova Scotia Finance and Treasury Board, using Statistics Canada data (February 13, 2018), *Nova Scotia Population Estimates by County: July 1, 2017*, accessed Feb. 11, 2019, https://novascotia.ca/finance/statistics/archive_news.asp?id=13575&dg=&df=&dto=0&dti=3



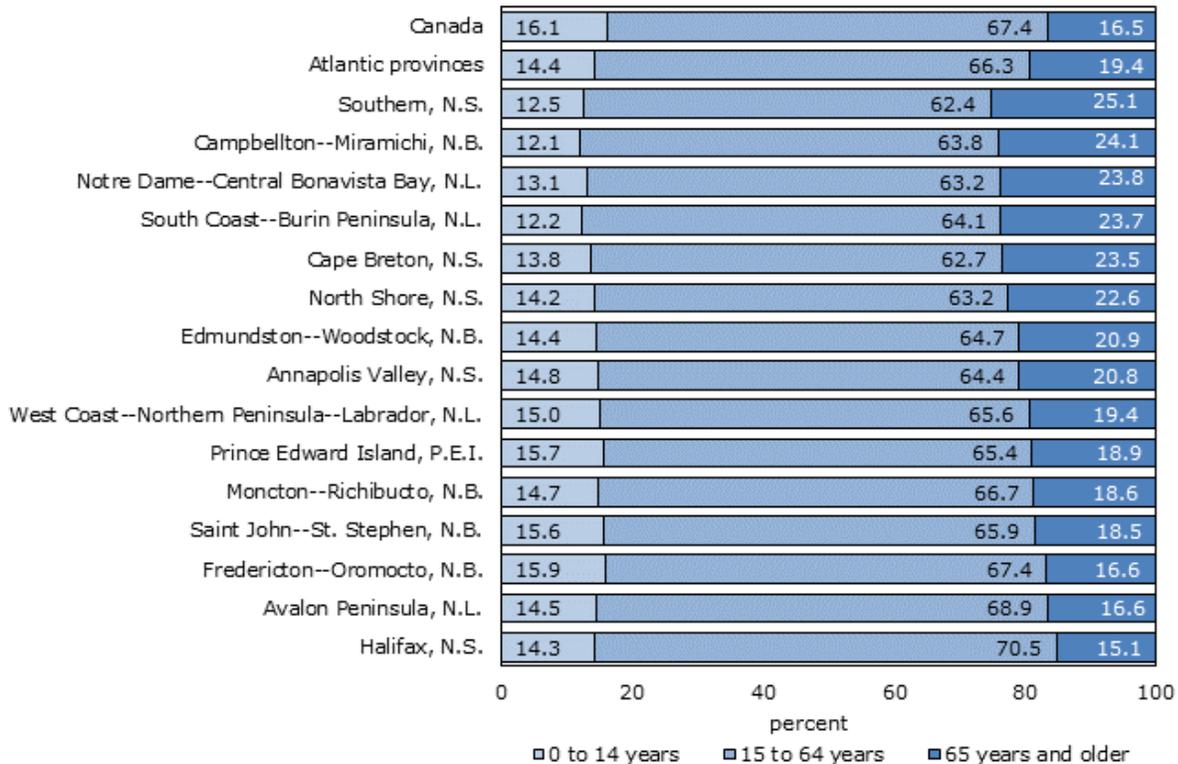
AGE STRUCTURE

The Annapolis Valley currently has the second-lowest percentage of seniors in Nova Scotia (21.6 percent) and the highest percentage of children (0-17) at 18.2 percent. People aged 18-64 make up 60.3 percent of the population.³

The chart below shows the working-age share of the population in the Annapolis Valley Economic Region is smaller than in Halifax and smaller than the average for Atlantic Canada. This disadvantage may restrain the pace of economic growth in the region. Strategic responses to this demographic disadvantage include increasing labour productivity, increasing the working-age population through residential attraction, and attracting more un-employed and under-employed people into the labour force.

³ Noted in correspondence with a government official.

Chart 2.2
Distribution of population by age group and economic region,
Atlantic provinces, July 1, 2016



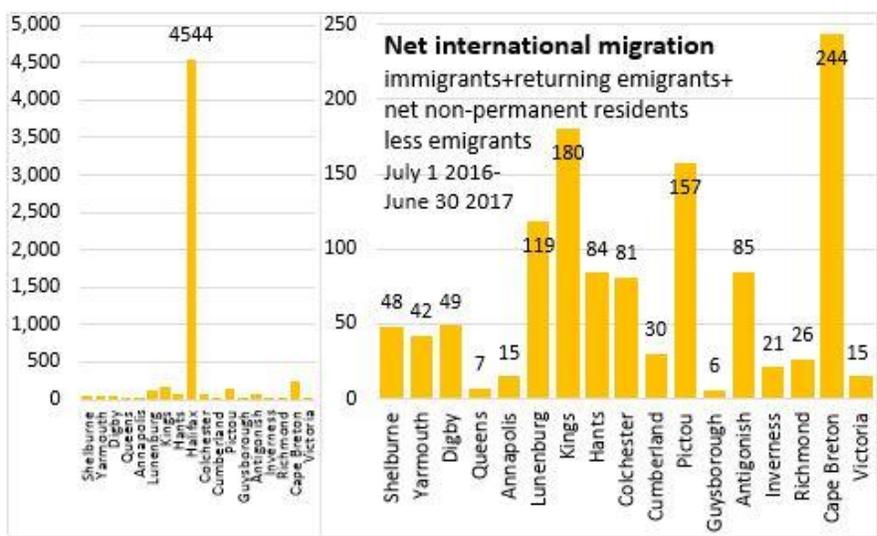
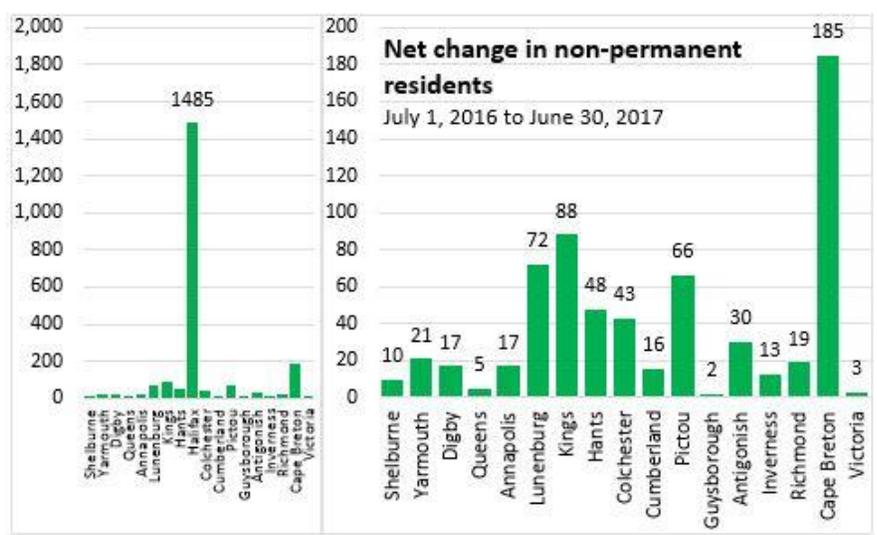
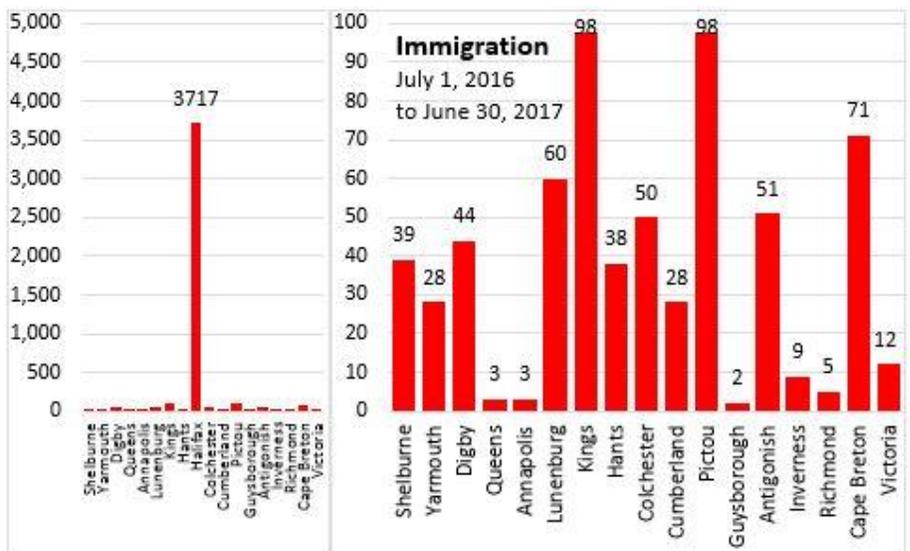
Note: Economic regions are ranked in descending order of the proportion of the population aged 65 and older. Figures in percent may not add up to 100% as a result of rounding.

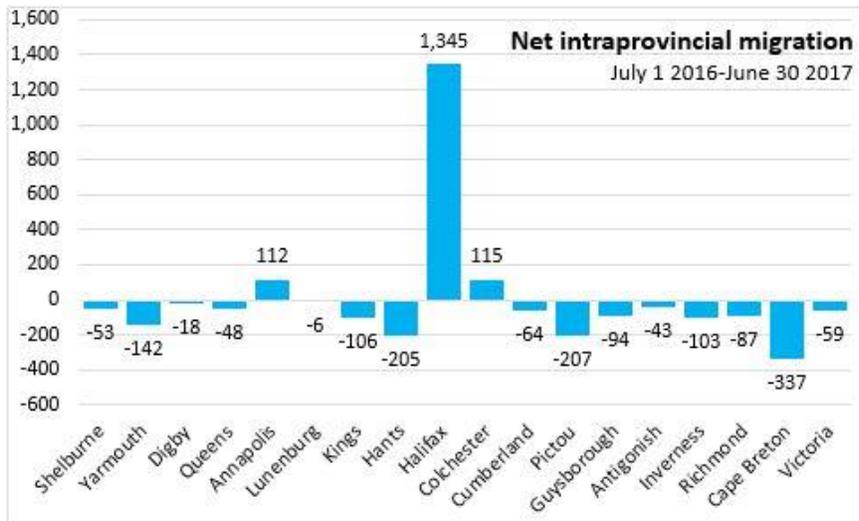
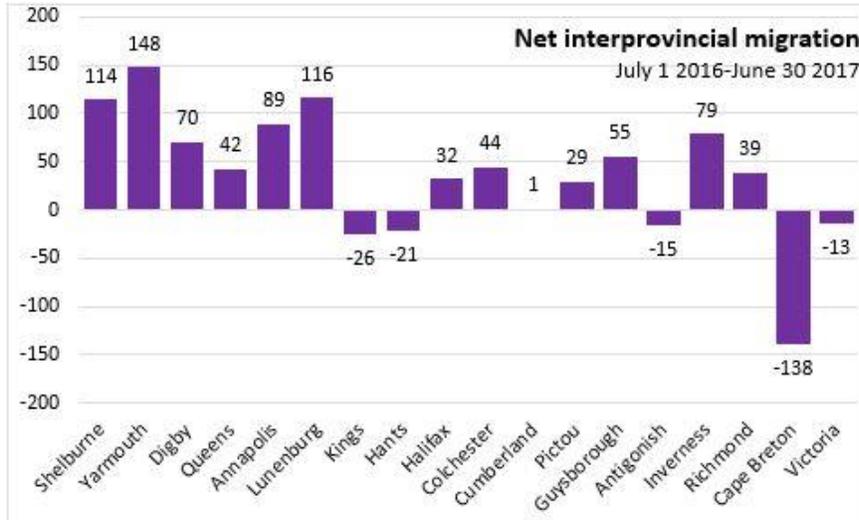
Source: Statistics Canada, Demography Division.

COMPONENTS OF POPULATION CHANGE

When viewed broadly from a regional perspective, the overall lack of population growth gives cause for concern. When the components of population growth are broken out for individual counties, however, they show that immigration and migration (within Canada and within the province) can counter the population decline or very modest growth from natural causes (births and deaths). The following charts show population mobility by county.⁴

⁴ Nova Scotia Finance and Treasury Board, February 13, 2018.





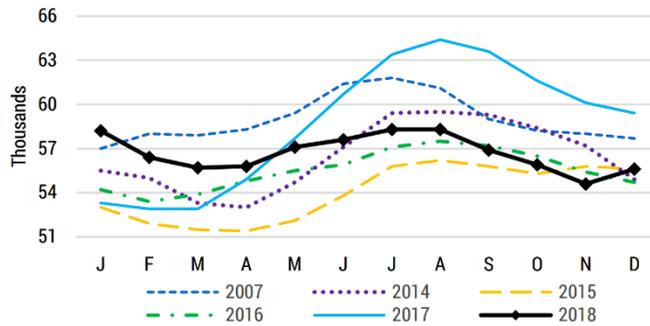
EMPLOYMENT

The economic region of Annapolis County has the potential to increase employment – as shown by the remarkable and sustained employment gain in 2017. In 2018, employment supply (labour force) and demand (employment) both declined. The average unemployment rate in Q1 2019 was 7.5 percent.⁵

⁵ Province of Nova Scotia (April 2019), *Nova Scotia Business and Workforce by Region - Annapolis Valley*.

Employment

Annapolis Valley (three-month unadjusted moving average)

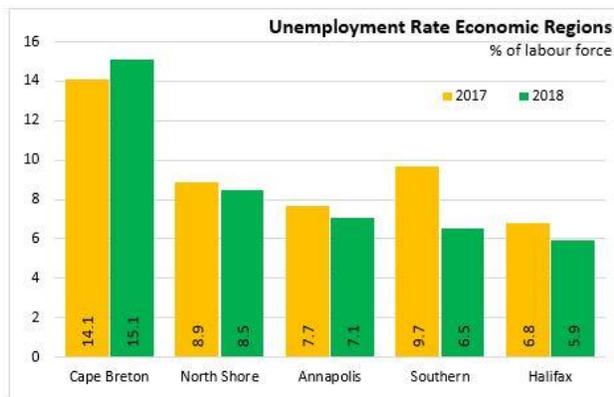


Source: Statistics Canada, Table 14-10-0293-01 (formerly CANSIM Table 282-0122)

Graph from the Province of Nova Scotia (January 2019), *Nova Scotia Business and Workforce by Region - Annapolis Valley*.

In December 2018, 55,600 people were employed in the Annapolis Valley economic region. Comparing 2018 with 2017, average annual employment fell by 2,700 and the labour force decreased by 3,200, pushing down the average unemployment to 7.1 per cent – a decline of 0.6 percentage points.

At the same time in Halifax, employment increased by 9,600 and the labour force grew by 8,000, pushing down the average unemployment rate to 5.9 per cent – a decline of 0.9 percentage points.⁶



Graph from the Nova Scotia Department of Finance and Treasury Board, *Labour Market Trends - December 2018 and 2018 Annual*.

While this side-by-side comparison does not imply cause and effect, it suggests that future growth of labour supply and employment in the Annapolis Valley will depend, to some extent, on the ability of employers to compete for labour with Halifax – and, of course, with other regions, provinces and countries. The points of competition for labour will include wages and total compensation, working conditions, job interest, matching skills to demand, and “quality of life” factors. Competition for labour can logically be expected to put upward pressure on wages and will spur employers to invest in technology and machinery to improve productivity and enable expansion.

⁶ Nova Scotia Department of Finance and Treasury Board (January 4, 2019), *Labour Market Trends - December 2018 and 2018 Annual*, accessed February 6, 2019: https://novascotia.ca/finance/statistics/topic_news.asp?id=14460

There is another key comparison to be made with Halifax. In the regions outside the capital area, retiring workers (attrition) will be the driving force behind employment, whereas in the capital area, industry growth is expected to drive employment.⁷

QUICK FACTS: YEAR-TO-DATE (YTD) AVERAGE FOR JANUARY TO DECEMBER 2018⁸

Employment YTD 2018: 56,400 (45,600 FT; 10,800 PT)

Change from YTD 2017: -2,700 (-2,800 FT, +100 PT)

Labour Force YTD 2018: 60,800

Change from YTD 2017: -3,200

Largest gains YTD 2018:

Wholesale & Retail Trade (+1,300); Finance, Insurance, Real Estate & Leasing (+700)

Largest losses YTD 2018:

Health Care & Social Assistance (-2,800); Information, Culture & Recreation (-700)

LABOUR FORCE SHORTAGES AND LOW WAGES

The Annapolis Valley had a relatively high job vacancy rate in period of July to September 2018, compared with the other economic regions in Nova Scotia. Given the seasonal nature of some sectors, this quarterly snap shot (below) can't be applied to the whole year. It does, however, point to the relatively low average wage on offer in this region. In 2018 Q3, the average wage offered for vacant positions was highest in Halifax and lowest in the Annapolis Valley.⁹



Graph from the Nova Scotia Department of Finance and Treasury Board, *Labour Market Trends - December 2018 and 2018 Annual*.

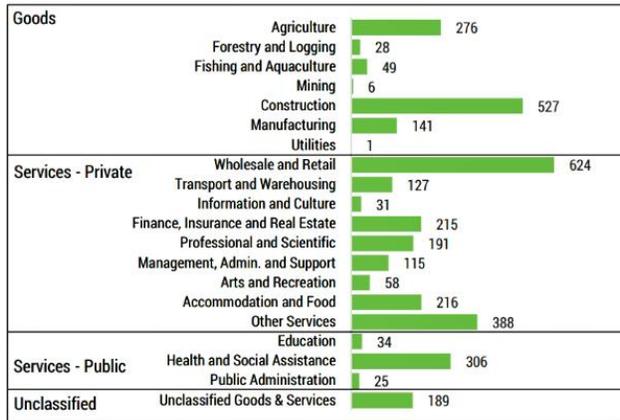
⁷ Service Canada, *Occupational Outlook 2018-20 - Nova Scotia*.

⁸ Statistics Canada, *Canada Business Counts (December 2017)*; cited by Province of Nova Scotia (January 2019), *Nova Scotia Business and Workforce by Region - Annapolis Valley*.

⁹ Nova Scotia Department of Finance and Treasury Board (January 9, 2019), *Job Vacancies and Wages, 2018 Q3*, accessed February 7, 2019: https://novascotia.ca/finance/statistics/topic_news.asp?id=14471&fto=20t&rdval=2019-01

BUSINESS COMPOSITION¹⁰

Business and Institution Counts by Industry, June 2018 Annapolis Valley, Total with Employees



Source: Statistics Canada. Canadian business counts, location counts with employees, by employment size & North American Industry Classification System (NAICS), June 2018. Community Data Program (distributor). Communitydata.ca (accessed December 2018).

Graph from the Province of Nova Scotia (January 2019), *Nova Scotia Business and Workforce by Region - Annapolis Valley*.

In June 2018, Statistics Canada counted 9,243 businesses and institutions in the region. Of these, 3,547 had employees and 5,696 had none. More than half (56%) the establishments were in Kings County. By sector, 55% were private services, 29% were in the goods sector, 10% were in the public services sector, and 5% were not classified. The industries with the most businesses/institutions were wholesale & retail (18%); construction (15%); and other services (11%). Agriculture comprised a larger share (8%) of businesses in this region than in any other economic region in Nova Scotia.

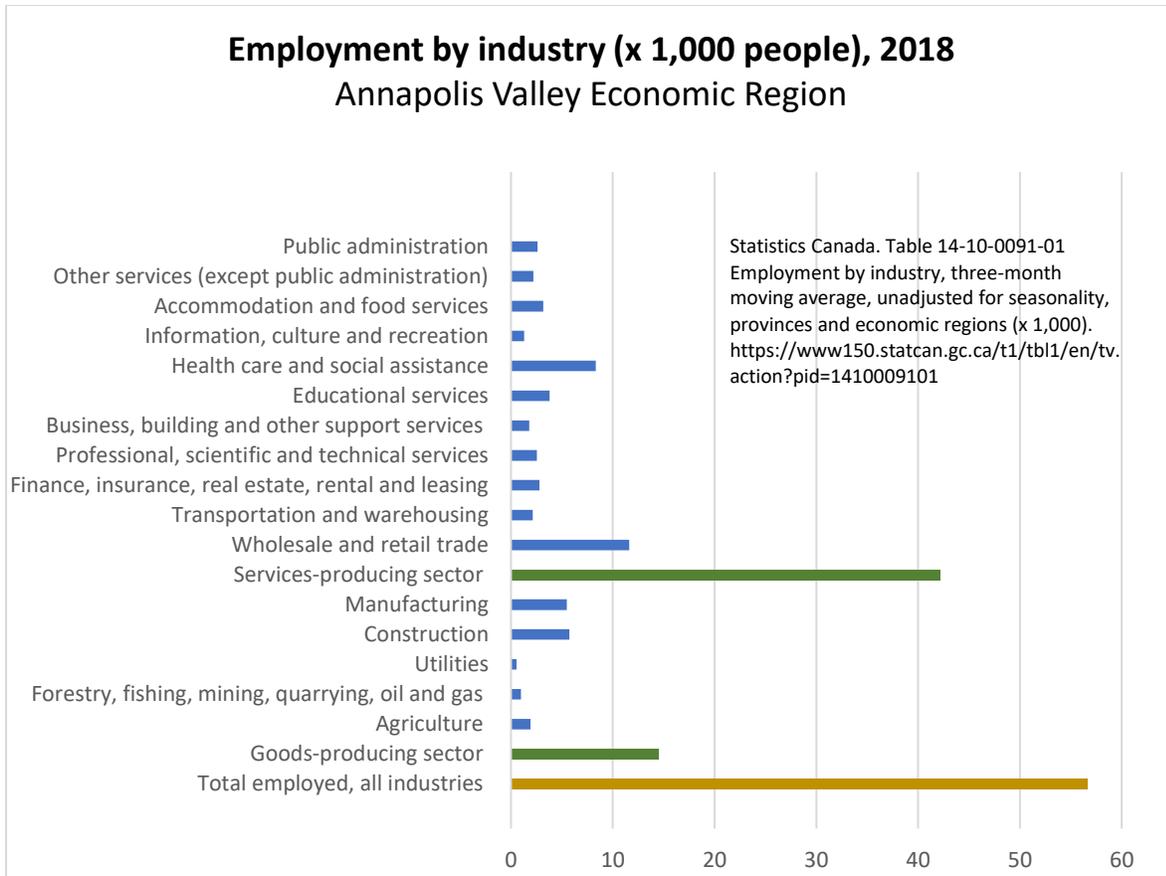
By size, 53% of establishments had fewer than five employees and 98% had fewer than 100. The region had four large establishments (500+ employees): one tire manufacturer; two education institutions; and one hospital.

INDUSTRY OVERVIEW

Anchor public-sector employers in the Annapolis Valley include Acadia University, Nova Scotia Community College (Kingstec and Annapolis Valley campuses), Canadian Forces Base Greenwood, hospitals, and Kings Regional Rehabilitation Centre. The largest private-sector employers include manufacturers, such as Michelin North America (Canada Inc.), Canadian Keyes Fibre, and Xerium; food processors, such as Eden Valley; Eassons Transport; private nursing/seniors care and health care facilities (including registered charities); large farming operations; and national/multinational supermarket chains and department stores.

Most people in the Annapolis Valley work in the services sector. The largest industry sectors for employment are health care and social assistance, wholesale and retail trade, construction and manufacturing. Agriculture represents just over three per cent of total employment in the region, which is nevertheless significant when compared with provincial and national employment ratios.

¹⁰ Statistics Canada, *Canada Business Counts (June 2018)*; cited by Province of Nova Scotia (January 2019), *Nova Scotia Business and Workforce by Region - Annapolis Valley*. Business counts represent the number of business establishments or units. Establishments or unit counts are different from company counts. One company, for example, may operate several business locations or units in Nova Scotia.



CHALLENGES

Labour is one of the biggest challenge facing industry sectors in the Annapolis Valley. The Valley REN heard this message in 2016, at the Sector Table Workshop that engaged with businesses in agriculture, tourism, information and communications technology, manufacturing, and Green Energy/CleanTech supply and services. Specific issues raised then included • recruitment (competing with larger and more attractive population centres) • growing the labour force to meet demand • strengthening connections between local graduates and employers • training and skills development • promoting career opportunities and pathways • increasing the technology component in jobs, to increase their appeal and improve productivity and wages • recruiting and equipping volunteer leadership (for example, at the board level of industry associations) and supporting volunteer labour in the tourism sector (for example, in festivals and cultural attractions).

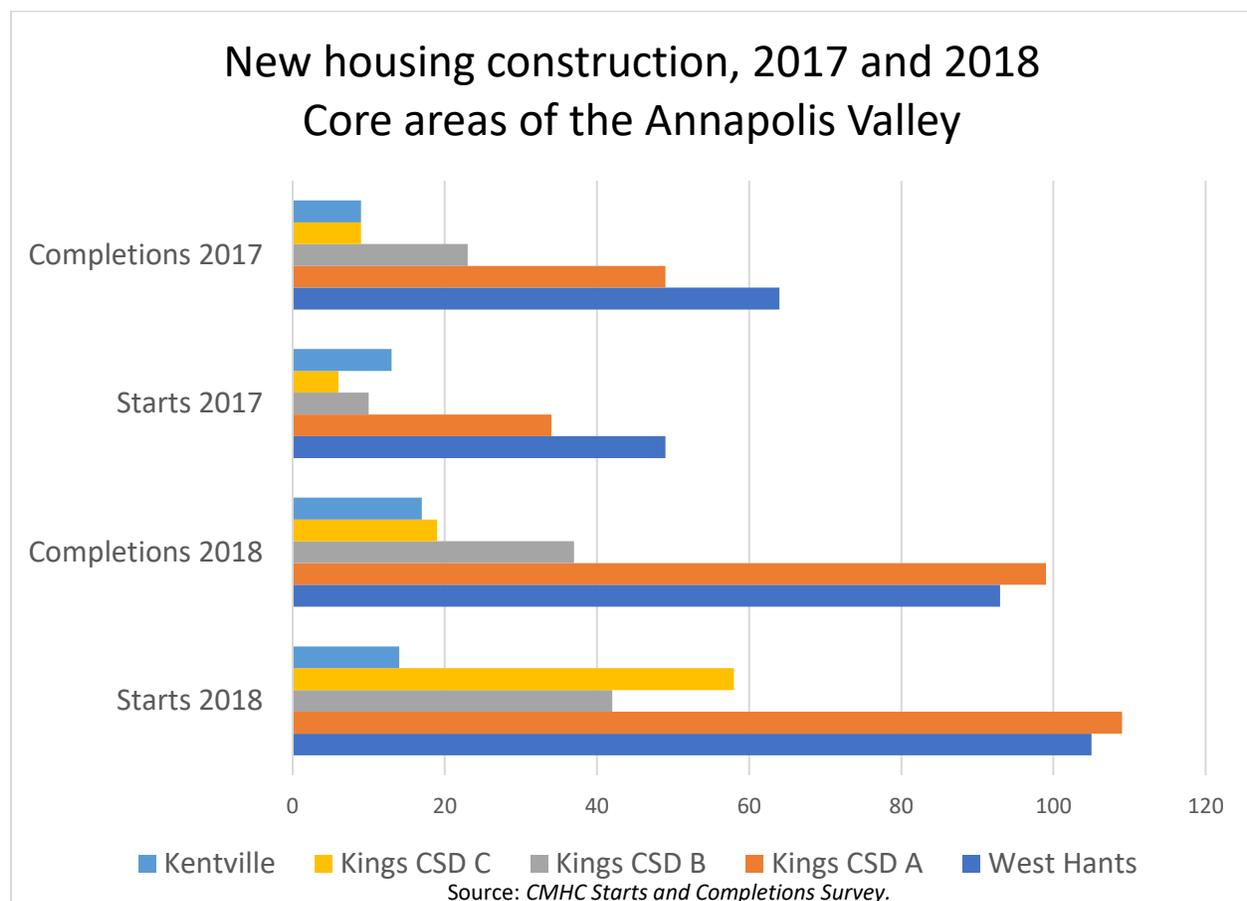
More recently, the Valley REN has engaged with leading manufacturers in the Annapolis Valley through the newly formed Valley Manufacturing Taskforce and Action Teams, which are working with manufacturers to address challenges relating to energy and labour.

OPPORTUNITIES

Across industry sectors, the Valley REN sees opportunities to: • strengthen partnerships with our post-secondary institutions (building stronger links between the business community, students and researchers) • understand, develop and promote the Valley’s competitive advantages and opportunities for investment and employment growth • raise awareness about business opportunities and career opportunities/pathways in each sector • promote success stories and raise awareness about the Annapolis Valley as a great place to live, invest and do business • and support knowledge-sharing and communication networks within and across sectors.

Housing

New residential construction is one of the positive economic stories in many parts of the region, as shown in the CMHC data for 2017 and 2018. The chart below shows housing starts and completions in Kentville, West Hants and Kings County Census sub-divisions.



Agriculture

The Annapolis Valley has a diverse agricultural industry, with a higher proportion of agricultural workers (location quotient) relative to the province and Canada and with the largest share of employers in the agriculture industry compared with other economic regions in Nova Scotia.¹¹ Immediate opportunities for growth include maximizing opportunities for local procurement in the MASH sector (municipal, academic, schools, and health and social service); automation and mechanization; precision agriculture; and the Internet of Things (IoT).

AgriTech

Globally, agriculture is being “digitized” and data-driven and the competitiveness and sustainability of local farm enterprises increasingly depends on the integration of advanced technologies. As gaps in rural broadband delivery are fixed, farm enterprises in the Valley will benefit if they do not already have access to adequate high-speed Internet. The region is poised to benefit from the strategic advantages in R&D services clustered in the Annapolis Valley: at three NSCC (Nova Scotia Community College) sites in Lawrencetown, Middleton and Kentville, at Acadia University, and at the federal Kentville Research and Development Centre. These impressive facilities – engaged in applied research, training, business incubation and data analytics – together support the development and adoption of AgriTech solutions and form a distinctive corridor of business development opportunities.

CleanTech and Green Energy

The Bay of Fundy is a unique geographic feature of the Annapolis Valley. There are opportunities to develop the supply chain to support the emerging tidal energy sector. The region also has new and established firms in the solar energy business, several firms engaged in low-energy building design energy consultancy, and a micro-sector of enterprises providing energy efficient products and services in the field of refrigeration and HVAC (heating, ventilation, and air conditioning).

As Canada and the Province continue to use legislation and regulation to enable a low-carbon economy, business opportunities include supply chain development to support the emerging tidal energy sector; municipal/industry/community microgrids and storage; smart building design, construction and components (i.e., sensors.)

A private consortium, using matched federal funding, is advancing a new **Ocean Supercluster** in Atlantic Canada to harness emerging technologies to strengthen Canada’s ocean industries, including marine renewable energy, fisheries, aquaculture, oil and gas, defence, shipbuilding, and transportation. The technology focus is on digital sensors and monitoring, autonomous marine vehicles, energy generation, automation, marine biotechnology and marine engineering technologies.

¹¹ Nova Scotia Department of Labour and Advanced Education and the Valley Regional Enterprise Network, *The Annapolis Valley Workforce Advantage – Appendix, June 2015*. <http://www.valleyren.ca/wp-content/uploads/2017/08/TheAnnapolis-Valley-Workforce-Advantage-Appendix-June-2015.pdf>; Province of Nova Scotia (February 2018), *Nova Scotia Business and Workforce by Region*.

Manufacturing

The region has a relatively high proportion of employment in beverage manufacturing and food manufacturing. Immediate opportunities for growth include developing the craft beverage (breweries, distilleries) and wine sectors and their supply chains; expanding export markets for manufactured goods; maximizing opportunities for local procurement in the MASH sector (municipal, academic, schools, and health and social service); digitization, BIG data, AI, automation.

There is also strong employment demand in the manufacturing sector. A recent survey of nine leading manufacturers in the Annapolis Valley shows strong demand for 604 full-time equivalent jobs over the next five years. (The November 2018 survey was commissioned by the Valley Regional Enterprise Network and prepared by Nova Insights Inc.) The estimated total wages associated with these jobs is almost \$29 million, with a wage range of \$17 an hour to \$38 an hour. The greatest demand is for production labourers. Valley manufacturers also need production supervisors and people to work in development, engineering, quality control, machine operation and assembly, and maintenance. Manufacturers who responded to the survey projected average growth of 24 percent over five years. New employment will support this growth and replace retiring workers.

Within the manufacturing sector, leading companies are co-operating to find ways to bring improved energy services to the region and to connect firms to energy management services. They are also co-operating to strengthen engagement with youth and with the current workforce.

Seniors services

Opportunities include housing development to extend the continuum of care and the development of tech-enabled solutions to meet the needs of an aging population, through a model of “innovation in aging” and Internet of Things (IoT) applications, e.g., using sensors to develop smart solutions for safety in the home.

Tourism

The tourism industry in Nova Scotia generated \$2.7 billion in revenue in 2017, building on four consecutive years of growth.¹² Tourism plays a key role in our regional economy, and it can play a bigger role. For every \$1 invested, another \$3.20 is generated in the community.¹³ Immediate opportunities for growth include shoulder season extension; culinary tourism; technology development to market tourism products and support visitors’ experiences; sports tourism; winter experiences; and tourism packages for the pre-and post-conference market.

Information and communication technologies (ICT)

Immediate opportunities for growth include public-sector and private-sector investments in broadband infrastructure and business access/adoption, and building on broadband to increase productivity in the private sector.

¹² Tourism Nova Scotia, accessed March 12, 2019: <https://tourismns.ca/2017-record-year-tourism-nova-scotia>

¹³ Tourism Industry Association of Nova Scotia (February 17, 2017), *Tourism Revenue Reached \$2.6 Billion in 2016 – With Right Approach More to Come*, <http://www.tians.org/images/Tourism%20Revenue%202.6%20Billion.pdf>



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