

Nova Scotia Environmental Scan 2022

DEMOGRAPHICS

In 2021, **992,000** people lived in Nova Scotia, an increase of 1.0% from 2020. Nova Scotia represents 2.6% of Canada's total population.

The proportion of seniors aged 65+ is projected to increase from 21.8% in 2021 to 28.0% in 2031.

In 2021, individuals aged 55 and over accounted for 43.3% of the working-age population. By 2031, that proportion could reach 46.7%.

The proportion of youth (15-24) is projected to remain relatively steady from its current level of 11.3% in 2021 to 11.1% in 2031.

Youth unemployment rates improved in 2021, but remained slightly above their pre-pandemic levels. Youth employment continues to be affected by the pandemic and its impact on industries with a heavy youth presence like accommodation and food services and retail trade.

Average age of the **non-Indigenous** population in Nova Scotia is **43.5** versus **35.1** in the **Indigenous population** (Census 2016).

There are 28,600 **Indigenous** people in the labour force, 25,500 of which are employed. The unemployment rate is notably higher amongst Indigenous people compared to the general population.

Ninety-six percent of Nova Scotians identified English as their **first language**, while 3.1% identified the province's other official language, French. Only 0.3% identified a first language that was neither English nor French.

In 2020-21, 3,536 **newcomers** arrived in Nova Scotia along with 10,537 international students. The size of the newcomer labour force in Nova Scotia was 15,300 in 2021, and 14,100 newcomers were employed. The labour market participation rate (83.2%) and employment rate (76.6%) for recent immigrants is notably higher than the rates for population as a whole (60.7% and 55.4%, respectively).

According to the 2017 Canadian Survey on Disability, there were 89,410 **persons with disabilities** aged 15 to 64 participating in the Nova Scotia labour force. Persons with disabilities in Nova Scotia were more likely to participate in the labour market than at the national level (58.2% vs 55.5%, age standardized participation rate). Over one-third of survey participants with a long-term condition or disability reported experiencing temporary or permanent job loss, or reduced hours during the pandemic.

LABOUR MARKET CONDITIONS

In 2021...

- Employment** rebounded sharply (+5.4%)
- Unemployment** fell considerably (-10.7%)
- Participation Rate** rose marginally (59.9% to 61.6%)
- Employment Rate** rose moderately (54.0% to 56.4%)



- Nova Scotia has regained all of the jobs lost in 2020, as a result of the pandemic, though the recovery has been uneven, especially for high-contact businesses. Employment rebounded sharply by 5.4% in 2021 and a rise of 1.6% is expected for 2022.

- The aging population along with labour and skills shortages will weigh on employment growth in the coming years. Employment growth is expected to temper to 0.6% in 2023.

- Nova Scotia's unemployment rate declined sharply from 9.8% to 8.4% in 2021, as public health restrictions in response to the COVID-19 pandemic eased and economic activity resumed. Nova Scotia's unemployment rate is expected to decline further in 2022 to 7.5%. (1)

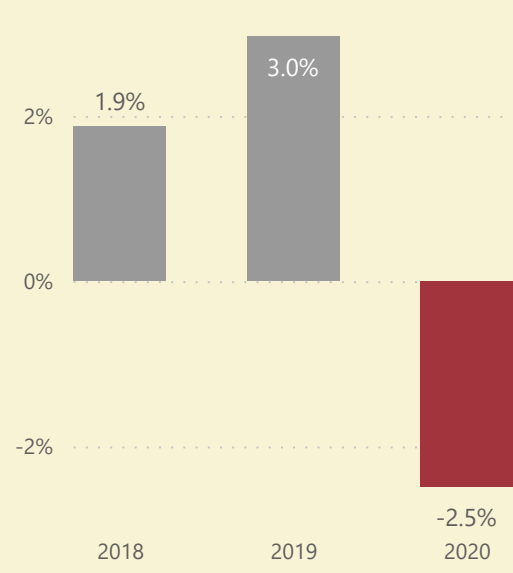
(1) Conference Board of Canada, March 2022

ECONOMIC CONDITIONS

Nova Scotia's Economic Drivers in 2021

- COVID-19 pandemic**
- Strong population growth**
- High capital spending**

GDP Growth Rate



Reviewing 2021...

- Nova Scotia's economy stabilized in 2021, following a 2.5% decline the previous year. The recovery is expected to result in Real GDP growth of 4.8% for 2021, moderating to 1.9% in 2022, aided by the lifting of public health and travel restrictions.

- Record population growth in 2021 helped to boost economic activity. In early 2022, the population surpassed 1 million, owing to record levels of in-migration. Remote work, lower case counts, and relatively affordable housing added to the provinces' appeal during the pandemic. At the same time, the success of the Atlantic Immigration Pilot Program improved international in-migration. The program, now permanent, will result in 6,000 newcomers per year to the province.

- Meanwhile, major product activity continued to support growth, including activity tied to shipbuilding as well as record capital spending tied to the \$1B health redevelopment project, new schools and roadways.

- Extraordinary pandemic supports boosted income for Nova Scotians during the pandemic. As those supports were gradually withdrawn and economic activity improved, households picked up the pace in spending in 2021, dipping into savings.

Risks to the Nova Scotia Economy in 2022

- While future outbreaks of the COVID-19 virus remain an obvious risk for the province and its major trading partners, Nova Scotians have achieved high rates of vaccination, and new variants are not expected to trigger prolonged restrictions.
- Uncertainty surrounding rapidly rising inflation and supply bottlenecks remain one of the largest risks to the outlook. Nova Scotia had the second highest rate of inflation in Canada in 2021. The conflict in Ukraine has heightened these risks, adding pressure for interest rate hikes. These rate increases have the potential to hurt borrowers, investors and consumers, especially if inflationary expectations become unstable.
- In addition, capacity pressures related to labour and supply chain challenges could impact major project plans. The number of firms in Canada reporting these pressures is at a record high with some firms delaying orders or turning down work. The construction association estimated it is in need of 8-9 thousand new tradespeople over the next 5 years. New provincial initiatives to attract skilled-workers should help.

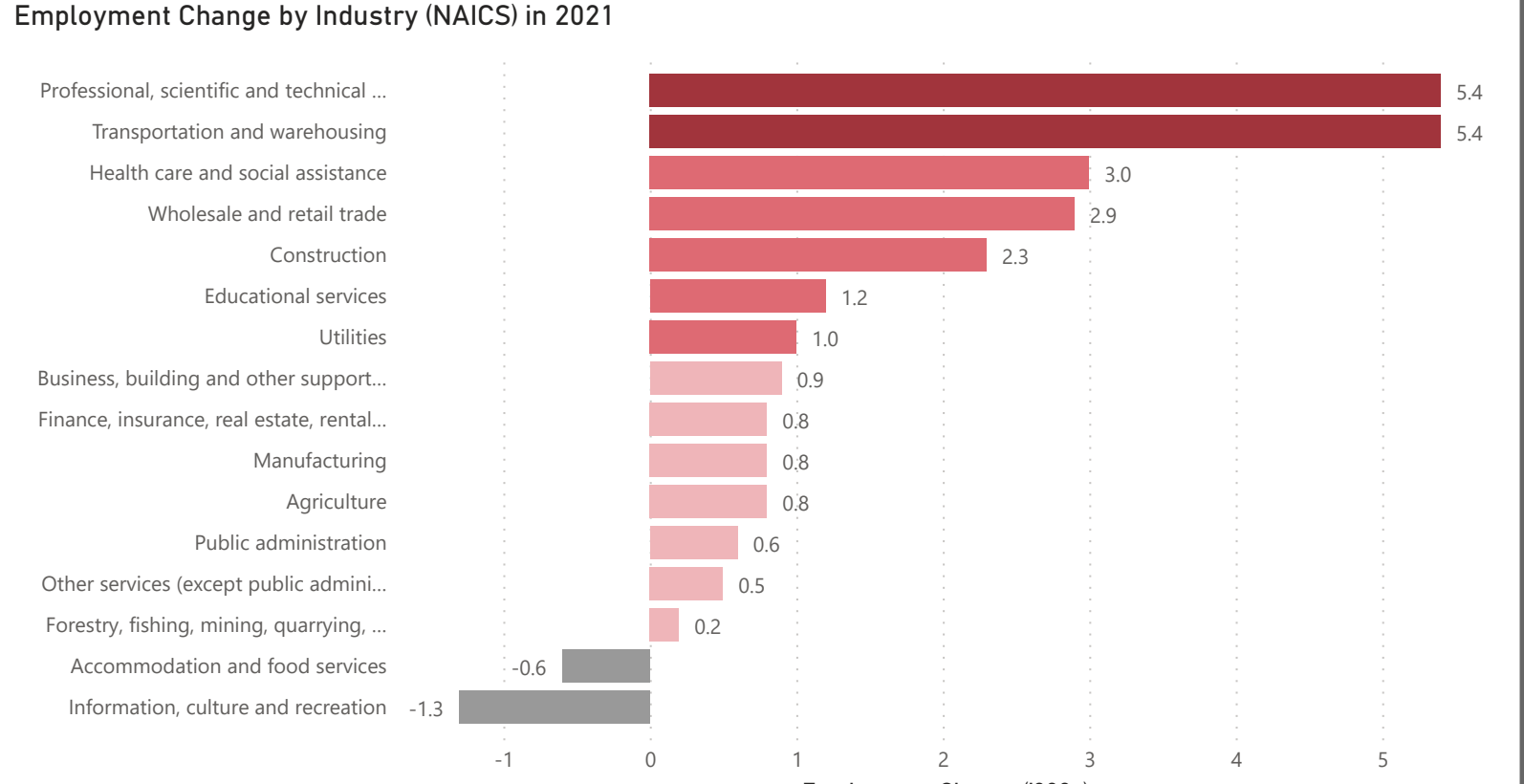
PROVINCIAL ISSUES



- Nova Scotia's rapidly aging population has the potential to limit its growth and stymie its fiscal position. During the pandemic Nova Scotia experienced strong population gains; however, these trends are expected to be short-lived. More than a fifth of the population are over 65. By the end of the next decade, current estimates suggest this will rise to nearly a third.
- Existing labour and skills shortages were heightened during the pandemic limiting economic potential. Longer-term trends like population aging, changing job preferences, and upskilling due to technological advances were already constraining labour markets. During the pandemic, absences due to illness and childcare responsibilities, border restrictions, as well as fears of contracting the virus added to these pressures and hastened the exit of some workers. Nearly three quarters of Atlantic businesses sited recruiting and retaining challenges in the past year. Jobs in construction, health care, and some seasonal industries were in highest demand.
- The COVID-19 pandemic has had uneven impacts, especially for those working in hard-hit industries and low-wage occupations, in particular women, youth, and those with young children. However, some outcomes are still unknown. For example, longer lasting effects for hard-hit businesses and individuals, as well as impacts for vulnerable populations, including low-income seniors, racialized Canadians, persons with disabilities, and the homeless or those with unmet housing needs. Rapidly rising prices and interest rates will also have uneven impacts, potentially compounding challenges for some.

INDUSTRY TRENDS

Employment Change by Industry (NAICS) in 2021



- Employment gains were observed in all but two industries in Nova Scotia in 2021 as the recovery from the COVID-19 pandemic progressed.
- The largest employment gains occurred in the professional, scientific and technical services industry, which was more suited to the shift to working from home, while employment gains in the transportation and warehousing industry were helped by higher online sales and the opening of an Amazon warehouse in Dartmouth.
- The accommodation and food services sector shed another 600 jobs in 2021, while jobs in the information, culture and recreation industries fell as public health and travel restrictions hindered job growth.

REGIONAL ECONOMIC CONDITIONS

- All economic regions in Nova Scotia registered strong employment gains in 2021, except the Cape Breton economic region, which experienced a slight decline.
- The Halifax economic region benefited from strong population growth and construction activity. Employment increased by 11,900 in 2021, well above pre-pandemic heights.
- While employment also rose in the Annapolis Valley, Southern and North Shore regions of Nova Scotia, only the Southern region saw jobs exceeding pre-pandemic levels.

Employment Change by Economic Region in 2021

