



HALIFAX CHAMBER  
OF COMMERCE

**2008 ANNUAL UPDATE  
TO THE  
PROVINCIAL GOVERNMENT**

**August 2008**

**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.

This note outlines key Chamber advocacy areas that are provincial in scope. Based on member surveys, the Board has identified three key priorities for the Chamber this year. These are:

- Education, skills and training;
- Supercharging our labour force;
- Transportation

In support of this, this paper outlines the Chamber’s current position on some of the key issues facing businesses and the province in 2008, in the areas of education, health, people, government priorities, transportation and energy. All of the issues relate to the Chamber’s main concern – economic growth. As reported in Service Canada’s Environmental Scan Nova Scotia, Spring 2008, economic growth in Nova Scotia lags behind the rest of Canada. Action must be needed on the part of the provincial government to mitigate this situation to ensure the future of our province.

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## **EDUCATION, SKILLS AND TRAINING**

### **P-12 EDUCATION**

#### **WHY THIS ISSUE IS A FOCUS**

At the request of its members last year, the Chamber struck a task force to assess what role the Chamber should play in education. The task force recommended that the Chamber establish a standing committee on education and training and that education be a Chamber priority for at least five years. A standing committee has now been operational for a year, headed by Cheryl Hodder, a partner with McInnes Cooper. The standing committee has a particular focus on P-12 education and school board governance issues.

The Education & Training Committee provided input to the Chamber's pre-budget submission to the province. In it, the Committee requested that the province "ensure sufficient funds to maintain an educated work force". To this end, the Chamber was pleased with the province's commitment in Budget 2008-2009 to the "Learning for Life: Brighter Futures Together" program, as it focuses on allowing our students to reach their full potential. Focus needs to be put on younger students, as this is the best opportunity to prevent problems that may not allow individuals to participate fully in our work force in the future.

The Education Committee's work plan outlines the following priorities for this year:

- Strengthen relationships between the business community and vital parts of the education system, including the Halifax Regional School Board, the Department of Education and the Association of Atlantic Universities
- Establish and strengthen relationships with guidance counselors and principals, due to their pivotal role in guiding youth to post-secondary careers and education
- Participate in educational expectation-setting exercises with the Halifax Regional School Board

#### **SUGGESTED ACTION FROM THE PROVINCE**

The Chamber requests that the province continue to inject funds into education that are preventative in nature, specifically funds into the P-12 stream. In addition, the Chamber realises that in order to prepare students for the workforce and in order to encourage them to stay here, stronger links between the school system and the business community are required. Investment into co-op programs at the high school level and programs for guidance counsellors will help to strengthen these links. The Chamber also requests that the province invest money into educating school board members concerning the importance of their roles and what is expected of them.

**SKILLS AND TRAINING**

**WHY THIS ISSUE IS A FOCUS**

Together with education, the skills agenda is an important one for the Chamber and its members. Whether the challenge is ensuring the right match of skills training to employer needs, helping employers identify the skills they need in their employees or helping new entrants to the labour force find their business match, the skills agenda is top of mind for many.

Fifty-one percent of respondents to the Chamber's 2006 Member Issues Survey indicated their company has an inadequate number of candidates with the requisite skills. In this year's Chamber Issues Survey, 57.5 percent of respondents indicated that education, skills and training is one of the top three issues that the Chamber should be working on in the coming years and the Chamber believes that this issue is strongly tied to keeping our young people here in the province.

The Education & Training Committee has identified skill and training as a focus for the fall and winter of 2008. Chamber staff is currently preparing to address this issue by gathering information and to determine the Chamber's next steps. Recently, staff attended a National Conference on Skill and Training where they voiced Nova Scotia's business perspective on the issue.

**SUGGESTED ACTION FROM THE PROVINCE**

The Chamber believes that substantial investment in skills and training are necessary in order for innovation and investment to occur in the province. If Nova Scotia is to remain competitive, we must see more from the province like the \$250,000 which was put toward a research and development fund to create co-op job opportunities in the engineering and technical sector. Investments such as these, will secure Nova Scotia's economic future.

## **SUPERCHARGE OUR LABOUR FORCE**

### **HEALTH**

#### **WHY THIS ISSUE IS A FOCUS**

The Chamber is concerned about health for two reasons; one, a healthy work force is more productive and less costly to employers and two, health care spending currently represents over 46% of the province's budget and continues to grow. However, progress is being made: the Department of Health has balanced its budget for the last two years, all provincial district health authorities are now required to balance their budgets (those that run a deficit will be penalized) and SAP (information management) software is being installed across the province.

The Chamber has undertaken an analysis of the Corpus Sanchez report for members ([www.halifaxchamber.com/images/policy/Corpus\\_Sanchez\\_Review\\_Feb72008.pdf](http://www.halifaxchamber.com/images/policy/Corpus_Sanchez_Review_Feb72008.pdf)) and was encouraged at a meeting in July with Deputy Minister Doiron concerning progress of recommendations contained in the report. The department is beginning the difficult task of instituting all 103 recommendations, through the Health Transformation Office. The Chamber was also encouraged that the government extended the healthy living tax credit to all Nova Scotians in Budget 2008.

In addition to tracking the progress of the Corpus Sanchez report, the Chamber is planning its annual Healthy Business Awards (scheduled for October 14<sup>th</sup> 2008) which serves to encourage local businesses to incorporate work place wellness into their business plans.

#### **SUGGESTED ACTION FROM THE PROVINCE**

Measures we would like to see taken by government include:

- Quickly implement recommendations from the Corpus Sanchez report and provide updates on the status of the recommendations
- Implement strategies to control the total size of the health budget, such as private providers within the public system and examination of health care administration
- Look to public private partnerships or Strategic Infrastructure Partnerships (SIPs) for infrastructure improvements
- Continue to invest in health promotion and prevention

**PEOPLE FACTOR**

**WHY THIS ISSUE IS A FOCUS**

In 2008, Nova Scotia had its fastest first quarter population increase since 1991, mainly as a result of the largest net interprovincial migration gains for a first quarter since 1984.<sup>1</sup>The population gain, while small, may be the start of a reverse trend, as more expatriates move back to Nova Scotia to take advantage of employment opportunities.

Despite this small sign of a possible turn around, the government must aggressively to ensure Nova Scotia's population is secure into the future. A rapidly aging population, outmigration and poor rate of immigration are all substantial challenges. According to Service Canada's Environmental Scan, Spring 2008, an aging population combined with out-migration could lead to future labour supply issues for our province. A decreasing population will also reduce federal transfer payments for health and education, since both are calculated with respect to the size of the provincial population. This revenue reduction will occur in conjunction with anticipation of higher costs for health services, resultant from both the poor health of Nova Scotians relative to other Canadians and our aging population.

**SUGGESTED ACTION FROM THE PROVINCE**

The recent decision by the premiers to have full labour mobility and credential recognition across Canada is a step in the right direction, as is Nova Scotia's *Come to Life* campaign; however more needs to be done. The Chamber requests that the province:

- Consider cuts to personal income tax rates: the Chamber believes that it is difficult to maintain and recruit a skilled labour force in provinces with higher income taxes. Firms that wish to or must, recruit employees from outside the province face a significant challenge, if the tax burden is disproportionately high.<sup>2</sup>
- Invest funds in education co-operative programs, with incentives for students to stay in the province when their education is complete
- Focus on streamlining the immigration process and credential recognition for immigrants

<sup>1</sup> <http://www.statcan.ca/Daily/English/080625/d080625b.htm>

<sup>2</sup> Lower Taxes: Keep the Momentum Going. Nova Scotia Department of Finance. [www.gov.ns.ca/finance/lowertaxes/sntaxandtoni.asp](http://www.gov.ns.ca/finance/lowertaxes/sntaxandtoni.asp).

**MUNICIPAL – PROVINCIAL ISSUES (HRMbyDESIGN, HRM’S CHARTER, & TAX REFORM)**

**WHY THIS ISSUE IS A FOCUS**

In the Chamber’s 2008 Spring Issues Survey, when asked “what is the number one issue that the Chamber should be involved in over the next few years” the top two selections were “Advancing Halifax’s Economic Strategy”(41.1% ) and “Economic Development Projects” (16.8% ). HRMbyDesign, the city Charter and municipal tax reform are important to advancing these issues.

The Chamber has provided input to HRM’s Tax Reform process through: a Chamber representative who sits on the Tax Reform Committee, correspondence to the city, meetings with HRM staff and attendance at public workshops. Municipal tax reform is vital if Halifax is to remain a competitive and vibrant city. Commercial rate payers in the city want an equitable municipal tax system; they currently pay three to four times the residential tax rate.

HRMbyDesign will clarify the development approval process and move the city towards its goal of shortening permit approval times; a goal that must be met as soon as possible if our city is to attract investment dollars.

The Charter will allow for improved administration of city affairs on a number of levels, will clarify the powers of HRM and eliminate the need to seek provincial authority for administrative amendments. Our Council must become more efficient and the Charter is an important step in that direction.

**SUGGESTED ACTION FROM THE PROVINCE**

- The Chamber urges the Province to pass the pending legislation in the fall related to HRMbyDesign and Halifax Regional Municipal Charter (Bills No.179 and 181).
- The province should continue to work with HRM closely to ensure that the municipality is proposing a reformed taxation system that is fair and equitable to tax payers and one that compliments the current tax reform work underway by the province.

**GOVERNMENT FISCAL RESPONSIBILITY – DEBT MANAGEMENT**

**WHY THIS ISSUE IS A FOCUS**

In recent years, the Chamber has been advocating that all three levels of government pay down their debt. This is because Chamber members are directly impacted by the current and future strength of our province and the provincial government's budgetary decisions. To that end, we encourage a course of restrained spending and continued debt reduction.

- Currently Nova Scotia's debt to GDP ratio is 34.9% and ranks 7<sup>th</sup> among the ten provinces.<sup>3</sup>
- Spending growth continues to be high, although declining at 8.4% in 06/07, 6.5% in 07/08 and 5.06% in 08/09.
- Program spending has exceeded budget in each of FY 1999-2007.
- Paying interest on the debt currently costs the government 12 cents of every dollar available to spend.<sup>4</sup> This year's budget for debt servicing costs is \$790 million.<sup>5</sup>

**SUGGESTED ACTION FROM THE PROVINCE**

The Chamber was pleased with the government's announcement to put the Crown Share adjustment payments (\$800 million) toward the debt. It is also good news for Nova Scotia that the province will be eligible to receive Crown Share payments from all future offshore projects.

- The Chamber would like to see the province use payments from future offshore projects towards the debt, as well as savings from debt servicing costs.
- This year as in the past, the Chamber also asks that the province legislate, not only annual deposits to the Debt Management Fund, but also that the monies in this fund that could be allocated against the debt at least once every 5 years.
- We urge the Province to consider legislating improving targets for the Debt/GDP or debt servicing cost/total revenues, setting realistic benchmarks and being publicly accountable regarding their ability to meet them.
- The province should continue to strive for improved credit ratings and be able to position itself to weather any future economic downturn.

<sup>3</sup> <http://www.dbrs.com/intnlweb/openpdf?fileName=21647109653927.pdf&docid=216471>

<sup>4</sup> Department of Finance, *Nova Scotia Fiscal Overview: 2007* (Halifax: Government of Nova Scotia), p.22.

<sup>5</sup> Nova Scotia Daily Business Buzz – July 16<sup>th</sup> 2008

**GOVERNMENT FISCAL RESPONSIBILITY – PROVINCIAL TAX REFORM**

**WHY THIS ISSUE IS A FOCUS**

With a declining and aging population, it is incumbent upon Nova Scotia to generate an environment in which our economy and tax base will grow. The Chamber fully supports the province's decision to conduct a tax review. The Chamber has expressed the need in the past for a full review and is pleased to see that this government is choosing to do this now.

Nova Scotia must ensure that it remains a competitive place to do business. Nova Scotia currently has two corporate income tax rates: a 5 percent small business rate and a 16 percent corporate rate (the 16 percent rate applies to taxable income earned in Nova Scotia above the Nova Scotia business limit of \$400,000<sup>6</sup>). Currently, New Brunswick has a general corporate rate of 13 percent and Alberta has the lowest rate in the country at 10 percent. The Chamber has identified three key taxation areas for reduction: small business tax, personal income tax and capital taxes.

**SUGGESTED ACTION FROM THE PROVINCE**

The Chamber would be favour of provincial tax reforms that:

- Reduce the small business tax rate from 5% to 3%
- Introduce a more competitive and simplified personal tax regime
- Eliminate capital taxes on financial institutions
- Phase-out capital taxes faster for non-financial institutions
- Accelerate the phase-out of the business occupancy tax
- Improve incentives to work, save and invest
- Include incentives for workplace wellness programs

The Chamber remains concerned about the impact of the capped assessment program linking the cap to CPI. By limiting the increase of residential assessments while commercial assessments continue to rise with the market, we are concerned that even if the municipality leaves commercial tax rates stable, the eventual relative tax burden on the commercial sector will rise. We are also concerned about the potential effect on the real estate market - new homebuyers may see dramatically higher tax bills than their long-term counterparts, which would dampen the real estate market and discourage new home buyers.

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<sup>6</sup> <http://www.gov.ns.ca/finance/en/home/taxation/businesstax/corporateincometax/default.aspx>

## **TRANSPORTATION**

### **GATEWAY - PORT, RAIL AND AIR**

#### **WHY THIS ISSUE IS A FOCUS**

If we are to take full advantage of the opportunities presented by emerging markets, our transportation links must be second to none. The excellent natural situation of Canada's west coast ports has been enhanced by recent support of and investment in the Pacific Gateway. Trade via east coast ports and airports, with their many natural and geographic advantages, could likewise be enhanced with support and investment.

Truly, Canada's transportation gateways represent economic opportunities not just for those areas that house them, but also for those parts of the country to which these gateways link. Efficient gateways with sufficient capacity not only make Canada a more attractive and competitive place to do business: they also encourage increased trade and foreign direct investment.

#### **SUGGESTED ACTION FROM THE PROVINCE**

- The province must actively and intensely promote the east coast gateway, especially in China and India and must encourage the federal and municipal governments to do the same. The province must continue to invest in our province's gateway infrastructure. In its recent National transportation policy Principles, the Chamber underscored the need for a "proactive, concise, safe and secure transportation infrastructure" with environmental sustainability. The province should, and must, recognize the need to maintain and improve all. It's existing transportation links – surface, road and air.
- Infrastructural spending is an investment in the province's future. The province has lobbied the federal government continually for increased funding for major infrastructure projects. This lobbying must continue.

**METRO TRANSIT**

**WHY THIS ISSUE IS A FOCUS**

- In the Chamber's Spring Issues Survey 2008, 34% of respondents choose transportation as the number one issue that the Chamber should be involved in during the next few years.
- Lack of public transit in Halifax is a significant barrier for employers when attempting to attract employees and deciding where to locate their business.
- Nova Scotia's urban density diminished by 36% between 1971 and 1996 – 13% higher than the Canadian average <sup>7</sup>
- The average level of provincial transit investment is \$19.87, while Nova Scotia spends \$3.79 per capita<sup>8</sup>. At present, the Province extends no funding to HRM for its transportation efforts. In light of fuel price increases and elevated concern for the environment, the time is right to expand local bus service and create new bus routes immediately.
- Based on the average per capita spending of other provinces, an annual investment of \$11 million to \$19 million in sustainable transportation would be appropriate in Nova Scotia.<sup>9</sup>

**SUGGESTED ACTION FROM THE PROVINCE**

- Increase the percentage of public transit funding in order to bring it within the funding levels of other provinces and territories. Better urban transportation is an engine of economic growth. The province should view any expenditure on urban transportation as an investment in its future.
- The province should begin immediate negotiations with HRM to consider provincial funding for immediate transit improvements.
- Dedicate active transportation funding towards all the municipalities, including HRM. Most major Canadian cities, including Montreal, Calgary and Vancouver, have a comprehensive network of bicycle trails. By doing this, they encourage environmentally friendly commuting.

<sup>7</sup> GPI Atlantic. 2006. *The GPI Accounts: Sustainable Transportation in Nova Scotia*

<sup>8</sup> Canadian Urban Transit Association. (2006). *Federal, Provincial and territorial Funding for Transit: A Compendium*.

<sup>9</sup> Estimates based on multiplying per capita provincial transit funding amounts by Nova Scotia's 2007 population: 935,106. Nova Scotia's population estimate from Statistics Canada: <http://www.statcan.ca/Daily/English/080327/d080327d.htm>

**ENERGY**

**WHY THIS ISSUE IS A FOCUS**

The Chamber sees energy as a potential business niche and crucial to the competitiveness of Nova Scotia business.

- The energy crisis is now the number one concern of Canadians<sup>10</sup>
- Nova Scotia aims to “demonstrate international leadership by having one of the cleanest and most sustainable environments in the world by the year 2020<sup>11</sup>
- Global investment in renewable energy climbed 25% in 2006 (from \$80 billion to \$100 billion). Three clean-energy industries—biofuels, wind, and solar photovoltaics—each surpassed \$20 billion in revenue in 2007.<sup>12</sup>

**SUGGESTED ACTION FROM THE PROVINCE**

We were pleased to learn that a priority of Nova Scotia’s Energy Strategy is to ensure a diversified energy mix. A diverse mix will contribute to increasing energy security in the province, which is something the Chamber strongly supports. To that end, we further suggest that the province:

- Use “energy security” as a major framework upon which to build a renewed provincial energy strategy. We use the term “energy security” broadly, to refer to an energy supply that is available, reliable, affordable, clean and therefore, sustainable.
- Implement regulations in order to decrease Nova Scotia’s reliance on imported, non-renewable sources of fuel, such as coal.
- Continue to invest in research and development of alternative energies, such as tidal and biomass.
- Take a regional approach to energy development in Atlantic Canada is implemented. This includes an inter-provincial collaboration framework, maximizing use of indigenous, clean energy resources.
- Introduce an advanced regulatory framework to encourage development of the energy sector.

<sup>10</sup>[http://www.theglobeandmail.com/servlet/Page/document/v5/content/subscribe?user\\_URL=http://www.theglobeandmail.com%2Fservlet%2Fstory%2FRTGAM.20080627.wpoll-economy28%2FBNStory%2FFront%2Fhome%3Fcid%3Dal\\_gam\\_mostview&ord=75719933&brand=theglobeandmail&force\\_login=true](http://www.theglobeandmail.com/servlet/Page/document/v5/content/subscribe?user_URL=http://www.theglobeandmail.com%2Fservlet%2Fstory%2FRTGAM.20080627.wpoll-economy28%2FBNStory%2FFront%2Fhome%3Fcid%3Dal_gam_mostview&ord=75719933&brand=theglobeandmail&force_login=true)

<sup>11</sup> Nova Scotia Government Bill No. 146. 2007. *Environmental Goals and Sustainable Prosperity Act*, 4(1a).

<sup>12</sup> [http://www.wecansolveit.org/content/solution/clean\\_energy\\_economy/](http://www.wecansolveit.org/content/solution/clean_energy_economy/)

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**CHAMBER ADVOCACY WORK**

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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