

Annual Provincial Issue Note

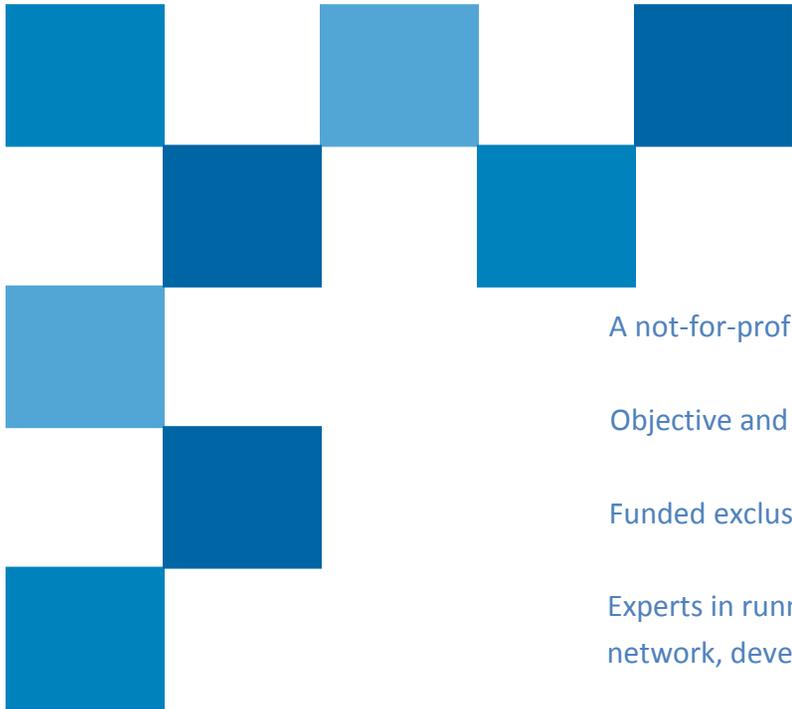
Fall 2012



# HALIFAX CHAMBER OF COMMERCE

*stronger together*





# WE ARE

A not-for-profit business organization that takes a business - like approach to its operations.

Objective and non-partisan; we do not lobby for specific interests.

Funded exclusively through membership fees and fees for services we provide.

Experts in running conferences, publishing and disseminating information, helping people network, developing leadership skills, and building community capacity.

Specialists in the development and advocacy of public policy.

Not a government department or agency.

Independent from, but affiliated with the Nova Scotia, Atlantic Provinces and Canadian Chamber of Commerce.

A diverse organization made up of businesses that mirror the Halifax, Nova Scotia and Canadian economies.

## **EXECUTIVE SUMMARY**

The Halifax Chamber of Commerce is a best practice business advocacy organization that 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 level.

The Chamber has set out the following priorities for 2012-13 to better represent the needs and interests of our membership. These new strategic priorities are based on member feedback and include:

- 1) Helping businesses take advantage of our provincial and city economic strategies, and
- 2) Making Halifax more competitive

Competitiveness will be measured by:

1. Business Confidence
2. GDP Growth
3. Tax Burden

This note outlines the Chamber's advocacy work on the many issues facing member businesses in the Province.

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## **PROVINCIAL ECONOMIC COMPETITIVENESS -JOBSHERE**

As stated in the Executive Summary, making Halifax more competitive is one of our strategic priorities. In our view, one major contributing factor to the competitiveness of any region is taxation. How attractive is Nova Scotia as a province in which to conduct business, in which to invest, and in which to live, work and play? The extent to which a region and its citizens and businesses are taxed can often answer these questions. These are some crucial topics the Chamber has been investigating over the past number of years.

In our response to the 2012-13 budget, we noted once again, the heavy corporate tax burden and uncompetitive business climate that continues to burden our province. The Chambers 2012-13 Pre-Budget Submission outlined three key topic areas on behalf of Chamber members and the Halifax business community: *Taxation, Financial Management and jobsHere*. With regards to taxes, the Chamber applauds the provincial government's efforts in reducing the small business tax rate three years in a row. Furthermore, the Chamber also encourages the government to reduce regulatory burdens whenever possible to allow for the creation of a more attractive business environment.

With respect to Financial Management, the Chamber made several recommendations, of those, three are worth noting again:

- Continuing the trend of debt and expenditure reduction seen from fiscal year 2010-2011 to 2011-2012 and ensuring this continues until we are "back to balance";
- Implementing greater accountability measures for the cost of health care by those providing the services, and more consideration of private sector delivery options under our publicly funded system;
- Monitoring the health of the Public Sector Pension Plan with an eye on the projected 7% rate of return.

The Chamber has conducted further analysis of *jobsHere* and commends the government on following through on many of the commitments it has made. However, the Chamber would like to see an annual public report on the *jobsHere* Strategy's goals and success achieved. Of particular interest would be statistics as to how many jobs have been created from *jobsHere*, and in what sectors have they been created?

## **THE CHAMBER WILL BE LOOKING FOR**

- No further increases in tax rates.
- A continued reduction in the Small Business Tax Rate from 4% to 3%. Small businesses need room to grow!
- Reduced regulatory burdens for businesses.
- A decrease in the Corporate Income Tax Rate, which currently sits at 16%.
- A comprehensive tax review process that will lay the groundwork for Nova Scotia to create to a more competitive business environment.
- The Chamber will monitor the efforts and commitments of the newly formed Atlantic Workforce Partnership and commends the Atlantic Premiers for taking the initiative to form such a partnership.
- Increased policies to ensure young Nova Scotians are staying in the province to work and build their lives here. Youth are a key driver in creating a strong prosperous economy.
- Statistics on jobsHere. How many jobs have been created, in what industries and where can we improve? What's next?

## **FINANCIAL MANAGEMENT**

The sound financial management of our province is an ongoing concern for the Chamber and its membership. We have indicated in our annual provincial budget response that we strongly support the government's goal of achieving a balanced budget by 2013/14. The Chamber wants to see deficit/debt reduction as a continued priority, as Chamber members will be directly impacted by the current and future fiscal strength of our province.

## **THE CHAMBER WILL BE LOOKING FOR**

- A status update on the Expenditure Management Initiative (EMI). It seems to have fallen off the radar – what's been accomplished so far? According to the Department of Finance the initial Year One savings from the Expenditure

Management Initiative will be \$54 million, Year Two will see savings of \$252 million, Year Three will see savings just under \$500 million, and Year Four, the balance year, will see cumulative savings of \$772 million. Where are we on these projections?

- Clarification as to how Nova Scotia's significant expenditures, such as health care will be managed in the near future, especially now that our goal is to achieve a balanced budget by 2013/14.
- The province seeks to examine ways in which we can maximize efficiencies in our Health Care system. Immediate and drastic cuts may not be plausible, but tweaks within the system could yield powerful results – for instance, private sector delivery options under a publicly funded system. The Chamber acknowledges the government's initiative with respect to Better Care Sooner, and commends the government for following through on various health care commitments.
- Reduce the size of Nova Scotia's public sector – how will the goal of a 10% reduction in the size of the service be realized by 2013?
- The province to put any surplus towards paying down our debt.
- The province to continue to strive for improved credit ratings, positioning it to weather any future economic downturn.

## **ENERGY & SUSTAINABILITY**

Environmental sustainability is another important factor in achieving a competitive economic position. Strengthening Nova Scotia's energy security is not only a key step towards enhancing the sustainability of our energy sector, but it is also an effective way to decrease our provincial environmental footprint.

The Chamber believes that the energy sector has huge potential for growth in Nova Scotia and that it is crucial to develop the sector in order to create sustainable prosperity for the province. Our neighbors in New Brunswick are already using energy as a marketing tool, branding Saint John as the "energy hub" of Canada. It is important that Nova Scotia finds ways to work with our neighboring provinces and take a regional approach to energy solutions. A prime example of the benefits of working together is the Lower Churchill Hydro Project between Nova Scotia, Newfoundland and Labrador, and New Brunswick. This partnership represents a

strong and promising forward stride towards our government's objective of achieving 25% renewable energy by 2015 and 40% by 2020, and highlights the true desire of all parties involved in this agreement to focus on cleaner, and ultimately more affordable, energy.

The Chamber's Energy Advisory Committee has been working diligently with the City of Halifax on the Halifax Regional Plan and the implementation of an Energy Chapter within this plan. Various energy leaders in the community believe that a successful and prosperous city requires a focus on energy. Moreover, the Committee commends the province for acknowledging the potential of the Solar City Program, however, in order for it to succeed additional support is required from government and the private sector.

The Chamber will continue to monitor these sustainable energy-related policies and studies and continue to support such progressive actions that will move our energy sector forward towards a cleaner and greener Nova Scotia.

### **THE CHAMBER WILL BE LOOKING FOR**

- The province to use "energy security" as a major framework upon which to build provincial energy strategies and policies. The Chamber uses the term "energy security" broadly, to refer to an energy supply that is available, reliable, affordable, clean and therefore, sustainable.
- Assurance that the province and NSPI are on track to reaching the target of having 40 percent of our electricity generated from renewable energy by 2020.
- Support for renewable energy equipment manufacturers and service providers.
- The development of an enhanced regulatory and supportive framework to provide tax credits/incentives and rebates for businesses and home owners to purchase clean energy systems.
- Provincial support for municipal energy initiatives.

### **CHAMBER ADVOCACY WORK**

This note describes some of the key areas the Chamber will be focusing on over the next year. We look forward to working with you to achieve any and all of these objectives in the near future.

More information about the Chamber and its advocacy work can be accessed by contacting the office or visiting the Chamber web site at [www.halifaxchamber.com](http://www.halifaxchamber.com).

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