

Annual Municipal Issue Note

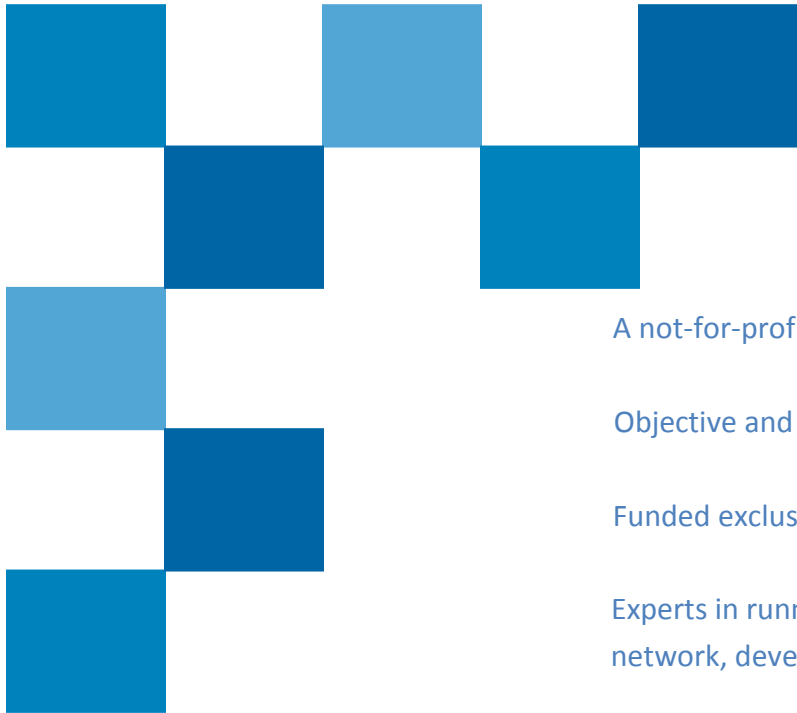
August 2009



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 that are municipal in scope. Based on member surveys, the Board has identified the following key priority areas for the Chamber this year:

- Sustainability (financial management, transportation)
- People (governance, population)
- Economic Development (competitive positioning, taxes and tax reform)

In support of these priorities, this paper outlines the Chamber’s current position on some of the key issues facing businesses and the city in 2009. All of the issues in this report 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 Halifax is a competitive place to do business, now and into the future.

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SUSTAINABILITY

FINANCIAL MANAGEMENT – DEBT AND SPENDING

WHY THIS ISSUE IS A FOCUS

In the Chamber's view the city has made great strides this year in terms of fiscal planning:

- Adoption of the Capital Projects Evaluation Matrix in March, which will help Council to prioritize new capital projects.
- Revision of the Debt Policy in March, to include a growth factor. This should allow the city to use debt more effectively.
- Approval of a Service Review Process in June. This tool will allow Council to assess the value and impact of programs and services, reduce the costs of delivery and focus on priorities.
- The completion of the asset database now allows the city to know exactly what it owns, aiding in the improvement of reporting on asset conditions.
- Approval of the Fiscal Health Key Indicators in June. These quantifiable indicators will aid Council in seeing the progress that the city is making financially and also, point out areas in need of improvement.
- The plan to hire an Auditor General for the city in the near future.
- The city's healthy credit rating of A/Positive from Standard and Poor's is something the city should be very proud of.

In addition, the Chamber's Municipal Affairs Committee published an inaugural Municipal Budget Report Card. This year, the budget earned an overall grade of B.¹ However, challenges are on the horizon.

- There must be a clear plan in place to deal with the expected downturn in tax revenue for 2011.
- Although the city stated in a budget presentation to Council that "any savings realized in 2009-2010 would be deposited into a Variable Operating Stabilization Reserve to offset future economic events", no savings were budgeted for.
- The 2011 Canada Games is an exciting event; however, a costly one. The city must prepare to manage the unexpected.
- The federal government turning down funding for the four-pad arena must be taken into account.

¹ http://www.halifaxchamber.com/images/policy/Report_card_HRM_budget_2009.pdf

SUGGESTED ACTION FROM THE CITY

- Refresh the Multi-year Financial Strategy, aligning with current fiscal realities such as acknowledgement of erosion in the tax base that can be expected in 2011.
- Continue to communicate to Council the need for fiscal prudence to prepare for the expected downturn in revenues in 2011.
- As stated in the June 2, 2009 Fiscal Health report to Council, the city still relies too heavily on property taxes. In 2007, 76% of revenue's were from property taxes. It is interesting to note that MacLean's National Municipal Performance Report released in July, found that on average, Canadian cities sourced 27% of their "own source revenue" from user fees. Halifax sourced just 18% from user fees.
- The Fiscal Health indicators in the June 2, 2009 report to Council used 2007 data, as the 2008 financial data was not available. This lag may cause the fiscal health indicators to have less relevance. The city should strive to have their financial data more current, in order to have the best use of the fiscal health indicators.
- Seek external validation of the city's use of the Municipal Price Index (MPI). Currently, the city sets the value of the annual MPI itself.
- Continue to ensure debt repayment targets are met.
- Benchmarking with cities across the country (on spending per capita).
- Continue to advocate (perhaps through the Big City Mayors) for faster turn-around of funding from other levels of government (specifically, capital project funding from the federal government).

SUSTAINABILITY

TRANSPORTATION

WHY THIS ISSUE IS A FOCUS

- With the first five year review of the Regional Plan due in 2011, there is a real opportunity to make changes when it comes to planning and in particular, transportation planning. Transportation should shape our city planning more than it has in the past.
- 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 average Canadian city²
- The average level of provincial transit investment is \$19.87, while Nova Scotia spends \$3.79 per capita³.

SUGGESTED ACTION FROM THE CITY

The city has taken significant steps forward in the last two years towards improving transit, as evidenced by the Five-year Transit Plan; however, more needs to be done.

- Continue to lobby the Province - the Province should immediately invest a percentage of funding that would, at least, bring it within the funding levels of other provinces and territories. The Chamber has been advocating this point to the Province. HRM also needs to push harder for this to happen.
- Work with the Airport Authority to establish Transit service to Stanfield International Airport.
- Revisit the concept of an amalgamated transit authority for the city. The Mayor supports this and stated so during his 2008 campaign.
- Consider the recommendations included in the "Shifting to Sustainable Transportation Report – A Sustainable Transportation Framework for HRM", released in June 2009.⁴
- Create a Master Transportation Plan for the city. This is long overdue; transportation plans need to be integrated, into one, coordinated, overall plan.
- Make implementation of the Active Transportation Plan a top priority.
- Ensure that the new bus service garage is completed on schedule, as without it, new service expansion will not be possible.
- Continue to align HRM strategies with those of the Atlantic Gateway initiative

² GPI Atlantic. 2006. *The GPI Accounts: Sustainable Transportation in Nova Scotia*

³ Canadian Urban Transit Association. (2006). *Federal, Provincial and territorial Funding for Transit: A Compendium*.

⁴ http://www.scribd.com/doc/16258372/Shifting-to-Sustainable-Transport-Report-June-2009-?from_email_04_friend_send=1

PEOPLE

GOVERNANCE

WHY THIS ISSUE IS A FOCUS

Governance can be defined as the process of consistent management, cohesive policies, processes and decision-rights for a given area of responsibility.⁵ The Chamber was pleased when Council declared that “Governance and Communications” would be Council Focus Areas in 2009.⁶ Indeed, committee and council reform is required.

- In MacLean’s National Municipal Performance Report released in July, Halifax ranked 24th out of 31 cities. While we realize that indexes are not always accurate, it is worth reviewing the report to study areas of weakness. We noted that information was not available for a key indicator in the McLean’s report, which was “population per municipal staff”.
- For the third year in a row, the Chamber’s Scorecard target to ‘improve Halifax’s brand recognition in national and international markets’ received a score of two red lights. Globally, branding cities has become the norm. The Anholt City Brand Index is the foremost branding index for global cities. The Anholt uses six criteria to measure the strength of a city’s brand: presence, place, pulse, prerequisites, people and potential. Today, a city’s brand is more important than ever before. Research is telling us that young professionals are choosing where to live first. Then they think about where to work. In order to stay competitive in 2009, it’s clear that Halifax needs a brand.

SUGGESTED ACTION FROM THE CITY

- Designate a team within the city to be tasked with creating a brand for the city, with a definitive deadline.
- Continue to improve external communications. In his yearly address to the Chamber this year, the Mayor stated “I have admitted that I have not handled the communication about the Harbour Solutions malfunction well and for that I apologize.” The city should examine where communications around Harbour Solutions could have been improved and create a communications plan for future events.
- Look for opportunities for increased efficiency in governance. We have been told that Councillors sit on 58 different internal committees within HRM. If this is accurate, a review of what is the best use of Council time is in order.

⁵ <http://en.wikipedia.org/wiki/Governance>

⁶ <http://www.halifax.ca/mediaroom/pressrelease/pr2009/090217CouncildefinesFocusfornextfouryears.html>

- Ensure adequate and targeted opportunities for business participation in the upcoming boundary review.
- Tell the city’s good new stories loudly.

PEOPLE

POPULATION

WHY THIS ISSUE IS A FOCUS

The Chamber has embarked on a “people strategy” project in conjunction with the provincial Department of Labour and Workforce Development. The Chamber is promoting the Department’s programs and services to businesses in the Halifax area and will be producing several products related to this endeavour this fall.

All levels of government must act aggressively to ensure our population is secure into the future. Action is needed now, not only to prevent labour shortages, but also to ensure: that we have the tax dollars we will require in the future; that we have people to attend our post-secondary institutions which are so important to our economy here in Halifax; and that we have a diverse population which will add vibrancy to our communities.

Although HRM’s population is slated to grow to over 400,000 by 2020, between 2001 and 2026 our Provincial population will change drastically, as will the demographic makeup of HRM. In Nova Scotia⁷:

- The seniors population will increase by 70.8%
- The primary to twelve grade school population will decline by 31.5%
- The university age population will decline by 29.8%

SUGGESTED ACTION FROM THE CITY

- Continue to improve the city’s infrastructure. According to Jane Jacobs in her book, *The Death and Life of Great American*

⁷ “The Developing Workforce Problem”, AIMS, McNiven January 2009.

Cities,...."Decaying cities, declining economies, and mounting social troubles travel together. The combination is not coincidental."

- Increase pressure on the province to focus on immigration attraction and retention, as Halifax's population increases will become more dependent on international immigration levels in the future⁸.
- Focus council priorities on areas that make the city an attractive place to live. According to the Economist Magazine's rating of the world's most livable cities, Vancouver was number one and Toronto was number five.⁹ Many of the factors which make a city "livable" are within the city's range of responsibility, such as: low crime rates, little threat from instability or terrorism, and a highly developed transport and communications infrastructure. The survey considered forty individual factors in categories such as stability, health care, culture, environment, education and infrastructure.
- Improve efforts towards HRM brand recognition.
- Continue to make improvements to public transit and the city's active transportation network.
- Create measurable targets to maximize the potential of the "Good Neighbour, Great Neighbourhood" program. According to the city's web site, only 192 people signed a pledge to be a "Good Neighbour" as part of the program.¹⁰ Last year, in the city's response to the Chamber's Annual Update, this program was quoted as being central to the city's "People Factor" efforts.¹¹ Although the report to Council in February on the program was positive, the program seems to have more potential.¹²

ECONOMIC DEVELOPMENT

COMPETITIVE POSITIONING

WHY THIS ISSUE IS A FOCUS

In the Chamber's 2009 Spring Issues Survey, when asked "what are the top three issues that the Chamber should working on " the answers were:

1. Economic Development

⁸ http://www.halifax.ca/regionalplanning/publications/documents/HRMProjections_001.pdf

⁹ <http://www.cbc.ca/canada/british-columbia/story/2007/08/23/bc-vancouver.html>

¹⁰ <http://www.myhrm.ca/>

¹¹ http://www.halifaxchamber.com/images/policy/prebudget20092010_HRMresponse_March2009.pdf

¹² <http://www.halifax.ca/council/agendasc/documents/090224cai04.pdf>

2. People/labour force

3. Sustainability

Looking at Canadian Business magazine's annual survey the "Best Places to do Business in Canada" Halifax ranked 9th out of 40. However, when looking at the operating costs component of the survey, Halifax was the most expensive city in Atlantic Canada to do business in, other than St. John's Newfoundland.¹³

Our members are telling us that it needs to be cost effective for them to continue to do business in Halifax. What can the city do to assist with this?

SUGGESTED ACTION FROM THE CITY

- Continue to work towards closing the infrastructure gap in the city.
- Continue to promote the city as a destination for conventions and special events, such as concerts and the Tall Ships.
- Improve commercial tax competitiveness through tax reform.
- Now that HRMbyDesign has been approved, ensure that the plan is implemented properly.
- Budget to create a "gung-ho business climate" as directed by the city's economic strategy.
- Invest in projects that lower the city's long-term operating costs, such as energy saving projects.
- Assess whether or not the city is investing enough in economic development, especially development that has measureable pay backs. According to MacLean's National Municipal Performance Report, Halifax has Economic Development Costs per Capita (2005 to 2007) of \$53. The average of the 31 cities studied was \$79.
- Focus on revitalizing the business districts.

¹³ <http://list.canadianbusiness.com/rankings/best-places-to-do-business/2008/Default.aspx?sp2=1&d1=a&sc1=7>

ECONOMIC DEVELOPMENT

TAXES AND TAX REFORM

The Chamber has been supportive of commercial tax reform for some time. The Tax Reform Committee is scheduled to present to Council on August 4th in order to seek direction from Council, as to continue to press forward with tax reform or not. The Chamber applauds the Committee for taking this straight forward approach. Council must either dedicate itself to tax reform or not.

Whether or not the “Tax Reform Project” goes forward as of August 4th or not, ultimately what the business community wants is greater transparency between taxes paid and services received.

SUGGESTED ACTION FROM THE CITY

- Make a firm decision regarding the fate of the Tax Reform Project on August 4th.
- Find new and innovative ways to access input from the commercial sector concerning tax reform, such as focus groups, as open houses are not an effective format, as evidenced by low turnouts at the May events.
- Continue to move towards service based taxes, such as the service based transit tax.
- Use taxes as an urban development tool, especially in areas in need of revitalization.
- Continue to work with the Province to push for access to various tax tools.
- Develop a clear and concise commercial tax rate benchmark and communicate it.

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.

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Current Members of the Municipal Affairs Committee:

Chair, Alan Richardson (Nova Scotia Power Inc.)

Andrew Inch, Municipal Enterprises Ltd.

Andy Lynch, Lydon Lynch Architects Ltd.

Robert MacPherson, Armco Capital Inc.

Brian Curry, Nova Scotia Power Inc.

Giselle Kakamousias, Turner Drake & Partners Ltd.

John Kitz, Burnside Realty

Katherine Sullivan, Halifax Dartmouth Bridge Commission

Peter Boyd, Owens MacFayden Group

Dan Gibson, Clayton Developments

Michelle Landerville, Mining Association of Nova Scotia