

# **CBRM: THE GROWTH IMPERATIVE**

**August 2021**

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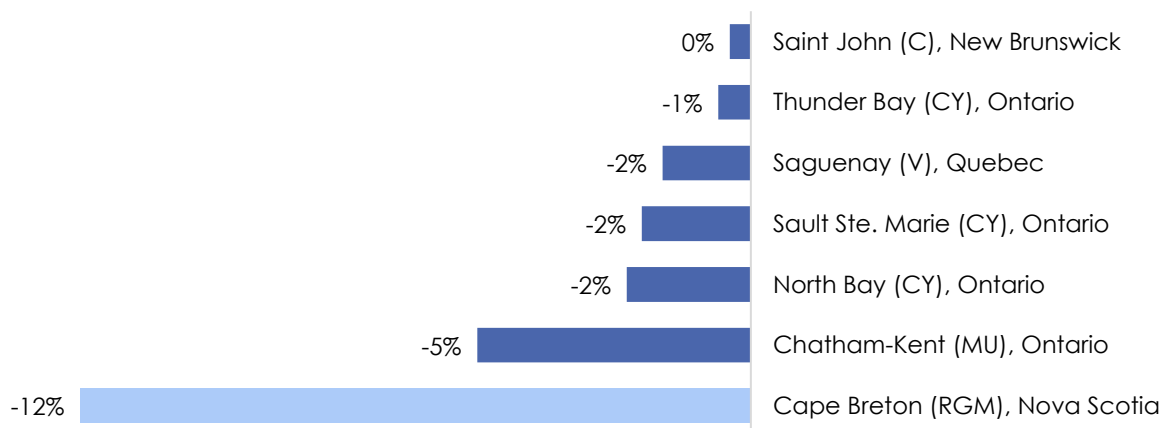
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## INTRODUCTION: FULFILLING CBRM'S POTENTIAL

The Cape Breton Regional Municipality (CBRM) is one of only seven out of 120+ municipalities across Canada with 50,000 or more residents that have less population in 2020 than back at the turn of the millennium. In fact, CBRM's population decline of 12 percent during the 20-year timeframe was steeper than all other municipalities of this size across Canada. In the past several years, population decline has moderated and as of 2020 the population of the municipality is slightly larger than it was in 2017<sup>1</sup>.

These municipalities and others that have struggled in recent years share a number of common traits. They tend to have witnessed a significant decline in one or more industries without new ones emerging as a replacement. They are for the most part off the beaten track. They are considerably older (e.g. median age) than municipalities that are growing strongly. They also tend to have less post-secondary education infrastructure compared to more successful municipalities – although that has been changing in recent years as communities such as CBRM, Thunder Bay and Saint John are looking to universities and public colleges to play a more active role in helping to boost the economy.

**Figure x: Population change 2001-2020 (%), municipalities with 50,000+ population**



Source: Statistics Canada Table: 17-10-0142-01.

Over the past 100+ years, CBRM and Cape Breton Island have played an important role in Canada as energy producer, recognized tourism destination and incubator of artists and cultural talent.

Now, as it looks to the future, CBRM needs to build on these strengths and leverage new ones. Its university and the NSCC are playing an important role in the talent pipeline and as a catalyst for research, entrepreneurship and new industry development. The ocean is emerging as a driver of new industrial activity. New tech-based industries are also expanding as entrepreneurs and local institutions work together to build a strong environment for startup companies. The region's First

<sup>1</sup> Based on Statistics Canada's annual population estimates.

Nations are engines of economic development and CBRM is strengthening its role as a urban hub for the Island.

## WHY IS ECONOMIC AND POPULATION GROWTH IMPERATIVE?

Not all communities across Canada are destined to grow and, arguably, many do not have to grow strongly in the future to ensure an environment where residents have a high quality of life. There are a number of reasons why the CBRM needs a growth agenda through 2040.

The lack of population growth in recent years had led to the community having among the oldest workforces compared to its peers. As of 2020 there were an estimated 13,500 over the age of 55 in the workforce, or nearly 30 percent of the total. These folks will be retiring in the next decade or so and there are not nearly enough young people to take their place.

The lack of industrial growth has hampered the ability of entrepreneurship to thrive. CBRM has one of the lowest rates of entrepreneurship among municipalities across Canada. As of the 2016 Census, less than six percent of the workforce was self-employed. Adjusted for size, there are 30-40 percent fewer entrepreneurs in CBRM compared to municipalities such as Halifax, Moncton or Charlottetown.

The lack of economic growth has stunted the ability of the municipality to invest in infrastructure. Spread over more than 2,400 square kilometres and with only 39 residents per square kilometre, CBRM is one of the least densely populated municipalities in Canada. A robustly growing population and economy would have helped the municipality make investments in municipal infrastructure.

So, while growth may not be imperative for all municipalities in Canada there is a very strong case it is required in the years ahead to ensure CBRM has a strong economic foundation on which its residents, businesses and institutions can achieve their goals.

## WHY NOVA SCOTIA NEEDS A THRIVING AND PROSPEROUS CBRM

There are a number of reasons why a thriving and prosperous CBRM in the years ahead will be good for Nova Scotia.

### **Reason #1: Nova Scotia needs more than one growth centre**

Almost all population growth across the province over the past 20 years has occurred in the Halifax region. Between 2001 and 2020, the population of Halifax has increased by over 79,000 or a growth rate of 21.4 percent. The rest of Nova Scotia combined witnessed a population decline of over 32,000 (a six percent drop). Thirteen of the province's 18 counties had less population in 2020 than back at the turn of the century. Among the 69 municipalities with at least 1,000 residents as of 2020, 50 had less population in 2020 compared to 20 years ago.

With an estimated 2020 population of 96,000, CBRM is the second largest municipality across the Maritime Provinces by a fairly wide margin<sup>2</sup>. The City of Moncton is third with 79,500 residents. There are more people living in CBRM than the 20 largest towns across Nova Scotia combined<sup>3</sup>. While the total population of CBRM is spread out across a wide geographic area, the urban core population (Sydney) is the second largest population centre in Nova Scotia by a wide margin<sup>4</sup>.

Nova Scotia will need to significantly expand its population in the coming years if it is to ensure there are enough workers to meet workforce demand and to ensure the provincial economy expands at a moderate rate, to generate enough tax revenue to sustainably fund public services.

Published in 2018, Statistics Canada provided nine different potential growth scenarios for Nova Scotia through the 2060s. As shown in Table x, in all cases the population growth projection was not enough to grow the working age population across the province. Under the low growth scenario, the province will lose 71,900 from the working age population through 2040 and even under the most optimistic scenario, the working age population in Nova Scotia declines by one percent through 2040.

**Table x: Statistics Canada population projections by scenario, Nova Scotia (000s)**

Population scenario:	Population (2020)*	Population (2040)	Pop. 15-64 (2020)	Pop. 15-64 (2040)	% change	# change
LG: low-growth	963.5	931.9	620.2	548.3	-12%	-71.9
M1: medium-growth	967.1	998.7	622.6	579.3	-7%	-43.3
M2: medium-growth	966.6	993.3	622.2	576.3	-7%	-45.9
M3: medium-growth	964.4	969.7	620.3	557.4	-10%	-62.9
M4: medium-growth	966.7	993.6	622.3	575.0	-8%	-47.3
M5: medium-growth	969.1	1,021.0	624.2	594.3	-5%	-29.9
HG: high-growth	971.7	1,071.7	626.1	617.6	-1%	-8.5
SA: slow-aging	970.6	1,039.0	625.8	612.5	-2%	-13.3
FA: fast-aging	964.6	963.7	620.6	552.6	-11%	-68.0

\*This was the expected population in 2020. Nova Scotia has already surpassed the high growth population growth scenario by 2020.

Source: Statistics Canada. Table 17-10-0057-01.

<sup>2</sup> The Cape Breton Census Agglomeration (CA) includes CBRM and two First Nations: Eskasoni and Membertou and had an estimated population of 100,700 in 2020.

<sup>3</sup> Using Statistics Canada population estimates for 2020. Includes Truro, Amherst, New Glasgow, Bridgewater, Yarmouth, Kentville, Antigonish, Wolfville, Stellarton, Windsor, Westville, Port Hawkesbury, Pictou, Berwick, Trenton, Lunenburg, Digby, Middleton, Shelburne and Stewiacke.

<sup>4</sup> A population centre is defined as a concentration of population with at least 400 persons per square kilometre.

If Nova Scotia wants to grow the size of its workforce in the coming years either more Nova Scotians will need to continue working later in life or the province will need to attract more younger people to live and work here.

Why should Nova Scotia care about growing the workforce? There is a strong correlation between a growing workforce and economic growth. As shown in Table x, going back nearly 40 years when the workforce is growing in Nova Scotia, so is the economy. When the workforce stagnates or starts to shrink, economic growth (real gross domestic product) also stagnates. This pattern has played out across Canada.

For Nova Scotia to get back to even a 0.5 percent annual workforce growth rate through 2040 it will require boosting the overall population to above 1.2 million over the 20-year period. It is hard to see how the province could add more than 200,000 (net) to the population without some of that growth occurring outside the Halifax region.

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**Table x: Average annual GDP and workforce growth rates, Nova Scotia**

	<u>Workforce growth</u>	<u>Real GDP growth</u>
1981-2005	+1.2%	+2.3%
2006-2015	0.0%	+0.8%
2016-2019	+0.9%	+1.9%

Source: Statistics Canada Tables: 36-10-0222-01 and 14-10-0327-01.

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There is also a correlation between economic growth and provincial government fiscal stability. According to RBC Economics, provincial government spending in Nova Scotia as a share of GDP was in the range of 20-21 percent of GDP during the 2000 to 2005 timeframe but increased to 27 percent of GDP in the 2015-2018 timeframe as overall GDP growth waned.

The bottom line is that Nova Scotia needs robust population and workforce growth in the coming years to ensure a strong fiscal foundation to sustainably fund public services such as health care and education.

Working to ensure that at least some of that growth is occurring in the province's second largest urban centre will be good for both CBRM and for Nova Scotia.

**Reason #2: The per capita cost of providing public services could rise even as tax revenues decline**

Nova Scotians have a constitutional right to good quality public services no matter where they live in the province. If the population in CBRM started to decline again in the coming years it could eventually mean government paying a lot more per capita to provide services in the municipality and surrounding region. The natural population growth rate in CBRM (births minus deaths) is negative with only 58 births per 100 deaths in 2020. Without an influx of people moving

into the municipality, population will decline and push up the cost of public services on a per capita basis.

### Reason #3: Firms that could relocate are at risk of leaving

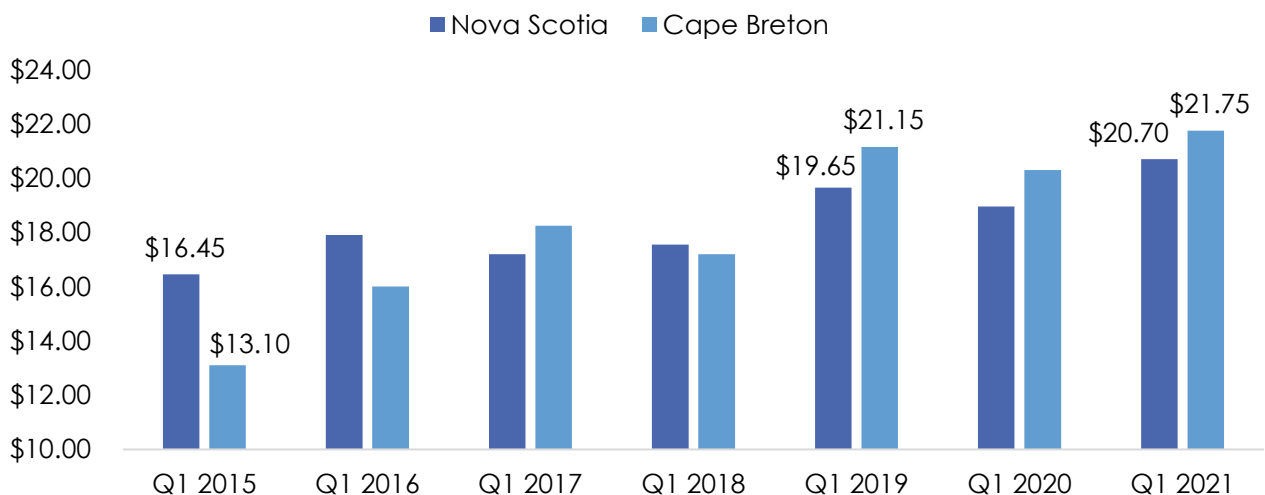
There are a number of industries in CBRM that are at risk of downsizing or leaving the community if there is not an adequate workforce supply in the years ahead. These firms are mostly not reliant on the local market for their revenues or if they are could still service the local market in CBRM from another jurisdiction. They include manufacturing, transportation, ICT and even industries such as agriculture.

While CBRM is not known for its manufacturing industry, there are 65 manufacturing firms in the community employing an estimated 1,980 staff (pre-Covid-19). The number of manufacturing workers in CBRM rose by an estimated 10 percent between 2015 and 2020. The information and communications technologies (ICT) industry in the community has been expanding as has the agriculture sector. By contrast the transportation and warehousing industry has shed more than 200 jobs between 2015 and 2020. Even the region's important tourism industry will have its growth potential stunted without enough workers to meet demand in the years ahead<sup>5</sup>.

### Reason #4: Wages could rise much faster than other regions

Another related risk is that wage rates could rise faster in the community than elsewhere because of a shortage of workers. There is growing evidence that wage rates are rising faster in Cape Breton than elsewhere. Statistics Canada compiles average hourly wage data for jobs on offer across Canada on a quarterly basis. The average offered hourly wage for available jobs in Cape Breton has been rising significantly in the past few years. In the first quarter of 2015, the average wage on offer was only \$13.10/hour. By the first quarter of 2019 it had increased to \$21.15/hour. More importantly the average wage on offer in Cape Breton increased much faster than the province overall and for the past three years has been above average. Persistently higher wages as a result of a tight labour market could result in firms shifting their investment out of CBRM.

**Figure x: Average offered hourly wage for job vacancies, Nova Scotia and Cape Breton**



Source: Statistics Canada Table: 14-10-0325-0.

<sup>5</sup> See Appendix A for a discussion of the region's seasonal industries and workforce.





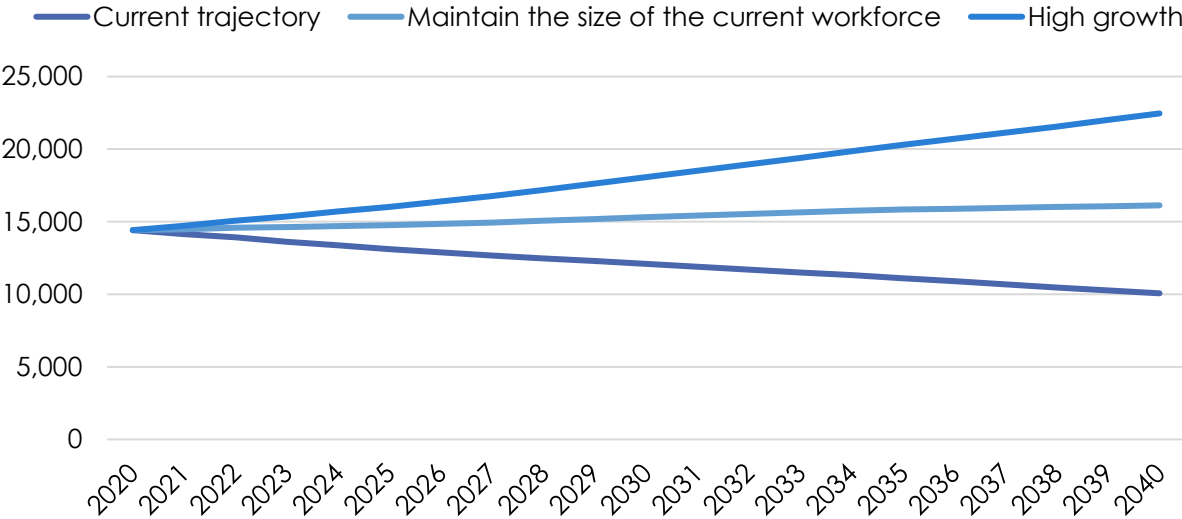
**Reason #5: Even firms/organizations that serve the CBRM market could be impacted**

The majority of the workforce in CBRM is serving local market demand in industries such as construction, retail trade, personal services, professional services, health care, education and public administration. A lack of population growth and a tightening workforce will hurt these industries as well. Already there is concern that the home support and nursing home sectors are struggling to find workers.

**Reason #6: The K-12 school population could decline sharply**

The population aged 5-19 living in the CBRM has dropped by over 20 percent between 2007 and 2020, or nearly 5,000 in total. The population growth model later in this document provides three different population scenarios through 2040. Under the current trajectory scenario, the population aged 5-19 drops by another 4,300 by 2040. At that time there will be only 10,000 people in this age group across the municipality compared to 23,000 at the turn of the century. The cascading impacts on the economy from cutting the local talent pipeline by nearly 60 percent over a 40 year period are hard to define but represent a significant risk factor for the community.

**Figure x: Population aged 5-19 in CBRM through 2040 under three different scenarios**



Source: See the population growth model below.

**Reason #7: Municipal government tax revenue could be eroded further**

Reason #1 discussed the impact on provincial fiscal sustainability from weak growth. The same would apply to municipal finances. There is little room now for the municipality to raise property tax rates but without organic growth in the tax base, it will be increasingly difficult to sustainably fund local public services and invest properly in municipal infrastructure.

# POPULATION GROWTH IN THE CBRM THROUGH 2040: THREE SCENARIOS

## THE LOOMING WORKFORCE SHORTAGE

As of 2020, Statistics Canada estimates there are approximately 18,500 people aged 0 to 19 living in the CBRM. This represents essentially the maximum number of persons currently living in the region who could join the workforce within the next 20 years. However, Statistics Canada also reports that only about 80% of those aged 20-35 are actually participating in the workforce so a more accurate estimate of the maximum local entrants to the workforce would be closer to 14,700.

Based on the 2020 workforce estimates for the region, it is likely around 22,000 people will leave the workforce over the next 20 years through retirements. As shown in Table 1, this leaves a potential workforce shortage of 7,300 before accounting for any migration activity or for any potential growth demand in the workforce.

**Table x: Potential workforce shortfall by 2040, closed labour market, CBRM**

Potential entrants	+14,700
Forecasted exits	<u>-22,000</u>
Shortfall	-7,300

## SUMMARIZING THREE POPULATION GROWTH SCENARIOS

The following table provides three different scenarios for population growth/decline over the next 20 years in CBRM. They are based on the assumptions detailed below. The assumption for both growth scenarios is that the incoming population would be predominantly working age. There is a scenario where the region attracts considerably more retirees, but that would do nothing to address future workforce needs.

It is important to point out the projections are based on the Census Agglomeration (CA) area population of 100,700 in 2020 which is slightly higher than the CBRM population of 96,000.

Scenario:	Projected outcome:	Implications:
1. Current trajectory	<ul style="list-style-type: none"> <li>Population forecast to decline from 100,700 in 2020 to 98,200 by 2040 (-3%).</li> <li>The workforce will decline from 48,900 to 41,800 by 2040 (-14%).</li> </ul>	<ul style="list-style-type: none"> <li>Any industry that is not required to physically be in the region is at risk of moving (manufacturing, transportation, etc.).</li> <li>This will weaken the local economy and tax base.</li> </ul>

Scenario:	Projected outcome:	Implications:
2. To maintain the current workforce size	<ul style="list-style-type: none"> <li>The population needs to grow to 113,100 by 2040 (+12%).</li> <li>The workforce stays at around 48,900.</li> </ul>	<ul style="list-style-type: none"> <li>Only maintaining the current size of the workforce over the next 20 years will likely lead to fewer workers for important export-focused industries.</li> <li>The region will need to attract at least 1,000 (net) more people on average per year to achieve this population growth.</li> <li>CBRM will need a population growth rate not seen since in many decades.</li> </ul>
3. To grow the workforce by 0.5 percent per year	<ul style="list-style-type: none"> <li>The population needs to grow to 125,600 by 2040 (+25%).</li> <li>The workforce grows to 53,800.</li> </ul>	<ul style="list-style-type: none"> <li>The population will need to grow by 24,800.</li> <li>The region will need to attract at least 1,600 (net) more people on average per year to achieve this population growth.</li> </ul>

## METHODOLOGY: FORECASTING POPULATION GROWTH

It is challenging to forecast population growth at the municipality or CMA/CA level. The change in population is impacted by several factors including natural population growth (births less deaths), net intraprovincial migration (to and from within the province), net interprovincial migration (to and from other provinces), immigration (from other countries) and emigration (people moving to other countries).

To develop the three population scenarios, a model was developed using the following parameters and methodology:

- **Baseline population and workforce data:** 2020 population and workforce levels estimated using Statistics Canada population and workforce tables.
- **Baseline labour market participation:** The labour market participation rate by five-year age cohort from Statistics Canada for 2019 considered to remain consistent through 2040. The participation rate is the share of the population active in the workforce. In the CBRM it ranges from 36 percent of those aged 15-19 to approximately 83 percent among those aged 25-49. It dips down to 61 percent among those aged 60-64 and 21 percent for those aged 65-69.
- **Baseline population growth forecast:** Statistics Canada prepares population growth forecasts at the provincial level through 2068 for a variety of scenarios. The 'high growth' scenario for Nova Scotia was used for the 2020-2040 period. However, it was adjusted to reflect the current population breakdown by age group and growth rate in the CBRM.
- For scenarios #2 and #3, the population growth scenarios, it was assumed that almost all net new population growth would be in age cohorts under the age of 45. The population over the age of 55 will grow strongly over the next 20 years, but from the existing population.

## SCENARIO 1: CURRENT POPULATION AND WORKFORCE TREND

Statistics Canada provides population growth forecasts through 2040, but only at the provincial level. Using the statistics agency's 'high growth' scenario for the province and adjusting it to align with trends in the CBRM provides an estimate of the baseline population forecast over the next 20 years assuming no significant change in the level of intraprovincial migration, interprovincial migration or immigration.

Based on this forecast, the population in the CBRM is expected to decline by only three percent between 2020 and 2040. However, the age distribution will change as the total population under the age of 70 is expected to decline over the 20-year period while the population over the age of 70 will increase significantly.

This will have a large impact on the workforce. Even though the overall population is only forecasted to decline by three percent, the number of people in the workforce will decline by 14 percent (or an estimated 7,100) over the 20-year period as more and more retire and there are not enough young people to take their place.

**Table 2: Baseline, current trajectory of the CBRM's population and workforce**

	<u>2020</u>	<u>2040</u>	<u>Cumulative percent change</u>	<u>Avg. annual percent change</u>	<u># change</u>
Population	100,700	98,200	-3%	-0.1%	-2,500
Workforce	48,900	41,800	-14%	-0.7%	-7,100

See Appendix A for sources and methodology.

### IMPLICATIONS OF SCENARIO #1

A steep decline in the CBRM workforce will impact industries that can 'move' before those that are less mobile. Mobile industries include most manufacturing, transportation and other related sectors.

The CBRM has 65 manufacturing firms<sup>6</sup> in a wide variety of sectors including wood products, transportation equipment and medical devices. If these firms cannot access a local workforce, they will be forced to look elsewhere.

There are also 93 firms in the transportation and warehousing sector and over 80 in the administrative services sector. Again, many of these firms could move to another jurisdiction (in the province or out of province) if workforce demand is not met.

In addition, personal and professional services, retail and entertainment could increasingly shift to other urban centres forcing residents to commute a long way for services. Finally, there would likely be fewer entrepreneurs to take advantage of business opportunities across the region.

<sup>6</sup> Firms with employment. Source: Statistics Canada business counts, June 2020.



## SCENARIO 2: POPULATION GROWTH TO MAINTAIN THE CURRENT WORKFORCE SIZE

Just to maintain the current workforce size, based on forecasted demographic trends, the CBRM would need to grow its population by 12,400 over the next 20 years or a cumulative growth rate of 12%. This would represent a significant growth rate; one the region has not seen since in a very long time.

**Table 3: Population growth to maintain the current workforce size**

	<u>2020</u>	<u>2040</u>	<u>Cumulative percent change</u>	<u>Avg. annual percent change</u>	<u># change</u>
Population	100,700	113,100	12%	0.6%	+12,400
Workforce	48,900	48,900	0%	0.0%	0

See Appendix A for sources and methodology.

### IMPLICATIONS OF SCENARIO #2

Maintaining the workforce at the current level over the next 20 years could lead to fewer workers for important export-focused industries. There is going to be an increasing need for workers in service sectors such as home care, ambulatory health care and other industries to service an older population in the region. If the workforce remains at 48,900 and a much larger share are providing local services, that will leave a smaller workforce for companies in natural resources, agriculture, manufacturing, transportation, and other export-focused sectors.

## SCENARIO 3: POPULATION GROWTH TO EXPAND THE WORKFORCE

The third scenario involves modest workforce growth in the CBRM of an average 0.5 percent per year. This only represents annual workforce growth of an average of approximately 250 (net) per year over the 20-year period (or 4,900 in total) but, again, because of the age distribution of the current workforce this would require significant growth in the younger population to provide the workers needed to make up for those retiring and to provide the 4,900 for net growth in the workforce. Overall, the population in the CBRM would have to grow by 24,800 over the 20-year period or an average annual growth rate of 1.2 percent (assuming all of the incremental growth is at the younger end of the age distribution) to ensure the workforce grows by 0.5 percent per year over the 20-year period.

**Table 4: Population growth required to expand the workforce**

	<u>2020</u>	<u>2040</u>	<u>Cumulative percent change</u>	<u>Avg. annual percent change</u>	<u># change</u>
Population	100,700	125,600	24.7%	1.2%	+24,800
Workforce	48,900	53,800	10.1%	0.50%	+4,900

See Appendix A for sources and methodology.

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## IMPLICATIONS OF SCENARIO #3

A growing pool of working age population in the CBRM would mean more potential entrepreneurs and the potential to grow emerging and new industries in tourism, agriculture, services and manufacturing.

### WHY FOCUS ON 2040?

The next two decades represent a critical period in the history of Nova Scotia. As detailed above, when the workforce stopped growing across the province, so did the economy<sup>7</sup>. It has clear that a significant demographic shift is underway and how the province responds to this challenge will dominate the public policy discussion in the province for many years.

The year 2040 will be a good year of reflection. If after 20 years we have addressed our demographic issues, grown new industries and made the shift to green energy, we will emerge as a stronger, more prosperous Nova Scotia. If we cannot, the next two decades will be a challenging time for the residents of the province as governments are forced to decide which schools to close, which health care services to consolidate or which roads and bridges cannot be serviced anymore.

We are not disconnected from what is happening elsewhere in Canada. Western Canada, particularly Alberta and Saskatchewan, will be dealing with the transition away from oil and gas production. Other provinces will face their own set of challenges. The ability of the federal government to provide even more funding to pay for public services in Nova Scotia will likely be diminished. All of this means now is the time for us to step up and take more control over our destiny.

### WHERE WILL THE NEW POPULATION COME FROM?

There is potential for people to move to the CBRM from elsewhere in the province or the rest of Canada. Many people would be attracted by the smaller urban centre and rural lifestyle with the borders of the municipality.

However, the growing workforce shortage has impacted the rest of the province and country and as a result there will be stiffer competition for people across the country who would like to live in a small urban centre/rural area.

Across Canada, since 2013, all net growth in the workforce has come from new immigrants. Among those born in Canada, the number in participating in the workforce in 2019 was 14.47 million almost the same as the 14.48 million in 2013. The number of landed immigrants participating in the workforce increased by over a million over the same timeframe (a 25 percent growth rate). If Nova Scotia had attracted its 'share' of these immigrant workers over the same period, the provincial workforce would have grown much faster than it did.

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<sup>7</sup> Real gross domestic product (GDP) growth.



Immigrants will need to be a main focus of any population growth plan for the region in the years ahead.

## TOWARDS A POPULATION GROWTH PLAN FOR THE CBRM

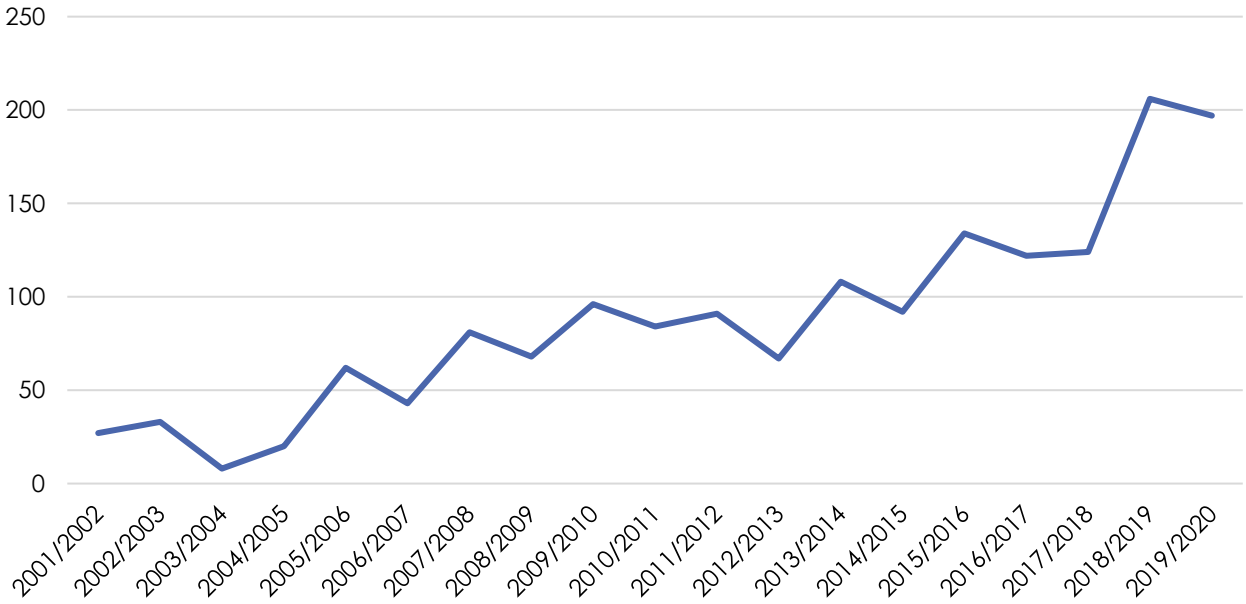
A population growth plan for the CBRM requires a number of components including:

### ATTRACTING POPULATION

The region has seen a modest uptick in the number of immigrants in the past few years, from an average of less than 100 per year in the early 2000s to 160 per year in the past five years. However, the immigration rate is only 20 per 10,000 population. In order to meet the modest population growth rate projected above (to maintain the current workforce size), the CBRM will likely need to attract immigrants at around 100 per 10,000 population per year or more in the near future and even at a faster rate of attraction if it is to grow the size of the workforce in the years ahead<sup>8</sup>. This means increasing the annual intake of immigrants from approximately 150 per year now to at least 1,100 per year.

The good news is that CBRM has seen an influx of non-permanent residents in recent years (annual average of 750 over the past five years). Many of these folks should be targets for permanent residency in the years ahead. In addition, Cape Breton University has dramatically increased its international student enrolment and many of them are working while in school. Combining CBU enrolments with a rising NSCC international student population should dramatically improve the talent pipeline moving forward.

Figure 5: Immigrants settling in the CBRM by year



<sup>8</sup> Not all immigrants will stay in the region, so the attraction rate will need to be higher than the net population growth required.

Source: Statistics Canada Table: 17-10-0140-01.

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In order to increase the immigrant attraction from 150 per year now to 1,100 per year or more, a deliberate focus is required. It will take cooperation between industry and government along with local community groups. An identification of specific jobs and labour market demand in the short term will help attract newcomers as well the identification of specific entrepreneurial opportunities.

In addition, the CBRM will need to work with the provincial government and other stakeholders on a specific immigrant attraction strategy. It is important to align immigrant attraction to specific jobs and entrepreneurial opportunities available in the community. Long term retention will be tied to attracting people who have the skills and interest in working the available jobs in the community.

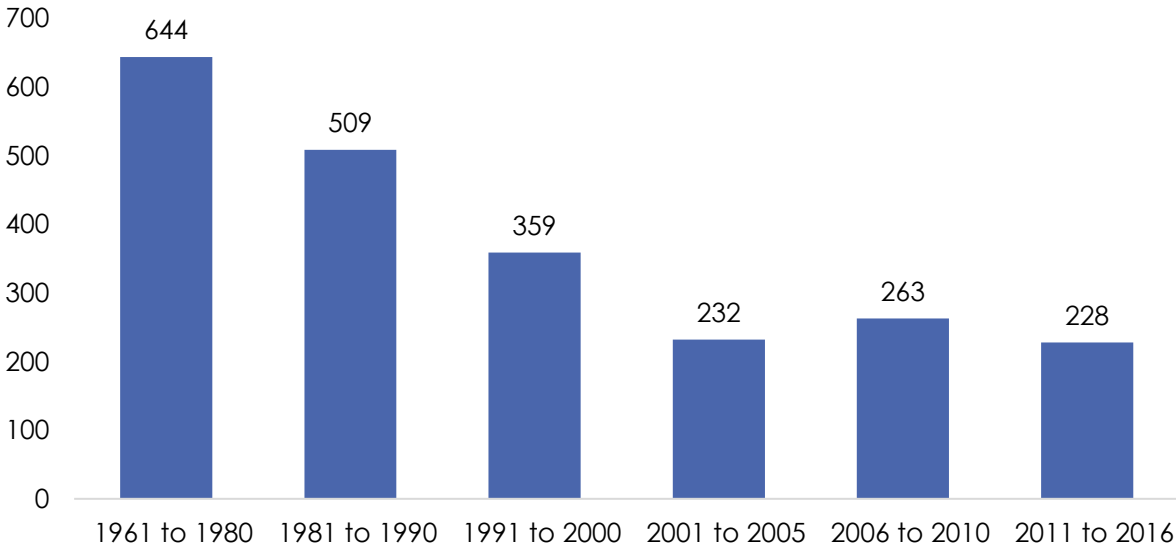
**ENSURING THERE IS ADEQUATE HOUSING**

This is emerging as a real challenge across CBRM and the province. The reality is that more people are retiring – they are not moving out of the region. Therefore, new population attraction will require more housing options in the CBRM. This new housing will need to be priced at a reasonable level as many of the available jobs are not high wage jobs. The standard of no more than 30 percent of household income going towards shelter costs should be the objective.

In addition, more rental housing options are important. Many newcomers prefer to rent rather than buy when they first settle in the community. This puts smaller communities at a disadvantage compared to larger urban centres, and it needs to be a focus.

To illustrate the extent of the challenge, the average annual number of new housing units built across the CBRM since 2001 has dropped more than half compared to the 1961-1990 timeframe. It is likely new housing construction will need to get back to at least the level seen in the 1970s and 1980s to accommodate new population growth.

**Figure 6: Average annual private dwellings built by year, CBRM**



Source: Statistics Canada 2016 Census.

## ENSURING THERE IS A FOCUSED EFFORT AT RETENTION

In the long run, the goal is to retain as many newcomers as possible in the community. This means integration into business and social networks, local schools, churches, sports and recreation organizations. Ultimately, newcomers that build these relationships and develop personal networks/friendships are far more likely to stay in the community long term. This can be facilitated by settlement agencies as well as a host of other organizations in the community.

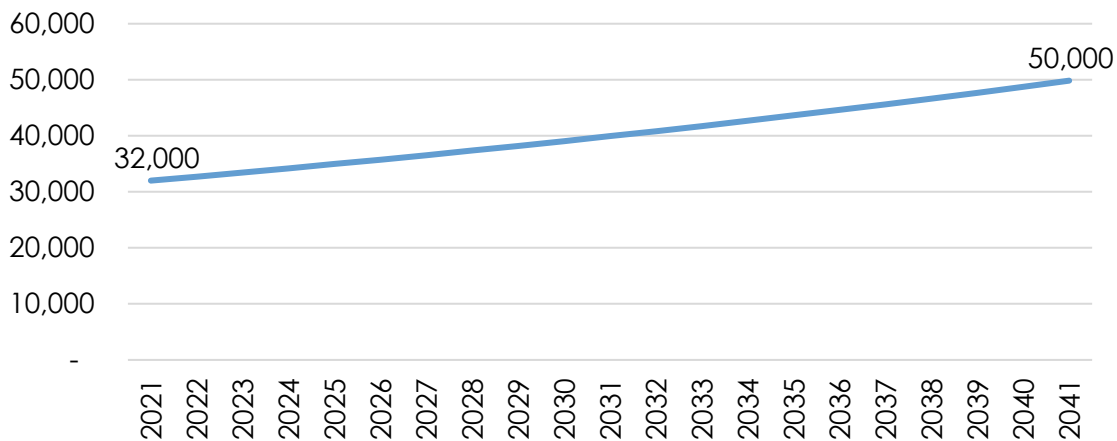
## CBRM: NOVA SCOTIA'S NEXT CENSUS METROPOLITAN AREA?

Urban centres in Canada are organized into Census Agglomeration areas (CA) Census Metropolitan Areas (CMAs). In most cases they include multiple municipalities and First Nations communities. In order to be a CMA, an urban centre needs a population centre (core) with 50,000 residents and an overall CA population of 100,000 or more.

Right now, the Sydney population centre only has approximately 32,000 residents and the municipality overall has a population of 101,000. In order to become a CMA, CBRM would need to increase the number of people living in the Sydney population centre by 18,000 or about 2.2 percent per year between 2021 and 2041.

If CBRM is to grow its population by 24,800 (as envisioned in population scenario #3 above, it would require 72 percent of this growth (18,000) to be in the Sydney population centre and the other 6,800 population growth could occur elsewhere in the municipality.

**Figure x: Sydney population centre growth required for CBRM to reach CMA status by 2041**



## CONCLUSION: HOW DO WE ANIMATE CBRM'S ECONOMIC DEVELOPMENT POTENTIAL?

This is an exciting time for Nova Scotia and for the CBRM. The coming years represent a great opportunity for communities across the province to reinvent themselves by developing new industries and attracting new population.

There are no fundamental reasons why the CBRM in 2040 could not have a larger and more vibrant economy with a growing population. The region is well positioned to prosper but it must address this fundamental issue of population growth and workforce sustainability.

After a decade of virtually no workforce growth in Nova Scotia (2005-2016), there has been strong growth since. Between 2016 and 2019 there were over 20,000 added to the provincial workforce<sup>9</sup>. Growth in the number of immigrants coupled with less outward migration within Canada was responsible for both population and workforce growth in recent years.

The province needs CBRM to grow in the years ahead to support a strong Nova Scotia economy.

Animating CBRM's growth potential will require a focus on boosting the talent pipeline/population growth, fostering more entrepreneurship and leveraging the community's important industries, economic assets and attributes into sustained economic growth.

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<sup>9</sup> The number dipped again in 2020 but as a result of the Covid-19 pandemic.

## APPENDIX A: CBRM'S SEASONAL WORKFORCE

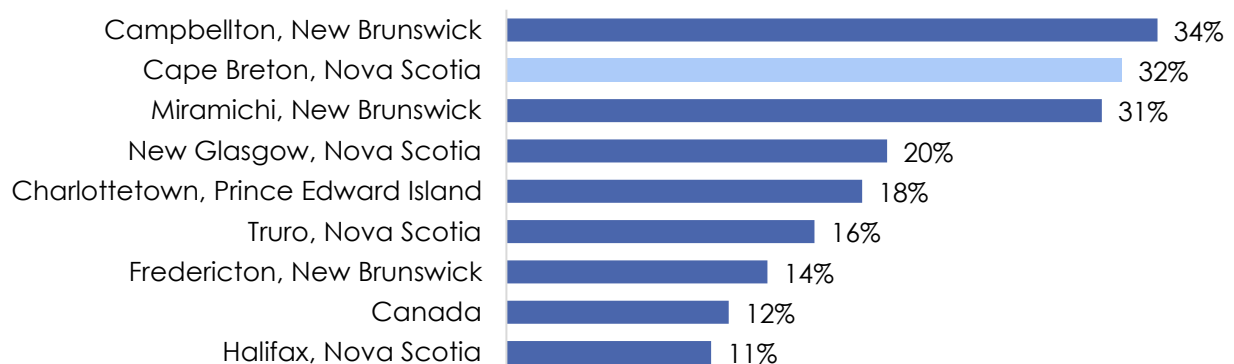
One of the complicating workforce characteristics in the CBRM is the large share that work in seasonal industries. Over 15,000 people earned Employment insurance (EI) income at some point during the year in 2019. While this data doesn't breakout those who are looking for a new job or those on maternity/paternity leave, it is likely in the range of 8,000 to 9,000 of these folks are working seasonally. As a share of the total workforce (i.e. those earning employment income during the year), almost one in three working in CBRM also collect EI at some point during the year, one of the highest rates among urban centres (CMA/CA) across Canada.

This is the main reason why CBRM's unemployment rate was the highest among the 64 urban centres for which Statistics Canada published labour force data in 2019. As defined by Statistics Canada, a person who works seasonally and is waiting for their job to start again is considered 'unemployed'. But most of these individuals are not unemployed in the sense they are actively looking for work. As a result, the nominal unemployment rate in CBRM of 13.2 percent in 2019 is likely overstating the unemployment situation in the community by a considerable margin.

It is impossible to determine the 'real' unemployment rate in CBRM (i.e. the share of the workforce that is actively looking for employment at any given time during the year) but it is vitally important for policy makers to understand this important nuance. If federal and provincial government officials see a 13 percent unemployment rate and decide to limit immigration or make other decisions because there are 'so many unemployed' in CBRM, that would be a strategic mistake.

This is not to suggest there are no persons in CBRM who struggle to stay in the workforce and are not seasonal workers. It is important to have the right training and support infrastructure in place to support those who genuinely want to join the workforce but who are struggling to do so. The point here is not to confuse those who are working seasonally with those who are actively looking for employment.

**Figure x: Share of workforce collecting EI income during the year, 2019**



Source: Statistics Canada Table: 11-10-0007-01.