

Annual Provincial Issue Note

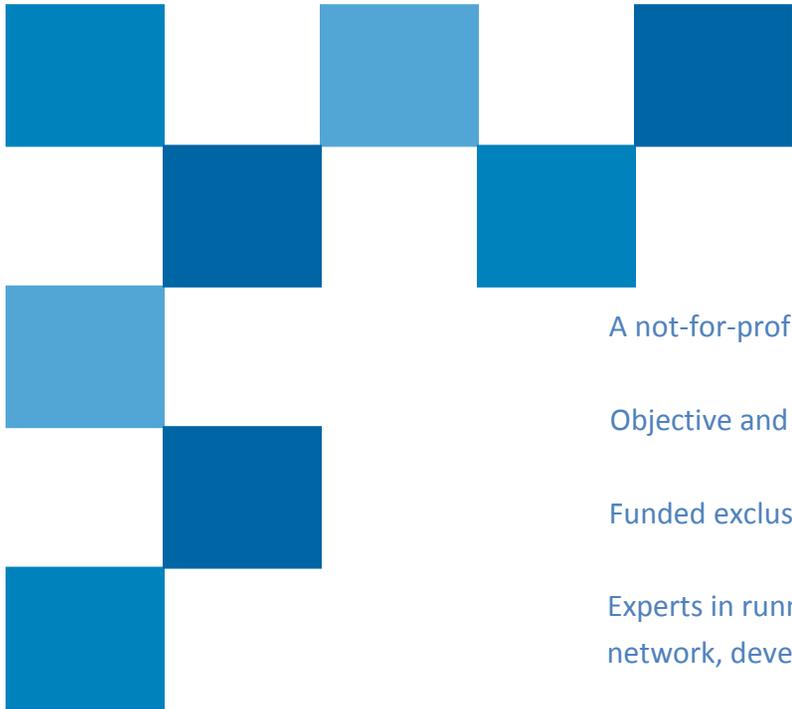
September 2011



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 2011-13 to better represent the needs and interests of our membership. These new strategic priorities are based on member feedback and include:

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

In light of this realignment to our strategic focus, this note outlines the Chamber's advocacy work on the many issues facing member businesses in the Province.

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ECONOMIC COMPETITIVENESS

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 provincial budget 2011-12, we raised the flag once again on the heavy tax burden and uncompetitive business climate that continues to plague our province.

Nova Scotia still has the highest corporate income tax rates in Canada, currently at 16%. Accelerating the reduction of business taxes will assist the Province in attracting outside investment. The new Provincial Economic Strategy entitled *jobsHere* is a prime opportunity to institute these changes and embrace success.

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 PROVINCIAL ECONOMIC STRATEGY – JOBSHERE

We have demonstrated our support for the Province's new Economic Strategy entitled *jobsHere*. The document does set the stage for growing our economy by focusing on the right skills for good jobs, a greater emphasis on innovation and productivity, and helping businesses become globally competitive.

The Strategy targets specific stimulus areas with a majority of government funding, instead of spreading those funds thinly over a wide array of sectors. This is a good way to quickly see real, measurable benefits. However, *jobsHere* is somewhat vague. We need to see specific examples of how the Strategy will achieve all of its objectives, as well as how they will be tracked and measured.

Presently, the Province of Nova Scotia has the highest corporate income taxes in Canada, a disproportionately large government, and excessive red tape. These factors make our province less than attractive to outside investors and businesses – and local ones, for that matter, as well.

We want an action plan that clearly demonstrates how the *jobsHere* strategy will be executed, and a plan that clearly states what cuts will be made in order to make it all come together.

THE CHAMBER WILL BE LOOKING FOR

- The province to leverage *jobsHere* to encourage business growth, and to communicate the many benefits of the strategy in clear and easily understood language for the busy entrepreneur.
- Promising, well-designed initiatives and incentives for businesses to be implemented through *jobsHere*, such as the Productivity Investment Program (PIP). This program is designed to encourage businesses to become more productive, innovative, and globally competitive through two incentives: the Capital Investment Incentive and the Workplace Innovation and Productivity Skills Incentive.

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?
- Clarification as to how Nova Scotia's significant expenditures will be managed in the near future such as health care, especially now that our goal is to achieve a balanced budget by 2013/14.
- The province 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.
- 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 exciting and forthcoming 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, electricity.

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.
- The province to work with NSPI to achieve (and hold accountable to) its revised mercury emission targets. Premier Darrell Dexter stated that the province will extend until 2014 the 2010 deadline for lowering mercury emissions to 65 kilograms a year, down from 168, in an attempt to reduce the utility's projected double-digit rate hikes for next year. In exchange for pushing the mercury emission cap forward, the government said NSPI will face even more stringent targets – 35 kg – in 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.

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.

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