Innovation Infrastructure: What Policy Makers Need To Know

Fred Morley, Executive VP and Chief Economist
April 29, 2009
Local Policy Makers Think About....

- Urban Based Growth: Hub Cities
- Economic Trends
- Economic Strategy
- Sewers and Sidewalks vs. Innovation
CITIES
Canada’s Hub Cities

• Nine hubs – Halifax, Montreal, Toronto, Winnipeg, Regina & Saskatoon, Calgary & Edmonton, and Vancouver

• These cities are the economic engines in their respective regions or province
Canada’s Hub Cities: Research Outcomes

• Funding hub cities to meet their needs and pull their region forward

• This would be a win-win strategy for every citizen

• Research shows that per capita distribution, while politically appealing, is not optimal
  – This also happens within cities too
Cities Drive Growth

- People Magnets
- People Anchors
- Creativity/Innovation
Demand for Workers Taking Off

- 64,000 job openings from 2007 to 2012
- 50,000 retirements
- 14,000 new jobs
Implications...

- Skill shortages
- There is war for talent and cities are the front line
- Not every place can attract and hold people
  - Quality of place
  - Quality of opportunity
Rebecca Ryan

• Only the coolest cities get the coolest people
• Live first, job second
• Identified a customized YP retention and expansion strategy for Halifax
  – Fusion Halifax
TRACKING ECONOMIC CHANGE
Focus on High Wage Growth

Nova Scotia Average Weekly Earnings by Industry, 2000
(All Employees)
Evolving Industry Structure

- **Low Wage**
  - Risk Sector
    - Low wages
    - High growth
  - Stagnant Sector
    - Low Wages
    - Low Growth

- **High Wage**
  - High Impact Sector
    - High wages
    - High growth
  - Declining Sector
    - High wages
    - Low growth

- **Employment Growth**
  - Low Growth
  - High Growth
Location Quotients by Industry

Average Wage=$32,000

Above average wages, and LQ >1.

Can LQ=1

Wages (in Thousands)
Macro Trends Accelerate During Recession
January to June 2008

Pro-cyclical Flows

Structural Gains

Structural Losses

Counter-cyclical Flows
Pro-cyclical Flows

Structural Gains

January 2008 to February 2009
January 2008 to February 2009

Pro-cyclical Flows

Business, Building & Other Support Services

Trade

Construction

F.I.R.E

Education

Transportation

Information, & Cultural,

Structural Gains

Professional, S&T

Healthcare

Public Admin

Manufacturing

Primary Ind.

Structural Losses

Manufacturing

Primary Ind.

Counter-cyclical Flows
HRM’s Economic Strategy
Economic Strategy Goals

- **Supercharge Our Labour Force**
- **Leverage Our Creative Community**
- **Create a Gung-Ho Business Climate**
- **Capitalize on Our Reputation**
- **Convert Rivalries Into Partnership**
Public Accountability – Chamber’s annual Scorecard
**SUPERCHARGE OUR LABOUR FORCE**

- Increase Population Growth
- Improve Employment Growth
- Decrease Unemployment Rate
- Attract More Immigrants
- Increase University Admission
- Increase NSCC admissions
- Improve DND Federal Employment
- Increase Public Investment
- Enhance Quality Labour Force
- Improve Average Income
- Increase Support for Economic Development
- Attain High Community Satisfaction
- Increase Visitors to Heritage Sites

**CAPitalize Our Reputation**

- Joint Economic Development Initiatives Implemented
- Implement Gateway Strategy
- Increase Containerized Cargo
- Increase Airport Passengers
- Improve Business Confidence
- Enhance Brand Recognition
- Increase Room Nights Sold
- Foster Greater Awareness of HRM as a place to do business

**Leverage Our Creative Community**

- Increase Private Investment
- Grow Commercial Tax Base
- Set Competitive Commercial Taxes
- Improve Decision Times for Construction Projects
- Enhance Access to Broadband
- Reduce Crime Rate
- Benchmark Business Climate

**Convert Rivalries into Partnerships**

New Measure
INFRASTRUCTURE PRIORITIES
Innovation Investment Priorities

• Invest in Community Building Infrastructure
• Invest in the showroom – the downtown core
• Universities: O&M and Capital
• Research
• Support for culture
• Concentration – Clustering
• No incentive for local government
Community Investment Priorities

- Invest in Community Maintenance Infrastructure
- Sewers and Sidewalks
- Bus Rapid Transit
- Invest Everywhere
- Big incentive for local government
# Capital Project Evaluation Matrix

<table>
<thead>
<tr>
<th>Project Criteria</th>
<th>Weighting Factor</th>
<th>Priority Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Linkage to Strategic Initiatives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linkage to Strategic Initiatives/ Regional Plan</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Promotes Environmental Sustainability</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Required to Implement an existing, approved strategy</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td><strong>Public Safety Impact</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact on Crime Prevention</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Impact on Youth</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Life Safety Impact of Deferral</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td><strong>Risk Management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code Compliance Issue</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Occupational Health &amp; Safety</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Regulatory/Legal Requirement</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Project Criteria</td>
<td>Weighting Factor</td>
<td>Priority Factors</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>Customer Service Impact</strong> Maintains Existing Service Level</td>
<td>3.5</td>
<td>1=Low 3=Med 5=High</td>
</tr>
<tr>
<td>Enhances an Existing Service</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Provides a New Service</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>Number of Residents Who Will Use Service</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td><strong>Financial or Economic Impact</strong> Reduces Operating Expenses</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Increases “Own Source” Revenues</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Avoided Future Capital Costs</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Leads to Growth in Assessment Base</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Coordination with Other Projects</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>Supports Economic Strategy</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>Leverages External Funds</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td><strong>Regional Impact</strong> Regional Benefit Versus Local</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td><strong>Total Score</strong></td>
<td>99</td>
<td></td>
</tr>
</tbody>
</table>
## Infrastructure List

<table>
<thead>
<tr>
<th>Score</th>
<th>Project</th>
<th>Est. Cost ($000)</th>
<th>Included in 5-yr Plan</th>
<th>Shovel-Readiness</th>
</tr>
</thead>
<tbody>
<tr>
<td>316</td>
<td>Bisset Road Demolition of Rehab Centre</td>
<td>2,000</td>
<td></td>
<td>120-365 days</td>
</tr>
<tr>
<td>307</td>
<td>Downtown Shuttle</td>
<td>2,916</td>
<td>Y</td>
<td>0-120 days</td>
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<tr>
<td>297</td>
<td>Cogswell Interchange</td>
<td>25,000</td>
<td></td>
<td>120-365 days</td>
</tr>
<tr>
<td>287</td>
<td>Harbour Link</td>
<td>15,000</td>
<td>Y</td>
<td>1-2 years</td>
</tr>
<tr>
<td>277</td>
<td>Satellite Garage Facility</td>
<td>20,000</td>
<td>Y</td>
<td>0-120 days</td>
</tr>
<tr>
<td>273</td>
<td>Peninsula Transit Corridor</td>
<td>3,714</td>
<td>Y</td>
<td>120-365 days</td>
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<tr>
<td>272</td>
<td>Commons Concert Venue Infrastructure</td>
<td>1,750</td>
<td></td>
<td>2+ years</td>
</tr>
<tr>
<td>267</td>
<td>MetroLink</td>
<td>10,200</td>
<td>Y</td>
<td>120-365 days</td>
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<tr>
<td>267</td>
<td>Access-A-Bus Vehicle Expansion</td>
<td>440</td>
<td>Y</td>
<td>1-2 years</td>
</tr>
<tr>
<td>267</td>
<td>Conventional Transit Bus Expansion</td>
<td>21,500</td>
<td>Y</td>
<td>120-365 days</td>
</tr>
<tr>
<td>267</td>
<td>Rural Community Transit</td>
<td>11,000</td>
<td>Y</td>
<td>0-2 years</td>
</tr>
<tr>
<td>265</td>
<td>Transit Security</td>
<td>775</td>
<td>Y</td>
<td>0-120 days</td>
</tr>
<tr>
<td>262</td>
<td>New/Expanded Transit stations</td>
<td>6,205</td>
<td>Y</td>
<td>120-365 days</td>
</tr>
<tr>
<td>260</td>
<td>Expansion of Compost Facility</td>
<td>500</td>
<td></td>
<td>120-365 days</td>
</tr>
<tr>
<td>260</td>
<td>Expansion of Front End Processor</td>
<td>3,000</td>
<td></td>
<td>2+ years</td>
</tr>
<tr>
<td>254</td>
<td>4-Pad Arena</td>
<td>35,000</td>
<td></td>
<td>0-120 days</td>
</tr>
<tr>
<td>253</td>
<td>New Conventional Ferry</td>
<td>12,000</td>
<td></td>
<td>2+ years</td>
</tr>
<tr>
<td>253</td>
<td>Bikeway Master Plan Implementation</td>
<td>6,000</td>
<td>Y</td>
<td>0-2 years</td>
</tr>
<tr>
<td>253</td>
<td>Energy Efficiency Projects</td>
<td>2,000</td>
<td>Y</td>
<td>120-365 days</td>
</tr>
<tr>
<td>252</td>
<td>2011 Canada Games HRM Venue Upgrades</td>
<td>3,000</td>
<td>Y</td>
<td>0-120 days</td>
</tr>
</tbody>
</table>
Observations on Innovation Investment

• Focus on cities
• Focus on people
• Focus on key sectors
• Set priorities, but how do you decide?
  – Community investment vs. innovation investment
  – Vision – Leadership