

The Sheet Harbour, Nova Scotia Business Case

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Sheet Harbour, Nova Scotia is open for business. Located within the Halifax Regional Municipality, the Sheet Harbour region has a population of around 5,000 people and features a number of interesting characteristics that make it attractive for new industry. The community is focused on growing its industrial and commercial activity to turn around population decline and support its objective of being a dynamic and vibrant rural community within the Halifax Regional Municipality.

The Sheet Harbour Value Proposition

Strategic Location

- ✓ An easy commute from three urban centres (Halifax, New Glasgow and Truro).
- ✓ A year-round, ice free port - a short 80 kms from Great Circle Route between North America and Europe.

Available Workforce

- ✓ Considerably higher unemployment/underemployment and a large workforce that commutes outside the region for employment that would prefer to stay and work in the community.
- ✓ A pristine, beautiful and low cost environment that would attract people for work if there were good opportunities.

Competitive Cost Environment

- ✓ Wage costs 15%-25% lower than the urban area.
- ✓ A lower cost of living for employees which translates into lower wage costs while workers have similar disposable incomes as they would have in the urban area.
- ✓ Lower land and real estate costs.
- ✓ Lower property taxes.
- ✓ Access to expansion support programs.

Real Estate Options

- ✓ The Sheet Harbour Industrial Park has existing facilities that could be available for specific uses and industrial land adjacent to the port for new development.
- ✓ There are existing buildings in the community that could be redeveloped into commercial facilities such as customer contact centres, back offices, IT studios, retail, etc. There is also the facility that formerly was the Trans-Atlantic cable station for the former CANTAT-2 cable connecting North America and Europe. This facility could be easily redeployed as a data centre or other similar use.

Specific Economic Development Opportunities

- ✓ The Sheet Harbour region offers some exciting opportunities for specific industrial sectors. Small to mid-sized customer contact centres that are faced with steep competition in urban areas will find a unique opportunity in Sheet Harbour. Manufacturers that are looking for an easy and convenient way to ship their products internationally would benefit from locating in the Sheet Harbour Industrial Park. There are specific forestry and mining opportunities in the area and tourism development has significant potential.

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1. Introduction

1.1 Overview

The community of Sheet Harbour has always been the commercial centre of the Eastern Shore. The economy is based on forestry, fishing, tourism, and local commercial services. Sheet Harbour also boasts an Industrial Port and Industrial Park.



Sheet Harbour is also the commercial and services centre of the larger region. People come to the community from a wide area to access the regional health care facility, shopping and other services.

In recent years, the community has been witnessing a slow decline in its population. Community leaders would like to change this and have a vision of the community as a growing and dynamic regional economy on the eastern shore of Nova Scotia. Sheet Harbour has strong economic and social links with the urban Halifax region and is also uniquely positioned within a short commute of both the New Glasgow/Stellarton and Truro areas of Nova Scotia. This geographic proximity coupled with a year round, deep water port provides Sheet Harbour with an interesting value proposition for companies that are looking to expand their business. Manufacturing, forestry and mining opportunities are explored in this document.

In addition, service-based companies such as customer contact centres, back offices and information technology firms are increasingly looking at rural communities to locate their facilities. Locating in Sheet Harbour means less competition for the workforce and more competitive operating costs. Employees are also now placing more emphasis on quality of life and Sheet Harbour offers an unmatched environment for people looking for a pristine and beautiful location in which to live and work.

A number of firms have already started to take advantage of the opportunities presented by Sheet Harbour. Northern Fibre Terminal Incorporated (NFTI) recently chose Sheet Harbour as the site for its processing and shipping facility because of its deep, ice-free harbor, quality workforce and competitive cost environment. Shaw and Shaw Ltd. recently announced it would be setting up a pipe-coating plant, creating an estimated 110 jobs, to construct the concrete coating for the approximately 175-km Deep Panuke natural gas pipeline.

Companies looking at locating or expanding in the Halifax region should consider Sheet Harbour. Some companies just might find it is just the business environment they are looking for.

1. Introduction (cont.)

1.2 The Sheet Harbour Region

Sheet Harbour is a community of about 800 people located within the Halifax Regional Municipality on the eastern shore of Nova Scotia. The catchment area around Sheet Harbour is approximately 5,000 people. This is the population that comes to Sheet Harbour to work, shop or use the regional health and educational facilities.

For the purposes of this report, all demographic and statistical information is based on the Census Tract 0154.00 which includes Sheet Harbour and several surrounding communities. The total population base of this Census Tract was 3,936 at the time of the 2006 Census. The rough area encompassed by this Census Tract is shown in the map below.

Sheet Harbour and Population Catchment Area

Distance Chart:

112 km (70 miles) to Truro

85 km (53 miles) to New Glasgow

112 km (70 miles) to Halifax



2. Strategic Location

2.1 A strategic location

Sheet Harbour sits at a crossroads that is within a short commute to many of the province's population centres. Halifax, Stellarton, Truro, New Glasgow and Antigonish are all within a 1 to 1.5 hours drive of downtown Sheet Harbour (see the map below). In addition, the ice free Port of Sheet Harbour is a short 80 kms from Great Circle Route between North America and Europe. The Port has been used by a number of firms for shipping product to market and as a staging area for the Sable Island natural gas development.

Sheet Harbour is also a short commute from the Halifax Robert L. Stanfield International Airport which is located about 100 kilometers (63 miles) from the community. The airport provides multiple daily flights to numerous Canada, U.S. and European locations.

Sheet Harbour in the Maritime Provinces



3. Industrial Profile

The community of Sheet Harbour is the commercial and service centre of the Eastern Shore region of Nova Scotia. There are a number of government offices, health care services and education facilities in the community. In addition, Sheet Harbour offers a variety of retail, food service and accommodation facilities. Sheet Harbour and its neighbouring communities also have forestry, fishery and manufacturing activities. There is also a considerable trucking and distribution sector in the region.

The region continues to benefit from a strong fisheries industry. Just down the road in Ship Harbour, the Aqua Prime Mussel Ranch has a thriving blue mussels and sea scallops aquaculture operation. In addition, the firm supports fisheries-based tourism by opening up in the summer for tours.

Northern Fibre Terminal Incorporated operates a state-of-the-art terminal at the Port of Sheet Harbour that includes a scale and unloading facilities for trucks delivering roundwood and chips as well as a debarker, a chipper, a storage facility, a laboratory for monitoring chip quality and a conveyor system for loading chips at dockside.

Shaw & Shaw, part of the Texas-based Bredero Shaw Group, recently announced it would be reopening the Sheet Harbour pipe-coating plant, creating an estimated 110 jobs. It will construct the concrete coating to the approximately 175-km of pipeline for the offshore natural gas Deep Panuke project. In 1998 and 2002, the company completed approximately \$45 million in work for the Sable gas project at the Sheet Harbour facility.

Figure 1: Industry Profile – Sheet Harbour Region*

NAICS:	Description:	# of Organizations	%
11	Agriculture, Forestry, Fishing	7	4%
23	Construction	8	5%
31-33	Manufacturing	5	3%
44-45	Retail & Wholesale Trade	27	16%
48-49	Transportation and Warehousing	10	6%
52-54	Finance, Insurance, Real Estate & Professional	10	6%
61-62	Health Care and Education	19	11%
71-72	Accommodation, Food Services & Tourism-related	22	13%
81	Other Services	45	27%
92	Public Administration	14	8%
	Totals	167	

**Communities Included in profile:*

East Jeddore	Malay Falls	Musquodoboit Harbour	Quoddy
East Ship Harbour	Mooseland	Owl's Head	Sheet Harbour
Ecum Secum	Moser River	Pleasant Harbour	Spry Bay
Harrigan Cove	Murphy's Cove	Popes Harbour	Spry Harbour
Lake Charlotte	Mushaboom	Port Dufferin	Tangier

4. The Labour Market

4.1 Population

A central reason why community leaders are focused on stimulating new economic development in the Sheet Harbour region has been the recent decline in population. From 1996 to 2006, the population of the Sheet Harbour region¹ declined by 4.6% while across the Halifax Regional Municipality population increased by a strong 12.1%. Across Nova Scotia, the population was stagnant during the 10 year period.

Economic development in the Sheet Harbour region will be critical to attracting back people who have moved out of the region and those who are looking for good employment opportunities but would also like to live in a small town or rural environment.

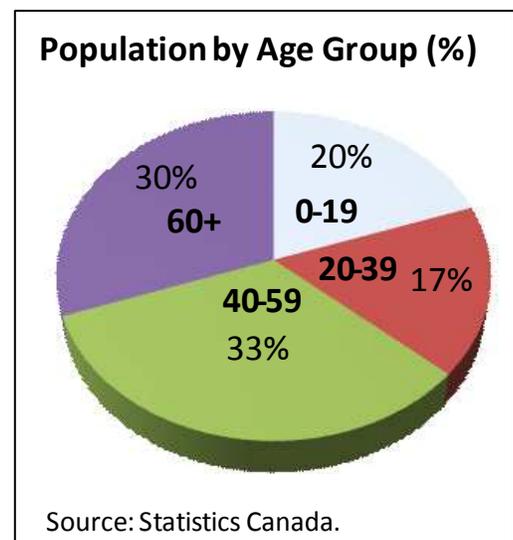
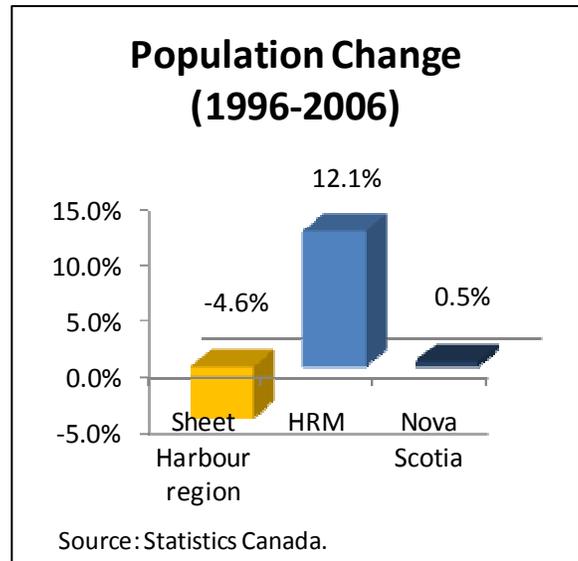
Another important reason to develop new industrial and commercial activity in the Sheet Harbour region is that the population is aging. 30% of the residents in the region are over the age of 60 compared to only 17% in HRM as a whole. The median age of the population in the Sheet Harbour region is 48.7 years compared to only 39 in the Halifax Regional Municipality. New economic development will bring younger workers and families into the region revitalizing the communities.

4.2 Employment by sector

According to the Statistics Canada 2006 Census, the workforce in Sheet Harbour and in its catchment area is a mix white collar and blue collar workers. 32% of the workforce is employed in business or other services sectors. 20% of the workforce is employed in health care and education facilities. At the same time, 37% of the workforce is employed in manufacturing, construction or resource-based industries.

4.3 Educational attainment

As of the 2006 Census, 35% of Sheet Harbour adult residents had some form of post-secondary education (trade diploma, college or university).



¹ Census Tract 0154.00 which includes Sheet Harbour and several surrounding communities.

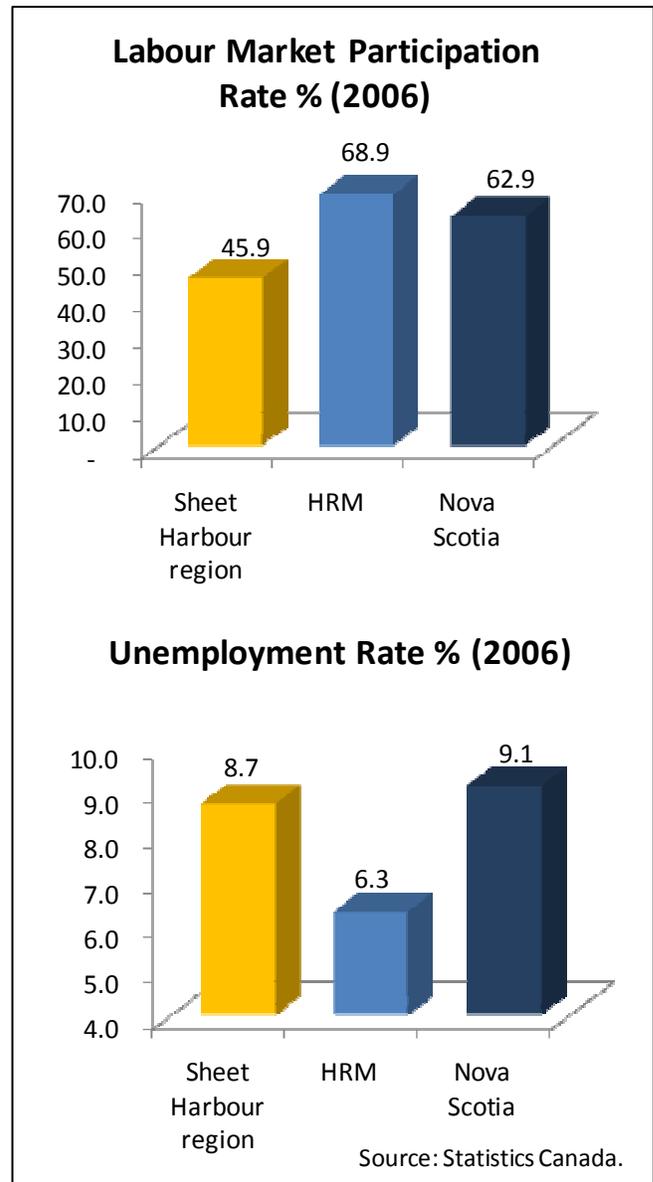
4.4 Employment/unemployment

As of the 2006 Census, the unemployment rate in the Sheet Harbour area was 8.7%, slightly lower than the provincial level but 2.4 points above the overall Halifax Regional Municipality. A considerable amount of people commute into Halifax, New Glasgow and other communities and this becomes a potential source of workers for firms considering expansion into Sheet Harbour (see Section 4.5 below).

The labour market participation rate (the percentage of the adult population in the workforce) is well below both the HRM and provincial averages, again indicating a potential source of workers for firms considering expansion. In 2006, only 45.9% of the adult population was in the workforce compared to almost 70% in the Halifax Regional Municipality as a whole.

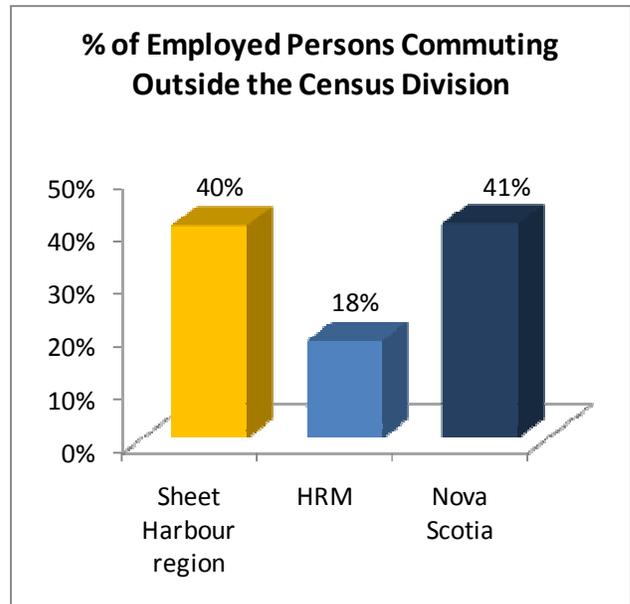
Sheet Harbour's employment rate in 2006 (the percentage of the adult population currently employed) was 42% compared to 64.5% in the Halifax Regional Municipality.

There is also considerable evidence of relatively high 'underemployment'. The median annual earnings for all workers in Sheet Harbour was less than half the median annual earnings for full time, full year workers. This indicates a fairly large part time or seasonal workforce that could be targeted for year round, full time work (see section 5.2 below for more details).

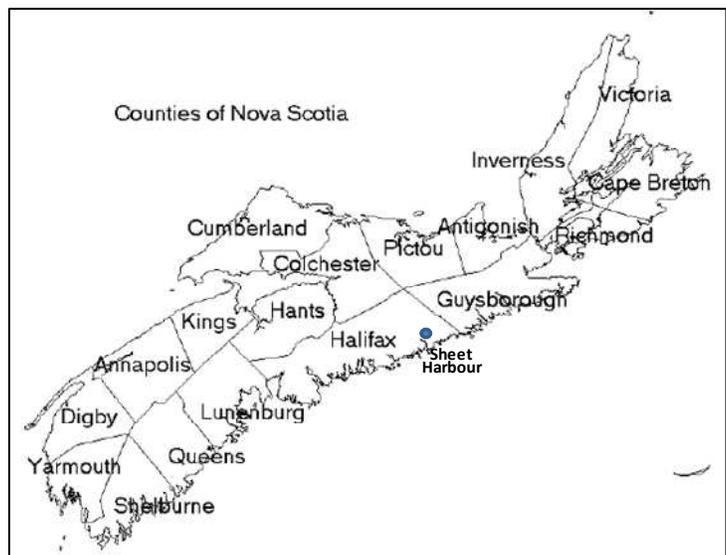


4.5 The available workforce

In addition to the higher level of unemployment and persons not working at all, another important source of workers for any company looking to set up in the Sheet Harbour region will be the pool of workers that leaves the region each day for work. Both anecdotal and statistical data confirms that there is a large workforce living in the Sheet Harbour region that commutes outside the region for work that would prefer to work in the community. For those people, new job opportunities in Sheet Harbour would mean less commuting to work which is increasingly important in a time when gas prices are at record highs and expected to increase even further.



The 2006 Census publishes data on where people work to the Census Division level. 40% of the employed workforce in 2006 left the Census division each day for work. Sheet Harbour is in the same Census Division as urban Halifax so this data does not include the people that commute to Halifax each day (as it is in the same Census Division). What it means is that 40% of the employed workforce commutes each day out to other Census Divisions such as Guysborough, Pictou or Colchester counties. These are potential workers for new industries that establish in Sheet Harbour.



In addition, as mentioned above, there are higher levels of part time/seasonal workers in the Sheet Harbour area which are potential workers in year round operations that could set up in the community.

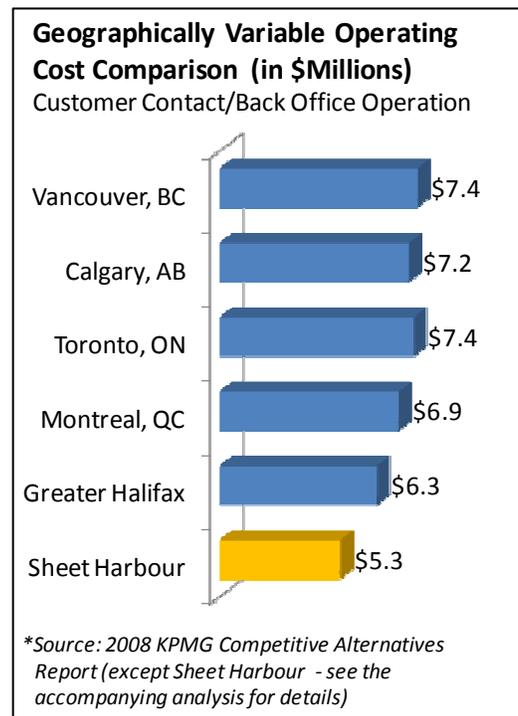
Other recent projects, such as the Shaw & Shaw pipe manufacturing facility, saw the employer receive hundreds of applications for the new jobs in the community.

5. Operating Cost Environment

5.1 Overall Operating Cost Environment

Greater Halifax offers companies a highly competitive operating cost environment. In its 2008 *Competitive Alternatives* report, the global consulting firm KPMG compared business costs in over 130 cities in North America, Europe, and Asia-Pacific. The Competitive Alternatives report measured 17 industries with cost comparisons based on 27 significant components such as wages, transportation, utilities, and taxes. Halifax ranked second among mid-sized cities (population of 250,000 - 750,000) in Canada in overall cost competitiveness. Among international centres, Halifax ranked in the bottom quartile for its operating cost environment.

Within the Halifax Regional Municipality, Sheet Harbour offers most companies a considerably lower operating cost environment. This is due mainly to lower wage costs² and other facility costs such as land and property taxes. Within Greater Halifax, Sheet Harbour is among the lowest cost communities for both business and residents.



Using the 2008 *Competitive Alternatives* report and adjusting for the lower operating cost environment in Sheet Harbour, a model can be developed to show the estimated potential cost savings from locating in Sheet Harbour compared to larger urban areas. This, of course, is representative as actual operating costs would vary based on industry, type of occupation, etc.

Figure 2 below shows an operating cost model using two broad sources: the ERI Geographic Reference Report (for wage information) and the 2008 Competitive Alternatives report for other operating cost elements. The methodology for calculating Sheet Harbour's cost structure can be found in the notes below Figure 2.

Based on this basic operating cost model, a typical customer contact centre/back office operation locating in Sheet Harbour could save over \$1 million per year compared to Greater Halifax over all and over \$2 million per year compared to larger urban centres in Canada. On a percentage basis, a Sheet Harbour location would save between 16% and 28.5% compared to other locations.

This operating cost advantage would also be evident in other sectors such as manufacturing, information technologies and tourism. See Section 10 for a list of targeted growth sectors for the Sheet Harbour region.

²See Section 7 below for details on the lower cost of living in Sheet Harbour compared to the urban area.

Figure 2: Geographically Variable Operating Cost Comparison

Contact Center/Back Office Operation

Based on a staff complement of 138 employees
(breakdown in Notes section below)

	Sheet Harbour	Greater Halifax	Montreal, QC	Toronto, ON	Calgary, AB	Vancouver, BC
LABOUR COST						
Median annual wage rates (1):						
General manager	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Accounting clerk	25,133	29,669	32,844	34,796	32,631	35,155
Accountant	39,539	46,675	50,627	53,077	51,141	53,504
Computer operator	31,912	37,671	41,219	43,507	41,325	43,786
Data entry operator	23,681	27,955	31,050	33,149	30,769	33,306
File clerk	22,095	26,082	29,090	31,153	28,735	31,286
Receptionist	22,659	26,748	29,787	31,863	29,458	32,004
Annual Labour Cost (2):						
General manager	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Accounting clerk	1,256,659	1,483,450	1,642,200	1,739,800	1,631,550	1,757,750
Accountant	988,482	1,166,875	1,265,675	1,326,925	1,278,525	1,337,600
Computer operator	159,559	188,355	206,095	217,535	206,625	218,930
Data entry operator	1,184,061	1,397,750	1,552,500	1,657,450	1,538,450	1,665,300
File clerk	110,473	130,410	145,450	155,765	143,675	156,430
Receptionist	45,317	53,496	59,574	63,726	58,916	64,008
Total base salary cost	\$3,824,551	\$4,500,336	\$4,951,494	\$5,241,201	\$4,937,741	\$5,280,018
Fringe benefit rate (3)	20.1%	20.1%	22.5%	21.1%	20.0%	19.4%
Total fringe benefit cost	\$769,104	\$905,002	\$1,111,839	\$1,104,204	\$988,696	\$1,021,922
Total annual labour costs	\$4,593,654	\$5,405,338	\$6,063,333	\$6,345,405	\$5,926,437	\$6,301,940
FACILITIES COSTS (4)						
Cost per square foot (gross)	\$16.00	\$24.98	\$24.49	\$30.00	\$39.96	\$38.49
Square footage required	22,500	22,500	22,500	22,500	22,500	22,500
Total annual facilities costs	\$360,000	\$562,000	\$551,000	\$675,000	\$899,000	\$866,000
UTILITIES COSTS (5)						
Electricity	\$159,000	\$159,000	\$130,000	\$149,000	\$187,000	\$84,000
Telecommunications	210,000	210,000	187,000	187,000	202,000	191,000
Total annual utilities costs	\$369,000	\$369,000	\$317,000	\$336,000	\$389,000	\$275,000
Total geographically variable operating costs	\$5,322,654	\$6,336,338	\$6,931,333	\$7,356,405	\$7,214,437	\$7,442,940
Annual \$\$ Savings from locating in Sheet Harbour		\$1,013,683	\$1,608,678	\$2,033,750	\$1,891,783	\$2,120,285

**% Cost Reduction from locating
in Sheet Harbour**

-16.0%

-23.2%

-27.6%

-26.2%

-28.5%

Notes:

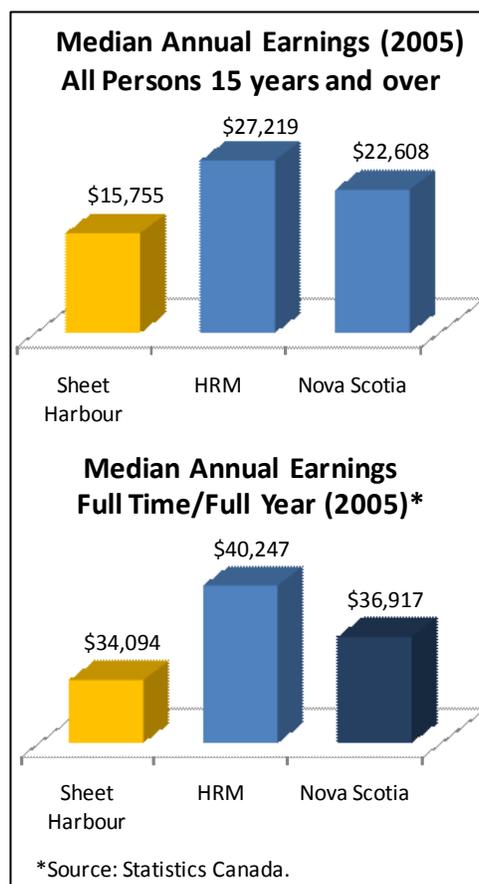
Staff Compliment	
General manager	1
Accounting clerk	50
Accountant	25
Computer operator	5
Data entry operator	50
File clerk	5
Receptionist	<u>2</u>
Total Staff	138

1. Source: 2006 ERI Geographic Reference Report. Median base salary estimates for each urban centre with the exception of Sheet Harbour. Wage rates for Sheet Harbour have been deflated by the average income differential on full year, full time wages from the 2006 Census for Sheet Harbour compared to HRM as a whole.
2. Sample staff compliment for an accounting intensive back office/contact centre operation.
3. Source: 2008 KPMG Competitive Alternatives report. Includes both statutory and company-sponsored benefit costs.
4. Source: All except Sheet Harbour - 2008 KPMG Competitive Alternatives report. Assumes 22,500 square feet of Class A office space leased. Sheet Harbour rate estimated based on current market conditions.
5. Source: 2008 KPMG Competitive Alternatives report. Based on 22,500 square feet of office space and a contact centre level call volume.

5.2 Wage rates

Wage rates for specific occupations are not published for individual communities/neighbourhoods within HRM. However, the 2006 Census includes average wage levels which provide an indication of variances. As the chart shows, the average employment income for all workers (full time, part time and other) from the 2006 Census was 42% lower in Sheet Harbour than the overall HRM average. For full time, full year workers, average employment income was 15% lower in Sheet Harbour. The latter is more reflective of the wage cost variance that new companies would find in Sheet Harbour because it only includes full time, full year employment.

The cost of living in Sheet Harbour and other rural areas is lower than in urban neighbourhoods within HRM and as a result, even with slightly lower averages, disposable income should be higher (at these average wage levels). See Section 8: Living Environment below for more information on the cost of living in Sheet Harbour.



5.3 Land and construction costs

The cost of land for industrial and commercial use in the Sheet Harbour region can range between \$2,000 and \$40,000/acre. This is well below the urban area. Construction costs for new facilities would be similar in Sheet Harbour as in the urban Halifax area.

5.4 Office/commercial space lease rates

Because it is a smaller community, Sheet Harbour does not have a lot of office or commercial space available for lease. There are some small opportunities and, in addition, community leaders are looking to consolidate a variety of recreational and community services from several buildings into one which would free up several buildings for redevelopment. These buildings would be ideal for an office environment such as a small to mid-sized customer contact centre/back office, an information technology/animation studio, etc. See Section 6 below for more on real estate options in the Sheet Harbour area.

5.5 Property taxes

Property tax rates are slightly lower in rural HRM than the urban area. More importantly, commercial building values are lower (overall) bringing down the total property tax bill for companies that locate in the Sheet Harbour region.

5.6 Other costs

Most other business costs such as utilities do not vary by location within HRM. However, it is important to note that there are a few business costs that do vary and should be considered in the site selection process. For example, the cost of parking in the urban centre can be considerable (paid for either by the employee or employer). Locating in Sheet Harbour eliminates this cost consideration. In addition, many residents of HRM must pay the bridge tolls to commute to and from their place of employment. This would not be the case if the business is located in Sheet Harbour.

6.1 Sheet Harbour Industrial Park

The Sheet Harbour Industrial Park is co-located with the Port providing companies with an excellent venue for manufacturing, processing and transportation facilities. The Sheet Harbour Industrial Park was founded in 1987 and has been an important tool for the development of the Sable Island natural gas project and will now be the site for the coating of the pipeline for the Deep Panuke natural gas pipeline.



The Park is also home to Northern Fibre Terminal Incorporated (NFTI) which operates a major facility that includes scale and unloading facilities for trucks delivering roundwood and chips as well as a debarker, a chipper, a storage facility, a laboratory for monitoring chip quality and a conveyor system for loading chips at dockside.

The 129 acre Sheet Harbour Industrial Park offers considerable development potential for firms in the manufacturing or transportation business. The price of land in the park varies from \$5,000 to \$40,000/acre. Nova Scotia Power provides electrical power to the Sheet Harbour Industrial Park. Power is distributed in the park via overhead utility poles and can accommodate users requiring in excess of 1,000 kV.A. There are no central water or sewage services in the park. Tenants are responsible for building their own facilities where required.

6.2 Redevelopment of existing facilities

There are a number of buildings in Sheet Harbour that are currently underutilized. These facilities include church halls, community centres, etc. Community leaders are looking at consolidating these facilities into one central complex to reduce costs and provide better service to the residents of Sheet Harbour. This process is underway and it will see several buildings come available for redevelopment into office, retail or other commercial uses. These facilities could be ideal for development into a 50-100 seat customer contact/back office operation or information technology studio. The community is eager to work with companies to find alternative uses for these facilities.

6.3 The Teleglobe telecommunications facility

In 1974, Beaver Harbour (neighbouring community to Sheet Harbour) was selected as the site for the CANTAT 2 trans-Atlantic cable station operated by Teleglobe. A few years ago, this facility was decommissioned and it remains vacant. It is a well built facility that could be redeployed as a data centre or other similar facility.

6.4 New building construction

Should a company wish to construct a new commercial or manufacturing facility in the Sheet Harbour area, there are a number of available sites that could be purchased.

7.1 Transportation infrastructure

7.1.1 The Port of Sheet Harbour

The second largest port facility in the Halifax Regional Municipality is located at Sheet Harbour. The port of Sheet Harbour operates as a local port and is used to ship forest products from the Musquodoboit Valley and the industrial Pictou County area during the winter months (when Pictou harbour is ice-bound). The Port of Sheet Harbour was upgraded in 1988 and features an Industrial Park as well as a 500 foot Common User Docks. The Port is also the closest marine facility to the Sable Island Offshore Oil Fields (240 km/150 miles).

The approach channel has a low-tide depth of 11-15 metres with no width restrictions. Pilotage is available but not compulsory. Sheet Harbour features a 500 foot berthing wharf with a 34 feet draught connected to a large concrete pad. The facility also has two 10 feed wide runways and a 12.3 acre common user area. Sheet Harbour has another important advantage. Situated on Nova Scotia's Eastern Shore, approximately 115 kilometers (70 miles) east of Halifax, the Harbour is approximately 80 km (50 miles) west of the Great Circle Route between North America and Europe.

Port plays key role in regional strategy

The Halifax Regional Municipality's Economic Development Strategy has as one of its objectives to "improve the market

attractiveness to support economic growth in the Port of Sheet Harbour". The Strategy also states that "HRM will strive to improve cooperation between government levels and collaboratively work with the community of Sheet Harbour, including its business interests and citizens, to improve the attractiveness of the port to shippers, and to seek opportunities for processing and shipping value-added goods through the port in conjunction with the Sheet Harbour Industrial Park." It is clear that the municipal government sees the importance of this port for the development of the whole Sheet Harbour region.

7.1.2 Highway transportation

Sheet Harbour is located within the Halifax Regional Municipality, at its northeastern edge. The community is connected by Route 7/107 to Halifax, Route 374 to the New Glasgow/Stellarton area and Route 224 to the Truro area. Route 7 continuing eastward ends up in Antigonish and on to Cape Breton. Given the important linkages between urban Halifax and rural communities, the Sheet Harbour Chamber of Commerce has been promoting the idea of a new parallel, 100-series highway from the community to the Halifax area. This would cut down on the drive time between the communities and support longer term economic development in the area. The map below shows the highway connections to the rest of Nova Scotia.

Figure 3: Port of Sheet Harbour

Position:	Lat 44 degrees, 51' N/ Long. 62 degrees, 30' W
Services:	<ul style="list-style-type: none">• Lights• Anchorage• Harbour master• Ship loading• Common User Dock• Stevedoring• Barge Wharf• Supplies• Transportation System• Conveyor System
Pilotage:	Available but not compulsory
Approach Channel:	Width not restricted
Depth:	11-15 m

Sheet Harbour Highway Connections



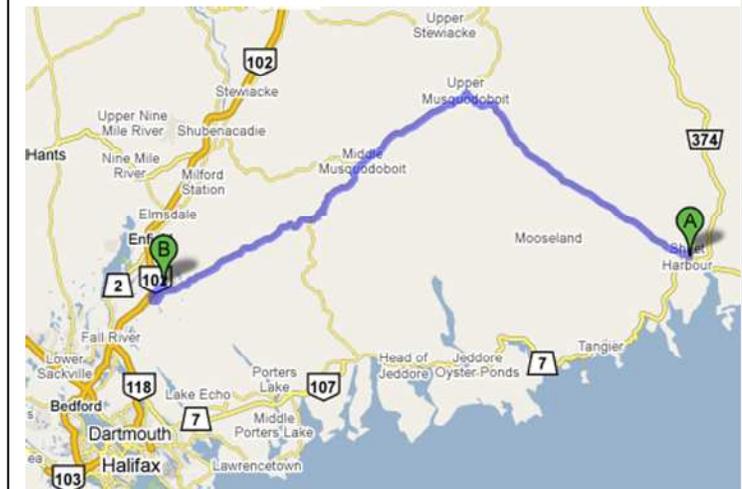
7.1.3 Airport access

The Halifax Robert L. Stanfield International Airport is located about 100 kilometers (63 miles) from Sheet Harbour. The airport provides multiple daily flights to numerous Canada, U.S. and European locations.

7.2 Telecommunications infrastructure

Sheet Harbour residents and businesses have access to both wireless and broadband wireline telecommunications services.

Sheet Harbour to the Robert L. Stanfield International Airport



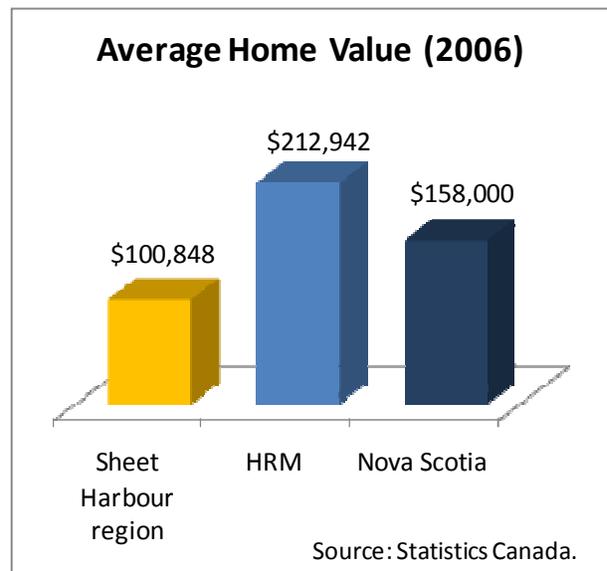
8. Living Environment

Sheet Harbour is a good place in which to live, work, raise a family and eventually retire. The community is nestled among a multitude of other smaller coves and inlets along the eastern shore of Nova Scotia. In addition to being a friendly community, Sheet Harbour offers its residents a low cost of living, very low crime rates and access to a wide variety of recreational amenities.

8.1 Cost of living

8.1.1 Housing costs

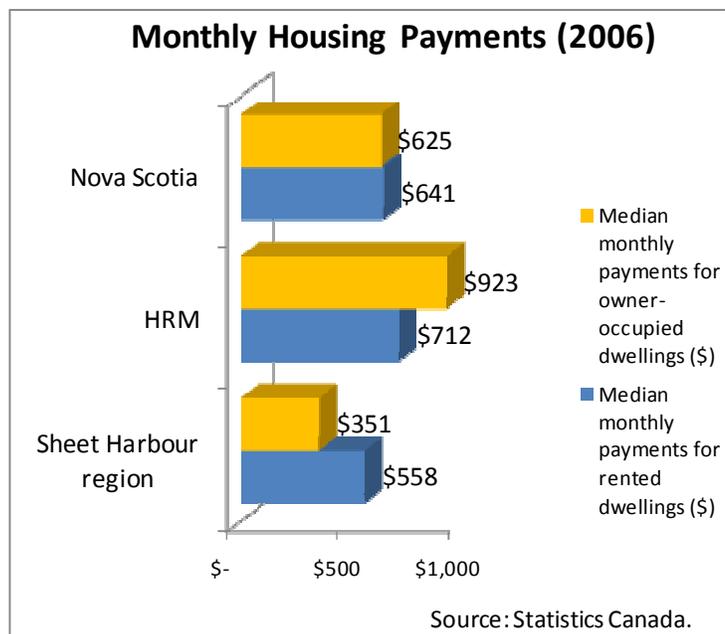
House prices in the Sheet Harbour region are a fraction of what they would be in the urban area. A search of the Multiple Listing Service (www.mls.ca) indicates there are over 100 houses currently for sale in Sheet Harbour and surrounding communities ranging in price from \$50,000 to \$350,000. The average home value in the Sheet Harbour region is less than half that of HRM overall and one third of the average home value in the urban area of Halifax.



8.1.2 Average major monthly payments

Statistics Canada also reports on the average major monthly payments faced by residents. These payments include electricity, fuel, city services, mortgage payments and property taxes.

In 2006, the average resident of Sheet Harbour spent considerably less each month on major payments than people in other parts of HRM. This average of \$570/month per household in lower major monthly payments translates into a significant cost of living advantage over some other neighbourhoods in the Halifax Regional Municipality.



8.1.3 Other cost of living considerations

Many of the other cost of living elements such as food and recreation costs do not vary by community/neighbourhood with HRM. However, there are costs such as parking and tolls that need to be paid in the urban area that are not paid in Sheet Harbour.

8.2 Recreational amenities

An important part of any business decision to locate in a specific community is the availability of a good pool of local workers. Employees are drawn to communities that have a good mix of recreational and entertainment opportunities. Because Sheet Harbour is a rural community, it cannot provide access to a wide range of services that might be found in a larger urban area. However, there are some facilities and activities in the local area and residents are also within a reasonable drive of three urban markets: Halifax, Truro and New Glasgow/Stellarton.

A key advantage to living in the Sheet Harbour region is the availability of eco-tourism activities. The area is a playground for nature lovers – a world of coastal beauty with unspoiled beaches and tidal inlets, and salt marshes with birds and wildlife. The diverse coastline is a world-class destination for sea kayakers, and the seaside parks provide picnic facilities and superb hiking trails at some of Nova Scotia's finest sand beaches. Inland, there is a vast but accessible wilderness whose lakes and rivers are legendary with anglers and paddlers.

8.3 Crime rates

The Royal Canadian Mounted Police has a detachment based in Sheet Harbour that covers the wider region*. Crime rates in the Sheet Harbour area are very low compared to urban areas. The RCMP and the Halifax Regional Police track 911 calls by incident. In 2007, the Sheet Harbour detachment reported no robberies for the entire year. There are also very few vehicle thefts with an annual rate of 10.9 per 10,000 population. Interestingly, motor vehicle accidents involving either property damage or injury are a fraction of the overall Halifax Regional Municipality rate per 10,000 population.

Figure 5: Annual Police Calls by Selected Category (2007)

Incidents per 10,000 Population

<u>Category:</u>	<u>HRM</u>	<u>Sheet Harbour*</u>
Assaults	84.4	38.2
Robberies	12.7	-
Sex Offenses	10.9	5.5
Vehicle Thefts	30.3	10.9
Motor Vehicle Accident-Property	173.8	56.4
Motor Vehicle Accident-Injury	29.2	10.9

Source: Halifax Regional Police

**The Sheet Harbour office of the RCMP Halifax District Detachment serves the areas of Sheet Harbour, Moosehead, East Ship Harbour and Spry Harbour and includes a population of approximately 5,500 people.*

8.4 Community-based services

In addition to recreation-based activities, Sheet Harbour is also home to a good complement of community services. The Eastern Shore Memorial Hospital offers a wide variety of health care services ranging from emergency room care to specialized clinics. The community also features a Fitness Centre, a community library and several C@P sites (public Internet access). Sheet Harbour is the base for regional primary and secondary education.

9. Business Expansion Support

There are several government departments and agencies tasked with supporting economic development in the Province of Nova Scotia. The Greater Halifax Partnership works with businesses that are looking to expand in the HRM and can link them up with any appropriate support programs.

9.1 Nova Scotia Business Inc.

Nova Scotia's business development agency, Nova Scotia Business Inc. (NSBI) works with businesses and organizations to help them grow and prosper. As a private sector-led agency, NSBI works to attract new companies to locate in Nova Scotia to provide long-term employment opportunities for Nova Scotians, and help those already in Nova Scotia expand through services such as export development and financing. NSBI offers a variety of support programs including debt financing, payroll rebates and R&D tax credits for eligible companies and expansion projects.

9.2 Atlantic Canada Opportunities Agency

The Atlantic Canada Opportunities Agency is the federal government department responsible for helping to build economic capacity in the Atlantic Provinces by working with the people of the region – in their communities, through their institutions and with their local and provincial governments and businesses – to create jobs and enhance earned incomes.

9.3 The Community Business Development Corporation

CBDC Blue Water, based just down the road in Musquodoboit Harbour, promotes economic development in rural areas by providing financial assistance, training and counselling to businesses.

CBDC Blue Water covers the rural areas between Ecum Secum and Hubbards, including communities such as Tantallon, Timberlea, Sackville, Beaverbank, Eastern Passage, Preston, Porter's Lake, Sheet Harbour, and Middle Musquodoboit, but excluding the metro areas of Halifax, Bedford and Dartmouth.

CBDC Blue Water offers financing up to \$150,000, and also delivers specific programs targeted at young entrepreneurs, start-up businesses, student entrepreneurs, female entrepreneurs and businesses implementing new technology in their business or bringing a new technology to market.

CBDC Blue Water Geographic Coverage Area



10. Targeted Industries

As discussed in Section 5 above, the recent KPMG Competitive Alternatives report found that Halifax is one of the most cost effective mid to large sized urban areas in North America. With the HRM, Sheet Harbour is a highly competitive alternative for a variety of business services activities including:

- Manufacturing
- Customer contact centres/back offices
- Information technology firms (including animation, software development, IT services)
- Potential mining opportunities
- Tourism development

10.1 Manufacturing

The Shaw and Shaw Ltd. pipe-coating plant is a good example of a manufacturing operation that is benefiting from the Port of Sheet Harbour, its industrial park and its competitive operating cost environment. Other manufacturing firms could also benefit from these advantages. Companies that are looking for an alternative to the larger Port of Halifax to assemble large components or companies that need to ship bulk product could be targets for the industrial park. Also, there is potential for a wood pellet production facility in the industrial park.

10.2 Customer contact centres/back offices

Customer contact centre and back office services industries are highly reliant on a high quality, stable workforce. Increasingly these operations are turning to smaller communities to find this type of workforce. In New Brunswick, for example, Chicago-based Virtual Agent Services has set up 18 rural customer contact centres in communities as small as 800 residents. They have successfully recruited staff for their facilities and are intending to set up another 500 positions in rural New Brunswick. The same model could apply in Sheet Harbour and other rural Nova Scotia communities. The broadband telecommunications network connects the community to the world and, in addition, the operating cost environment is more competitive in Sheet Harbour than it would be in other urban locations.

Other key benefits for contact centre companies or firms looking to establish contact centre or back office activities in Sheet Harbour include:

- ✓ A higher rate of unemployment and underemployment.
- ✓ A potential pool of workers that are currently commuting to Halifax, New Glasgow, etc. that would prefer to work in Sheet Harbour.
- ✓ Several buildings that could easily be converted to a customer contact centre.

10.3 Information technology firms

The information technology (IT) sector is thriving in Halifax. The sector includes animation firms, software development, IT services, e-Learning application development among others. In addition to the many home grown successful firms, the area has been attracting some of the top firms in the industry including Research in Motion (RIM) the maker of the popular BlackBerry product. Other important firms include XWave and CGI – two of the largest IT services firms in Canada.

Sheet Harbour represents an interesting alternative for IT firms considering HRM. Lunenburg, Nova Scotia, a small community an hour's drive from Halifax to the south, is home to a large computer animation studio attracted there because of its natural beauty and pristine environment. Young computer animators moved out to Lunenburg (or commuted there) to work for this computer animation studio. The same model could apply to Sheet Harbour.

10.4 Potential Mining Opportunity

According to the HRM Economic Development Strategy, there is a large deposit of kaolin in the Musquodoboit Valley which could be developed, with product potentially shipped through the port of Sheet Harbour, but no firm plans have been put forward. Kaolin is a clay mineral used in ceramics, medicine, coated paper, as a food additive, in toothpaste, as a light diffusing material in white incandescent light bulbs, and in cosmetics. It is also used in most paints and inks. The largest use is in the production of paper, including ensuring the gloss on some grades of paper. A more recent use is as a specially formulated spray applied to fruits, vegetables, and other vegetation to repel or deter insect damage. Canada imports 97 per cent of its kaolin from the U.S. and the remainder from England.

According to a report commissioned by the Government of Saskatchewan, the outlook is good for continued growth in world kaolin demand. High grade kaolin could find a market in the bone china and porcelain industries and possibly in synthetic zeolites (molecular sieves for water purification).

In the Musquodoboit Valley, testing has been done on the kaolin deposit and government officials believe there is market potential for mining in the region.

10.5 Forestry

TO BE ADDED.

10.6 Tourism/Retail Businesses

The community of Sheet Harbour is already a retail shopping, accommodation and food service hub for the region. There are 22 related establishments in the community. The map below reveals that Sheet Harbour is located in the middle of the Eastern Shore tourism area in Nova Scotia. This region's rugged coastline is a world-class destination for outdoor enthusiasts, and the seaside parks provide picnic spots and superb hiking trails at some of the province's finest sand beaches. Fishermen are drawn to the region's lakes and rivers. Just down the road from Sheet Harbour in Liscomb Mills is the world-famous Liscombe Lodge which offers a lodge, chalets and cottages as well as a restaurant.

Because of the natural beauty, the renaissance of recreational fishing and the rise of eco-tourism in Nova Scotia, the Eastern Shore is poised for more tourism asset development.

Nova Scotia's Eastern Shore Tourism Area*



*Source: Nova Scotia Department of Tourism, Culture and Heritage.

11. A Vision for Sheet Harbour

TO BE ADDED after reviewing the Ekistics study..