



# **ANNUAL PROVINCIAL ISSUE NOTE**

November 14, 2013

## Introduction

The purpose of this document is to provide a broad overview of areas of alignment between the Halifax Chamber of Commerce's 2013-2018 Strategic Plan and the new Government of Nova Scotia's platform commitments. This document provides new and returning Members of the Legislative Assembly (MLA's) with an understanding of who the Chamber is, and issues of importance to its members. Enclosed in this document you will also find a copy of the Chamber's Strategic Plan which we look forward to discussing, with you, and more importantly, helping shape provincial policies that support and enable the Strategic Plan.

In the weeks and months ahead, the Chamber will be reaching out to various Provincial Ministers to focus more strategically on areas of alignment.

The Halifax Chamber of Commerce is a best practice business advocacy organization that represents over 1,700 members and strives to make Halifax an even better place to live, work and play. It is the oldest Chamber in North America with roots dating to 1750 and was the first Chamber in North America to become ISO certified. The Chamber is an active voice for business at the federal, provincial and municipal levels.

This fall, the Halifax Chamber of Commerce launched its 2013-2018 Strategic Plan. It's a comprehensive plan with very ambitious goals and defined targets, which can only be reached through dedication and collaboration. This submission outlines many of the priorities in the Plan, such as, demographics, growing the workforce, education and taxes, which combined, help to create a competitive business environment.

Coming out of the Chamber's strategic planning session, we undertook extensive research and member consultation and decided upon two strategic goals for 2013-2018, each with key elements and measures supporting them. They are:

### **Create a positive business environment**

Which the Chamber will encourage by:

- Promoting entrepreneurship;
- Encouraging members to capitalize on major projects, such as Deep Panuke;
- Advocating for a reduced tax burden and common sense regulations; and
- Helping create a vibrant downtown core.

## Grow and nurture the skilled workforce

The Chamber will promote by:

- Encouraging our provincial leaders to enhance our P-12 skill development;
- Encouraging universities to train students for the job market; and
- Advocating for a stronger immigration strategy and encouraging the business community to hire more immigrants.

The Chamber's Strategic Plan and the government's commitments focus on issues of mutual importance, such as: *promoting entrepreneurship, reducing the tax burden, capitalizing on major projects, helping to build a vibrant downtown core*. All of which, will be discussed below.

## Promoting Entrepreneurship to Help Small Business Succeed

Small businesses are the bedrock of our economy. In fact, over ninety percent of businesses in Halifax are considered small businesses (less than 25 employees).

The Chamber represents many of these businesses and our 1,700 members expect to see the Chamber work with government to shape and implement policies that foster small business growth.

The government's platform commits to many areas of importance to small business, including:

- Providing targeted incentives to entrepreneurs and small businesses;
- Working with small business owners to access new export markets, develop new innovative products and help grow the workforce in local communities;
- Increasing the dollar value of loan term guarantees under the Credit Union Small Business Loan Program from 75% to 90% ;
- Expanding the Equity Tax Credit for eligible small businesses;
- Improving accountability for government loans to business; and
- Attaching job guarantees to repayable loans and keeping the entire process transparent through public reporting.

The Chamber believes that these policy proposals will be beneficial for small businesses in Halifax and across the province. However, we must work to do more. We are not seen as a welcoming province for entrepreneurs. According to CFIB's Communities in Boom 2012 Report, which ranks cities of 25,000 and over on 14 indicators grouped in 3 main categories: presence, perspective and policy, Halifax ranks 55th out of 103 cities.

The Chamber invites Premier McNeil, cabinet ministers and MLA's to participate in upcoming Chamber task force meetings that focus on Creating a Positive Business Environment. Such engagement will

ensure key stakeholders set out plans and priorities together, with definitive timelines, to help small businesses prosper.

## **Fiscal Management-Reducing the Tax Burden**

The Chamber has always been, and will continue to be, a strong advocate of fiscal prudence. In the past, Chamber staff and volunteers have met with Ministers of Finance to discuss fiscal issues of importance. The current Minister of Finance, Diana Whalen, has always graciously offered her to time to review the Chamber's Pre-Budget Submission in past years. The Chamber would like to continue with this collaborative working relationship to assist in shaping sound fiscal policies that will stimulate growth for our province.

More specifically, the government's platform has indicated that the provincial budget is not truly balanced. In fact, the platform commits to:

- Perform a full audit of the provincial finances and implement a fiscally responsible plan to deliver a balanced budget quickly and prudently;
- Conduct a broad review of our tax system to formulate a plan to give as much money back to Nova Scotians and their businesses as possible;
- Reduce the HST upon reaching sufficient budget surplus; and
- Maintain all current HST exemptions.

The Chamber believes that these commitments are positive ones for the Halifax business community. In addition, if the budget is not truly balanced, Chamber members expect that the review of the budget will be done in a publicly accountable and transparent manner.

In addition, Chamber members have been adamant that our advocacy work focus on lowering personal incomes taxes. Chamber members have stated that one of the reasons they cannot retain talent is due to our province having one of the highest personal income taxes in the country. For example, an individual making \$50,000 in New Brunswick would pay approximately \$9,751 in personal income tax; in Alberta, that same individual would pay approximately, \$8,905. In Nova Scotia, that same individual would pay \$10,546 in personal income taxes (Source CFIB).

Also, Chamber members have expressed concern over the Capped Assessment Program (CAP) with regard to property taxes. In the past, the Chamber has written the Minister of Service Nova Scotia to oppose the Capped Assessment Program. We continue to oppose the CAP and recommend its removal.

It is our view that, limiting the increase of residential assessments while commercial assessments continue to rise with the market, (even if the municipality leaves commercial tax rates stable), the relative tax burden on the commercial sector rises. We are also concerned about the potential effect on the real estate market: since new homebuyers may see dramatically higher tax bills than their

neighbours, which could dampen the real estate market and discourage new home buyers and market activity.

The Chamber realizes that such commitments by government cannot be accomplished overnight. As mentioned, we do believe these commitments are positives ones; and look forward to maintaining and building our relationship with the Minister of Finance in the months and years to come.

## Capitalizing on Major Projects

The Chamber recognizes that major projects on the horizon, such as offshore oil and gas exploration by Shell and BP, as well as the National Shipbuilding Procurement Strategy (NSPS) and the Maritime Link are all of great importance and opportunity to our members and to all Nova Scotians.

In an effort to provide our members with an advantage to harness the opportunities from these projects, the Chamber launched a program called “All Ships Rise”.

The purpose of All Ships Rise is to help businesses, business people, and entrepreneurs to not only take advantage of the commercial opportunity that will arise but to ensure that these contracts are just the spark that ignites a new era of sustainable prosperity for our province and our region.

All Ships Rise has three operational components to facilitate its goals. The Business Help Centre is an expansive, hands-on operation to provide assistance to business; the Centre for Competitiveness is the brains of the operation providing the research, knowledge and the leadership to fuel the other two components; and the operational unit, called All Ships Rise, is the communications wing -- mandated with keeping the business community aware, informed and motivated.

The goals of All Ships Rise are to:

- Identify, create and communicate opportunities for business to take advantage of more than just a shipbuilding contract;
- Provide assistance to business so that they are ready, willing, and able to take advantage of those opportunities;
- Promote positive attitudes toward change, growth and prosperity that are the foundation to sustainable economic development; and
- Provide the leadership that is needed to maintain the momentum that was created by the Ships Start Here partnership and that will turn Nova Scotia into an economic powerhouse well beyond the catalyst of our Shipbuilding Center of Excellence.

The Chamber currently works closely with many provincial government departments including: Energy, Economic and Rural Development, Labour Advanced Education, Finance and Education. The Chamber does this for many reasons, some of which include: to exchange and share knowledge with our

members, and also to provide our members with the skills, tools and contacts they need to succeed. We hope to maintain this collaborative relationship.

## Promoting Immigration

The Chamber was pleased to see that the government has committed to championing immigration in Ottawa to strengthening the Provincial Nominee Program. More specifically, the government committed to expanding our Provincial Nominee Program to include an Entrepreneur Stream for Nova Scotia. This is a policy proposal which the Chamber commends. It is a two pronged approach: not only will such a policy be attractive for entrepreneurial minded immigrants; it will help our province compete nationally for the best and brightest people. The Chamber is open to working with the Government of Nova Scotia to further shape this commitment. This commitment directly relates to the Chamber's Strategic Plan key elements of promoting entrepreneurship and promoting immigration.

The government has stated it will:

- Keep the doors open for future international business opportunities by creating an International Alumni Connector Program to network with the 6,300 international students who attend our universities annually;
- Open the door to future business and recruitment opportunities by creating a Nova Scotia Connect Program to network with Nova Scotians who have moved out of the province to study or for employment; and
- Open Nova Scotia for business growth by expanding our Provincial Nominee Program to include an Entrepreneur Stream, which will strengthen our economy and create business opportunities for all Nova Scotians.

We know the demographics of our existing population are going to create a situation whereby more people will be retiring from the workforce than we have young local people to replace them. Halifax, and the province at large, must attract more immigrants to address the looming demographic crisis. Our governments and business community must welcome immigrants, with their diverse cultural heritage, to our communities and workforce. This will provide a richer living experience for all. Our province is competing with the rest of the country and world to attract immigrants, and we must stay ahead of the curve.

The Chamber has had a close working relationship with Immigrant Settlement and Integration Services (ISIS) for over a decade. ISIS is a leader in promoting the importance of immigration and, more importantly, providing immigrants with assistance and tools they need to stay and thrive in our province. Over the past decade, retention rates in our province have improved from 48% during the census period of 1996-2001 to 75% during the period of 2001-2006. This is very positive; however, the number of

permanent immigrants coming to Nova Scotia is gradually decreasing, from over 3000 in 2008, to less than 2500 today. Our combined efforts can change this.

## **Provincial/Municipal Relations-Stronger Together**

Previous governments, both provincial, municipal and particularly in Halifax, have seemed unwilling to make concerted efforts to work with each other. Our provincial government has committed to working with Halifax specifically on transit to:

- Work with municipal government and industry in public transit decision-making;
- Invest in capital region public transit; and to
- Invest in public transit and community-based transit outside the capital region of Halifax.

While the Chamber recognizes the importance of transit, it is also our hope that our government makes even bolder steps to work with Halifax, particularly on areas related to building a vibrant downtown core.

Building a vibrant downtown core in Halifax is a key element of the Chamber's Strategic Plan. The business community is making positive strides -- all you have to do is walk on Barrington Street and look up at the many cranes dotting our skyline. The Chamber believes that the provincial government should work with its municipal counterparts in Halifax to address systemic questions surrounding our downtown, such as: is it too expensive for young to raise a family downtown? Is crime too high? Is our transit system below par? And, why are site plan approvals so time consuming?

A positive working relationship between the City, Province and the Chamber can address these questions. A tremendous amount of work has also been accomplished by the City of Halifax thus far. For example, the Halifax Regional Plan and HRMbyDesign are all making a positive impact in our city. Let's continue with this progress and make our City as great as it can be.

## **Enhancing our Education System- Addressing the Skills Mismatch**

Why does Nova Scotia have an oversupply of teachers and an undersupply of graduates in IT and skilled trades? This is a systemic problem in our province. Resolving this problem does not start with universities, it starts with our P-12 system.

That Chamber acknowledges the enormity of this issue, and has made it a key element of its 2013-2018 Strategic Plan. Our province cannot grow and prosper without a strong, dynamic and youthful knowledge economy.

Specific to the Chamber's Strategic Plan, the government has committed to:

- Launch a curriculum review of our province's education system;

- Eliminate the interest on the provincial portion of student loans to help graduates succeed as they enter the workforce, rather than be burdened by debt.
- Create graduate scholarships for research and innovation to build research capacity in Nova Scotia.

While the Chamber believes that these commitments by our new government are a step in the right direction, more work is required. Much courage and collaboration will be needed to implement such change.

In regards to a curriculum review, the Chamber has established a Board-led task force on Growing and Nurturing the Skilled Workforce; the task force is ready to participate in this review. Such participation will allow the business community to share their ideas, concerns and offer support as policy changes are drafted and developed.

## Conclusion

Premier McNeil, Ministers and Provincial Members of Legislative Assembly, it is clear that your government's commitments and the Chamber's Strategic Plan align on issues important to the Halifax business community, and our province as a whole.

The Chamber is ready to meet with your government to begin consultations to achieve the goals of mutual importance laid out in this document. Goals that we have committed to our members and you have committed to the province.

We look forward to establishing a constructive working relationship with your government in the very near future.

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