

Annual Provincial Issue Note

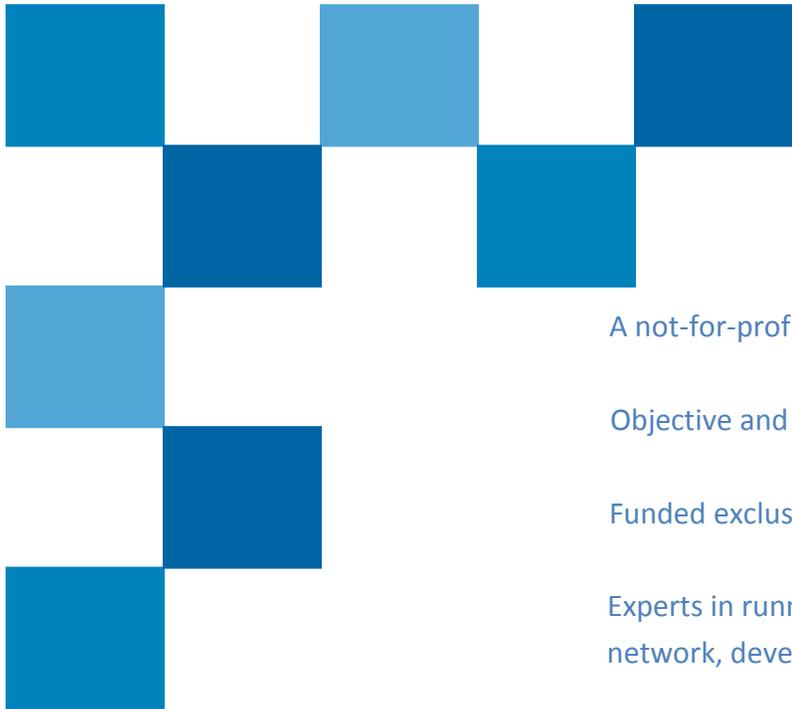
September 2010



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.

This note outlines key Chamber advocacy areas on some of the key issues facing businesses and the Province in 2010-11. All of the issues relate back to the Chamber’s current number one priority – sustainable competitiveness. In these uncertain times, it is essential that government do all it can to ensure that both Halifax and the province are competitive places to do business, now and into the future.

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FINANCIAL MANAGEMENT

The sound financial management of our province is an ongoing and key concern to the Chamber, as it is linked to at least three of our strategic priorities – economic growth, competitive positioning, and the overall sustainability of Nova Scotia as a province.

In July, Finance Minister Graham Steele announced that the province's deficit should be much less than the anticipated \$488 million that was forecasted in April 2010. We have indicated in our annual provincial budget response that we strongly support the NDP's goal of achieving a balanced budget by 2013/14. However, the fact remains that we are still facing a substantial deficit of about \$242 million. The Chamber would like to see deficit reduction as a continued priority, as Chamber members will be directly impacted by the current and future fiscal strength of our province.

Additionally, the Chamber's Provincial Affairs committee has been actively pursuing a significant and growing concern for our province – our looming pension plan crisis. Through discussions, debates, and presentations from key stakeholders, the committee is dissecting the complexities of this topic in an attempt to fully appreciate all of the details so that we can educate and inform our members.

THE CHAMBER WILL BE LOOKING FOR

- Successful public sector pension plan reform, along with a concise explanation as to what this reform will mean for taxpayers.
- Clarification as to how some of 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.
- Clarification as to where the extra revenue from the recently-imposed HST hike will be utilized.
- Annual deposits to the Debt Management Fund, but also the monies in this fund to be allocated against the debt at least once every 5 years.
- 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 to continue to strive for improved credit ratings, positioning it to weather any future economic downturn.

PEOPLE

Chamber members remain concerned about future population projections for our province. The Chamber's work over the past year has clearly profiled the approaching challenges facing Nova Scotia in regards to our labour workforce. It was suggested that Nova Scotia will require a mixed solution that somehow incorporates and addresses our three main weaknesses in this area: our declining population, low productivity rates, and low labour workforce participation rates.

The Chamber, as part of its ongoing People Strategy Project, has released a Report on the Population Crisis that addresses this important issue. The Report ties together the effects of a three-pronged problem highlighting the need for Nova Scotia businesses to adapt to a declining and aging population, overall economic shifts and a changing workforce. Businesses will need to be prepared for these future challenges. It is no secret that Nova Scotia's population is ageing at a time when many young, talented, and well educated graduates are moving elsewhere to begin their careers. This scenario, combined with a lack of an influx of skilled immigrants to contribute to our labour workforce, places additional stress on businesses that seek to recruit and retain talented employees and/or grow their business.

THE CHAMBER WILL BE LOOKING FOR

- Economic development initiatives that will grow our economy.
- Education initiatives that will increase workforce participation readiness.

TAXATION

In our provincial pre-budget submission released in February 2010, the Chamber communicated its position on several different topics (listed below) pertaining to taxation. We stated that Nova Scotia must reduce barriers to business, including the corporate tax rate – which currently sits at 16%, one of the highest in Canada. Accelerating the reduction of business taxes should assist the Province in attracting investment, a critical component of continued recovery from an economic downturn.

In addition to the recently-imposed HST hike from 13% to 15%, businesses now find themselves facing potential rate increases from both Nova Scotia Power as well as Halifax Water. Business is still feeling the impact of the earlier recession – the province must look to mitigate additional pressures on business by tightening its budget to ensure further tax increases are not needed and minimizing, where possible, their regulatory burden. Nova Scotia must remain competitive not only to grow and strengthen our local business climate, but our economy as well.

THE CHAMBER WILL BE LOOKING FOR

- Additional progress in reducing the small business rate from 4.5% to our suggested target of 3%. To provide a comparative example, Manitoba’s NDP government will phase out their small business tax entirely by 2010.
- The small business threshold to be increased from \$400,000 to \$500,000.
- A lower corporate tax rate, which currently sits at 16%.
- The Province to embark on Provincial Tax Reform.
- The Province 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 complements the current tax reform work underway by the Province.

ENERGY & SUSTAINABILITY

Sustainability is one of our key strategic priorities, and as such it is embedded in our advocacy work. The Chamber advised Minister Estabrooks of our support for the province’s Renewable Electricity Plan – a detailed plan meant to move Nova Scotia away from carbon-based electricity and towards cleaner, more natural sources of energy. 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 not be left behind. As well, we must find ways to work with our neighboring provinces and take a regional approach to energy solutions.

New Community Feed-in Tariff legislation and the commissioning of a variety of renewable energy studies in the wind and tidal energy sectors are examples of some of the positive progress being made in this area. The Chamber will continue to keep an eye on 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.
- The acceleration of the “green grid” initiative and identification of aggressive milestones for the next five years.
- Support for renewable energy equipment manufacturers and service providers.
- The development of an enhanced regulatory framework to provide tax credits/incentives and rebates for businesses and home owners to purchase clean energy systems.

TRANSPORTATION

Another area the Chamber will continue to focus on is sustainable transportation investment. Transportation has been an ongoing concern because it relates to our strategic priorities of economic growth, people, competitive positioning, and sustainability.

For local businesses, sufficient access to public transit plays a significant role in the ability to attract and retain employees, as well as the decision of where to locate one’s business. A continuously improved and expanded public transit system can have an indirect impact on one’s bottom line and act as a powerful tool for achieving economic growth. Furthermore, after having held numerous Halifax City Economic Strategy 2011 consultation meetings and discussions, it has become clear to us that transportation is still a hot topic that our members have a vested interest in pursuing.

THE CHAMBER WILL BE LOOKING FOR

- Additional investment in transportation infrastructure. In addition to traditional transportation initiatives, government should consider investing in: municipal transportation, utility infrastructure, (including connection to Lower Churchill Falls) and other renewable power generation projects. These investments contribute to the business climate over the long term.

- Increased support for 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.

SAVOIE REPORT

Economist and political scientist Donald Savoie recently submitted a report to the province entitled “The Way Ahead for Nova Scotia”, where he examined Nova Scotia’s current economic development efforts and made recommendations as to how these efforts could be more effective from the perspective of those who would want to invest and do business here.

We know our provincial government will seriously consider the research and revelations from the Savoie report and ultimately take the best course of action for Nova Scotians. As always, the Chamber stands by ready to assist the province in any way that it possibly can.

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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