



HALIFAX CHAMBER OF COMMERCE: PROVINCIAL ISSUE NOTE - 2015

September 22, 2015

Submitted To: Premier Stephen McNeil and the Province of Nova Scotia

Copied To:

- MLAs
- Ministers
- Deputy Ministers

Who We Are

The Halifax Chamber of Commerce is a best-practice, business advocacy organization that continuously strives to make Halifax an even more attractive city in which to live, work, and play. Together, the approximately 1,500 member businesses and their over 90,000 employees, act as a single powerful voice to promote local business interests. The volunteer Board of Directors, and Chamber staff, undertake initiatives on behalf of the Chamber's diverse membership.

With origins dating back to 1750, we are recognized as the first Chamber established in North America. The Halifax Chamber is certified to the ISO 9001:2000 international quality standard, the first and only Chamber in North America to receive this accreditation.

The Halifax Chamber of Commerce offers over 100 events annually, countless numbers of opportunities for exposure through member services, advertising, and sponsorship. It also issues Certificates of Origin for those businesses that export internationally.

2013-2018 STRATEGIC PLAN – ASPIRATIONAL STATEMENT AND GOALS

The Halifax Chamber of Commerce is committed to enhancing the prosperity of its members and to realizing Halifax's potential to be among the top 3 highest growth city economies in Canada by 2018.

1. To create a positive business environment to be reflected by being among the top 3 highest growth city economies in Canada by 2018.
2. To increase the skilled workforce by 20% from 2012 to 2018.
3. To accelerate prosperity of Chamber members by providing first class networking events, benefit programs, advocacy to governments, education, information and by making connections.

As part of the 2013-2018 Strategic Plan, the Halifax Chamber of Commerce created two Task Forces to provide input on the Plan's implementation. The members of the Task Forces are a diverse group of individuals with significant expertise on key policy issues.

Task Forces

- Create a Positive Business Environment – Darren Nantes (Chair), Nantes Group Ltd.
 - Tax Subcommittee – Paul Bent (Chair), Grant Thornton
 - Downtown Core Subcommittee – Robert MacPherson (Chair), RMP Development Consulting Ltd.
- Grow and Nurture the Skilled Workforce – Mark Fraser (Chair), T4G

Recommendations

Reduce the Tax Burden

- Keep the government on track to balance its budget by next year.
- Strike the multi-disciplinary Tax Reform Working Group as promised in this year's budget to set the stage for tax reductions.
- Negotiate collective agreements that do not compromise our province's fiscal sustainability.

Champion Common Sense Regulations

- Fully implement the regulatory recommendations from the *Charting a Path for Growth* report.
- Work on making Nova Scotia the most business friendly environment in Canada.
- Eliminate or modify the Capped Assessment Program.

Match Post-Secondary Student Development to Employer Needs

- Implement or expand youth retention initiatives when possible.

Promote Immigration

- Continue to prioritize immigration initiatives to help address Nova Scotia's demographic problems.
- Approve Halifax City Council's request to let permanent residents vote in city elections.

Enhance P-12 Skill Development

- Maintain progress on implementing Nova Scotia's Action Plan for Education.

Building a Sustainable Future

INTRODUCTION

The Chamber's annual issue note provides a snapshot of the issues that matter to our members and to Halifax's business community. Our priorities are based on conversations with our members and the goals of our 2013-2018 Strategic Plan. While the topics in this document are wide-ranging, they are all important and contribute to the long-term success of our business community.

The provincial government has tackled many issues in its first two years in office, but there is much more to be done before the next election draws near. Balancing the budget, reforming the tax system, negotiating labour agreements, and simplifying regulations are all major outstanding issues. Not to mention the critical work that still needs to be done on youth retention, immigration, and P-12 education. It is admittedly a daunting list, but these issues will not wait.

CREATE A POSITIVE BUSINESS ENVIRONMENT

Reduce the Tax Burden

In November 2014, the *Charting a Path for Growth Report* (Brotten Report) made it clear that Nova Scotia was one of the highest tax jurisdictions in Canada and that it is having a significant impact on our economy.¹ Reducing the tax burden is a major pillar of the Chamber's strategic plan and it remains one of our key goals. There is no doubt however, that Nova Scotia is in a difficult fiscal situation and that stable public finances are a requirement for sustainable tax reductions. The upcoming Tax Reform Working Group, to be established by the province, will help build consensus on tax reform. It has been six months since the working group was first announced however, and we are looking for the government to set a firm timeline to get this underway.

Next spring's provincial budget will be this government's third since taking office. We will be expecting the government to stick to its projection to balance the budget in 2016. The government has had plenty of time to make the fiscal adjustments necessary to get us back to a surplus and further delays are unacceptable. We understand that this will require some difficult decisions and sacrifices, but we believe that they are necessary.

Expenditure management must continue to be a top priority, particularly keeping health spending at a sustainable level. As well, we still believe that the Brotten Report's recommendation for a five year spending freeze was wise and should be implemented. We are pleased to see that the government is willing to explore alternative service delivery arrangements.² However, when dealing with a revenue

generating area of government operations, such as registries, care must be taken to ensure that taxpayers receive fair value for their asset.

Labour Negotiations: As 52% of provincial spending is on wages and benefits, upcoming labour negotiations will be critical for achieving long-term fiscal sustainability in Nova Scotia.³ This is an important issue for the business community as the government's tax rates and fiscal structure have a major impact on Nova Scotia companies. Furthermore, many of our members feel that there is a disparity between public and private sector compensation that needs to be addressed.

Major collective agreements for civil servants, teachers, and others are due to be renegotiated this year, guaranteeing that this will be a critical issue for the provincial government during the fall and spring legislative sessions. With this much pressure, there is a risk that good public policy will take a backseat to short-term interests. Affordability for Nova Scotia taxpayers should be the foundation for any such policy decisions in this area.

Beneath all of the rhetoric it is easy to forget that both government and unions share a strong interest in making Nova Scotia's public services sustainable for the long-term. Working from a 'net zero' position provides an excellent opportunity for both groups to decide on their priorities and ensure that their interests are represented in a final agreement. We encourage both the government and the unions to use this common ground to forge agreements that are affordable, innovative, and sustainable.

Champion Common Sense Regulations

Over the past year the provincial government has laid the groundwork for meaningful progress on regulatory reform. In their spring budget, the government committed to adopt all of the Broten Report's regulatory recommendations. We are particularly supportive of the report's recommendations to set firm targets for regulatory reductions, to track progress, and to increase information sharing between departments.

In addition, the Premier appointed Fred Crooks to lead the Office of Regulatory Affairs and Service Effectiveness which is charged with promoting regulatory harmonization with New Brunswick and improving the regulatory climate at home. We also hope to see the government work on improving the overall level of customer service provided by departments, examine the impacts of labour relations legislation on business, and to collaborate with municipalities on streamlining the regulatory burden. Government's baseline objective should be to have Nova Scotia become the most business friendly environment in Canada.

The Chamber will evaluate the results of these regulatory initiatives using the following five regulatory principles:

1. Proportional: the burden of regulation should be proportional to its benefits;
2. Transparent: the development and enforcement of rules should be clear and understandable;

3. Consistent: regulation should be predictable and consistently enforced;
4. Flexible: the regulatory system should have the capacity to evolve as circumstances change; and
5. Measurable: government needs to be able to effectively measure the regulatory burden.

Capped Assessment Program: We continue to urge the provincial government to reconsider the Capped Assessment Program (CAP). While the CAP limits assessment increases for existing homeowners, it does so at the cost of discouraging intraprovincial labour mobility and increasing the property tax burden on rental properties and newly purchased homes. Rental properties are popular among young people (not to mention the poor) and new arrivals are often looking to buy homes.⁴ It is illogical that, in the face of demographic crisis, the provincial government maintains a program that raises the cost of living for those people we desperately need to retain.

While we understand that removing the CAP would be politically challenging, its negative impact is real and will only get worse. If removing the CAP is impractical, the situation could be substantially improved by raising the CAP back to its 2007-08 level of 10% per year.⁵ This would still protect Nova Scotians from extreme increases in their property assessments while allowing the inequities in the system to ease.⁶

GROW AND NURTURE THE SKILLED WORKFORCE

Match Post-Secondary Student Development to Employer Needs

Earlier this year, Engage Nova Scotia's 'Stepping Up' conference drove home the message that Nova Scotia's fundamental problem is our inability to retain our youth. Since 1995 Nova Scotia has seen an annual net loss of well over one thousand 20-29 year-olds to other provinces.⁷ While this situation is dire, there are some bright spots. The 20-29 year-old population in Halifax is still growing and helping make our largest city an even more attractive destination; this will help keep more young Nova Scotians here.⁸

The provincial government has introduced initiatives that will hopefully help turn this situation around. Programs like Graduate to Opportunity will make it easier for employers to hire youth. If it proves successful, the government should expand the program to allow more businesses and youth to take advantage of it. We also support the government's move to reform the apprenticeship system through the new Nova Scotia Apprenticeship Agency.⁹

Businesses will have to do their part by being flexible and open to hiring more young Nova Scotians. The Chamber is in the midst of launching a recognition program that will help share the stories of members who take positive actions like hiring youth. This will help spread the message that hiring youth is both good for business and good for Nova Scotia. It will also give profile to those companies who are stepping up and addressing our province's challenges.

The Chamber knows better than anyone that this is a time of fiscal restraint in Nova Scotia. Where money is available however, youth retention initiatives deserve to be a top priority. Specifically, we support programs that help young people get their first job and are easy for businesses to access and navigate. Increasing our youth retention rate is an investment in Nova Scotia's future fiscal sustainability.¹⁰

Promote Immigration

Mitigating the impacts of Nova Scotia's ageing and declining population is a major concern for the Halifax Chamber. Increasing the number of immigrants coming to Nova Scotia and improving our rate of retention, while certainly not a panacea, is an important avenue for addressing our demographic problems.

Fortunately, the province has been making tangible progress in this area in recent years. The provincial government has opened new streams for provincial nominees and has convinced the federal government to provide significantly more nominee certificates to Nova Scotia. We fully support these initiatives and look forward to continuing our excellent working relationship with the Office of Immigration.

On the negative side, we are disappointed that the government has not been more receptive to allowing permanent residents to vote in Halifax's municipal elections.¹¹ This is a chance to demonstrate Halifax's openness to newcomers and we urge the government to approve Halifax Regional Council's request as presented.

Finally, we understand that businesses play a large role in recruiting and retaining immigrants. Like Nova Scotia's population as a whole however, not all businesses understand the importance of increasing immigration to our province. The Chamber will continue to articulate the compelling case for increased immigration, and do our part with our members to make sure that Nova Scotia is not just a friendly province, but a welcoming one.

Enhance P-12 Skill Development

Earlier this year the province released 'Nova Scotia's Action Plan for Education', a multi-year plan to reform the public education system.¹² This report was the culmination of a intensive effort to comprehensively review Nova Scotia's education system. The Halifax Chamber supported this initiative from the beginning and was quite pleased with the government's proposed plan.

The Department of Education and Early Childhood Development's recent June update on the new strategy shows that, while progress is being made implementing the report's recommendations, much work still remains.¹³ We will continue to monitor the department's progress in implementing its plan and look forward to further updates.

CONCLUSION

The provincial government is facing no shortage of challenging policy issues that deserve its attention. Fortunately, the next election is still far enough away that major progress can still be made. We hope to see the government focus its efforts and make tangible progress on the issues that will have the largest impact on Nova Scotia's economy, including:

1. Putting Nova Scotia's finances on a sustainable footing;
2. Prioritizing youth retention programs; and
3. Creating a common sense regulatory environment.

The challenges facing Nova Scotia are not easy, but Halifax Chamber of Commerce fully supports doing what is necessary to address them head on.

References

- ¹ [http://www.novascotia.ca/finance/docs/tr/Tax and Regulatory Review Nov 2014.pdf](http://www.novascotia.ca/finance/docs/tr/Tax_and_Regulatory_Review_Nov_2014.pdf) (page 23-4)
- ² <http://novascotia.ca/news/release/?id=20150721005>
- ³ <http://novascotia.ca/PublicServiceSustainability/PublicSectorLeadersPresentation.pdf> (slide 12)
- ⁴ http://munkschool.utoronto.ca/imfg/uploads/280/final_report_may_20_2014.pdf (page 60)
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- ⁵ <http://www.novascotia.ca/dma/pdf/mun-cap-background.pdf> (page 1)
- ⁶ http://munkschool.utoronto.ca/imfg/uploads/280/final_report_may_20_2014.pdf (page 60)
- ⁷ <http://steppingupconference.nationbuilder.com/presentation> (Danny Graham's Presentation, Slide 16)
- ⁸ CANSIM 051-0001 and CANSIM 051-0056
- ⁹ <http://nsapprenticeship.ca/agency>
- ¹⁰ http://www.halifaxpartnership.com/site/media/Parent/8x10_HalifaxIndex2015_June18_Web.pdf
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- ¹¹ <http://halifaxchamber.com/wp-content/uploads/2015/08/Letter-to-Minister-Churchill-Permanent-Resident-Voting-Aug-11-2015.pdf>
- ¹² https://www.ednet.ns.ca/files/2015/Education_Action_Plan_2015_EN.pdf
- ¹³ https://www.ednet.ns.ca/files/2015/Education_Action_Plan_updateJune15.pdf