



# MUNICIPAL PRE-BUDGET SUBMISSION 2016/2017

February 10, 2016

Presented To: City of Halifax Mayor Mike Savage and Halifax Councillors

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## 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, we 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 9001:2008 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**

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 our 2013-2018 Strategic Plan, the Halifax Chamber of Commerce Board of Directors created two Task Forces to implement the plan. The members of these 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 (retired)
  - Downtown Core Subcommittee – Robert MacPherson (Chair), RMP Development Consulting Ltd.
- Grow and Nurture the Skilled Workforce – Mark Fraser (Chair), T4G

## Executive Summary

The 2016-17 municipal budget will be the last budget approved by Regional Council before October's election. Despite the upcoming vote however, there are pressing issues that need to be addressed before Council's mandate expires. This submission contains the thoughts and ideas of the business community about how to improve our city and covers the following areas:

1. Taxation and Spending
2. Planning and Development
3. Transit
4. Regulation

Overall, we will be looking for Council to stay focused on creating a positive business environment in Halifax and promoting long-term growth. We look forward to working together to build an even stronger city and would welcome your thoughts on these issues.

***The Chamber Recommends:***

1. Passing the 2016 municipal budget with no increases to average tax bills
2. Approving the Regional Centre Plan
3. Approving Halifax Transit's Moving Forward Together Plan
4. Reviewing and improving the regulatory burden in Halifax

## Recommendations

### **Taxation and Spending**

- Pass the 2016 municipal budget with no increases to average tax bills
- Invest in infrastructure that will improve the long-term productivity and competitiveness of Halifax

### **Planning and Development**

- Approve the Regional Centre Plan, and move forward on the Cogswell Interchange Redevelopment Project and the Land-Use By-Law Simplification Project
- Support the Integrated Mobility Plan while still moving forward on the various initiatives it covers.

### **Transit**

- Approve Halifax Transit's Moving Forward Together Plan, provided it adheres to its original principles
- Continue implementing Halifax Transit's planned technology upgrades

### **Regulation**

- Review and improve the regulatory burden in Halifax
- Entrench an 'open for business' attitude to improve service quality
- Publicly release development approval times in Halifax so the public can track progress

## Taxation and Spending

In last year's municipal budget, Council approved a 2.3% increase in average commercial tax bills. Council originally directed staff to proceed with a 1.8% increase, but due to additional spending and a capital surcharge the average commercial tax bill rose by 0.5% more. We do not agree that raising taxes in a province that is already one of the highest taxed in Canada was warranted.

This year Council approved staff's recommendation to beginning planning for a budget that keeps average tax bills flat.<sup>1</sup> We agree with this direction and strongly urge Council to manage expenditures carefully and keep the tax burden under control. This direction is not without consequences, as staff made it clear that this would result in a funding gap of \$18.7 million this year if no corrective action is taken.<sup>2</sup> We have confidence that staff and councilors can control expenditures and find efficiencies to eliminate this gap.

Over the past few years Council has done an excellent job paying attention to the percentage of municipal revenues paid by commercial taxpayers. The Chamber has long argued that commercial taxpayers shoulder a disproportionate tax burden, an assertion that has been supported by previous municipal estimates.<sup>3</sup> Fortunately the ratio of commercial to residential tax revenue has been shrinking in recent years, from over 44% in 2003-04 to 38.5% in 2014-15.<sup>4</sup> We will look to Council to make fiscal decisions that continue this downward decline and help bring commercial tax revenues in line with services received. We also encourage Council to improve fiscal disclosure by listing the revenue-neutral tax rate on the city's tax bills.<sup>5</sup>

While we continue to call on Council to keep a tight rein on operational spending, now may the time to reexamine Halifax's level of capital spending. The federal government's expanded infrastructure program will require decisions about investing in Halifax's infrastructure. The Halifax Chamber fully appreciates the benefits of infrastructure. Our members depend on everything from roads, to ports, to the water system to do business in our city. It is also clear that some infrastructure in Halifax is in serious need of repair. As Mayor Savage said earlier this year, Halifax Water will need to invest \$2.5 billion in order maintain its infrastructure.<sup>6</sup> There may also be opportunities through different federal funding streams to recapitalize some of our affordable housing stock and invest in transit. As Halifax is not currently facing an economic downturn, our priority must be on investing in projects that will help improve the productivity and competitiveness of our region. This is an opportunity to improve Halifax's long-term potential for economic growth and it is important that it is done right.<sup>7</sup>

### ***The Chamber recommends that Halifax City Council:***

- Pass the 2016 municipal budget with no increases to average tax bills
- Invest in infrastructure that will improve the long-term productivity and competitiveness of Halifax

## Planning and Development

Halifax has seen real progress in the planning and development area in recent years. The passage of HRM by Design has been a huge success and has resulted in a boom in downtown construction. The ongoing work of the planning department on the Centre Plan, the recently announced project to examine all of Halifax's overlapping planning by-laws, and the Cogswell Interchange Redevelopment project are critical initiatives that we fully support.<sup>8</sup> The Regional Centre Plan will be the most important initiative this year however, as staff are expected to present the plan to Council in the fall. This initiative has seen many delays over the years and we strongly urge Council to move forward on this new set of development rules for the Regional Centre

The Chamber also supports the principles of the proposed Integrated Mobility Plan. There are a number of concurrent planning and transportation initiatives underway and, if they are all going to be effective, it is important that they are all moving the city in the same direction. Moreover, decisions in on one initiative will have consequences for the others, so these initiatives clearly have to be approached in a more unified manner.

At the same time, Council should avoid delaying the implementation of these various projects. Encouraging progress has already been made on projects such as the Regional Centre Plan, the Moving Forward Together plan, and the Parking Strategy Roadmap among others. It would be disappointing, and potentially risky, to halt these initiatives while staff engages in further study. To be successful, the Integrated Mobility Plan will have to strike a balance between unifying these various initiatives and keeping things moving.

Managing all of these initiatives will certainly be a challenge for both staff and Council. However, making Halifax a more business-friendly city, as well as ensuring that our city grows as effectively as possible, are two very important goals. We will be looking for these projects to remain on schedule and to deliver on their original goals.

***The Chamber recommends that Halifax City Council:***

- Approve the Regional Centre Plan, and move forward on the Cogswell Interchange Redevelopment Project and the Land-Use By-Law Simplification Project
- Support the Integrated Mobility Plan while still moving forward on the various initiatives it covers.

## Transit

Over the past two years, the Halifax Chamber of Commerce has been a strong supporter of Halifax Transit's plan to transform the city's bus system. While the most visible aspect of this reform has been the 'Moving Forward Together' network redesign plan, technology investments will also play a large role in building a more effective service. There improvements include:

- An Automated Vehicle Locator system, so operators have better information about how the network is performing in real world conditions and riders know where their buses are in real time;
- An improved passage counter system, which will provide Halifax Transit with much better information about how the service is actually used; and
- An improved fare management system which will simplify the payment process for users.<sup>9</sup>

These technology upgrades should help improve many of the day-to-day complaints of transit system users such as overcrowding, and inconsistent on-time performance. Many of these initiatives will be rolled out in 2016, which will clear the way for the network redesign promised by the 'Moving Forward Together' initiative.<sup>10</sup> The Chamber fully supported the draft plan released last fall and believes that it represents the best opportunity in years to substantially improve Halifax's transit system.

These initiatives are very welcome as has become clear over the past couple of years that Halifax's transit system is in serious need of reform. The most telling statistic is that transit hours have increased by 54% since 2008-09, while ridership has essentially stayed the same.<sup>11</sup> This is a poor return on Council's investment and is indicative of a system that is not deploying its resources in an effective manner. Halifax Transit's plan will undoubtedly face opposition when it is presented but Council must remember that the status quo is not working. We will be looking for the plan to be approved in its entirety, provided that it adheres to its original principles.

The Halifax Chamber of Commerce supports an effective transit system for our city. Our members rely on Halifax Transit to help their employees get to work and to enable customers to reach their businesses. Building a system that works is in everyone's interests.

***The Chamber recommends that Halifax City Council:***

- Approve Halifax Transit's Moving Forward Together Plan, provided it adheres to its original principles
- Continue implementing Halifax Transit's planned technology upgrades



## Regulation

One of the most welcome developments at the provincial level over the past year has been the commitment of the provincial government to regulatory reform and the work of the Office of Regulatory Affairs and Service Effectiveness. The Office has achieved tangible commitments to reduce the regulatory burden from all three Maritime Provinces and has laid the groundwork for much more progress in the years to come.<sup>12</sup>

As regulatory issues so often cross the jurisdictions of different levels of government, now would be an excellent time to take a renewed look at the regulatory burden in Halifax. Regulatory issues are a consistent source of frustration for our members and there has not been a comprehensive review of regulation at the city in recent memory. While the city is already taking action to simplify the planning and development process, a broader look at the regulatory burden is needed. Reviewing the state of regulation in Halifax, quantifying its impact, and implementing a formal process to reduce red tape would be major improvements.

As well, the city should also work on improving its quality of service. When we speak to our members about red tape, their feedback is just as often about the quality of the service they receive rather than the rules themselves. Entrenching an “open for business” attitude at the city would be a welcome development for our members. For example, implementing client service improvement initiatives for those with responsibility for regulation and permitting would be appreciated.

Development approval times are also a major regulatory concern for the Chamber. This data, usually reported in the Halifax Index every spring, has not been available for two years. Publicly reporting on these figures allows businesses to hold the city to account and provides them with a realistic expectation for how long their particular application might take. It would also be valuable to see how initiatives, such as the Regional Centre Plan, impact overall development approval timelines. Finally, these figures are also a key indicator for the Chamber as we measure our progress on our 2013-2018 Strategic Plan. Development approval timelines should not be that difficult to compile and we see no valid reason why the information is no longer available. We request that these measures be reinstated and reported annually either through the Halifax Index or the city’s own website.

***The Chamber recommends that Halifax City Council:***

- Review and improve the regulatory burden in Halifax
- Entrench an ‘open for business’ attitude to improve service quality
- Publicly release development approval times in Halifax so the public can track progress

## Celebrating Progress

Despite the many important issues facing our city, it is important to also acknowledge areas where Council has made real progress. For example, construction levels in Halifax's downtown continued to be strong last year. While this has certainly caused headaches for nearby businesses, these projects are very important for the long-term success of the downtown. In particular, it is good to see so many residential projects being built in Halifax's core. Increasing the number of people living downtown will help support downtown businesses and lead to a more vibrant downtown environment. The city's continued progress on the Regional Centre Plan and the Moving Forward Together Plan will also help sustain this positive momentum.

This year, Council continued its strong support for immigration in Halifax. We were glad to see Council maintain its support for voting rights for permanent residents in municipal elections, and we hope to continue pushing this issue forward together. As well, Council's strong stand supporting the settlement of Syrian refugees in our community was very welcome.<sup>13</sup> Finally, the Mayor's annual welcome event for international students continues to be a strong success.<sup>14</sup> Promoting immigration is a key part of the Chamber's 2013-2018 Strategic Plan and we appreciate the city's actions on this issue.

While we have often disagreed with Council's tax decisions, we do acknowledge that attention is being paid to the commercial tax burden, particularly the ratio of commercial to residential tax revenues. It is clear that, while the average tax burden has increased recently, these decisions were not made lightly. As well, Council is paying close attention to the current economic environment and how that impacts the local business community.

The remarkable success of our new Central Library also deserves to be mentioned. Not only has the building been recognized internationally for its design, but it has been embraced by the community in a way that few, if any, expected.<sup>15</sup> The 1.9 million people that visited the library in its first year, more than double initial estimates, is proof of the significant impact it has had on Halifax.<sup>16</sup>

Finally, Council has maintained a collegial working relationship over the past year and clearly works hard to balance the needs of the broader Halifax business community when making decisions. We continue to enjoy a strong partnership with staff and Council, and look forward to working together to making Halifax even better place to live and do business.

## Conclusion

Regional Council will be presented with a number of difficult decisions in 2016/17. First and foremost, Council will have to rationalize spending to implement staff's recommendation to keep average tax bills flat this year. Numerous planning and development projects, such as the Regional Centre Plan, will have to be kept moving in order to meet their timelines. Council will also have to decide whether to approve the Moving Forward Together Plan and give Halifax Transit's bus system a major overhaul. As well, our members are looking for action on regulation and would welcome a comprehensive review of Halifax's regulatory burden. These are not easy issues, but we will be looking for Regional Council to put the long-term interests of our city first and create a positive business environment in Halifax.

### ***The Chamber Recommends:***

1. Passing the 2015 municipal budget with no increases to average tax bills
2. Approving the Regional Centre Plan
3. Approving Halifax Transit's Moving Forward Together Plan
4. Reviewing and improving the regulatory burden in Halifax

*This submission has been created in collaboration with the Chamber's Task Forces, and includes input from our many Chamber members. The mandate of the Chamber's Task Forces are to support the development of policies on issues of importance to our members that are within the purview of their mandates.*

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