

Region of Queens Municipality
Economic Report, November 2013

Prepared by: Region of Queens Municipality

Executive Summary:

There has been significant economic change in Queens County with the closure of the Bowater mill and it is critical to understand what this implies for the local economy. The information in this report should help provide guidance to council and staff with long-term adjustment planning as the municipality attempts to develop economic objectives, while allocating limited resources in the most efficient manner.

After the recent loss of a major employer, Queens County continues to hold its own. Recent economic indicators are as follows:

- Similar to much of rural Nova Scotia, Queens County has both an aging and declining population; in 2011, 18.5% of the population was under the age of 20 and 22.5% was 65 years or older;
- The unemployment rate for the Southern Zone in October 2013 is 11.6%; This zone includes the counties of Lunenburg, Queens, Shelburne, Yarmouth and Digby;
- From 2006 to 2011, the South Shore Region lost jobs in forestry and manufacturing yet there were gains in the tourism, retail and health services sectors;
- Average household income in Queens County rose by 15% between 2006 and 2011 and the cost of living still remains relatively low compared to other jurisdictions with the average price of a home near \$153,738;
- In 2011, there were 375 immigrants which is 3.5% of the population compared to 5.3% immigrants for Nova Scotia.
- The number of small and medium business start-ups has increased significantly, along with expansion of existing businesses. This is critical in the move away from one major employer to various small and medium businesses offering a variety of goods and services.

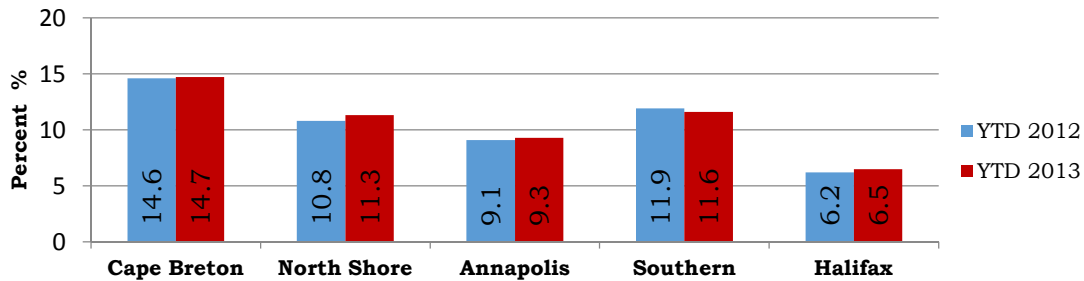
Note that these statistics provide a snapshot of the Queens County economy at a particular point in time. Deed transfers and building permits depict annual changes. Other stats like average household income levels, population and mobility trends have been collated from the 2001 and 2006 Census and the most recent 2011 National Household Survey that indicates changes over a 5 year period.

Employment Data:

Labour economics examines market functions through the interaction of workers and employers. We examine the suppliers of labour services (workers) and the demands of labour services (employers), and attempt to understand how the resulting patterns affect the local economy via participation rates and unemployment rates.

The unemployment rate for Queens County in 2011 was 11.1%. The most recent unemployment rate for Queens County is not available as it is collated with other counties along the South Shore region including Lunenburg, Shelburne, Yarmouth and Digby. The collated unemployment rate for the Southern Shore Zone in October 2013 was 11.6%. The provincial average unemployment rate for the same period was 9.1%.

Fig. 1 Unemployment Rate Economic Regions
% of labour force



Source: NS Department of Finance

Note to readers: With the recent revisions to seasonal adjustment, the January 2013 issue of Labour Market Monthly includes updated statistics which will not lend themselves to comparison with previously published issues. Any previous comparisons of data should be reproduced using updated statistics from Statistics Canada.

Employment by Industry:

Queens County has a significant base of workers in natural resource industries including three seafood processors who employ more than 350 full time and seasonal staff and two lumber mills that combined, employ more than 160 employees. There are a myriad of support jobs linked to the resource economy, including fishers, truckers, harvesters and wood lot owners to name a few.

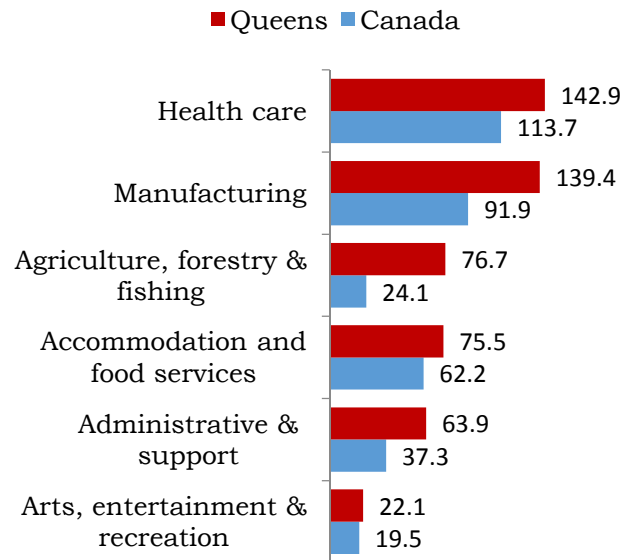
It should be noted that Queens County is experiencing some emerging economic development opportunities with the establishment of the Innovacorp Demonstration Centre (IDC). Since the closure of Bowater mill, the County's economic base is shifting to a focus on value-added forest products and renewable energy. The IDC's mandate is to leverage the assets of the former Bowater Mersey Paper Mill to advance bio-resource technology industries such as next-generation bio-fuels and other higher value bio-products.

Queens County also has strong service sectors including health care, administration services and tourism. There are over 500 persons working in business, finance and administration occupations in the county. Total employment in the administration and support sector is 67 percent higher compared to the national labour market. In addition, Queens County has a high concentration of employment in health care as well as tourism-related industries. White Point Beach Resort and Hinduja Global Solutions (HGS) each employ approximately 150 employees and Queens General Hospital employs close to 160 employees.

Queens County labour market has a higher percentage of people with apprenticeships or trades certificates compared to the national average and on a relative basis, there are more persons working in the arts, entertainment and recreation sector compared to the national labour market. This includes a higher percentage of creative and performing artists as well as persons employed in heritage institutions.

Fig.2 Employment by industry in Queens County – compared to the national labour market

Employment per 1,000 in the labour market

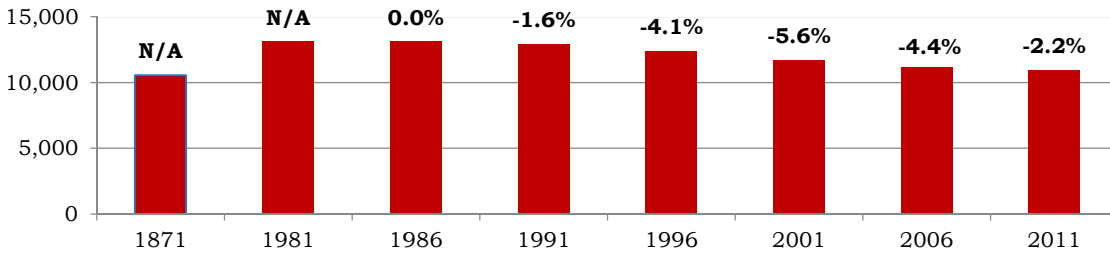


Source: Statistics Canada National Household Survey (2011)

Population Data:

Based on the 2011 National Household Survey, population continued to decline by 2.2% from 11,212 in 2006 to 10,960 in 2011. The total decline from 2001 is 6.6% and is a cause for concern as we have fewer residents that contribute to the Region of Queens’ tax revenues which ultimately is required in order to offer the services and amenities to attract businesses and residents. ***This trend is evident in most rural areas of Nova Scotia and underscores the need for a province-wide immigration strategy.***

Fig. 3 Census Population Change (%)



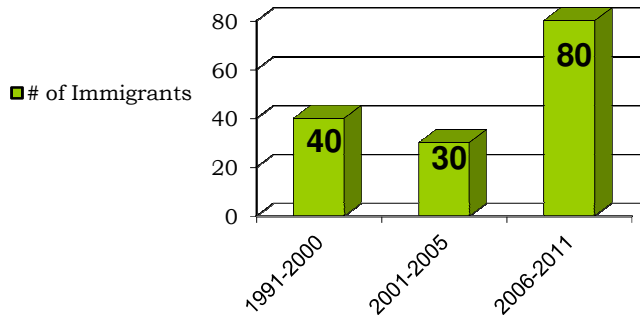
Source: Stats Canada 2001, 2006; 2011 National Household Survey

As a means to counter this, the Region of Queens Municipality has competitive tax rates that can act as a catalyst for business attraction particularly in Liverpool which has the third lowest commercial rate compared to other NS towns. The residential county rate is also competitive, ranking 7th lowest among all Nova Scotia Municipalities.

Immigration & Mobility Patterns:

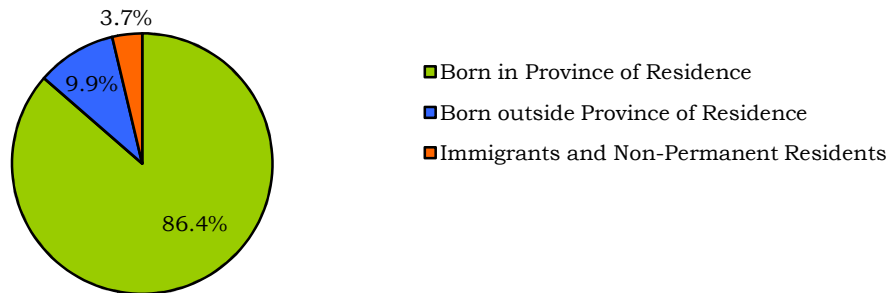
Immigration has been increasing since 1991 albeit in a gradual fashion. In 2011, there were 375 immigrants which is 3.5% of the population compared to 5.3% immigrants for Nova Scotia. 86.4% of Queens County's population was born in the province of their residence.

Fig. 4 Immigration to Queens County



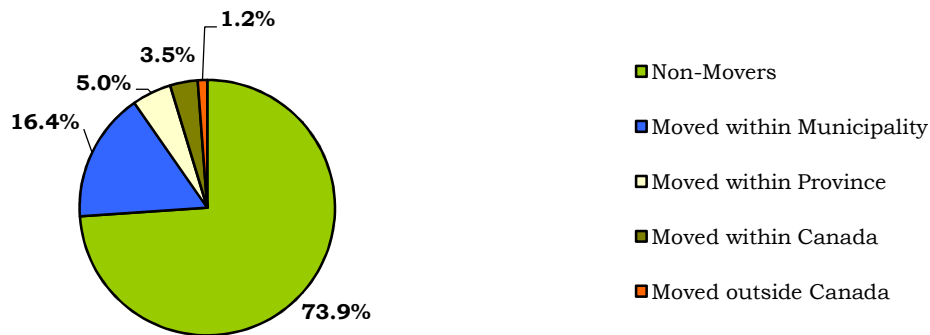
Source: Nova Scotia Community Counts

Fig. 5 Immigration in Queens County (2011)



Source: Nova Scotia Community Counts

Fig. 6 Mobility Within the Last 5 Years in Queens County (2011)



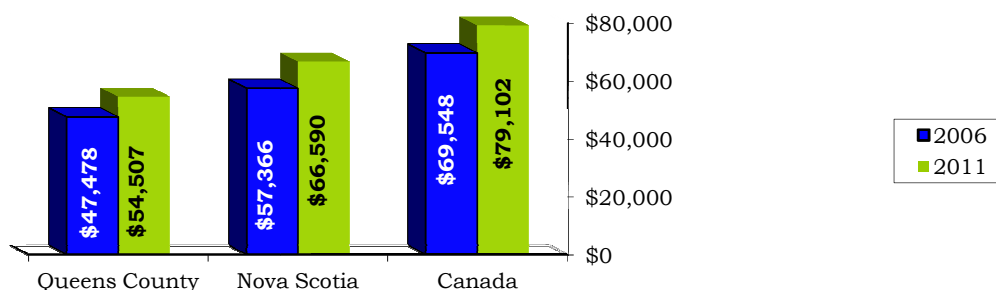
Source: Nova Scotia Community Counts

Household Income and Purchasing Power:

Average Household Income indicates the monetary well-being of a household and its residents. The income measured includes combined incomes of all people sharing a particular household or place of residence. It includes employment income including tips, commissions and self-employment income, income from government sources like social assistance, EI, child benefits, pension income, investment income and any other income.

Average household income for Queens County has increased by 15 % from 2006 to 2011, while Nova Scotia increased by 16% and the rest of Canada by 14%. This means there is strengthening purchasing power in these households which can potentially support the emerging retail sector in the county, but it should be noted that this purchasing ability can be offset by increasing inflation rates for goods and services.

Fig. 7 Average Total Household Income



Source: Statistics Canada 2006 Census; 2011 National Household Survey

Cost of Living:

One of the great advantages of living in Queens County is the relatively low cost of housing and related expenditures such as property taxes. The average household in Queens County spends 44 percent less per year on shelter compared to the Canadian average. In 2011, the average value of homes in this region was \$153,738.

(Source: Stats Canada).

Fig. 8: Average monthly shelter costs for owned dwellings (2011)*

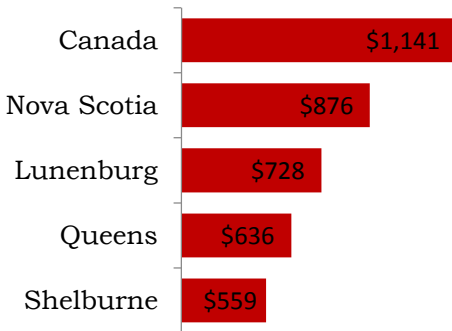
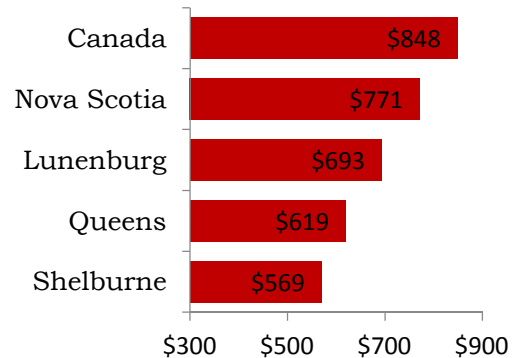


Fig. 9: Average monthly shelter costs for rented dwellings (2011)*



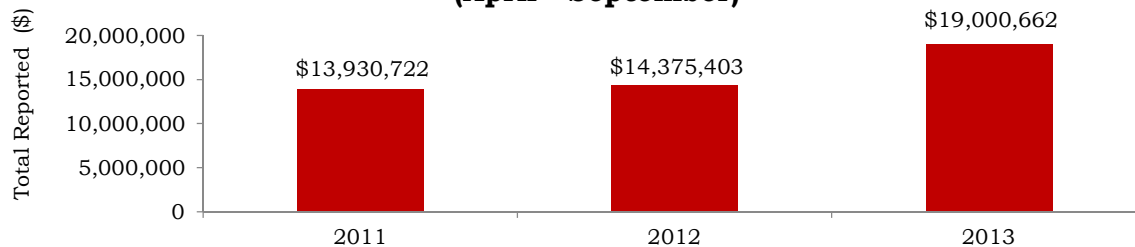
*including mortgage and related payments.

Source: Statistics Canada 2011 National Household Survey.

Deed Transfers:

Deed transfers reflect the movement of ownership from one entity to another at market prices. The following table (which measures the period of April to September) shows a significant increase in the price and movement of property with an increase of more than \$5 Million or 36.4% over two years.

Fig. 10 Queens County Deed Transfer Tax (April - September)



Source: Region Queens Municipality

Building Permits:

Construction makes up a significant percentage of our local economy and it is often viewed as a leading indicator. If new construction rises or falls, typically the rest of the economy follows suit. Building permits are also an indicator of general spending trends.

The Nova Scotia housing sector has been impacted by the global recession for much of 2012 and 2013 and this trend is similar in Queens County which saw a decline of more than \$1.1 Million in the value of residential building permits from 2011 to 2013. There were 17 residential permits issued in 2011; that figure increased to 19 in 2012 and dropped to 9 in 2013.

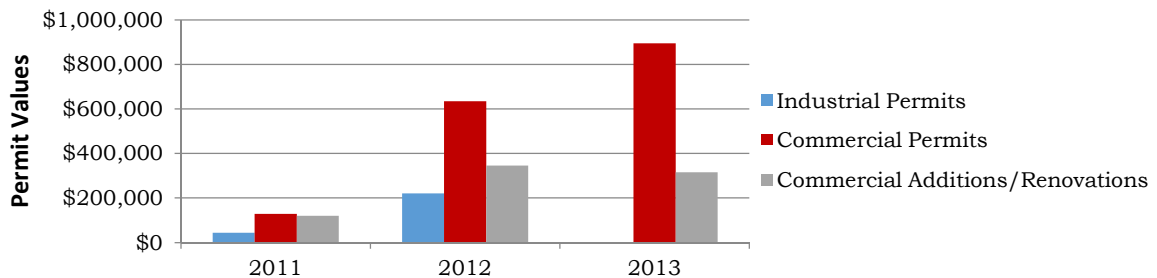
Fig. 11 Residential Housing Building Permits: April to September



Source: Region Queens Municipality

Conversely, the issuance of commercial permits has been robust. Queens County has seen a positive cumulative change in value of \$766,500 from 2011 to 2013. There have been 26 new business starts and 14 commercial expansions during 2012 and 2013.

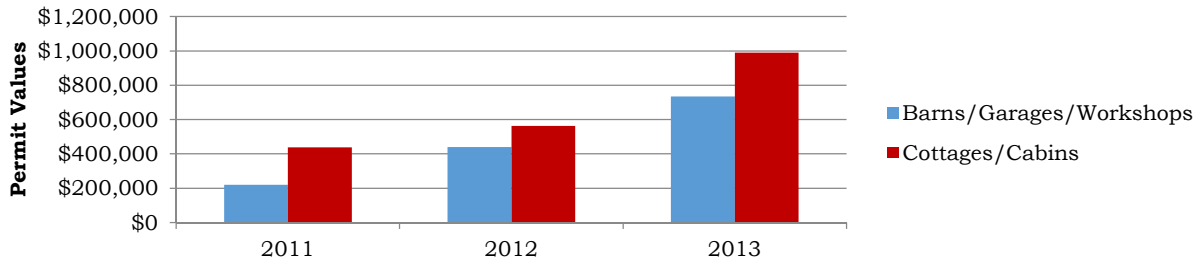
Fig. 12 Industrial, Commercial & Commercial Additions/Renovations Building Permits: April to September



Source: Region Queens Municipality

The value of permits issued for barns/garages and workshops have increased by \$513,500 from 2011 to 2013. There were 21 permits in 2011, and 24 for both 2012 and 2013. The issuance of cottage and cabin building permits has also increased by \$552,500 during the same time frame.

Fig. 13 Barns/Garages/Workshops - Cottages/Cabins Building Permits: April to September



Source: Region Queens Municipality

Commercial Property Vacancy Rates:

Commercial property vacancy rates are on the decline. A 21% vacancy rate in 2012 has decreased to 16% in 2013. Since May of 2012, the Region of Queens Municipality has seen a number of new businesses open or expand particularly in the southern portion of the county. This would explain the changes in vacancy rates for commercial property in Liverpool.

Fig. 14 Vacant Business Properties in Liverpool - December 2012

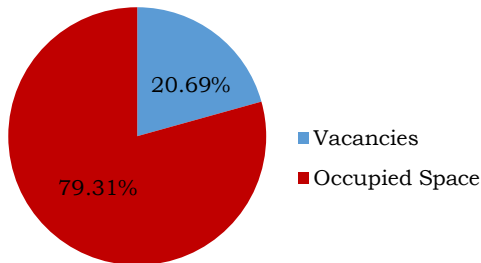
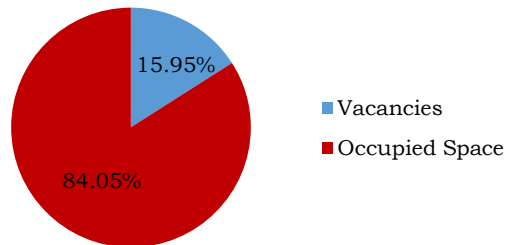


Fig. 15 Vacant Business Properties in Liverpool - November 2013



Source: Region Queens Municipality

Business Starts and Closures:

Please note that this is a volatile statistic that can potentially vary from quarter to quarter or even month-to-month. That being said, there have been approximately 26 new business start-ups in Queens County from May 2012 to mid-November 2013. There have also been 14 commercial expansions/ renovations and approximately 8 business closures in the same timeframe. Source: Region of Queens Municipality

Tourism Statistics:

Tourism statistics are provided by the Nova Scotia Tourism Agency and are based on submissions from accommodation operators with estimates made for those who have

not responded (e.g. *Projected Room Nights Sold*), therefore the statistics get more accurate over time, as more submissions are received.

The statistics reflect activity from January to August inclusive for the 3 years, 2011, 2012 and 2013. Note that figures for September and October 2013 were not available at the time of report writing.

- **Fixed Roof Accommodation Activity:**

The Occupancy Rate measures the number of units sold divided by the total number of units available and a unit is typically measured as one room however, a cottage or suite containing 2 bedrooms or more is considered one rentable unit.

The **Projected Room Nights Sold** figures also reflect that White Point Beach Resort was not open much of 2012 hence the -44.52% drop from the previous year. White Point Beach Resort re-opened in 2013 as evidenced by the 91.39% increase in room nights sold.

Fig. 16 Fixed Roof Accommodation Activity – Queens County

	2011	2012	2013
Occupancy Rate (%)	33.2%	29.1%	32.8%
% Change from Previous Year	-2.1%	-4.1%	3.7%
Projected Room Nights Sold	25,951	14,397	27,555
% Change from Previous Year	-4.9%	-44.5%	91.4%

Source: Nova Scotia Tourism Agency & Nova Scotia Dept. of Economic & Rural Development & Tourism

Campground Accommodations in Queens County:

A detailed tourism report with campground data will also be presented as such, this report card will not recreate those statistics. We can say however, that poor weather in late Spring/early Summer seems to have negatively impacted camping across the province and this pattern was similar in Queens County this past tourism season. Both Thomas Raddall Provincial Park and Fisherman’s Cove RV & Campground reported early season reductions in camp nights; this was temporary as camp nights increased in August and September. Please refer to the 2013 Tourism Report for more detailed tourism data.

Conclusions:

The Queens County economy is redeveloping since the Bowater closure. It should be noted that there is ongoing pressure in the resource sector as some of the county’s fishing and forestry-related businesses are impacted by global trends. It should also be noted that there is an emerging trend of new entrepreneurs, some of whom, have opened up businesses and others who have purchased existing operations. That being said, there is a need to employ economic development approaches that:

- Support entrepreneurial capacity throughout Queens County by ensuring that businesses are aware of small business supports including Federal and Provincial government programs;
- Promote shop local efforts to support retail and service sectors;
- Ensure collaboration with other Municipalities along the South Shore as well as with Provincial and Federal partners. Continue to be an active participant on the inter-governmental Lunenburg Queens Economic Action Team;
- Focus on initiatives like Queens County Investment Readiness, Queens County Business Outreach, Supply Chain Analysis, Sector/Labour Analysis and so on;
- As opportunities arise, provide support and guidance to resource sector niche opportunities. For example, the Innovacorp Demonstration Centre's mandate is to transition the local resource economy to value-added forestry applications where cutting-edge industry innovators and researchers can test their products before bringing them to full market scale. Ensure ongoing communication with Innovacorp on this initiative;
- Continue to build partnerships with the Queen's county business community by collaborating with the South Queens Chamber of Commerce, North Queens Board of Trade, South Shore Opportunities, Queens Business Development Association and others on strategic business initiatives;
- Ensure mechanisms are in place for active and ongoing communication on all economic development initiatives.

Ultimately it is critical for the business community, and the Region of Queens, to pursue diversification as a way forward and there must be a recognition that a "one size fits all" approach to rural economic development will not work; approaches must be tailored to be regionally appropriate.

Disclaimer Note: Statistics Canada's comment on the comparability of 2006 and 2011 data:

Comparability between estimates from the 2006 Census long form and the 2011 National Household Survey estimates: When comparing estimates from the 2006 Census long form and estimates from the 2011 National Household Survey (NHS) users should take into account the fact that the two sources represent different populations. The target population for the 2006 Census long form includes usual residents in collective dwellings and persons living abroad whereas the target population for the NHS excludes them. Moreover, the NHS estimates are derived from a voluntary survey and are therefore subject to potentially higher non-response error than those derived from the 2006 Census long form.