CBRM FORWARD

Collaborative Community Planning

Economic Development Strategy

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1. Introduction

The Cape Breton Regional Municipality (CBRM) commissioned a detailed planning process led by Dillon Consulting Inc. to guide the community's progress over the next several decades. The planning framework includes an economic development strategy, a growth strategy, an overhaul of the municipal planning strategy, land use by-law and other enabling bylaws.

This document outlines the economic development strategy developed to create and leverage economic opportunity for the region.

This economic development strategy comes at a significant juncture for the CBRM. The COVID-19 pandemic has impacted all aspects of the local economy for over two years, disrupting business patterns, consumer demand and investment opportunities. Longer term demographic trends and shifts in the regional economy combine with the pandemic disruption to create an ideal time to rethink how the municipality and its partners position the community for future growth.

The economic development strategy provides the direction for future efforts to rebuild and reimagine CBRM's economy post-pandemic to support business, attract new investment and grow the workforce. It outlines the CBRM's economic development vision and will be an important part of CBRM's overall comprehensive planning strategy.

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2. CBRM and the Cape Breton Partnership

The Cape Breton Partnership (CBP) is the economic development agency for the CBRM and Cape Breton Island. The Partnership is funded and supported by both the public and private sectors and has a mandate to promote Cape Breton as a great place to live, work and invest, grow a culture that values and celebrates creativity, innovation and entrepreneurship, and connect entrepreneurs and companies to the resources they need to succeed.

As the operator of the CBRM Regional Enterprise Network (CBRM REN), the Partnership is the economic development arm of the CBRM and is the logical organization to implement the actions outlined in this new economic development strategy through the provision of its business support services and special projects. Also of note, the Province of Nova Scotia supports the REN model and is a significant contributor to the overall budget.

While the Partnership can implement much of the CBRM Economic Development Strategy, it is important to acknowledge that the leadership, oversight and accountability for CBRM's economic development rests with the municipality and the Council.

3. CBRM and Cape Breton: Economic and demographic context in 2022

Image: https://capebretonpartnership.com/ren/

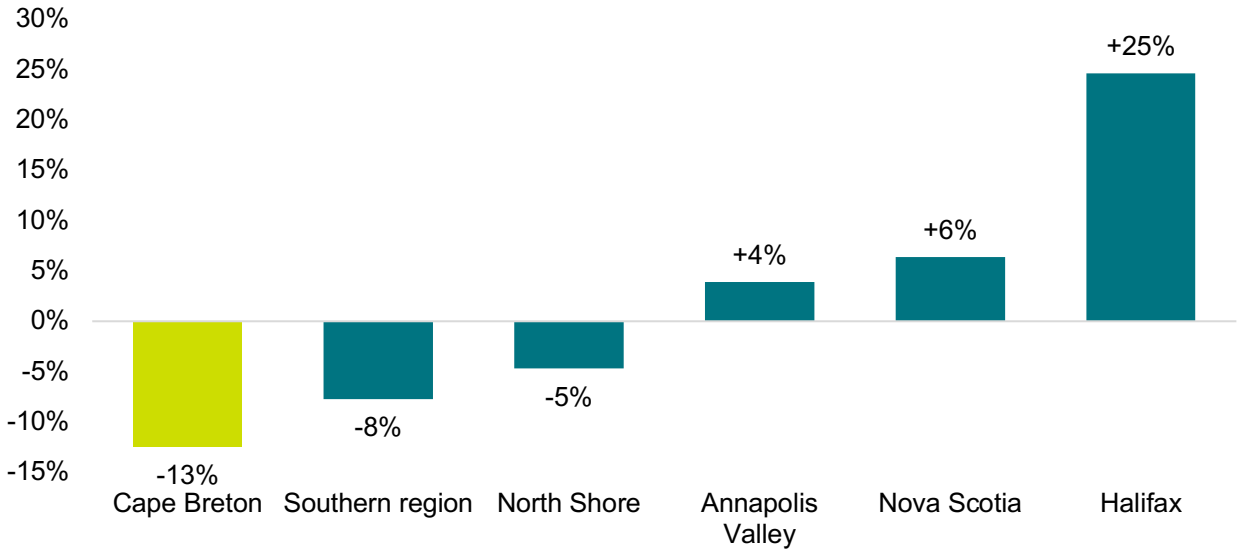
The CBRM is located in the eastern part of Cape Breton Island. It is one of the largest municipalities in Atlantic Canada by population size and the second largest in Nova Scotia by a wide margin.

With a population of 93,694 (2021 Census), the CBRM is 3.7 times larger than the next closest municipality in Nova Scotia, the Municipal District of Lunenburg (pop. 25,500). CBRM covers 2,400 square kilometres, making it the second largest municipality in the province by land mass after Halifax at 5,500 sq. kms. The CBRM has a concentration of population, ample space for industrial, commercial and residential expansion and many other assets and attributes that contribute to its economic potential.

The CBRM has experienced significant economic upheaval over the last 20 to 30 years. Once commonly called Industrial Cape Breton due to its reputation as an energy and manufacturing powerhouse, the CBRM now has one of the lowest concentrations of mining and manufacturing employment among urban centres across the country. Of the nearly 1,000 people working in mining and living in the CBRM at the time of the 2016 Census, it is likely most of these individuals were commuters working in the oil and gas sector in Alberta. Unlike many other municipalities across Canada, the CBRM has not seen as rapid a transformation into new industries to replace the old industrial base.

These economic and demographic challenges are not restricted to the CBRM. Cape Breton Island has underperformed compared to the rest of the country for the past two decades. Among the 70+ economic regions across Canada, Cape Breton had the second steepest population decline between 2001 and 2021 (a decline of 13%). Only the South Coast-Burn Peninsula region of Newfoundland and Labrador had greater population decline.

Figure 1: 20-year population change by economic region, 2001-2021



Source: Statistics Canada Table 17-10-0137-01.

The declining and aging population trend has exacerbated the economic and demographic challenges across the Island. Cape Breton is now among the oldest regions in Canada as measured by the share of the population aged 65 and older (~30%). Over the next decade, thousands more will reach the age of 65 and most will retire from the workforce. There are not nearly enough young people to replace them in the workforce.

The CBRM Forward Economic Development Strategy is not focused on the past. It is focused on the future. Among the dozens of people consulted in the development of this strategy, there was a broad consensus that now is the time to act. The tightening labour market is starting to impact employers from the largest organizations to small local firms. Residents and business owners alike clearly understand the challenges.

At the same time there is a lot of optimism among the population. The recent success of Cape Breton University as a conduit for newcomers demonstrates that CBRM can compete for residents and win. The growing cluster of bio-based startup firms associated with the Verschuren Centre also proves that the municipality can compete with other jurisdictions across North America for investment and win. In recent months, national media has featured stories of people moving to Cape Breton and entrepreneurs coming to the municipality to join the bio-economy startup cluster.

There is much work to be done to ensure a positive economic future for the CBRM building on these positive trends. As an example, the CBRM needs to be positioned as an urban hub for the Cape Breton Island population. Many of the individuals who participated in the stakeholder engagement recounted examples of residents who routinely drive south to the Halifax Airport even when a flight from the airport in the CBRM would be cheaper (with all costs considered) and faster.

Other stakeholders talked about the thousands of tourists who visit the Island every year without visiting the Island's urban centre. They also shared examples of the many cruise ship passengers who are picked up and shuttled out of CBRM to engage in tourism opportunities elsewhere on the Island. Residents and visitors from Port Hawkesbury to Chéticamp should be naturally inclined to come to CBRM for services, recreation, entertainment, shopping and other activities.

There are other industries that hold potential. From energy and ocean industries, to tourism, the CBRM is well positioned to develop these opportunities if the various partners come together with a shared vision and work together to achieve results.

The CBRM needs to be focused on population growth. The old excuse of 'high unemployment' as a reason not to focus on attracting population must be challenged. According to Statistics Canada, there were over 2,000 job vacancies in the fourth quarter of 2021, nearly double the level in the fourth quarter of 2019, pre-pandemic. The relatively high unemployment rates in the CBRM and across the island are in large part due to the high concentration of seasonal industries. Many of the workers classified as unemployed are not available for work outside of their seasonal job. The community will need to attract thousands of new workers to meet demand in the years ahead.

To most effectively pursue opportunities and address the barriers identified in this strategy, the CBRM needs to retain and grow the strong team of economic development professionals in the CBRM REN. A properly resourced REN can grow to become engaged with the dozens of other government and non-government organizations that make up the economic development ecosystem in the community. Success will not come if these organizations work in silos. Success will come when there is collaboration and a shared sense of mission and accountability for results.

4. Creating the CBRM Economic Development Strategy

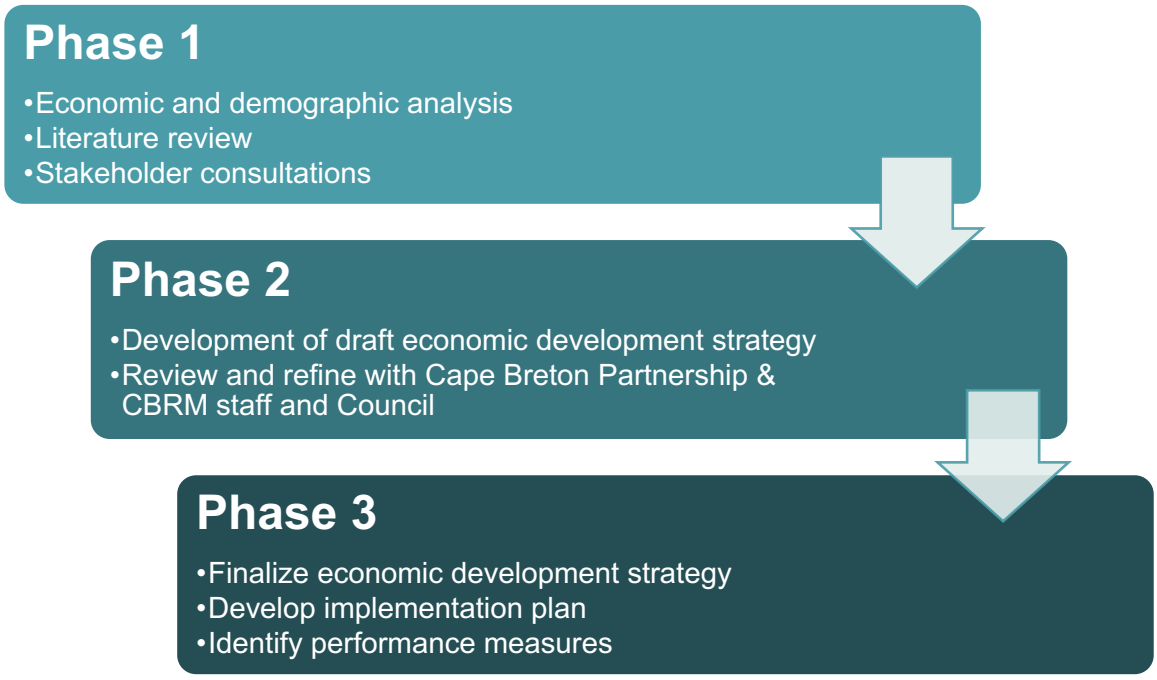
The strategic planning process for the Economic Development Strategy consisted of three phases.

Phase 1 included a detail economic and demographic analysis, industry composition and trends. The analysis also included a review of previous economic development reports, strategic plans, sector analysis, related strategies and reports.

Community business leaders, residents, CBRM Council, Cape Breton Partnership Board and other key stakeholders provided their insights into the development of the plan through focus groups, individual interviews and an online survey. Phase 1 culminated with the establishment of a Phase 1 Report (included in Appendix A) which detailed the results of the economic and demographic analysis, literature review and stakeholder consultations. It provided the context for further consultation with CBRM senior staff and Council on the region's strategic priorities.

This document is the result of **Phase 2** of the strategic planning process. It details the economic development vision and mission for the CBRM. It includes the goals, objectives and strategic actions that will move the CBRM toward its vision and fulfill its mission. The strategy will be further refined **based on the feedback of the Cape Breton Partnership, CBRM staff and Council.**

In Phase 3 the economic development strategy will be supplemented with the implementation plan including short, medium and longer-term actions and key performance measures.



5. Strategic Priorities

Strategic priorities are those issues and opportunities must be addressed for a successful future in the CBRM. These strategic priorities were developed based on the detailed economic and demographic analysis, literature review and stakeholder consultation in Phase 1 of the strategic planning process, and further refined through consultation with the CBRM staff and Council.

	Economic development capacity	• Human & financial resources • Municipal support • Planning policies • Balancing local and regional needs
	Leveraging local strengths	• Post-secondary education • Tourism assets • Marine assets • Culture • Entrepreneurship • Cape Breton's urban hub
	Population growth	• Attracting and retaining residents • Workforce development
	Strategic partnerships	• Province • First nations • Post-secondary education • Cruise companies
	Regional projects	• Port • Downtown/waterfront • Transportation hub • Energy projects

The following section provides some context for these strategic priorities.

Economic Development Capacity

Municipalities must have sufficient financial and human resources to effectively engage in economic development either internally or through a contacted organization[1]. CBRM must ensure that it is "investment ready" which means having shovel-ready land and buildings, relevant data, processes and people in place to support new and expanded investment.

A review of economic development funding in small and medium sized municipalities across Atlantic Canada provides context for the CBRM's investment in economic development. This review resulted in the following funding norms:

> **Share of Municipal Budget allocated to economic development:**
> 0.4% to 1% of total budget
>
> **Spending per capita:** $5 to $20 per capita

Using these ranges and based on the CBRM's 2021-22 operating budget of $157 million, the annual municipal economic development budget would range between $628,000 and $1.57 million.

Based on CBRM's population of 93,694[2], if it was investing in economic development at a similar level of other regional municipalities, the budget allocation would be between $468,470 and $1.87 million.

Most other municipal/regional economic development agencies across Nova Scotia and Atlantic Canada leverage municipal funding with provincial, federal and, in many cases such as the Cape Breton Partnership, provide sector funding. This amplifies the municipal government investment and shows the commitment of other levels of government and the private sector to the long-term economic development of the community.

For further clarification, the budget ranges represent the operational expenses for economic development staff and programming. They do not include major capital or infrastructure costs that may be needed to support the economic development activities. Typically, this does not include municipal spending on tourism attraction, specific land or infrastructure development such as ports or airports.

These budget estimates are based on typical economic development activities including:

- Investment attraction
- Business retention and expansion
- Resident attraction
- Marketing and communication
- Research and information management
- Business development
- Workforce development
- Sector development
- Community revitalization
- Planning and infrastructure[3]

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[1] The CBRM currently has an agreement for the provision of economic development services through the CBRM Regional Enterprise Network (CBRM REN).

[2] Statistics Canada, 2021 Census

[3] For economic development projects

Municipal economic development is highly competitive, and it is critical that CBRM Council and staff understand the impact of their decisions and practices in supporting, attracting, and retaining investment.

Council and municipal staff should receive regular updates on economic trends, emerging opportunities, and best practices to continually refine the CBRM's capacity and skill in supporting new investment. The CBRM comprehensive planning review is expected to identify planning practices, policies, and actions to support the municipality's economic aspirations.

As an amalgamated municipality, the CBRM is made up of a number of communities, one larger urban centre (Sydney) and multiple smaller communities. It will be important to encourage economic opportunities throughout the CBRM and support the vitality and prosperity of the small urban and rural areas within the region. It is also important to leverage the opportunities only available through CBRM's urban core in Sydney. Council and staff must balance the needs of the many smaller communities in the region while still addressing the opportunities and challenges in the urban core.

Leveraging local strengths

The CBRM has a number of key strengths that could be further leveraged to further contribute to its economic growth.

The potential of Cape Breton University (CBU) and the Nova Scotia Community College (NSCC) to support economic prosperity in CBRM cannot be overstated. The two post-secondary education institutions are a source of new graduates for the local workforce and part-time employees prior to graduation. The large numbers of international students have the potential to bolster the population and take advantage of entrepreneurship opportunities, if they can be encouraged to remain in CBRM after graduation. The institutions contribute to the local economy through their local purchases, research and development activities and as major employers. The influx of students also adds to the CBRM's vitality as they live, work and shop in the community.

Cape Breton Island is renowned for its beauty and has been recognized as a top destination with awards by authorities such as Condé Nest and Travel + Leisure. Sydney is the home of a major cruise ship port and yet many of the excursions and tourist visits are outside the CBRM. The CBRM should explore the opportunities to build the tourist offerings and reasons to stay and spend time within the community.

As an ocean side community, CBRM is next door to a natural resource that provides opportunities in tourism and recreation, transportation, aquaculture, manufacturing, bio-technologies and the public sector. The CBRM should explore the potential for increased economic activity in the marine sector.

The unique culture and entrepreneurial businesses in CBRM's arts sector are widely recognized. At the same time the share of entrepreneurs in the CBRM is low compared to other jurisdictions. The

CBRM needs to foster these culturally aligned entrepreneurs and ensure they have the tools and supports needed to grow.

The neighbouring First Nations communities and the region's Celtic culture are unique assets that should be celebrated as they contribute to the economic development, tourism and quality of life of the region.

As the second largest municipality in Nova Scotia after Halifax, the CBRM needs to reinforce its role as the urban hub for Cape Breton and its position in the minds of consumers and industries. The CBRM is home to an international airport, cruise port, and ferry terminal. Ultimately it should be seen as the logical hub for travel in and out of the region. It should be the island's northern destination for urban amenities and services and an alternative to Halifax, 400 kilometres by vehicle to the south.

Population Growth

The CBRM's population has been declining since 2010. As a result, the workforce in the CBRM is relatively old compared to its peer municipalities. As of 2021, there were an estimated 3,500 people in the workforce over the age of 55, representing 30 percent of the total workforce. At the current rate, there are not sufficient young people to take their place when they leave the workforce.

Without a sufficient workforce, existing businesses will limit their capacity to operate, and new businesses will be dissuaded from investing in the CBRM. A declining population and relatively high per capita infrastructure costs will increase the tax burden on local residents and limit the municipality's ability to invest in its future. The Province of Nova Scotia has established bold goals for resident attraction and as the second largest municipality in the province, CBRM has an opportunity to build on the provincial efforts and must ensure that it is a key partner in the provincial plans for growth.

Strategic Partnerships

Enhancing the relationship with the Province of Nova Scotia was a common theme during the strategic planning stakeholder engagement. The stakeholders agreed the CBRM would benefit from a stronger and more supportive relationship with the province. In order to get the support its needs and desires, the CBRM must be prepared to clearly state what it wants from the province, along with the rationale for its requests and the associated benefits to the province.

There are two First Nations communities adjacent to CBRM: Membertou and Eskasoni, both of which have witnessed strong population growth in recent years. The two communities are home to 80 employer businesses and another 59 non-employer businesses and in the range of 2,000 total employees.

The CBRM has prepared a foundation for increased cooperation and collaboration with the Eskasoni and Membertou First Nations through the choice to have the Cape Breton Partnership operate the CBRM REN just as it operates the CB REN to ensure maximum island-wide collaboration. It will be important for CBRM to continue collaborating with Memberetou and Eskasoni to pursue the vision of a more prosperous community and region. The CBRM must continue to explore opportunities to collaborate with its First Nations neighbours on areas of mutual benefit, such as continuous collaboration in the Cape Breton - Unamma'ki Economic and Population Growth Plan, currently in draft form.

Cape Breton is a popular tourist destination and a major cruise port on the Atlantic Coast. The CBRM has the potential to work with key tourism partners such as Destination Cape Breton (DCB), the official destination marketing and management organization for Cape Breton Island-Unama'ki, cruise operators and other tourism stakeholders to expand the tourism offerings and grow the tourism sector in the CBRM.

Regional Projects

Large regional projects can be an important source of investment, jobs and tax revenues for government. There have been a number of large investment projects in recent years in the public sector including the Cape Breton Regional Hospital Care Centre expansion, North Sydney health-care redevelopment, Nova Scotia Community College Marconi Campus, New Waterford health care and community hub redevelopment and the Glace Bay hospital expansion. Not only are these investments a direct source of economic activity, they also position the region for economic and population growth.

There are also several regional projects proposed for the CBRM which, if realized, could become major economic drivers. They include the potential new container terminal, renewed interest in mining and mineral opportunities, growth in transportation and logistics including re-establishment of rail service, expansion of air passenger and cargo opportunities, green energy projects and other projects that could be important catalysts for a significant amount of new investment and jobs. The First Nations communities are also working on projects with potentially significant economic impact.

It is important for the CBRM to clearly define its role in support of these projects. It should be a champion for projects that align with the economic development strategy and the vision of a more prosperous and growing municipality.

6. Industries of Focus

As determined through the research and stakeholder consultations for this strategic planning process, there are a number of industries that show potential for future growth in the region. The Cape Breton Partnership and its partners should focus efforts on these industries as they have the potential to be important drivers of investment, job creation and tax revenue in the CBRM.

For each of these industries, there should be a focus on strengthening the value proposition for investment. This focus will include considering the entrepreneurship opportunities, targeted workforce development efforts, aligning research and development (R&D) investments and investment attraction efforts. The CBRM should compile profiles of the firms in the sector (direct and supply chain) and develop specific performance measures to track its success in its efforts to attract investment and grow these industries.

Urban hub

There are 152 urban centres across Canada (Census Metropolitan and Census Agglomeration areas). Employment in many typical urban services industries in the CBRM is below the national average.

Using Location Quotient (LQ)[4] analysis, the CBRM ranks 140th out of 152 communities for employment in the finance and insurance sector. The municipality ranks 138th for banking employment and 133rd for insurance services employment[5]. Employment in the professional services sector in CBRM is ranked at 130th. There are 58% fewer people employed in this sector compared to the country overall.

Image: Downtown Sydney

The sectors in the CBRM with higher concentrations of employment are business support services (2nd out of 152), retail trade (48th) and arts, entertainment and recreation (46th).

The CBRM should be positioned as an urban hub and especially as a hub for professional services, personal services, entertainment, recreation, and transportation. To show the potential magnitude, the CBRM would need to add some 5,000 positions to its service sector workforce to reach the average employment levels for non-public sector services in urban centres across the country. Service industries will also grow as the overall population in CBRM expands in the coming years.

Another important opportunity is to strengthen the CBRM's role as a hub for retail shopping. The Cape Breton Partnership has been working on this opportunity for several years, including identifying specific gaps in the retail sector. A 2021 study provided a thorough review of the CBRM's current retail inventory centred on the Sydney urban core and the retail trade areas and other retail nodes in the CBRM including Sydney River, North Sydney, Sydney Mines, Glace Bay, New Waterford, and Louisbourg.

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[4] Location Quotient (LQ) analysis indicates the concentration of employment in specific industries relative to the country overall. An LQ of greater than 1.00 means a higher concentration of employment and an LQ of less than 1.00 means a lower concentration.

[5] This analysis is based on the 2016 Census from Statistics Canada.

As an example, the CBP has developed a retail investment attraction promotional document provides the case for investment in Downtown Sydney with specific opportunities in specialty groceries, bakery and apparel businesses.

As the CBRM strengthens its retail shopping capacity and its promotion as a retail shopping hub, more and more residents of the Island as well as tourists who in the past might have turned south to Halifax, will turn north and east to the CBRM.

Tourism

The tourism industry is already an important part of the CBRM economy. The municipality has above average employment in both accommodations (LQ=1.30) and restaurants (LQ=1.13) indicating the importance of the tourism sector to the economy. There are relatively more people employed in arts, entertainment, and recreation. Stakeholders interviewed for the development of this report discussed many new opportunities from leveraging the cruise ship industry to ensuring the CBRM is a destination for as many Cape Breton tourists as possible.

Source: Destination Cape Breton.

Destination Cape Breton is the lead agency for developing new tourism opportunities across the island. It will be important, however; for the CBRM and all related stakeholders to work together to rebuild the tourism sector following the pandemic and reposition the region as a top national and international tourist destination. The Rise Again tourism strategy includes 33 specific actions that identify the CBRM or CBP as the lead or supporting partner in its implementation. With sufficient support, the tourism sector in the CBRM has the potential to expand by several thousand jobs over the 10-20 years.

Bio-economy

The bio-economy is expected to be one of the fastest growing sectors of the Canadian economy for many years to come. There are emerging bio-related clusters in Halifax, Charlottetown and other communities in Atlantic Canada. The CBRM has the foundational elements and the potential to develop opportunities in this sector.

Glace Bay Image: Source Google maps images

Central to the bio-economy opportunity is the Verschuren Centre for Sustainability in Energy and the Environment. The Centre has become a leading Atlantic Canada incubator and

accelerator for new ideas and entrepreneurs in the bio-economy space. The Centre's areas of specialty include industrial and agriculture bioprocessing, carbon and polymer materials, thermal energy transitioning and storage and climate mitigation in aquaculture.

The CBRM should focus on encouraging bio-economy startup companies to stay and grow their businesses in the CBRM. Attracting research and development investment and talent will be key. The CBRM should work with the Verschuren Centre and other partners, to develop action plans to further grow the cluster.

Post-secondary education (PSE)

The CBRM is emerging as a hub for post-secondary education. Cape Breton University (CBU) has attracted more international students than any other university in Canada, as a share of total enrollment. CBU students are helping to meet workforce demand while in school and many are staying after to advance their careers in the community.

NSCC Campus Exterior, Source: NSCC

The Nova Scotia Community College (NSCC) has made a major investment in building a new downtown campus location that is scheduled to open in the Fall of 2024. This will have a significant impact on the growth of the College in the region and provide much needed economic opportunity in the downtown core.

These two workforce development catalysts are the foundation of a PSE sector that is growing its economic impact in CBRM. Every 1,000 students boost spending in the area by an estimated $25-$30 million and support approximately 250 full time equivalent jobs.

The PSE sector provides two main benefits: as a driver of economic activity; and as a provider of talent for the workforce (during and after graduation). PSE is also a very important partner in the incubation of new entrepreneurs, the attraction of research and development funds to be spent in the region along with many other benefits.
There are several key issues that need to be addressed including:

- Ensuring there is adequate housing for post-secondary students.
- Working with the PSE institutions to align enrolment in courses with demand in the workforce (as much as possible).
- Aligning efforts to attract entrepreneurs and high-quality personnel (HQPs).
- Ensuring local settlement services support the international student community (and spouses/children).
- Addressing students' transit needs.

Natural resources/ocean industries

Image: capebretonpartnership.com

The Cape Breton Island economy is heavily reliant on natural resources. There are more than 110 crop and/or animal production farms across the four counties and over 40 food and beverage manufacturing firms. There are over 30 forestry and logging firms and another 14 wood products manufacturers. The fishing sector is the largest on the Island with nearly 1,200 different companies in the fishing sector (many small, incorporated fishing companies reporting at least $30,000 in revenue on their CRA tax forms). Supporting the independent fishing operations are 14 different seafood production factories many with 100 employees or more. Aquaculture is emerging as a new potential sector in the region. There is also some potential for offshore energy projects.

The CBRM should be positioned to be a services centre for the natural resources and ocean industry across the Island.

Canada's Ocean's Supercluster is based in Halifax along with important infrastructure such as the COVE incubator. The CBRM will need a detailed strategy to leverage the proximity to these services and activity and further develop the resulting opportunities in the CBRM.

The CBRM's history in mineral production presents the potential to supply the required manufacturing input for steel, electric vehicles and other technologies.

Energy

Two of the three electricity production facilities on Cape Breton Island are in CBRM. There are approximately 300 workers in the two plants, not including supply chain and other related employment. These plants have been mandated by the provincial government to close by 2030. The municipality needs to ensure the energy sector remains an important driver of economic activity in the years ahead. The CBRM will need to determine what the new opportunities, particularly in green energy production including wind, offshore/onshore, solar and hydrogen production, and ensure the community is poised to get its share of new public investment in energy infrastructure.

7. Vision and Mission

The vision statement is the future economic state that the CBRM is working towards. The mission statement is a description of what the CBRM and its partners do to support economic development and why.

Vision: The CBRM is a hub of economic opportunity and prosperity.

Mission: Together, we are building community, growing economic opportunity, and fostering an environment where business and residents thrive.

8. Goals and Objectives

The five strategic priorities developed above become the goals that describe the end state that the CBRM wants to achieve. Objectives are the desired outcome as a result of the end state. The CBRM's economic vision and mission will be achieved through the coordination and integration of the five interconnected goals, objectives and related actions that are detailed in the following pages.

		Goal	Objective
	1	**Economic Development Capacity**	Ensure the CBRM has the necessary tools, processes, and resources to attract and retain investment
	2	**Leveraging local economic strengths**	Grow the economic potential of the CBRM's strategic advantages Foster opportunities in tourism, marine development, culture, entrepreneurship, post-secondary education, and as Cape Breton's urban hub
	3	**Economic opportunity through population growth**	Address workforce development needs, grow the local consumer base and ensure a sustainable tax base
	4	**Strategic partnerships**	Collaborate on areas of mutual benefit to maximize impact and return
	5	**Optimizing regional projects**	Support and maximize the economic return to the local economy for regional projects

9. Strategic Actions

	1	**Economic Development Capacity**	Ensure CBRM has the necessary tools, processes, and resources to attract and retain investment

Ensuring that the CBRM is “investment ready” is fundamental to the economic development strategy. There is significant competition for investment from other communities in the province, country and around the globe. If business investors do not find what they need in the CBRM they will go elsewhere and invest in other communities that can address their fundamental needs.

At its core investment readiness means having land and buildings where businesses can establish and grow. Ideally, the land and building inventory will be diverse, with a strong core of privately held land for development complemented by CBRM owned land in strategic locations.

The CBRM needs to ensure it is investing in its economic development staff and resources so that it can support business investment. As developed above, an investment of 0.4% to 1% of the total municipal budget indexed for inflation would position the economic development budget in line with comparable municipal investment in economic development.

Investment readiness also requires modern land use regulations with consistent building and development processes and clear criteria for purchase and development which increase investment confidence in the CBRM by local and soon-to-be-local investors. CBRM Forward is an example of an integrative and mutually supportive land-use planning and economic development strategy.

Marketing and communications are also important considerations. Prospective investors and existing businesses need to know the CBRM has resources to support their needs and that CBRM Council, staff and residents will welcome and support their operations.

CBRM’s economic development marketing should be focused on digital communications. Economic development information for prospective investors, residents and others seeking information on the community should be easy to find on the CBRM website with prominent links to the comprehensive information on the CBP website.

The CBP website, and microsites such as “Welcome to Cape Breton” should also be cross promoted by City Hall and by all economic development partners. The Chamber of Commerce, Downtown Sydney, CBU, NSCC and many other organizations should develop a coordinated plan to promote these sites to prospective visitors, residents, students, entrepreneurs, and investors. A Google search on “move to Nova Scotia” should result in a link to “Welcome to Cape Breton”.

The same approach should apply to social media. Every day the organizations in the CBRM economic development ecosystem are posting on Facebook, Twitter, Instagram, TikTok, LinkedIn and other social media. CBRM’s economic development partners should be encouraged to promote the great stories of visiting, living, studying, and doing business in the CBRM through their social media channels.

Investment readiness includes having the designated points of contact with sufficient knowledge and ability to respond to economic development and business-related inquiries. It includes having the planning principles and processes in place with reasonable timeframes, straightforward approvals processes and predictability in timing and cost. The CBRM planning staff and Cape Breton Partnership should conduct an initial review and update of planning policies. In subsequent years the CBRM should monitor client feedback and provide an annual summary to Council to inform future program refinements. The CBRM should strive to become one of the most investment friendly municipalities in Canada.

Investment readiness also includes regular engagement with the business community to understand the challenges and opportunities they are facing. It also requires the connection with the appropriate stakeholders to get things done.

The CBRM must inform prospective investors and existing businesses of Cape Breton Partnership's role in providing economic development services on its behalf through its website and other municipal communications. The long-term nature of economic development strategies also requires a long-term commitment to the CBP through the CBRM REN agreement to attract the human resources and develop longer-term programs and actions that are only possible through a multi-year commitment, preferably for a minimum of three years. Financial support from CBRM should be tied to specific performance metrics.

Actions:

1.1 Establish a 'no wrong door' approach where all prospective investors and existing businesses are directed to the Cape Breton Partnership. This includes City Hall, the Chamber of Commerce and all other partner organizations.

1.2 Establish a minimum three-year agreement with the Cape Breton Partnership to deliver economic development services on behalf of the CBRM.

1.3 Seek opportunities to access additional funding to augment economic development investment.

1.4 Expand the CBRM website to address existing businesses, prospective investors and provide links to the Cape Breton Partnership corporate website, people attraction and investment attraction microsites and job board.

1.5 Ensure the Cape Breton Partnership website provides links to the CBRM website for specific municipal information (e.g., build permit processes, tender and RFPs, etc.).

1.6 Increase the investment in economic development budget and resources to implement the economic development strategy.

1.7 Maintain and regularly update the data needed to facilitate investment decisions (economic and demographic, business activity, labour force, taxation, retail market analysis, capitalization rate report, etc.).

1.8 Compile and promote an inventory of available sites and buildings for new business investment and expansion.

1.9 Consider the potential to sell surplus land and acquire additional strategic properties for future development opportunities.

1.10 Update, augment and promote ENtrepreneurCB.com as the primary directory of funding and business resources for CBRM businesses.

1.11 Provide economic development training and resources for relevant municipal planning staff.

1.12 Conduct a review of planning processes and communications to streamline development approval processes.
1.13 Survey all commercial and industrial clients on the approvals process compiled in an annual report to Council that identifies areas for process improvements.
1.14 Establish a business visitation (BR&E) program to proactively identify and address businesses challenges and opportunities.
1.15 Continue and expand existing marketing programs to create awareness and attract investment to the CBRM.
1.16 Provide regular updates to CBRM Council on economic development trends, activities and metrics.
1.17 Ensure the CBRM Official Plan and Bylaws reflect best practices in economic development.
1.18 Support workforce development initiatives aligned with attracting high quality personnel (HQPs) and entrepreneurs.

	2	**Leveraging local economic strengths**	Grow the economic potential of CBRM's strategic advantages in tourism, marine development, culture, entrepreneurship, post-secondary education and regional urban hub

A big part of the economic development strategy involves allocating resources to leverage local economic strengths and opportunities. Working with partners, the CBRM and CBP should build upon the community's identified strengths by developing the urban hub, expanding post-secondary education enrolment and impact, fostering more entrepreneurship and developing key sectors of the economy.

The CBRM is identified as a key partner and supporter in several sector-based strategies. The Municipality should ensure that it is contributing to and leveraging the collaborative efforts of organizations that are also working to increase the economic potential of these key sectors.

Actions:

Tourism

2.1 Continue to support the tourism sector to attract new tourism investment, foster entrepreneurship, and address workforce development.
2.2 Support the implementation of the Cape Breton Island Destination Development Strategy, Rise Again 2030 and the 33 action areas identified for municipalities and the CBP.
2.3 Invest in tourism product development to expand the appeal and impact of tourism experiences in the CBRM.

Urban Hub

2.4 Build the CBRM's role as an urban hub by identifying local service gaps and developing an investment attraction plan for firms and entrepreneurs to fill the gaps.
2.5 Develop a shop local campaign to encourage Islanders and others in northern Nova Scotia to shop locally for retail and commercial services, air transportation and entertainment.
2.6 Support major infrastructure projects in CBRM's urban core leveraging the local population density.

Entrepreneurship

2.7 Identify and promote the organizations that foster entrepreneurship in the region and ensure CBRM residents and businesses have access to a full suite of entrepreneurial programs.

2.8 Provide annual updates on the state of entrepreneurship and the efforts to grow the share of small businesses in the CBRM.

2.9 Ensure young people are exposed to entrepreneurship as a potential career path in collaboration with economic development partners.

Post-Secondary Education (PSE)

2.10 Ensure there is adequate housing for PSE students.

2.11 Support PSE institutions efforts to align enrolment in courses with demand in the workforce.

2.12 Support workforce development efforts to retain local PSE graduates.

2.13 Ensure local settlement services are available to assist the international student community (and spouses/children).

2.14 Support PSE experiential learning and graduate recruitment programs with local employers.

Bio-economy and Marine Industries

2.15 Compile a detailed inventory of the businesses and organizations actively engaged in the bio-economy cluster.

2.16 Work with the Verschuren Centre and other partners to develop a plan to build and grow the bio-economy cluster.

2.17 Prepare a detailed strategy to develop the potential of its marine/ocean industries including aquaculture, offshore energy, value-added fisheries products, and services, etc.

2.18 Enhance local business linkages with the oceans industries development organizations in Halifax.

Arts and Culture

2.19 Continue to foster a vibrant and thriving arts and cultural economy through tourism development, promotion and entrepreneurship development.

2.20 Continue to implement the CBRM Creative Economy Growth Plan and the Island Wide Culture Sector Strategy and invest in the creative economy.

2.21 Promote the CBRM's arts and culture assets as part of CBRM's tourism and population attraction promotion.

	3	**Economic opportunity through population growth**	Address workforce development needs, grow the local consumer base and ensure a sustainable tax base

The CBRM has a compelling case for people to move to the region. The municipality must ensure that it can respond to a growing interest by Canadians and immigrants interested in the lifestyle offered in the CBRM. The municipal website is currently focused on local residents and does not appear to provide links to the Partnership's Live in Cape Breton website and marketing materials.

Population growth in CBRM will provide multiple benefits. It will ensure that local businesses and industries can meet workforce demand. It will boost the economy through increased household spending, and it will ensure a larger talent pipeline into the future. The CBRM needs to attract significantly more young people and families to ensure it has enough workers to address both replacement and growth workforce demand.

Actions

3.1 Consult with local businesses on local workforce development needs in collaboration with local and provincial workforce development organizations.
3.2 Develop a population retention and attraction plan to attract the workers and residents needed to support the local economy.
3.3 Build on the CBRM's tourist appeal by encouraging visitors to consider moving to the CBRM.
3.4 Promote CBRM as a desirable destination for migrants from elsewhere in the province and country and immigrants.
3.5 Leverage the Live in Cape Breton marketing campaign and connect the CBRM and Live in Cape Breton websites.
3.6 Assess the existing housing supply and project demand in Housing Strategy for Nova Scotia[6], CBRM Forward policies, to identify, align, and promote areas for private sector investment.
3.7 Use growth scenarios and growth projections in CBRM's Growth Management Strategy to establish an ambitious housing development plan.

	4	**Strategic partnerships**	Collaborate on areas of mutual benefit to maximize impact and return

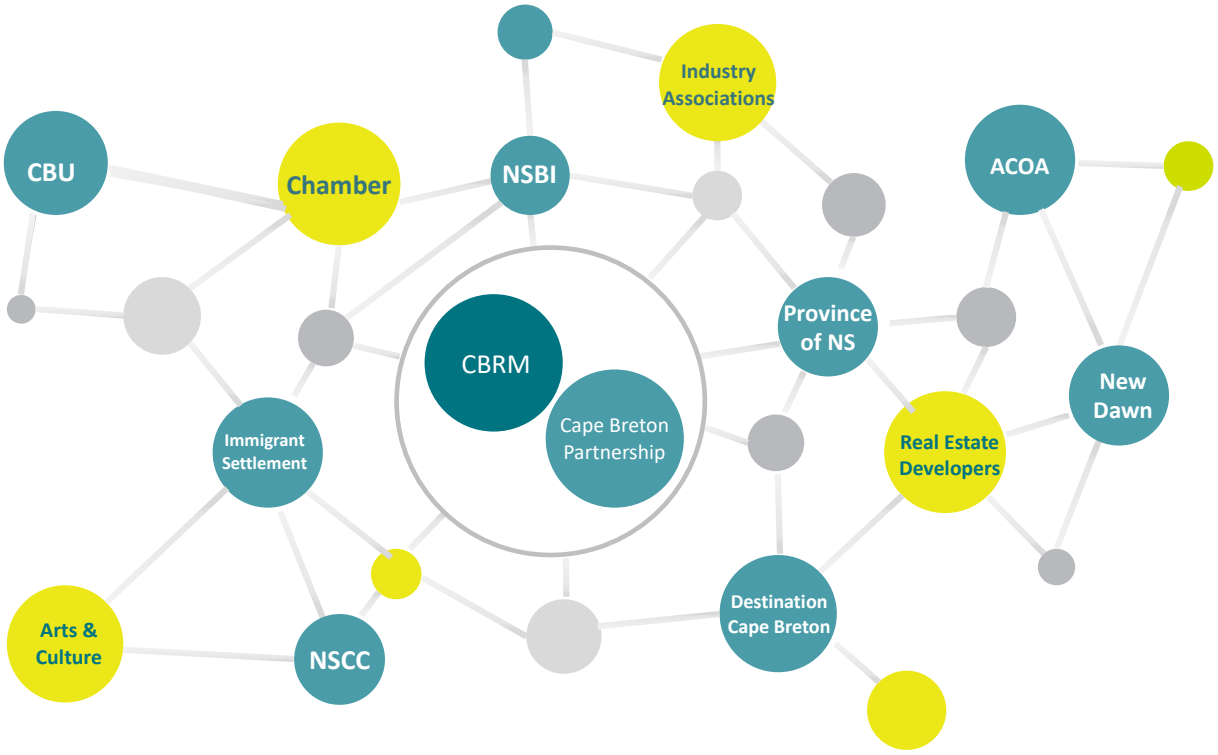
The CBRM does not and should not pursue development in isolation. It will continue to rely on and benefit from relationships with many significant partners with aligned visions and missions. Key among these partnerships is the Government of Nova Scotia, which develops policies and provides programs that have the potential to provide significant benefit to the CBRM.

Also key to the CBRM's development is the Cape Breton Partnership. This regional economic network has a long-standing relationship providing economic development services on behalf of the CBRM. The provincial government is reviewing its approach to regional development across Nova Scotia. While there are certainly areas for improvement, leaders in the CBRM should impress upon the provincial government the importance of locally led economic development building on provincial and even national economic development efforts.

It is important to acknowledge and build upon the significant support the province provides to the current model with core funding for the CB REN shared between CBRM and the province. This partnership provides the funding and resources necessary to support the many economic development partnerships and programs that are already underway.

[6] https://housing.novascotia.ca/sites/default/files/NS_Housing_Action_Plan_2019.pdf

Figure 1: CBRM's Economic Development Network



The CBRM should also consider its role in CBRM's economic development network. Economic development is much broader than providing the staff and budget for an economic development department. Municipal Council and staff should consider every decision through an economic development filter. Decisions on taxes, regulation, land use, public spending, and others should be assessed for the positive or negative impact they may have on the CBRM's aspiration to build a stronger economic and larger population.

A strong regional and provincial economy will also provide positive benefit to the CBRM. The draft Unama'ki Economic and Population Growth Plan provides the rationale and opportunities for greater collaboration across the region. The CBRM could also benefit from collaboration on Island-wide sector specific initiatives and regional investments that will build economic opportunity and population growth in the CBRM.

There are numerous agencies and organizations that contribute to CBRM's economic prosperity, and they should be engaged and encouraged to collaborate on shared economic development goals.

Actions:

4.1 Identify key provincial initiatives where CBRM can benefit for greater collaboration.
4.2 Engage and inform key provincial stakeholders of all CBRM economic development initiatives with focus on those with the potential for provincial collaboration.
4.3 Host an annual economic development forum to explore opportunities for greater collaboration with local, regional and provincial economic development stakeholders.

4.4 Explore opportunities to share resources with Eskasoni and Membertou First Nations for entrepreneurship development and other economic development programming.
4.5 Explore opportunities to create additional tourism offerings, experiences and excursions in consultation with private sector and industry groups, Destination Cape Breton and other tourism stakeholders.
4.6 Ensure CBRM planning policies and efforts are aligned and support the economic development strategy.

	5	**Optimizing regional projects**	Support and maximize the economic return to the local economy for larger, regional projects

There are a number of private and public-sector opportunities currently underway that could help drive economic growth in the coming years. Proposed projects such as the container port project, rail infrastructure, new energy projects and downtown/waterfront development also have the potential to create economic opportunities for the CBRM and beyond. Even those projects located in proximity to the CBRM have the potential to positively impact CBRM's existing business base and help attract additional investment and population growth.

Actions:

5.1 Support the development of larger regional projects through economic impact analyses, inputs to the business case, etc.
5.2 Advocate for the regional projects with other levels of government and other stakeholders.
5.3 Identify opportunities for local businesses to benefit from the large projects.
5.4 Work with post-secondary education providers to address workforce needs.
5.5 Provide support to large projects not only in CBRM but across Cape Breton.

5 Next Steps

This Economic Development Strategy is the culmination of detailed economic and demographic analysis, comprehensive stakeholder engagement and thoughtful consideration of the economic opportunities and aspirations for the region. It outlines the CBRM's plans to move the economy forward after a period of great change for the municipality, its businesses, and residents.

The Economic Development Strategy outlines five broad goals that will position the CBRM as a hub of economic opportunity and prosperity by building economic development capacity, leveraging local economic strengths, growing the population, establishing strategic partnerships, and making the most of regional projects.

This is a bold, ambitious strategy that will require investments of time, energy, and financial resources to fulfill. The CBRM will also need to ensure that the planning principles and frameworks under development under the CBRM Forward mandate are aligned to create an environment that encourages and facilitates new investment and population growth.

The final phase of the Economic Development Strategy is the implementation plan. Upon approval of the strategy, the consulting team will outline the recommended timeline, partners and priorities for the actions detailed in this strategy. The implementation plan will also include the metrics and performance measures that will assist the CBRM in tracking its movement towards its established goals and report its progress to CBRM Council, the business community, prospective investors and the people that live and work in the community.

CBRM Collaborative Community Planning

FORWARD

Economic Development Phase One Findings and Issues Report

November 2021

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1. Introduction

Supported by the Dillon Consulting team, the Cape Breton Regional Municipality (CBRM) is going through a detailed planning process that will result in a new framework to guide the community's development over the next 20-30 years. In addition to developing the planning framework and enabling by-laws, this framework will include an economic development plan. The economic development plan will include an aspirational vision for the future and develop related goals and objectives and measures of success.

In Phase 1 Findings and Issues, the consulting team went through a broad-based research program that included analysis of economic and demographic trends, interviews with key stakeholders, focus groups with industries and an online survey to capture input from the general public and business leaders as to the future direction of the community.

This report provides a summary of the Phase 1 research. It will provide support to the development of the economic development framework for CBRM in Phase 2.

This report was prepared by:

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David Campbell, MBA, Jupia Consultants Inc.

2. Strategic Planning Process

The strategic planning process for the economic development plan has three phases. Phase 1 involved a thorough review of the region's economy, its population demographics and any related trends. It also included a review of a wide range of related documents including previous economic development plans, projects, sector growth strategies, etc. Phase 1 also involved stakeholder consultations including four focus groups, over two dozen key stakeholder interviews and an online survey. The consulting team also engaged the Cape Breton Partnership Board of Directors for insight.

Phase 2 is the writing of the draft economic development strategy. The draft strategy will include a vision for the economic development of the community. What does CBRM aspire to be in 2026? In 2036 and beyond? In support of this process, the consulting team wrote a document entitled *CBRM: The Growth Imperative* which makes the case the community is currently at an inflection point. Because of demographic trends, CBRM will require a significant boost in population starting now and continuing into the future or else the community risks a steep decline in economic output.

In addition to the vision, Phase 2 will include a series of proposed objectives that will help the community work towards the vision including the role of key economic assets, municipal policies and the role of the Cape Breton Partnership as overseer and implementer of the economic development strategy. The draft economic development strategy will also include a summary of industries and sectoral opportunities that should be pursued in order to effectively work towards the vision.

Also in Phase 2, the consulting team will engage with the key economic development partners in the region including the CBP and municipal council to refine the focus of the strategy.

Phase 3 will involve finalizing the economic development strategy and a summary implementation plan with short, medium and longer term actions.

Phase 1	• Economic and demographic research • Literature review • Stakeholder consultations
Phase 2	• Development of draft economic development strategy • Review and refine with CBRM Regional Enterprise Network Board, Council, etc.
Phase 3	• Project completion • Finalize economic development strategy • Develop implementation plan

3. Document Review

An important part of the strategy development process is the review of all relevant reports and studies done in recent years to support economic development in the community. With input from the CBP and other partners, the consulting team reviewed more than two dozen studies including:

1. CBRM Viability Study (2019)
2. CBRM Integrated Community Sustainability Plan (2010)
3. CBRM Municipal Planning Strategy (2020)
4. Cape Breton – Unama'ki Economic & Population Growth Plan Draft Preliminary Research (2019-20)
5. CBRM Land-Use By-law (2021)
6. CBRM Land-Use By-law Maps
7. North End Planning Strategy (2020)
8. North End Land Use By-law (2020)
9. Subdivision By-law (2020)
10. Downtown Sydney Urban Core Plan (2017)
11. Sydney Harbourfront Conceptual Vision & Design (2014)
12. Glace Bay & Area Revitalization Plan
13. Louisbourg Tourism Visitor Experience Enhancement Strategy (2020)
14. CBRM Retail Market Analysis (2021)
15. Cape Breton Housing Strategy for Seasonal Workers (2020)
16. CBRM Recreation Master Plan (2017)
17. CBRM Active Transportation Plan (2019)
18. CBRM Municipal Climate Change Action Plan (2014)
19. Tax Incentives to promote downtown revitalization and economic development (2018)
20. Seasonal Industry Housing Study (2020)
21. Cape Breton Mountain Bike Tourism Action Plan (2020)
22. Barriers to Indigenous Female Entrepreneurs in Cape Breton - Unama'ki (2019)
23. CBRM Development Support Program (2018)
24. Turner Drake CAP report (2020)
25. One Nova Scotia Dashboard (Accessed 2021)

These reports and background documents provide good insight into the economic conditions in the region, current focus areas for the community, key sector opportunities and other insight. The review of these documents will help inform the economic development strategy.

4. Stakeholder Engagement

Engaging external community leaders and stakeholders is an important part of the development of an economic development strategy. These leaders provide insight into trends, sectors, previous efforts/what has worked/not worked, etc. A summary of key themes is developed in this section.

Stakeholder Interviews

Individual interviews were scheduled with major employers, business associations and community development stakeholders. A total of 26 individuals were interviewed throughout the months of June and August 2021.

Interviewee:	Representing:
Joe Cashin	Atlantic Canada Opportunities Agency
Eileen Crosby	Bras d'Or Lake Biosphere
David Dingwall	Cape Breton University
Darryl Gallant	Marine Atlantic
Angela Houston	Province of Nova Scotia
Tony Kennedy	CME Limited
Eric Leviton-Reid	New Dawn Enterprises
Roy MacDonald	Province of Nova Scotia
Brett MacDougall	Nova Scotia Health Authority
Mike MacKinnon	JA Douglas McCurdy Sydney Airport
Ursula Melski	Nova Scotia Power
Tim Menk	Arc of the East Coast of Cape Breton
Greg Morrison	Mayflower Mall
Alex Paul	Mi'kmaw Economic Benefits Office
Bob Pelley	Innovacorp
Brian Purchase	Schwartz Furniture
Lauri Ravanello	Atlantic Canada Opportunities Agency
Todd Riley	The Sydney Call Centre Inc.
Dave Sawlor	Undercurrent Youth Centre
Erika Shea	New Dawn Enterprises
Terry Smith	Destination Cape Breton Association
Darcy Truen	Public Services and Procurement Canada
Marlene Usher	Port of Sydney
Brian Webb	Develop Nova Scotia
Shaowei (Sean) Xu	SW East International Trading and Consulting
Kathleen Yurcheson	Cape Breton Regional Chamber of Commerce
Craig Boudreau	J Francis Investments
Albert Barbusci	Nova Porte
Dawson Brisco	Morien Resources Corp.

These discussions were conducted with the understanding that the comments would not be identifiable to any one person to encourage candid input. Key themes from the discussions, are listed below:

Population

CBRM's population is declining, the population is dispersed across a large area, and the municipality is a significant distance from larger urban centres, limiting the local potential for retail and service businesses.

The small population base means that a small number of people bear the costs of the municipal infrastructure and operations.

The population is older, and youth outmigration is impacting the demographic makeup of the community. At the same time Cape Breton University is attracting large numbers of international students and community stakeholders are optimistic about the potential to retain many of these students after they graduate.

Infrastructure

Senior levels of government have initiated significant investment in CBRM that has created initial employment and has the potential for long-lasting economic benefits for the municipality. At the same time many expressed concern about the need for a rail line in CBRM and the ongoing debate and failure to secure additional investment in the Port operations.

Municipal Policies and Taxation

CBRM's commercial tax rates were described as some of the highest in the province. Businesses said CBRM's development approvals process was unclear, confusing, and difficult to navigate. There is a perception that municipal policies are not applied equally or consistently. Others complained about the lack of customer service by staff.

Some individuals expressed concern that Council does not have a clear vision for the municipality. Some were skeptical of Council's commitment to implement the plan once completed.

Local Politics

CBRM was amalgamated in 1995. The interviewees reported that despite the passing of 25 years, residents still feel disconnected to the CBRM. They said that collaboration between the CBRM, employers and community development organizations is limited. Several suggested that parochial thinking is a barrier to greater collaboration to address common opportunities and issues. Efforts to provide equal levels of service or investment throughout the CBRM limit the ability to provide some programs that are better suited to one community within the CBRM.

The stakeholders believe that the CBRM is not adequately recognized as the second largest population centre in Nova Scotia and that the municipality lacks the political clout and resources to advocate for change.

Institutions

Cape Breton University is universally recognized as a key economic driver for CBRM, as an employer, researcher, contributor to the talent pipeline and source of new residents post-graduation (especially the international students). The new Nova Scotia Community College campus in downtown Sydney is recognized with similar enthusiasm.

The hospital and related health care services are big employers that provide careers at a range of education and wage levels.

Building on Opportunities

CBRM has a vibrant arts and culture industry and a strong entrepreneurial history, which could be further leveraged in the future. Innovacorp was frequently referenced as an important resource to grow this sector of the economy.

The wide-open spaces and available commercial/ industrial space mean that there is room for businesses to grow. Lease and purchase rates provide developers with a lower cost of entry. New businesses also do not face saturated business sectors.

Tourism is widely recognized as a key strength and opportunity for greater effort. The stakeholders said they would like to build upon the large number of cruising tourists. They would also like the coastal trails within CBRM to enjoy similar recognition to the popularity and awareness of the Cabot Trail.

CBRM has many other locational advantages: its stunning natural beauty, the numerous sandy beaches and coastal waterfronts with lots of wide-open spaces. It also offers residents lower housing costs relative to more urbanized areas and an exceptional quality of life for individuals seeking to escape more crowded urban centres.

Ocean-based opportunities beyond tourism include the working waterfronts, the port and its potential expansion, fisheries and ocean farming.

There is a real opportunity to learn from and collaborate with the First Nations on a range of economic development and tourism initiatives.

Social Issues

There are generational poverty and addiction issues in CBRM that limit individual and collective potential. There are real disparities in the opportunities and challenges in the outlying communities in CBRM (although Sydney also has some challenges). The interviewees believe that residents of some parts of CBRM have become resigned to their current situations.

Community Survey

An online survey of residents, businesses and community stakeholders was conducted between April and May 2021, to solicit their opinions, insights and priorities for creating economic opportunity and prosperity in CBRM. There were 168 responses of which 75% were residents of CBRM and the remainder were business owners.

Business Insights

The businesses participating in the survey included representatives from professional services, not for profit organizations, retail and construction. The largest share of business respondents (40%) had been in operation for more than 10 years. Most of the businesses were smaller with between 1 and 5 employees (39%) or sole proprietorships (27%).

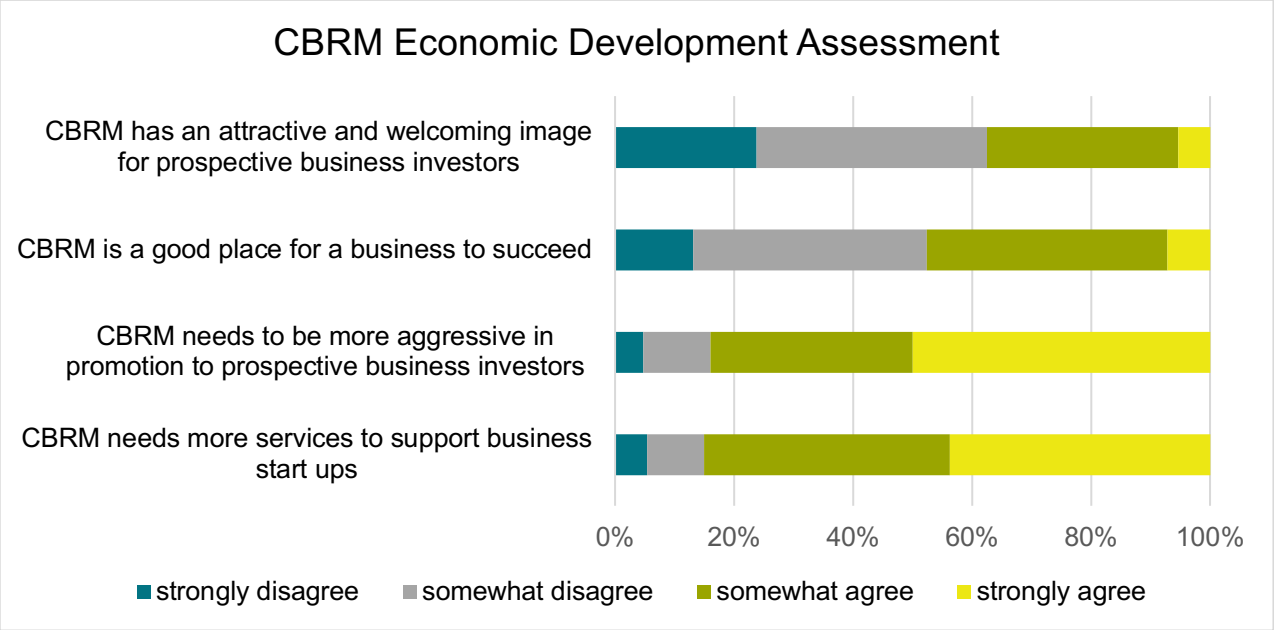
Most businesses reported that COVID-19 has a significantly negative or slightly negative impact on their business (39% and 29% respectively). The businesses are somewhat optimistic or very optimistic about the future of their business post-COVID-19 however at 46% and 24% respectively.

CBRM's Economic Development Conditions

All respondents were asked to provide their assessment of CBRM's economic conditions and future directions. The respondents' assessment of CBRM as a good place for business to succeed was mixed; with 47% saying they somewhat agree or strongly agree and 52% saying they somewhat disagree or strongly disagree. When asked if CBRM has an attractive and welcoming image for prospective business investors, 61% somewhat disagree or strongly disagree and 37% somewhat agree or strongly disagree.

The vast majority agree or strongly agree that CBRM needs to be more aggressive in promotion to business investors. A similarly strong number agree that CBRM needs more services to support business start-ups.

Figure 1: Assessment of economic development in the CBRM



N=168

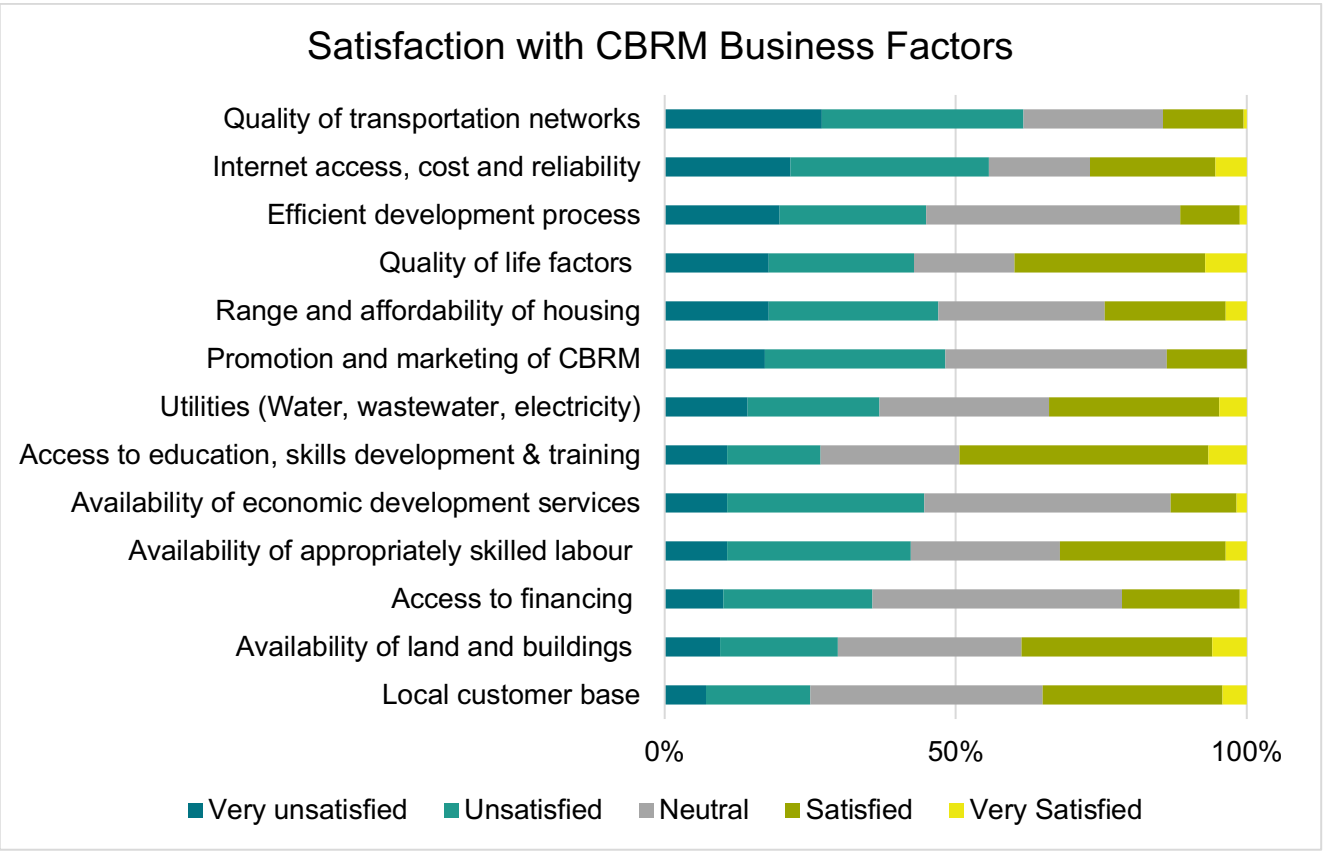
The respondents were asked to rate their satisfaction with a range of business factors related to economic development and attracting, retaining, and expanding economic vitality. The majority were either unsatisfied or very unsatisfied with the quality of transportation networks in CBRM. Internet access, costs and reliability received similarly low rankings.

Approximately 45% of respondents were unsatisfied or very unsatisfied with the efficiency of CBRM's development process for expansion approvals and new development. Just less than half of the respondents were unsatisfied or very unsatisfied with the range and affordability of housing and the promotion and marketing of CBRM to new companies and investors. The range and affordability of housing was another area of concern (47% unsatisfied or very unsatisfied). The respondents did not appear to be familiar with the economic development services in the CBRM with just under half indicating they were not satisfied with the availability of these services (45% unsatisfied or very unsatisfied).

The respondents provided CBRM's quality of life including shopping and restaurants, schools, parks and recreation with mixed reviews, with 53% indicating they were satisfied or very satisfied and 43% indicating that were unsatisfied or very unsatisfied. Other business factors receiving mixed reviews from the respondents included water, wastewater and electricity utilities (27% dissatisfied or very dissatisfied and 34% satisfied or very satisfied), availability of appropriately skilled labour (42% satisfied or very unsatisfied, 26% neutral and 32% satisfied or very satisfied) and access to financing (36% unsatisfied or very unsatisfied, 43% neutral and 21% satisfied).

The factors receiving the most satisfactory ratings included access to quality education, skills development and training (43% satisfied or very satisfied), availability of land and buildings (39% satisfied or very satisfied) and local customer base (35% satisfied or very satisfied and 40% neutral).

Figure 2: Assessment with Business Factors in the CBRM



N=168

Competitive Advantages

The respondents were asked to comment on the advantages of doing business in CBRM compared to other locations in Atlantic Canada. The most common theme was the local support and loyal customer base in CBRM. CBRM was also described as an affordable location to operate a business and to live. The quality of life was referenced as a factor in attracting investment and residents. The respondents recognized that businesses in CBRM face less competition than in other jurisdictions. The municipality's location and its waterfront were recognized as distinct advantages for CBRM. The

quality of the workforce and Cape Breton University's contribution to the workforce, including the number of international students was noted as an advantage in CBRM.

Table 1: Competitive advantages

Competitive Advantages Themes	Mentions
Local customers, local support	30
Affordable	16
Quality of Life	15
Less competition	12
Location	11
Workforce/ university	9

N=130

Competitive Disadvantages

The respondents also commented on the disadvantages of doing business in CBRM. The most common concern was the high rate of commercial and residential taxes. Others noted CBRM's distance from other urban centres and the related higher transportation costs. CBRM's low and dispersed population limits the market for local businesses. The respondents also commented that the age of the population is also a factor in finding appropriate workers.

A number of respondents commented on cumbersome and confusing municipal policies as a limit to CBRM's economic activity. They also noted that the smaller population base and distance from a larger market base has resulted in higher input and utilities costs.

Table 2: Competitive disadvantages

Competitive Disadvantages Themes	Mentions
Taxes	35
Transportation costs, distance to other urban centres	31
Population (low #, aging)	16
Municipal policies	15
High costs (goods, services & utilities)	11

N=130

Opportunities to support CBRM's economy

The respondents were asked to provide their thoughts on what was needed to create a strong, sustainable and vibrant economy in CBRM. There were a wide range of ideas which have been summarized in the following table. The most popular opportunities revolved around people attraction related to workforce development. Many linked the workforce development to the need for affordable housing, immigration and the repatriation of individuals who had moved away from the area. There were also a variety of recommendations related to attracting new businesses and working with existing businesses. Some recommendations were industry specific, with specific references to providing incentives or other supports for agriculture, ocean-based industry and manufacturing. Tourism was identified as a key area of opportunity by a number of respondents. The respondents referred to the potential to support small businesses and the connection to CBRM's industry strengths.

Many respondents connected health care and community amenities to resident attraction and retention including training students for careers in in-demand positions and providing amenities that would appeal to working families. They also noted the connection between infrastructure investment and private sector investment with specific references to roads and broadband.

Many respondents saw an opportunity to bolster downtown businesses and economic activity with specific references to NSCC's Marconi campus. The container port was referenced by many of the respondents as a clear opportunity for expanding the CBRM's economy. Other areas of opportunity included reducing taxes, a review and change in municipal policies and investment or improvements in transportation networks.

Table 3: Economic development opportunities

Opportunities	Mentions
People attraction/ workforce development	32
Investment attraction & retention, industry specific programming	31
Health care & community amenities	15
Education (all levels)	14
Small business support entrepreneurship	10
Tourism	10
Infrastructure	9
Downtown development	9
Container port	8
Taxes	8
Municipal policies	7
Transportation	6

N=136

What about green/renewable energy?

There is potential for Cape Breton and CBRM to benefit from the transition of the economy from fossil fuel-based to green/renewable energy. This was not a theme that emerged from the survey but was mentioned by multiple stakeholders in the consultation process. The potential opportunities ranged from more renewable energy such as wind and solar to green hydrogen.

Businesses needed in the CBRM

The respondents were also asked what types of businesses are needed in CBRM. The following table shows the most popular responses including a range of retail operations, entertainment/ recreation, tourism-related, manufacturing and trades, IT, shipping/warehousing/logistics and big box type operations.

Table 4: Businesses needed in the CBRM

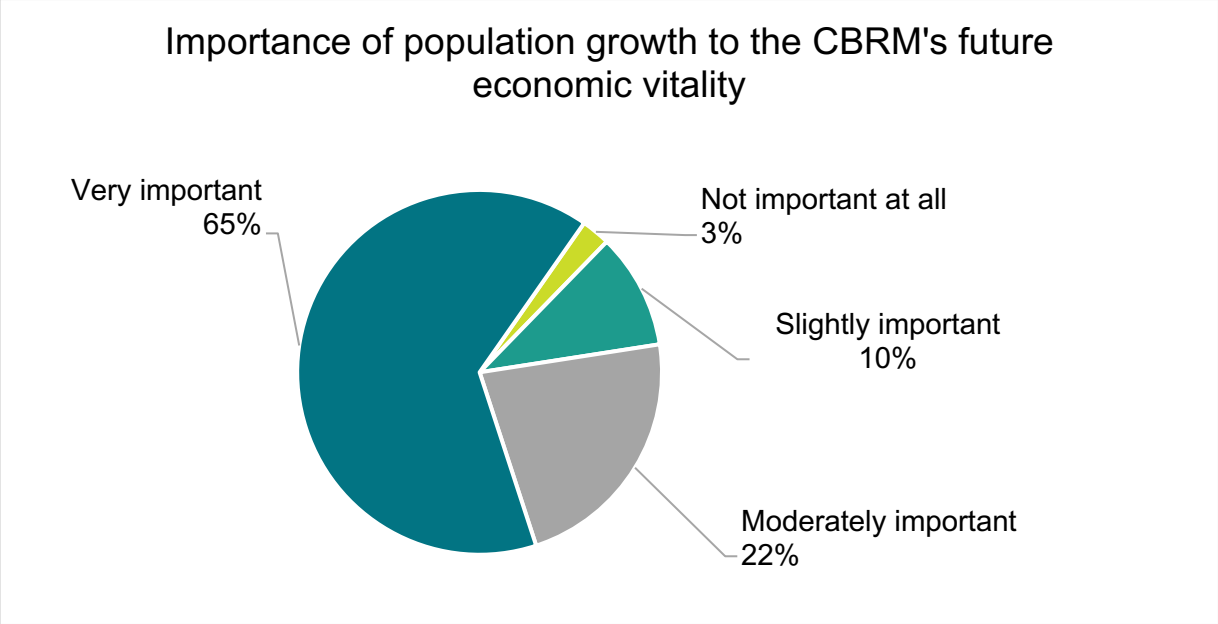
Businesses needed in the CBRM	Mentions
Retail	21
Entertainment/ recreation	14
Tourism-related	15
Manufacturing	17
IT	11
Shipping, logistics, warehousing	7
Big box stores	7

N= 134

Population Growth

Most respondents (65%) believe that population growth is very important to CBRM's future economic vitality. Another 22% of respondents believe that it is moderately important. Just 13% indicated that population growth was slightly or not at all important.

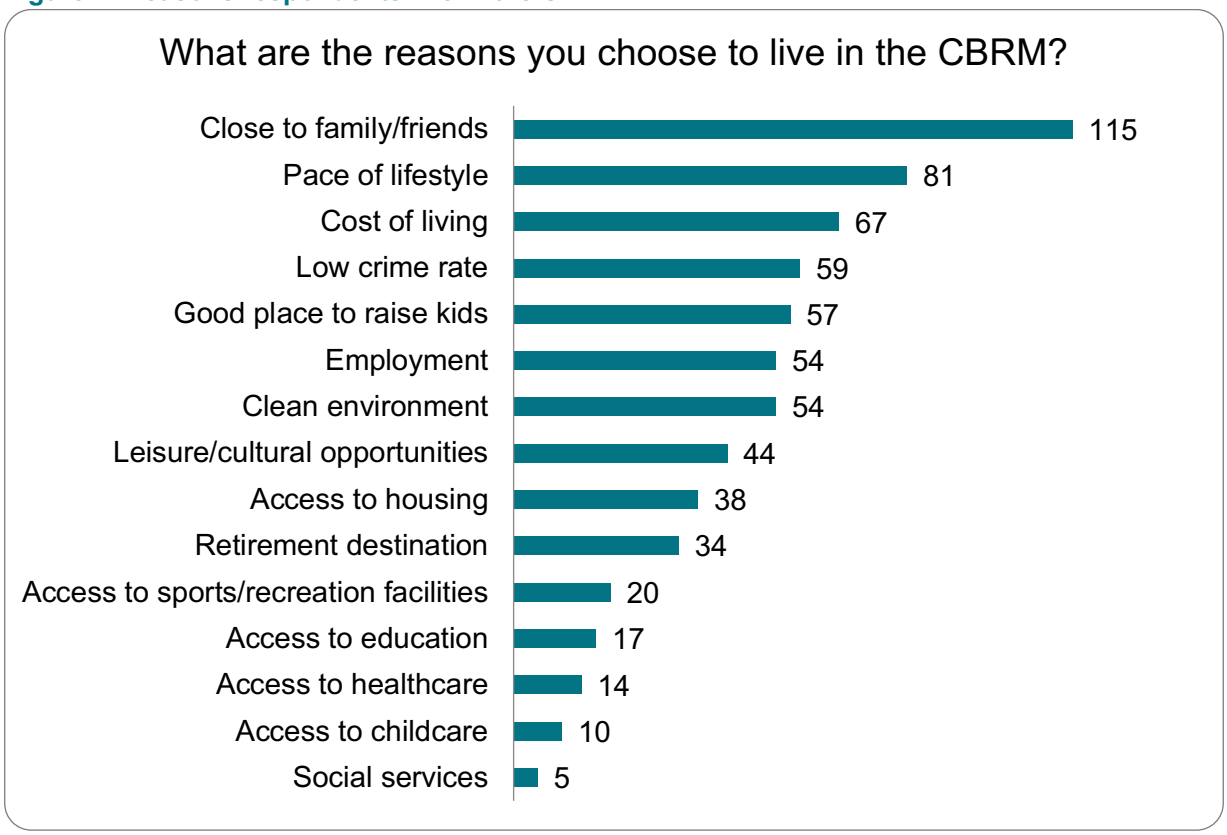
Figure 3:Importance of population growth to future economic vitality



N = 160

The respondents reported a variety of reasons why they choose to live in CBRM. Living close to family and friends was the dominant factor as selected by 115 respondents followed by the pace of the life (81) and the cost of living (67). Other community attributes included a low crime rate (59) and describing CBRM as a good place to raise a family (57). Employment in CBRM and a clean environment were tied with 54 votes. Other popular reasons, in order were leisure and cultural opportunities, access to housing, retirement destination, access to sports/recreation facilities

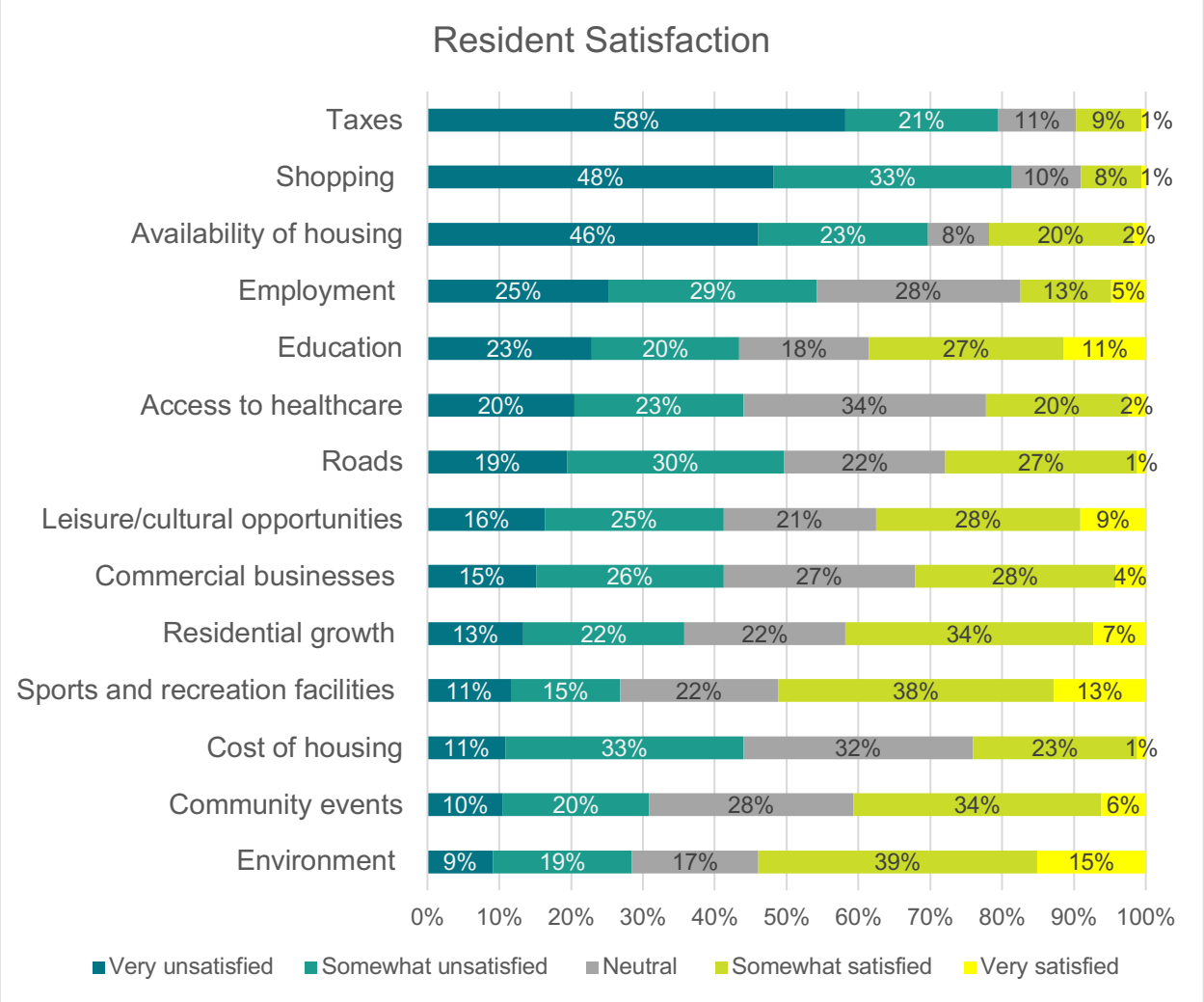
Figure 4: Reasons respondents live in the CBRM



N=160

The respondents were asked to rate their satisfaction as a resident with a variety of factors in the CBRM. The responses reflect similar sentiments identified earlier when assessing the competitive advantages and disadvantages of the CBRM. More than half of the respondents were very unsatisfied with the CBRM's taxes and just under half were very unsatisfied with the roads and access to healthcare in the CBRM. Areas with higher levels of satisfaction included the environment with over half reporting that they were somewhat satisfied or very satisfied and sports and recreation facilities with 51% either somewhat or very satisfied.

Figure 5: Resident satisfaction with economic development factors



N=166

Focus Groups

In addition to the interviews and surveys a number of key audiences participated in focus groups to collectively address some areas of opportunity and challenge related to economic development in the CBRM. The general population was invited to participate in a community open house which addressed the overall CBRM Forward objectives which included some discussion on economic development activities. The consulting team also led a facilitated discussion with CBRM Council to discuss their views and vision for the CBRM's economic development strategy. There were also focus groups specifically addressing economic development issues and opportunities with developers, business leaders and entrepreneurs and representatives from the creative economy and tourism sector.

Table 5: Focus Group Schedule

Session	Date
Community Open House	April 14, 2021
Facilitated Council Discussion	May 5, 2021
Economic Development Focus Groups	
Developers	June 2, 2021
Business and Entrepreneurs	July 7, 2021
Creative Economic and Tourism	July 7, 2021

The following key themes emerged in the focus group meetings:

Population & Demographics

The CBRM's population is aging and declining. The participants advocated for youth retention initiatives. They also saw opportunities to attract former residents to return to the Municipality. They recognized the CBRM's increased appeal for potential residents from larger Canadian communities and the growing opportunity to encourage international students to remain in the CBRM after graduation. Residents of the CBRM expressed their strong appreciation and connection to the land, the people of Cape Breton and the local companies that made the region unique. Cape Breton is known and much admired for its beautiful coastal landscape and quiet way of life. The cultural diversity and First Nations population add another positive dimension to the entrepreneurial and cultural richness of the region. Limited housing options will be a constraint to attracting additional residents.

Coastal industry and transportation

The participants were advocates for reinstating and improving rail service into the CBRM with connections to a new container terminal. These new investments along with expanded use of the airport could establish the CBRM as a strong transportation hub and alternative to the busy Halifax harbour.

The cruise lines and the hundreds of thousands of cruising passengers represent a significant opportunity that could be further leveraged with additional tourism product development. Fishing and related industries also provide an opportunity for further development in the CBRM. The convergence of food production, fishing and technology provide the core elements of a biotech cluster in the CBRM.

Investment readiness

The CBRM has a smaller tax base due to the low population numbers compared to other areas. As a result, the tax rates are high. The higher tax rates are somewhat offset by lower property values (on which taxes are applied). Nonetheless there is universal acceptance that the Municipality's tax rates are a barrier to investment. The development approvals processes received mixed reviews but there appears to be room for improvements in applying consistent processes and procedures and streamlining the approvals process. Many participants discussed the potential for finding additional revenue sources including funding from other levels of government. Lower tax revenues have resulted in roads, sidewalks and other infrastructure appearing rundown which creates a negative image of the region to visitors and potential investors.

Educational opportunities

The CBRM is home to a growing university and community college, providing a source of professional expertise and a growing student population. CBU's international students are seen as an opportunity to grow the population and entrepreneurial activity in the CBRM. NSCC's investment in a downtown campus is anticipated to add to the vibrancy and economy in downtown Sydney.

Entrepreneurial spirit

The Municipality has a strong arts and culture industry that is closely tied to the tourism industry. Many felt the public did not recognize the economic benefit of the arts and culture sector to the local economy and advocated for making the business case for further investment in arts and culture programming and infrastructure. Innovacorp is recognized as a critical partner in supporting and growing the entrepreneurial culture in the CBRM. Access to capital for entrepreneurs can be a challenge.

Provincial relations

Participants said that despite its size, the CBRM was suffering from "second city syndrome". Many individuals felt that the CBRM did not get the attention, programming, or financial support that it needed from the province. They also recommended providing additional access to the ocean for visitors.

Tourism

The participants recognized the critical role tourism plays in the local economy. They saw even greater opportunity through strategic place making and product development including supporting additional tourism activities and events to extend visits, encourage repeat visits and extend the tourism season. They encouraged the CBRM to work to expand the economic impact of the cruise passengers post COVID-19.

Implementation

The participants were critical of previous strategies that have not been implemented. They encouraged the CBRM Council to take bold action to move the local economy forward. They also saw a role for local businesses and other stakeholders to actively participate in committees and teams to collaborate to achieve a shared vision of the CBRM.

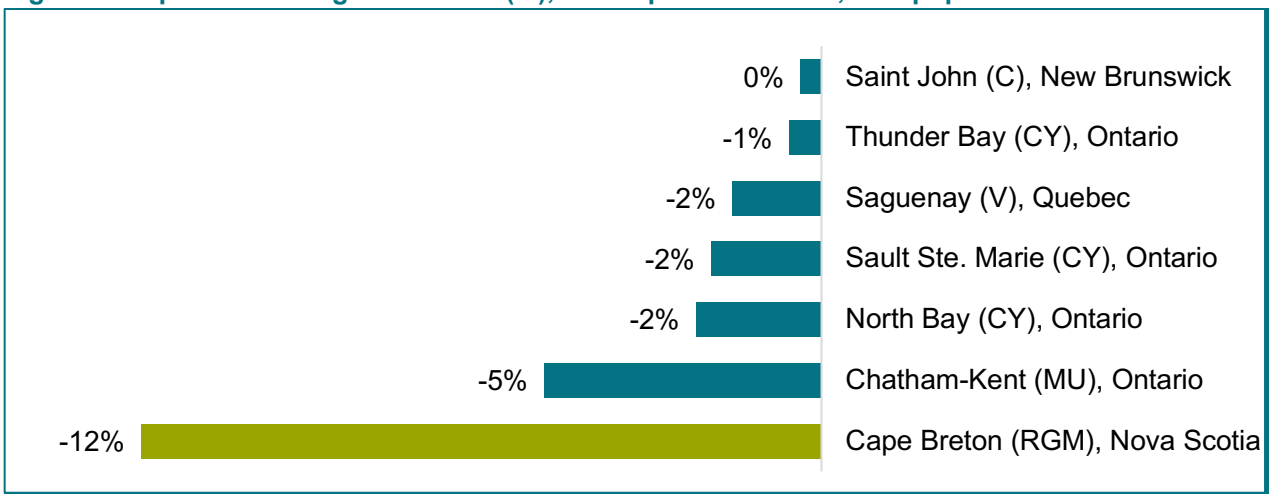
5. The CBRM Growth Imperative

Introduction: Fulfilling the 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, the 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[1].

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, geographically 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 the CBRM, Thunder Bay and Saint John are looking to universities and public colleges to play a more active role in helping boost the economy.

Figure 6: Population change 2001-2020 (%), municipalities with 50,000+ population



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

Over the past 100+ years, the 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, the 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

[1] Based on Statistics Canada's annual population estimates.

institutions work together to build a strong environment for startup companies. The region's First Nations are engines of economic development and the CBRM is strengthening its role as an 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. However, 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 CBRM having a relatively old workforce 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 locally to take their place.

The lack of industrial growth has hampered the ability of entrepreneurship to thrive. The 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 the 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, the CBRM is one of the least densely populated municipalities in Canada. A robustly growing population and economy will help the municipality make additional investments in municipal infrastructure.

So, while growth may not be imperative for all municipalities in Canada there is a very strong case for the CBRM. The CBRM needs to grow in the years ahead to ensure it 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, the CBRM is the second largest municipality across the Maritime Provinces by a fairly wide margin[2]. The City of Moncton is third with 79,500 residents.

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

There are more people living in the CBRM than the 20 largest towns across Nova Scotia combined[3]. While the total population of the 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[4].

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

> The CBRM's urban core is the second largest population centre in Nova Scotia by a wide margin

Published in 2018, Statistics Canada provided nine different potential growth scenarios for Nova Scotia through the 2060s. As shown in Table 6, 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 6: 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.

[3] 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.

[4] 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.

Nova Scotia needs more than one growth centre

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 7, going back nearly 40 years, when the workforce is growing in Nova Scotia, so is the economy. When workforce growth stagnates or it starts to shrink, economic growth (as measured by real gross domestic product) also stagnates. This pattern has played out across Canada.

For Nova Scotia to get back to 1.0-1.5 percent average annual workforce growth rate through 2040, it will require boosting the overall population by a level that will require growth outside of the Halifax Region.

The Government of Nova Scotia realizes this and has set an ambitious population goal. Premier Tim Houston's mandate letter to Minister of Labour, Skills and Immigration Jill Balser instructs her to "Set a goal of a population of 2,000,000 by 2060 by attracting on average 25,000 people per year working with partners across the province in pursuit of this goal.[5]"

According to the latest population projection scenarios for the Halifax Region, even under the fast growth/economic boom scenario it will address only a little over half of the one million provincial population growth[6] by 2060. Where will the rest of the population growth occur?

The second largest urban centre, CBRM, is well positioned to support the provincial target of a two million population by 2060.

Table 7: Workforce and real GDP growth, 1981 – 2019, CBRM

	Workforce growth	Real GDP growth
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.

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 relative to GDP during the 2000 to 2005 timeframe but increased to 27 percent of GDP in the 2015-2018 timeframe as overall GDP growth waned.

[5] https://www.saltwire.com/atlantic-canada/opinion/bill-black-2-million-nova-scotians-by-2060-then-we-must-prepare-better-100642778/

[6] The most recent Halifax population and housing forecast scenarios are detailed here: https://www.shapeyourcityhalifax.ca/12651/widgets/93522/documents/58875

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 the 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 the 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 the 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 the 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 the CBRM from another jurisdiction. They include manufacturing, transportation, ICT and even industries such as agriculture.

While the 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 the 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[7]. 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[8].

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 (Figure 7).

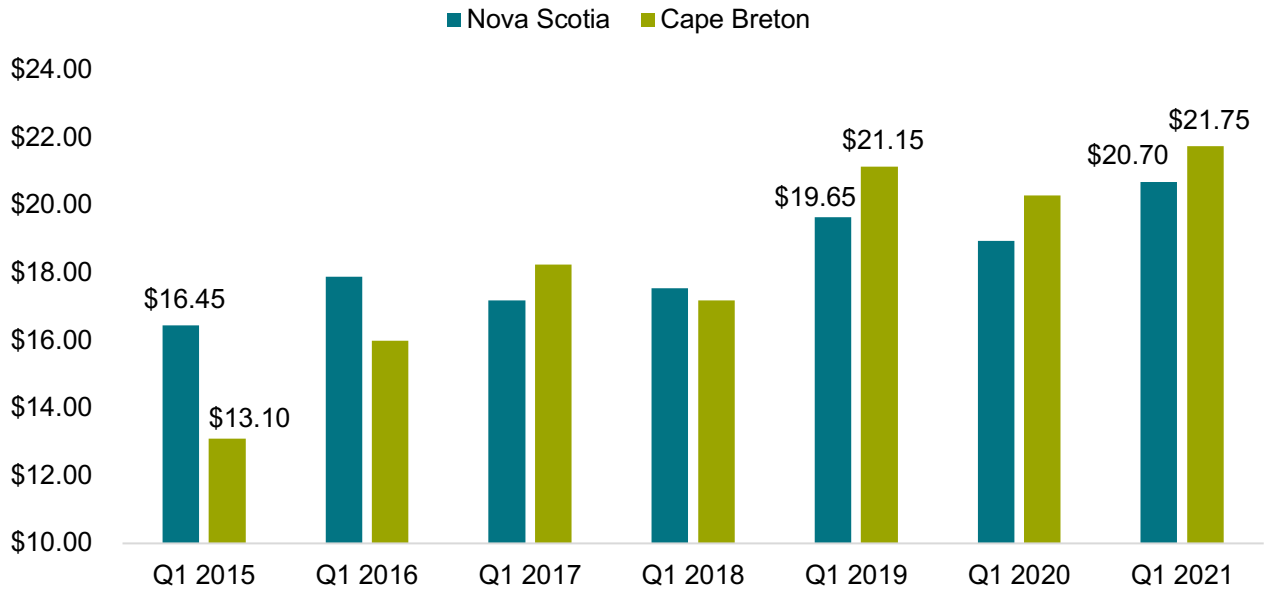
More importantly the average wage on offer in Cape Breton increased much faster than the province overall outstripping other inflationary pressures. For the past three years wage increases have been above the national average. Higher wages will result in higher construction costs for new

[7] See Chapter 8 for a discussion of the region's seasonal industries and workforce.

[8] See Chapter 8 for a discussion of the region's seasonal industries and workforce.

investments and higher operational costs for existing businesses. Persistently higher wages because of a tight labour market could put the CBRM at a competitive disadvantage for investment attraction and retention. As a result, firms could shift their investment out of the CBRM.

Figure 7: Average offered hourly wage for job vacancies, Nova Scotia and Cape Breton



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

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

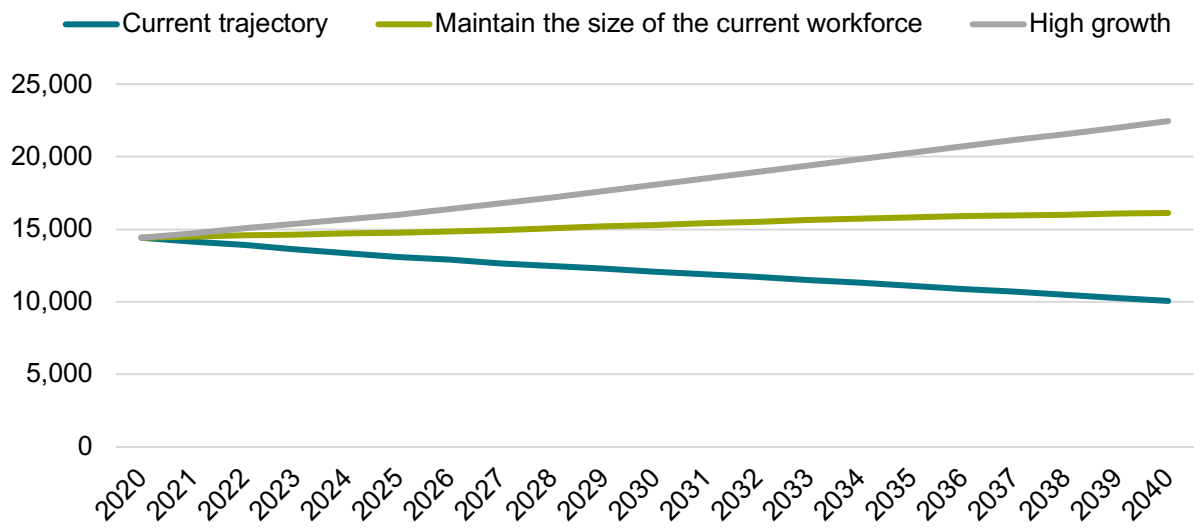
The majority of the workforce in the CBRM is serving local market demand in industries such as construction, retail trade, personal services, professional services, health care, education and public administration. A lack of population growth and a tightening workforce will hurt these industries as well.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

> If the CBRM does not act, the population will continue to shrink

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 (Figure 8). 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 determine but represent a significant risk factor for the community.

Figure 8: Population aged 5-19 in the 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 8, 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 8: Potential workforce shortfall by 2040, closed labour market, CBRM

Potential entrants	+14,700
Forecasted exits	-22,000
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 the CBRM. They are based on the assumptions detailed below. The assumption for both

growth scenarios (#2 and #3) 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.

Table 9: Population growth scenario summaries

Scenario		Projected outcome	Implications
1	Current trajectory	Population forecast to decline from 100,700 in 2020 to 98,200 by 2040 (-3%). The workforce will decline from 48,900 to 41,800 by 2040 (-14%).	Any industry that is not required to physically be in the region is at risk of moving (manufacturing, transportation, etc.). This will weaken the local economy and tax base.
2	Maintain the current workforce size	The population needs to grow to 113,100 by 2040 (+12%). The workforce stays at around 48,900.	Only maintaining the current size of the workforce over the next 20 years will likely lead to fewer workers for important export-focused industries. The region will need to attract at least 1,000 (net) more people on average per year to achieve this population growth. The CBRM will need a population growth rate not seen in many decades.
3	Grow the workforce by 0.5 percent per year	The population needs to grow to 125,600 by 2040 (+25%). The workforce grows to 53,800.	The population will need to grow by 24,800. The region will need to attract at least 1,600 (net) more people on average per year to achieve this population growth.

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 10: Baseline, current trajectory of the CBRM's population and workforce

	2020	2040	Cumulative percent change	Ave. annual percent change	# change
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[9] 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.

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 in a very long time.

Table 11: Population growth to maintain the current workforce size

Maintenance	2020	2040	Cumulative % change	Ave. annual % change	# change
Population	100,700	113,100	12%	0.6%	+12,400
Workforce	48,900	48,900	0%	0.0%	0

See Section 5 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.

[9] Firms with employment. Source: Statistics Canada business counts, June 2020.

Table 12: Population growth required to expand the workforce

Population Growth	2020	2040	Cumulative percent change	Ave. annual percent change	# change
Population	100,700	125,600	24.7%	1.2%	+24,800
Workforce	48,900	53,800	10.1%	0.50%	+4,900

See Section 5 for sources and methodology.

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[10]. It is 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 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

[10] Real gross domestic product (GDP) growth.

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. 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 outlined below:

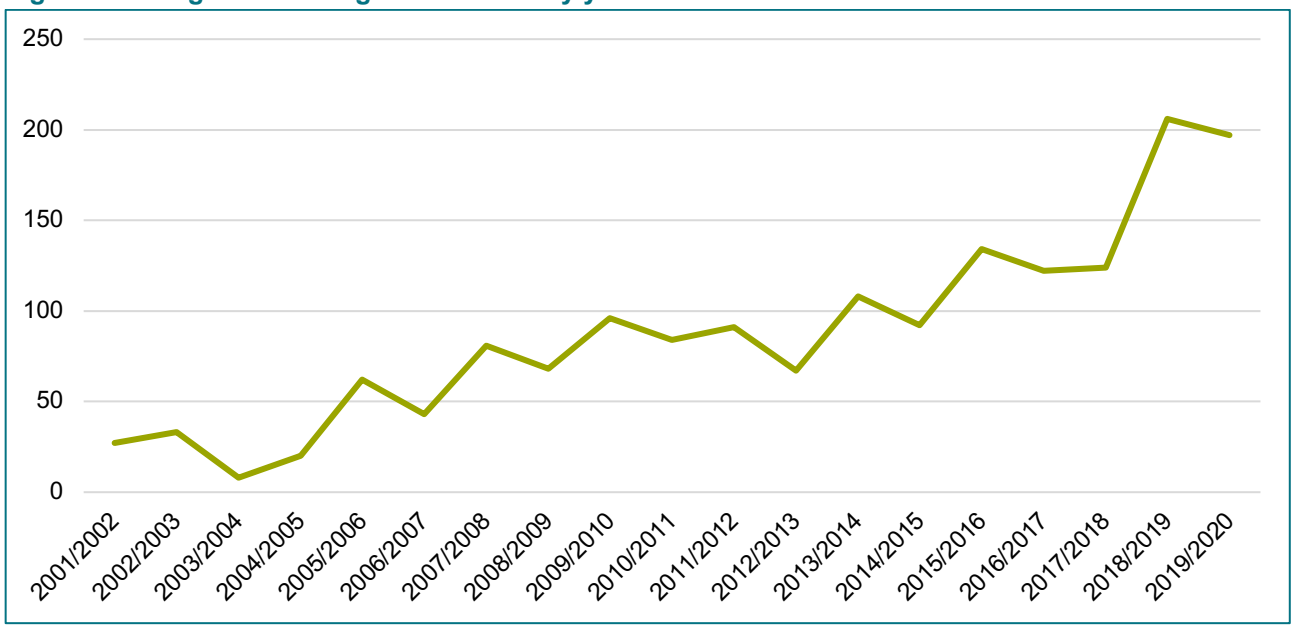
1. Attracting Immigrants and Migrants from elsewhere in Canada

The region has seen a modest increase 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 ahead11. 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 the 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.

[11] Not all immigrants will stay in the region, so the attraction rate will need to be higher than the net population growth required.

Figure 9: Immigrants settling in the CBRM by year



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

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.

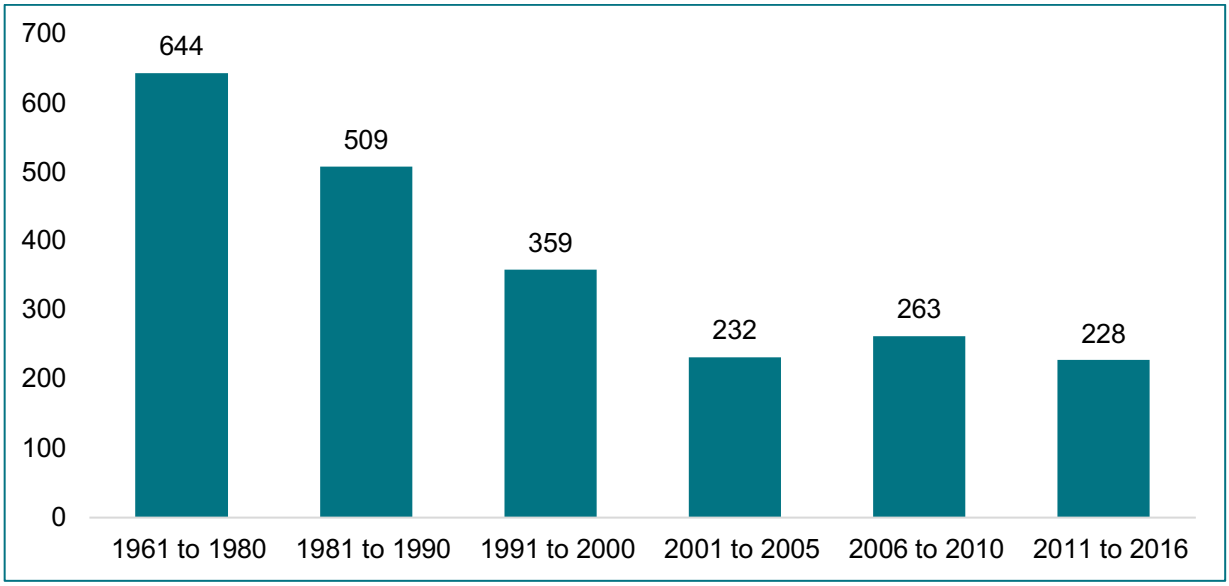
Ensuring there is adequate housing

This is emerging as a real challenge across the 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 10: 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.

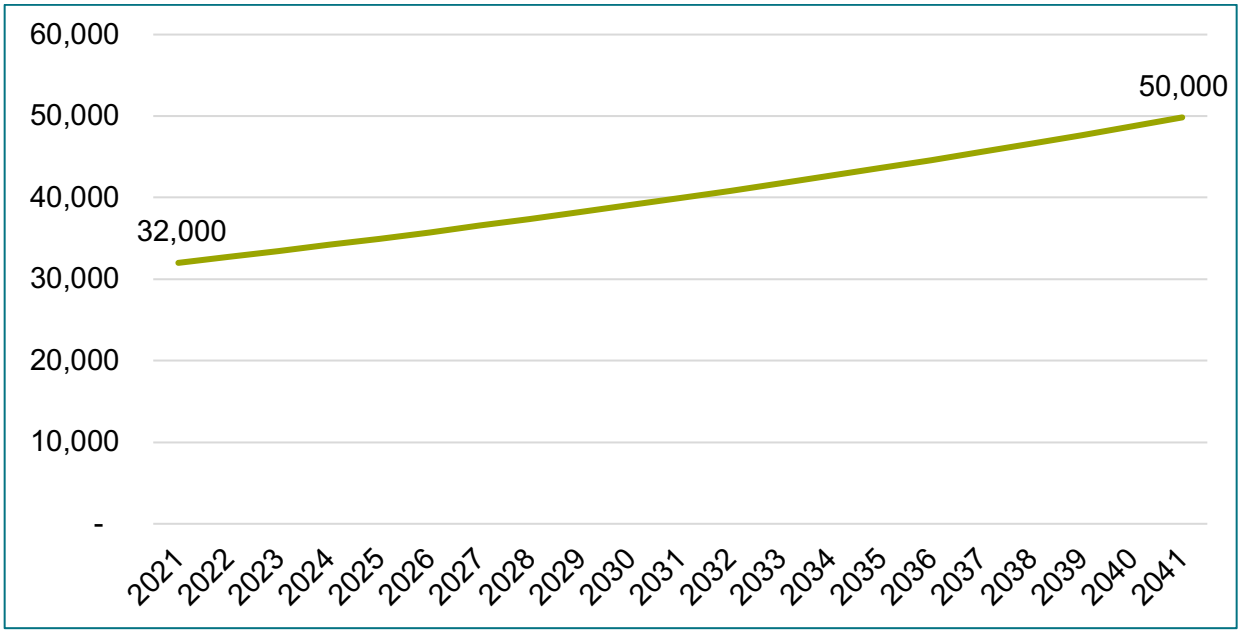
The CBRM: Nova Scotia's next Census Metropolitan Area?

Urban centres in Canada are organized into Census Agglomeration areas (CA) and 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, the 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 the 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 while the other 6,800 population growth could occur elsewhere in the municipality.

Figure 11: Sydney population centre growth required for the CBRM to reach CMA status by 2041



How do we elevate the 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[12]. 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 the CBRM to grow in the years ahead to support a strong Nova Scotia economy.

Elevating the 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.

[12] The number dipped again in 2020 as a result of the COVID-19 pandemic.

6. Selected economic and demographic trends

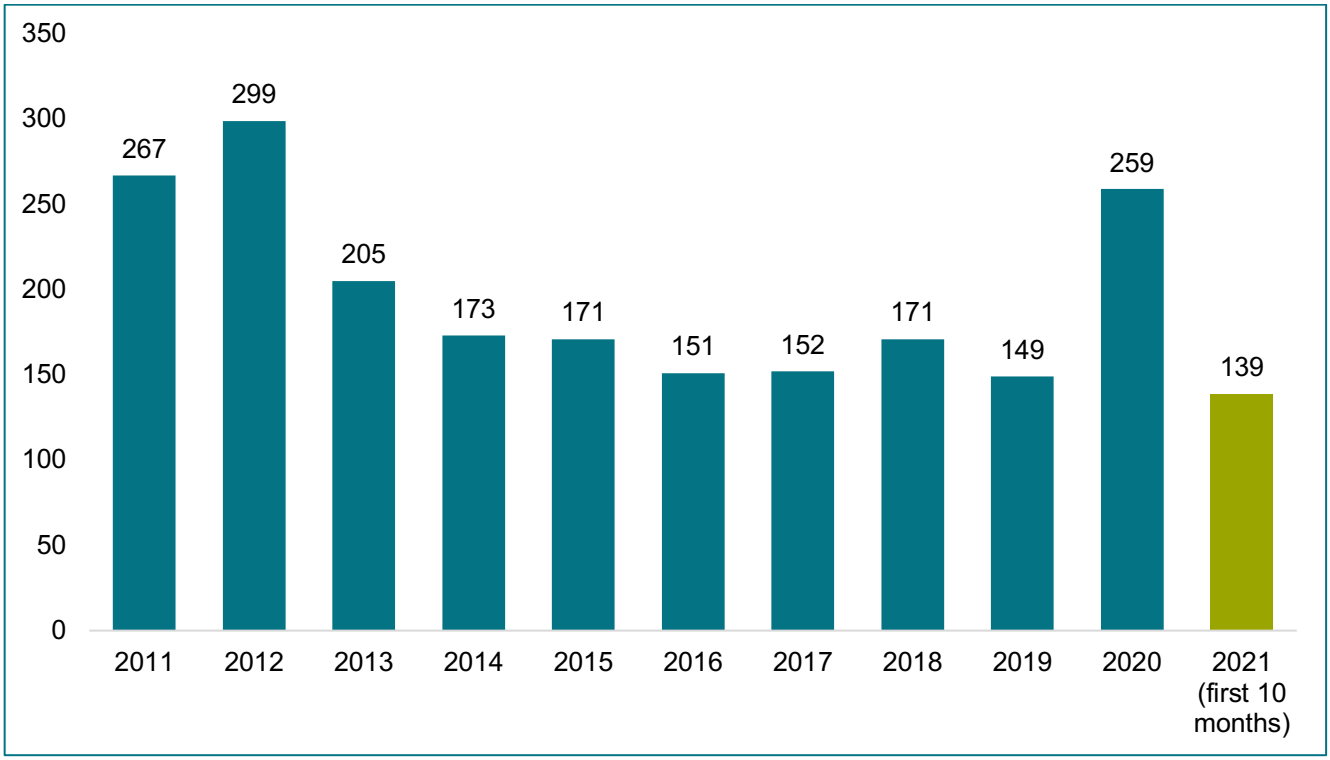
Housing starts

The CBRM has seen a significant rise in the price of single-family dwellings. According to the Canadian Real Estate Association (CREA), the average home selling price rose by 19.5 percent between October 2020 and October 2021, slightly higher than the growth rate across the country (18.2%). However, housing in the CBRM remains dramatically lower cost than the country overall. In October 2021, the average selling price in the CBRM was $196,000 compared to $606,200 across the country.

Statistics Canada reports apartment rental rates on an annual basis. At least as of the end of 2020, apartment rental rate increases had been moderate. Rents in bachelor apartments were up six percent year-over-year and by eight percent for three bedroom apartments. The average for a one or two bedroom apartment remained about the same. As of 2020, the average monthly rent for a two bedroom apartment in the CBRM was $807.

Housing starts were up substantially in 2020 but are not on the same trajectory in 2021. As of the end of October there have been 139 housing starts in the CBRM. In 2020 over the full year there were 259 which was up sharply from the 149 in 2019.

Figure 12: Housing starts by year, CBRM



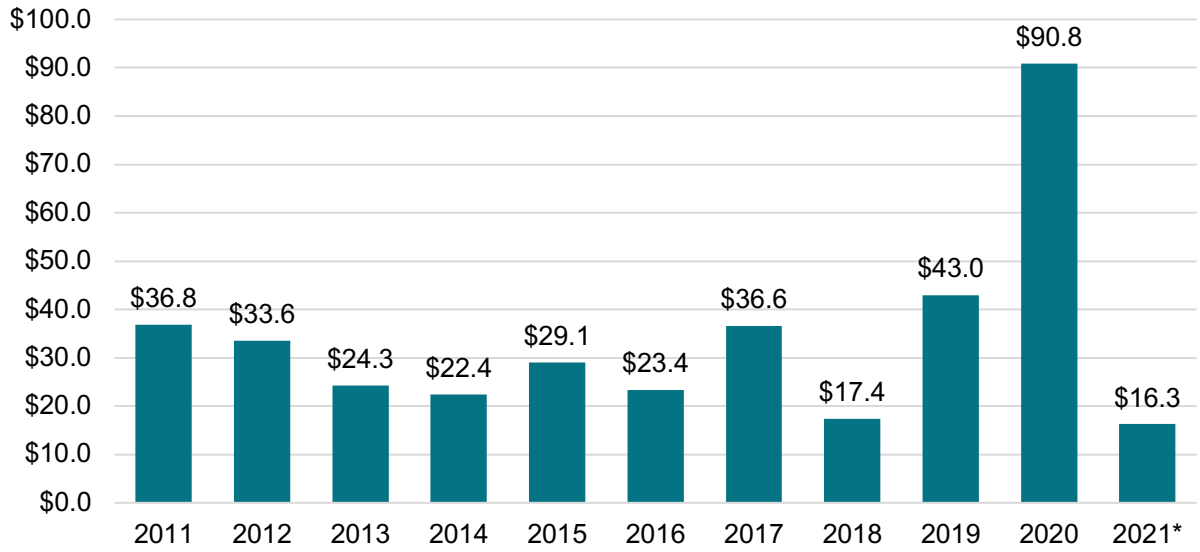
Source: Statistics Canada Table: 34-10-0148-01.

Non-residential/commercial investment

As discussed elsewhere in this report, there have been a number of large-scale investments announced in the education and health care sectors. Some of these investments are already showing in the commercial building permits. In 2019 and 2020 the value of commercial permits issued was a combined $134 million. That was an amount larger than the previous five years combined.

Figure 13 shows the value of commercial permits issued by year over the past decade. For 2021, the value represents the amount through the end of November.

Figure 13: Value of commercial permits issued by year



Source: CBRM

Labour force trends

Employment has mostly rebounded from before the pandemic across the Cape Breton economic region. There were 53,300 employed in October 2019 and 52,800 in October 2021. The big difference was that part time employment rose sharply form an estimated 8,400 in October 2019 to 11,000 in October 2021. The number of unemployed persons dropped from 8,200 in October 2019 to 7,100 in October 2021.

Table 13: Labour force characteristics (000s), Cape Breton Region

	Oct 19	Oct 20	Oct 21
Population	109.8	109.6	108.9
Labour force	61.5	58.3	59.9
Employment	53.3	50.9	52.8
Full-time employment	45.0	42.1	41.8
Part-time employment	8.4	8.8	11.0
Unemployment	8.2	7.5	7.1
Not in labour force	48.3	51.3	49.0
	Percentage		
Unemployment rate	13.3	12.9	11.9
Participation rate	56.0	53.2	55.0
Employment rate	48.5	46.4	48.5

Source: Statistics Canada Table: 14-10-0387-02.

On an industry basis, the employment by year since 2015 is shown in Table 15. The construction sector had a higher level of employment in October 2021 then has been seen in the past decade. Health care employment has been steadily rising.

Manufacturing employment was down but it might be related to some seasonality in the food processing sector.

It is important to note these figures can fluctuate from month-to-month and year-to-year because they are based on a household survey.

Table 14: Labour force characteristics (000s), Cape Breton Region

Industry:	Oct 15	Oct 16	Oct 17	Oct 18	Oct 19	Oct 20	Oct 21
Total employed, all industries	49.9	51.1	50.2	50.3	53.3	50.9	52.8
Goods-producing sector	8.7	8.2	9.9	7.5	8.7	8.7	9.2
Forestry, fishing, mining, quarrying	2.1	1.6	2.3	1.2	2	1.3	1.6
Construction	3.8	4.3	4.4	3.9	4.6	4	4.7
Manufacturing	1.8	1.9	2.6	1.5	1.3	2.6	1.3
Services-producing sector	41.2	42.9	40.3	42.8	44.6	42.1	43.6
Wholesale & retail trade	8.8	8.4	6.8	8.2	10	10.2	9.1
Transportation and warehousing	2.7	1.8	2.6	2.4	2.4	2.3	2.9
Finance, insurance, real estate	1.9	1.6	2.1	1.6	0.9	1.5	1.5
Professional, scientific & tech. services	1.6	1.6	1.8	2.2	1.6	2.3	1.4
Business, building & other support services.	2.3	2.2	2	3.4	2.1	1.3	1.9
Educational services	4.1	4.1	3.6	3.6	5	4	3.7
Health care and social assistance	10.2	10	10.9	9.3	10.6	11	11.6
Information, culture and recreation	1.4	2.8	1.8	1.9	2.2	1.8	1.6
Accommodation & food services	4.2	4.4	3.5	4.4	4.2	3.1	4.6
Other services	1.5	2.8	1.7	2.2	1.9	1.6	1.6
Public administration	2.4	3.2	3.6	3.7	3.8	3.2	3.6

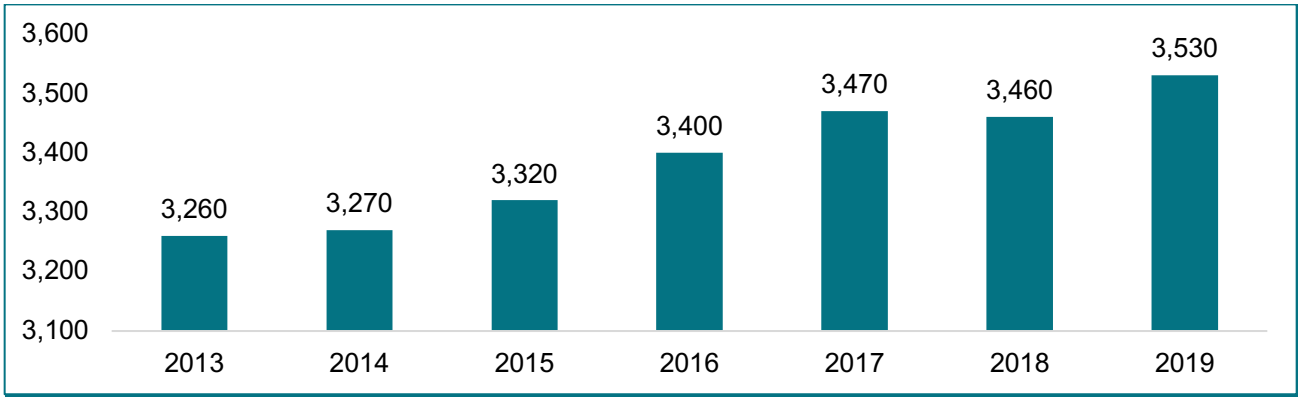
Source: Statistics Canada Table: 14-10-0387-02.

Self-employment

While the number of employer businesses has declined across the CBRM, the number of self-employed seems to be on the rise. According to tax filer data published by Statistics Canada, there were eight percent more self-employed persons (those declaring self-employment income) in 2019 compared to 2013. This as the number of residents declaring wage/salary income has declined slightly over the same period.

The average self-employment income has risen by 28 percent over the same timeframe.

Figure 14: Number of persons declaring self-employment, CBRM



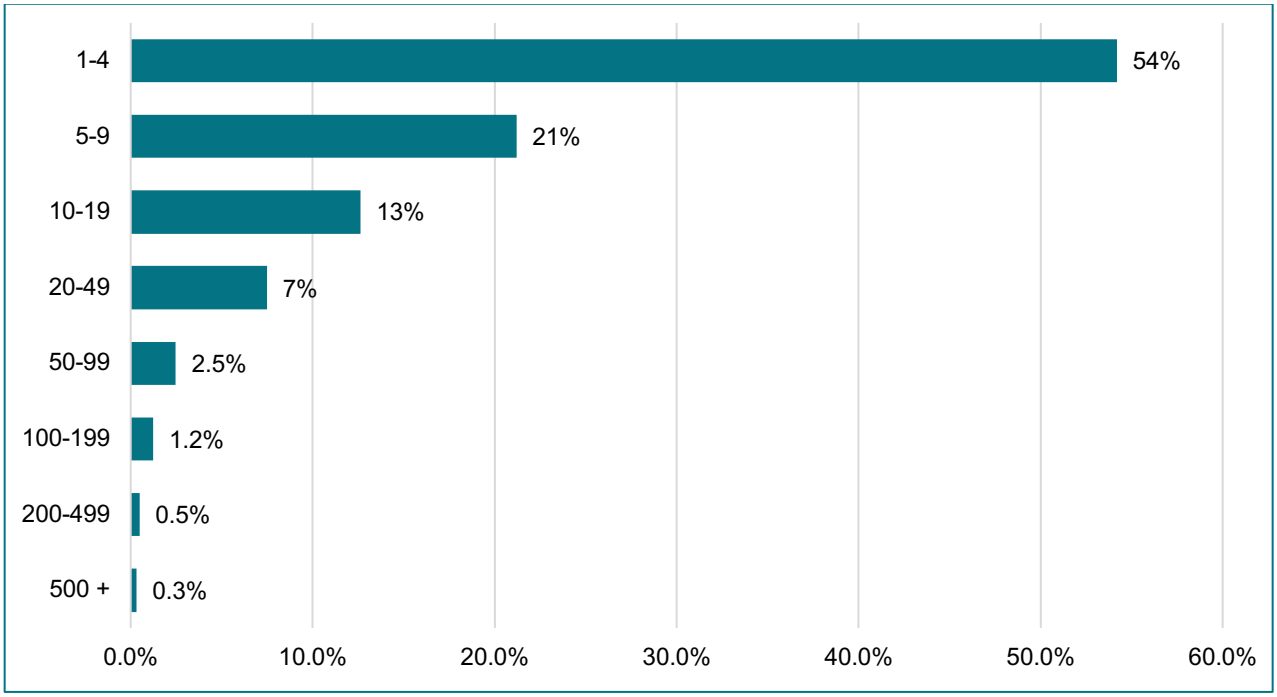
Source: Statistics Canada Table: 11-10-0007-01.

The CBRM's industrial profile

Employers by size

As of June 2021, there were 2,501 employer establishments in the CBRM across all sectors of the economy. There were another 2,700+ businesses that did not have any formal employment[13]. Like most communities, the CBRM has a large share of small employers. Over half (54%) have fewer than five employees and 75 percent have less than 10. It is important to point out these are establishments and specific employers can have more than one establishment (e.g. a chain coffee shop).

Figure 15: Establishments in the CBRM by employment level, June 2021



Source: Statistics Canada business location counts, June 2021.

Between 2015 and 2021, there was a decline in the number of employer establishments in the CBRM. There were 215 fewer employers in June 2021 compared to June 2015, an eight percent decline. Across Nova Scotia, the number was also down (-1%) over the same timeframe. The number of non-employer businesses rose by four percent. One interesting trend, there was a doubling of the number of employers with at least 500 employees between 2015 and 2020. As of 2021 there were two call centres (NAICS 561420) with 500 or more employees. The rest of the largest employers are in the public sector (three hospitals, local government, university and K-12 school).

[13] To be included in the business counts data, these non-employers must have reported at least $30,000 in annual revenue in the previous year.

Relative to the national economy, the CBRM has a slightly higher share of employer establishments with 100 or more employees (2% compared to 1.9%). The CBRM is less reliant on micro-businesses (those with less than five employees) compared to the country overall.

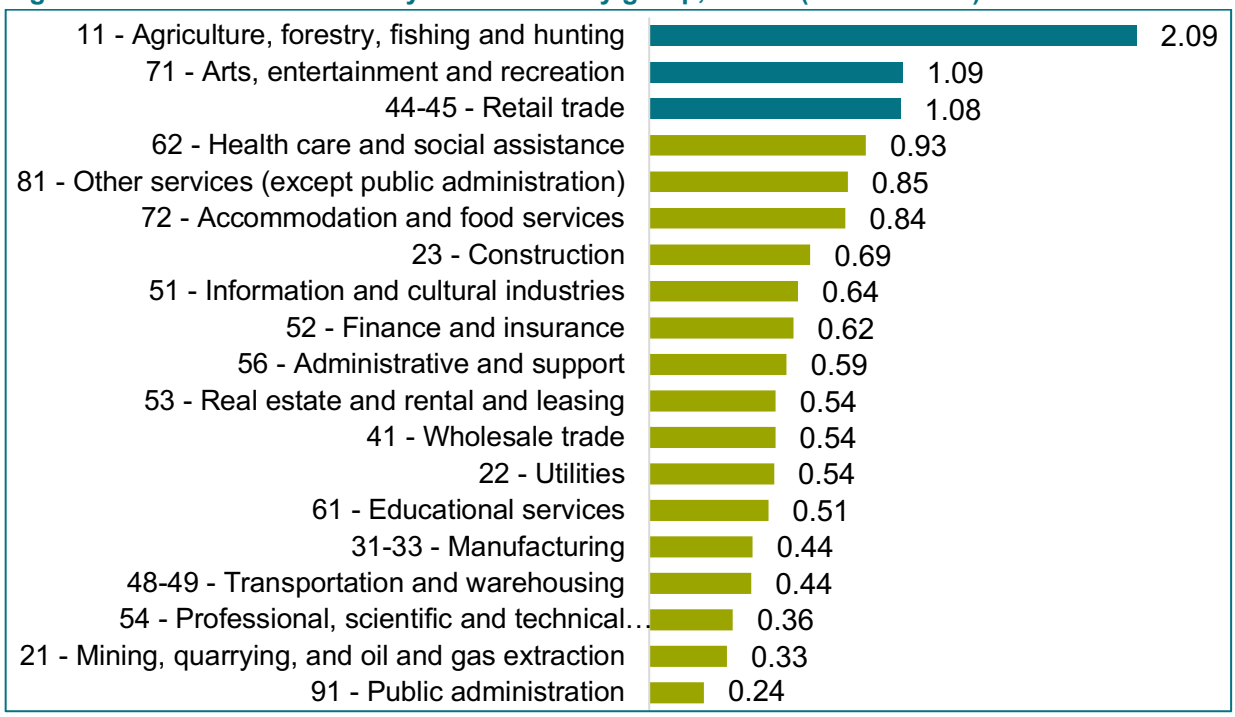
Firm concentration by sector

When compared to Canada overall, the CBRM has an above average location quotient (LQ)[14] or concentration of firms in the agriculture, forestry and fishing sector (NAICS 11), arts, entertainment and recreation (NAICS 71) and retail trade (44-45). These three sectors point to key aspects of the CBRM economy: 1) it is based on considerable natural resources-based economic activity; 2) it has a relatively high concentration of firms and organizations in the arts and entertainment space; and 3) it is a retail hub for the wider Cape Breton Island.

The CBRM's high concentration of firms and employment in NAICS 11 is related to the strong fishery in the community and across the Island. The unique culture and historical context on Cape Breton Island and its largest municipality has led to an above average concentration of firms and workers in cultural industries.

The fact the community has considerably fewer firms in the professional services sector (NAICS 54) could mean there is more leakage of that type of activity to other urban centres. The concentration of firms is not the same as total employment which will be discussed further below.

Figure 16: Firm concentration by broad industry group, CBRM (Canada=1.00)



Source: Statistics Canada business location counts, June 2021.

[14] Location Quotient indicates the concentration in a given sector in a region compared to the national level. An LQ >1 indicates a higher concentration or specialization relative to the national average while an LQ <1 indicates a lower concentration than the national average.

Table 15 shows how the relative concentration of employer firms has changed between 2015 and 2021 by broad sector group. There has been a relative increase in the number of employer businesses in agriculture, forestry and fishing (combined) from 244 to 270. There has been a significant decline in relative firm concentration by sector in a number of areas such as transportation and warehousing (a decline of 12 employer firms but when combined with an increase across Canada that leads to a significant decline in relative terms).

In some of the public sectors, the declines could be related to consolidation. If five schools are consolidated into one, that would show up as four less schools.

Table 15: Change in the number of employer businesses, 2015 to 2021, CBRM

Broad industry group:	2015	2021	% Change
11 - Agriculture, forestry, fishing and hunting	244	270	+26
21 - Mining, quarrying, and oil and gas extraction	8	7	-1
22 - Utilities	5	2	-3
23 - Construction	284	266	-18
31-33 - Manufacturing	63	59	-4
41 - Wholesale trade	96	79	-17
44-45 - Retail trade	443	400	-43
48-49 - Transportation and warehousing	95	83	-12
51 - Information and cultural industries	28	31	+3
52 - Finance and insurance	75	69	-6
53 - Real estate and rental and leasing	94	80	-14
56 - Administrative and support*	90	81	-9
61 - Educational services	33	20	-13
62 - Health care and social assistance	334	312	-22
71 - Arts, entertainment and recreation	66	52	-14
72 - Accommodation and food services	193	178	-15
81 - Other services (except public administration)	277	247	-30
91 - Public administration	9	5	-4

*Includes waste management and remediation services.

Source: Statistics Canada business location counts, June 2021 and June 2015.

Table 16: The change in relative firm concentration, 2015 to 2021, CBRM (Canada = 1.00)

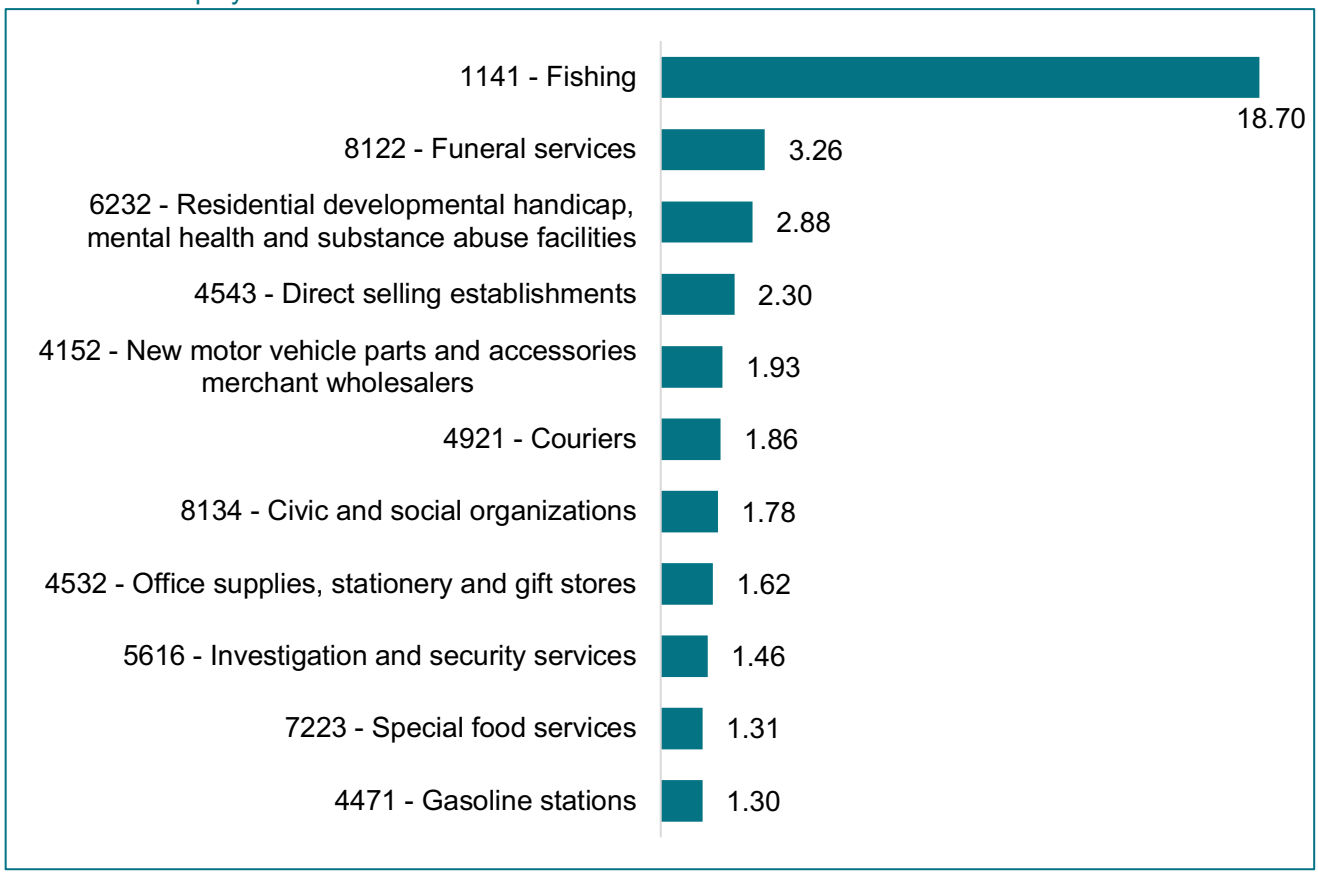
Broad industry group:	2015	2021	% Change
11 - Agriculture, forestry, fishing and hunting	1.96	2.09	+7%
21 - Mining, quarrying, and oil and gas extraction	0.29	0.33	+15%
22 - Utilities	1.30	0.54	-59%
23 - Construction	0.76	0.69	-9%
31-33 - Manufacturing	0.47	0.44	-5%
41 - Wholesale trade	0.61	0.54	-10%
44-45 - Retail trade	1.16	1.08	-7%
48-49 - Transportation and warehousing	0.57	0.44	-23%
51 - Information and cultural industries	0.68	0.64	-6%
52 - Finance and insurance	0.67	0.62	-7%
53 - Real estate and rental and leasing	0.73	0.54	-25%
54 - Professional, scientific and technical services	0.41	0.36	-13%
56 - Administrative and support*	0.65	0.59	-9%
61 - Educational services	0.93	0.51	-45%
62 - Health care and social assistance	1.18	0.93	-21%
71 - Arts, entertainment and recreation	1.43	1.09	-24%
72 - Accommodation and food services	0.92	0.84	-8%
81 - Other services (except public administration)	0.95	0.85	-11%
91 - Public administration	0.41	0.24	-43%

*Includes waste management and remediation services.
Source: Statistics Canada business location counts, June 2021 and June 2015.

Sectors with a high concentration of firms in the CBRM

Looking at the four-digit NAICS classification, the CBRM has a high concentration of firms in a number of sectors. Relative to the country overall, the CBRM has more than 18 times as many employer businesses in the fishing sector, 3.3 times as many in the funeral services sector and 78 percent more in the civic and social organizations sector. There are 10 labour organizations with employers in the CBRM or twice as many as the national level, adjusted for size.

Figure 17: Firm concentration by detailed industry group, CBRM (Canada = 1.00)
Minimum 10 employer establishments in each sector



Source: Statistics Canada business location counts, June 2021.

Deeper dive into specific industries

Manufacturing in the CBRM

There are fewer manufacturing companies in the CBRM when compared to the country overall, relative to population size. In 2021 there were 59 manufacturing companies in the CBRM compared to 63 back in 2015. Table 17 shows the number of manufacturing firms by sub-sector and compared to the national level. The CBRM has a higher concentration of firms in the textile product mills sector (three in total) and average level in the transportation equipment sector (five in total). There are 12 firms in the food manufacturing sector but relative to the country that is below average relative to population size.

Table 17: Manufacturing firms by sector, CBRM, June 2021
(below 1 lower than national average, above 1 higher than national average)

Industry:	# of firms:	Concentration (CAN=1.00)
311 - Food manufacturing	12	0.73
323 - Printing and related support activities	8	0.94
339 - Miscellaneous manufacturing	8	0.57
332 - Fabricated metal product manufacturing	5	0.25
336 - Transportation equipment manufacturing	5	0.97
312 - Beverage and tobacco product manufacturing	4	0.83
337 - Furniture and related product manufacturing	4	0.40
314 - Textile product mills	3	1.83
321 - Wood product manufacturing	3	0.36
326 - Plastics and rubber products manufacturing	3	0.56
327 - Non-metallic mineral product manufacturing	2	0.35
333 - Machinery manufacturing	2	0.17
Total	**59**	

Source: Statistics Canada business location counts, June 2021.

Using the business counts database, it looks like total employment in the manufacturing sector is up by 11 percent between 2015 and 2021. In 2015 there were an estimated 1,590 people employed in the sector across all firms and by 2020 there were an estimated 1,765 employed by the 59 manufacturing firms.

Information technology

For the most part IT companies are categorized in the following five sectors:

- Computer systems design and related services (except video game design and development)
- Software publishers
- Data processing, hosting, and related services
- Internet broadcasting and web search portals
- Video game design and development services

The CBRM has relatively few IT firms compared to other cities and the country overall. As of June 2021, there were 20 firms in this sector (with employees) but that does represent a considerable increase from the 13 firms that were listed in these five sectors in 2015.

Using the business counts database, it looks like total employment in the IT sector is up 2.5 times between 2015 and 2021. In 2015 there were an estimated 75 people employed in the sector across all firms and by 2020 there were an estimated 182 employed by the 20 IT firms.

Construction sector

One of the most important industries moving forward will be the construction industry. If the community is to grow in the coming years it will need the capacity to build new housing as well as new commercial, industrial and institutional infrastructure. There were an estimated 2,250 employed in the construction sector in June 2021 up slightly from 2,240 in 2015.

This is a particularly important time for CBRM to ensure the construction sector has the capacity, firms, employment and supply chain to meet demand. The community is in the midst of a commercial construction boom including a major expansion of the Cape Breton Regional Hospital in Sydney, the Nova Scotia Community College's new, contemporary Sydney Campus, renovations and additions to the Glace Bay Hospital, the new Waterford Community Hub (a modern health centre and a 60-bed long-term care home; and the Northside Health Complex[15]. There are other potentially large commercial investments at the port and elsewhere that could emerge in the near future.

Retail trade

There were an estimated 315 firms in the CBRM retail trade sector in 2021 down from 355 in 2015. However, total estimated employment rose by three percent from 6,950 in 2015 to 7,160 in 2021. Employment is concentrating more in the larger retailers. There are now 12 with at least 100 employees compared to nine in 2015 but there are 42 less retailers with fewer than 10 employees.

A Retail Market Analysis for Downtown Sydney and the CBRM in 2016 and recently updated in 2021 outlined the community's role as a retail hub for the Island[16]. The report concluded the retail spending market, excluding automobiles, was an estimated $1.38 billion in 2019. Sydney is the hub of the retail trade sector accounting for 2.4 million of 'street front' floorspace.

The Retail Market Analysis does discuss the leakage of retail activity to the Halifax region. This is an important strategic consideration for the economic development strategy, specifically, how to reduce Cape Breton residents' travelling to Halifax to access goods and services.

Professional services

The number of professional services firms is down in 2021 compared to 2015 and total employment has also declined by an estimated eight percent. While there are two more lawyers' offices, there are less accounting firms, less engineering firms and fewer consulting firms. In total there were an estimated 945 working in the sector in 2021 down from 1,030 in 2015.

Tourism

Tourism is in many ways a backbone industry for the Cape Breton Island economy. However, total employment in the CBRM's accommodation and food services sector has dropped from an estimated 3,525 in 2015 to 3,260 in 2021, a decline of eight percent. This could be related to COVID-19 as developed further below. Between 2015 and 2021 there was a decline in the number of restaurants (with employment) from 144 to 138. Across Nova Scotia the number of total restaurants rose over the same timeframe.

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[15] https://building-tomorrow.ca/projects/

[16] https://capebretonpartnership.com/wp-content/uploads/2021/06/20200728-FINAL-CBRM-Retail-Market-Analysis-v-Public.pdf

Destination Cape Breton, the regional tourism development organization, is developing a new strategy for the development of tourism across Cape Breton Island. Rise Again 2030 has a vision of "making Cape Breton Island a world-class, four-season tourism destination with dynamic tourism clusters – remarkable products and experiences for visitors that optimize tourism revenues – and supporting businesses and institutions that leverage the destination for research, innovation, and economic growth"[17]. In addition to offering excellent tourism destinations in its own right, the CBRM needs to be positioned as the urban and services hub for Island-wide tourism. The goal should be to ensure that all tourists to Cape Breton visit the urban hub for the Island.

COVID-19 impacts on the CBRM economy

Based on the business count data, it does look like the impacts of COVID-19 are still lingering in the CBRM. In June 2019 there were 2,246 employer businesses in the private sector (excluding public administration, education and health care) and by June 2021 that number had dipped to 2,047. Total estimated employment in these industries declined from 27,052 in 2019 to 25,109 in 2021. In absolute terms the largest declines were in the utilities sector, construction, transportation, arts, entertainment and recreation, accommodation and food services and other/personal services. With the exception of the utilities sector, the others were more impacted by COVID-19 and could still see a rebound in the CBRM.

[17] https://destinationcapebreton.com/2030-plan/

Table 18: Change in firms and employment between June 2019 and June 2021, CBRM

	Firms			Employment		
Industry (2 digit NAICS)	2019	2021	% change	2019	2021	% change
11 - Agriculture, forestry, fishing and hunting	284	270	-5%	940	944	0%
21 - Mining, quarrying, and oil and gas extraction	8	7	-13%	157	110	-30%
22 - Utilities	3	2	-33%	703	300	-57%
23 - Construction	304	266	-13%	2,612	2,254	-14%
31-33 - Manufacturing	62	59	-5%	1,603	1,767	10%
41 - Wholesale trade	91	79	-13%	1,393	1,324	-5%
44-45 - Retail trade	430	400	-7%	7,376	7,159	-3%
48-49 - Transportation and warehousing	92	83	-10%	1,304	879	-33%
51 - Information and cultural industries	33	31	-6%	585	552	-6%
52 - Finance and insurance	69	69	0%	560	682	22%
53 - Real estate and rental and leasing	103	80	-22%	559	565	1%
54 - Professional, scientific and technical services	152	143	-6%	1,050	946	-10%
56 - Administrative and support	81	81	0%	1,524	2,241	47%
71 - Arts, entertainment and recreation	63	52	-17%	1,115	705	-37%
72 - Accommodation and food services	204	178	-13%	3,675	3,262	-11%
81 - Other services (except public administration)	267	247	-7%	1,899	1,422	-25%

Source: Statistics Canada business location counts, June 2021 and June 2019.

7. The CBRM's seasonal workforce

One of the complicating workforce characteristics in the CBRM is the large share working in seasonal industries. Over 15,000 people earned Employment insurance (EI) income at some point during the year in 2019. While this data does not 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 the CBRM also collect EI at some point during the year, one of the highest rates among urban centres (CMA/CA) across Canada.

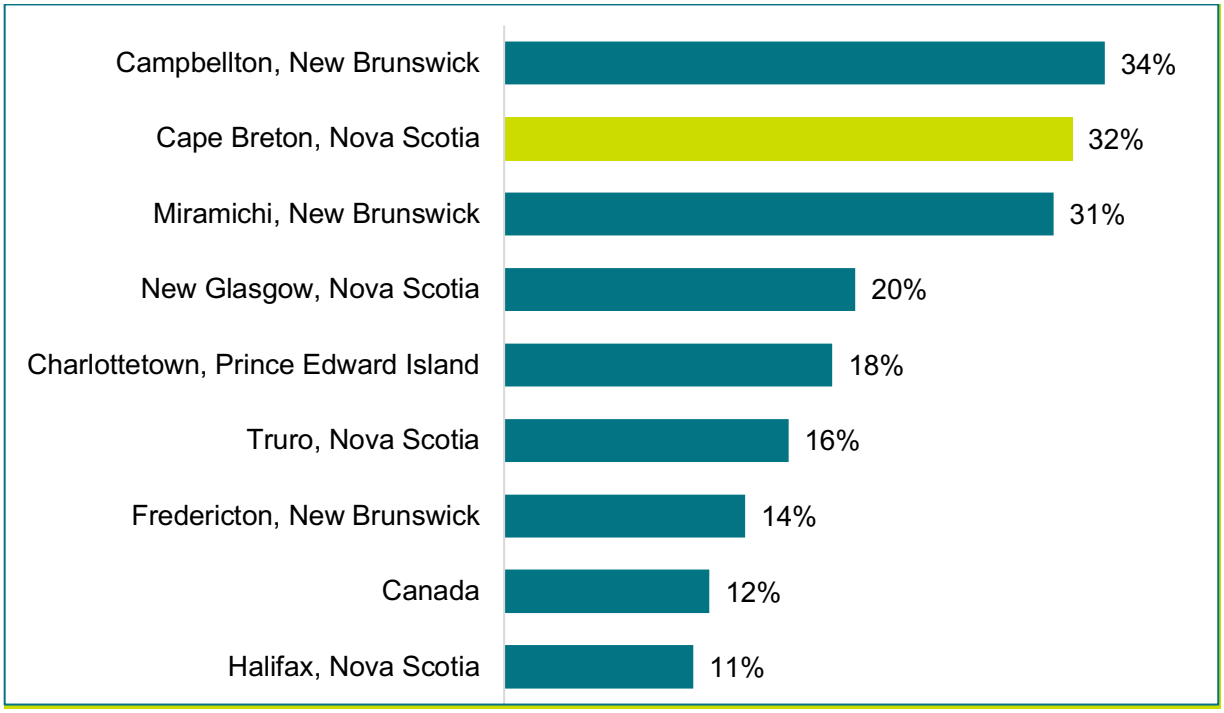
This is the main reason why the CBRM's unemployment rate was the highest among the 64 urban centres for which Statistics Canada published labour force data in 2019. As defined by Statistics Canada, a person who works seasonally and is waiting for their job to start again is considered 'unemployed'. But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

> The nominal unemployment rate in the CBRM is overstating unemployment in the community by a considerable margin.

It is impossible to determine the 'real' unemployment rate in the 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 the CBRM, that would be a strategic mistake.

This is not to suggest there are no persons in the 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 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 18: Share of workforce collecting EI income during the year, 2019



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