



MUNICIPAL PRE-BUDGET SUBMISSION 2018/2019

February 16th, 2018

Presented To: Mayor Mike Savage and Councillors of the Halifax Regional Municipality

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WHO WE ARE

The Halifax Chamber of Commerce, representing 1,600 companies with over 65,000 employees, 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. Our 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, and countless numbers of opportunities for exposure through member services, advertising, and sponsorship.

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.

Goals

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 the 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 Force Leads

- Create a Positive Business Environment – Paul Bent, Consultant, formerly Grant Thornton
- Grow and Nurture the Skilled Workforce – Don Bureaux, President, NSCC

Executive Summary

The past year saw many of the Chamber's recommendations to the Halifax Regional Municipality realized. The Centreplan draft is about to be publicly released, red tape reduction initiatives between the Province and the City have begun and Council is planning for years 3-5 of the Economic Strategic Plan. This gives the Chamber an opportunity to provide fresh ideas and recommendations to support Halifax's business community. With over 50% of the population, Halifax has a unique perspective and ability to support the province through economic growth planning, commercial tax reform and sustainable budget submissions.

The following pre-budget submission highlights the top priorities of the Halifax Chamber of Commerce's membership. Our recommendations are based on many conversations with our members over the past year and work on balancing the needs of the Halifax Business community. We feel that these recommendations will help create a positive business environment in Halifax, encourage growth and promote a vibrant city.

Recommendations:

1. Taxation and Spending:

- Balance the municipal budget through expenditure reductions rather than tax increases.
- Implement commercial tax reform without raising tax rates on the commercial sector.
- Seek legislation that would allow collective agreement outcomes to function within the financial means of the City's budget in hopes of reducing the burden of taxes and decreasing costs.

2. Regulations and Customer Service:

- Continue to carry out the regulatory and customer service-focused actions from Halifax's 2016-2021 Economic Strategy focusing on reducing red tape and improving standards for business-city processes.

3. Planning and Development:

- Review the affordability of housing and living costs for young professionals within the urban core to achieve the target of 30% of trips be made by walking.
- Continue working on the commuter train in relation to the Integrated Mobility Strategy for greater mobility within and to the city.
- Ensure that projects, whether municipal run or in partnership with other stakeholders, are transparent and allow the public to provide input and review the projects that affect their business and life in Halifax.

4. Economic Growth:

- Ensure careful consideration of the impact of new infrastructure on current businesses and ensure diligent communication and regulation with both construction companies and local businesses.
- Continue to work directly with businesses to increase awareness of experiential learning programs, such as co-ops and internships.

THE ISSUES

Taxation and Spending

The Halifax Chamber of Commerce was very supportive and remains optimistic about Halifax's decision to utilize multi-year budgets. Unfortunately, year 2 of the multi-year budget is showing that the revenue potential was miscalculated, resulting in an increase of the tax burden on businesses in Halifax. 85% of city revenues come from residential and commercial property tax¹, with 40% of those revenues covered by 7500 businesses in Halifax versus 60% by 160000 residences within the municipality². That is a heavy burden for businesses to carry, effectively shouldering the unexpected expenses at a new proposed tax increase of 1.9%³. The Halifax Chamber of Commerce is concerned with the current upward trend of the commercial tax rate. Currently at 2.7 times more than the residential rate, any increase may affect a business' ability to take entrepreneurial risks or start a business all-together.

One of those expenses was the negotiated increase in Halifax Police and subsequently, Halifax Regional Fire and Emergency, salaries. The 2.75% annual increases in salary over five years will be funded through the increase in property tax⁴. In addition, had the recommendations of the previous fire chief been followed costs for fire services would have been significantly reduced. With five other collective agreements outstanding and under negotiations⁵ our members worry that without other revenue avenues the burden of debt will once again cause an increase in property taxes. The Chamber would like to see the City seek legislation that would allow collective agreement outcomes to function within the financial means of the City's budget in hopes of reducing the burden of taxes and decreasing costs.

In an article from the Vancouver Business online magazine, it was found that with a 5% margin, typical retailers may have to sell an additional \$525,000 worth of goods and/or services a year to meet the kinds of annual increases businesses are seeing in property taxes⁶. This is a substantial number especially for small businesses like coffee shops, where margins are even smaller.

The Chamber has asked, in many previous pre-budget submissions, that the City reduce costs through expenditure reductions. We felt that through a multi-year budget, even "approved in principal" expenses would be better evaluated for affordability and therefore be less monetary surprises affecting the budget. It does seem that there have been some unexpected costs, as well as not realized potential revenue that is affecting the City's ability to maintain current property tax levels, as well as reduce expenditures and city debt.

One such example is the LED Streetlight project that went over budget by \$8 million due to operation delays in this public works project and inaccurate reporting⁷. Others, like the potential for new fire fighter standards and new hires, and, further grants and support projects⁸ will only escalate the need to find new revenue sources or as experience tells us, raise property tax rates.

Three of 10 business units received an okay from Council for their new forecasted budgets for 2018/2019. If approved the total new costs, specifically for "parking lot increases" would increase the average tax rate by 2.2% to cover the existing and new expenses⁹ This is a large variance from the expected 1.9% increase and an extra burden that could have a significant impact on the ability to create and maintain businesses within the city.

As the Chamber represents business of all sizes and from all areas of Halifax, we are one of the few organizations in the city that can speak for the business community. As Regional Council considers potential changes to the commercial tax system they need to be very careful to ensure that any changes they make are fair and do not put certain businesses at a competitive disadvantage. Property tax is just one of the many costs that is associated with opening a new business. When you google “costs of opening a new business” property tax isn’t even on the first page of answers, yet it is an expense that will always be incurred during a business’s first year no matter their financial status.

This can be very daunting for those that:

- a) Want to open a new business**
- b) Open a new business and as is usually the case in the first year, end up in the red.**

Property tax is an added roadblock to increasing Halifax’s economic growth, yet it is a vital revenue source for local government to supply the necessary services such as garbage collection and snow removal that businesses rely on.

What do we do then to mitigate the impact of property tax on new businesses in their first year? The Halifax Chamber of Commerce would like to suggest a new idea for consideration; Staggered Taxation. The idea is to charge new businesses 50% of their total property tax bill in their first year, 75% in their second and 100% in their third. The caveat... staggered taxation would only apply to new businesses in new buildings or new businesses in existing vacant buildings. We understand that a tax reduction for a new business in an existing building would have a negative impact on the city’s ability to fund the services that sustain communities and businesses. Offering a tax reduction to businesses in new construction may also increase the number of infrastructure projects in the city subsequently increasing Halifax’s vibrancy.

Staggered taxation would give new businesses more wiggle room with their capital, marketing, and staff or money to build a new building. It could improve Halifax’s economic position as more individuals choose to go into business and maybe even build a new factory or boutique in the process.

We are aware that some of the tax issues reflect the rules and regulations of the Provincial government, but we are asking the city to bring forward our members concerns, and Chamber ideas presented in this section to Council and subsequently, to the Province.

Recommendations:

- Balance the municipal budget through expenditure reductions rather than tax increases.
- Implement commercial tax reform without raising tax on the commercial sector.
- Seek legislation that would allow collective agreement outcomes to function within the financial means of the City’s budget in hopes of reducing the burden of taxes and decreasing costs.

Regulation and Customer Service

Regulations and customer service are common discussion topics during the Chamber's "Create a Positive Business Task Force" Meetings and in conversation with our members. Inefficient rules can result in costly delays for businesses and poor customer service can make routine government interactions an exercise in frustration. We have often mentioned these problems in our past pre-budget submissions and issue notes. While they have become a central focus of Halifax's 2016-2021 Economic Strategy, the Chamber hopes more is done to reduce the uncertainty and stress that many businesses realize daily. Red Tape reduction will always be a goal of the Chamber as member businesses struggle to find easier solutions to the questions they ask of the City. For example, the city has complex regulations around sign by-laws. There is no clarity on fee structures for permits, the kind of permits needed or the timeline for approvals. Regulations and permits for temporary and permanent signage is not consistent and this lack of consistency can create unintended consequences for those in that sector. The Chamber is pleased to see that the city acknowledges that regulatory reform is one of the most powerful ways governments can encourage economic growth through instating conditions in place that increase business productivity, innovation and success¹⁰. We are hopeful that the collaboration between the Province of Nova Scotia and the Halifax Regional Municipality will lead to the creation of better regulations and better results for business in Halifax. We continue to strive for openness and transparency with this joint venture with the potential for stakeholder involvement as we stress the positive implications reducing regulations, such as red tape, will have for our businesses and economic growth in our city.

Timely approvals and open communication with businesses are just two of the ways Halifax can improve its customer service with businesses in Halifax. In the update for year two of the 2016-2021 Economic Growth Plan the City is looking to benchmark and communicate approval standards and timelines to the public¹¹. This has the goal of informing standards and timelines, and therefore better communication will occur through various distribution channels as Planning & Development's Renewal efforts are implemented¹². We applaud the City in their effort to improve standards for customer service levels.

Recommendations:

- Continue to carry out the regulatory and customer service-focused actions from Halifax's 2016-2021 Economic Strategy focusing on reducing red tape and improving standards for business-city processes.

Planning and Development

The City would like to see 30% of all trips made in Halifax be done through walking¹³. For this to happen people need to be living and working near the things they want, whether that be goods or services. For people to be living in such proximity in the urban center, living costs need to become more affordable. The average rental cost of a one-bedroom apartment within Halifax is \$1000 a month and the average home price in Halifax City Centre is over \$360,000¹⁴, making it unrealistic for many to live in the urban core. The Chamber supports the Economic Growth Plan in its goal of making Halifax a more affordable place to live¹⁵. While we agree with the plan's action to reduce homelessness and poverty in Halifax, we would also support the City in reviewing affordability of housing for young professionals to increase the number living in the urban core, close to shops, services and potentially their employers. Affordable housing could potentially increase disposable income, thus giving someone a greater ability to utilize those goods and services in the urban core and increasing economic growth of Halifax.

The Halifax Chamber of Commerce is pleased that the Regional Centre Plan is now in motion and that a draft plan will be soon released. We are encouraged by the fact that the Plan is evidence-based with quantitative data and that Halifax ensured quality control through stakeholder interviews, workshops, phone calls and meetings¹⁶. We are looking for the Plan to allow Halifax to continue to grow and thrive for businesses and residents.

The Integrated Mobility Plan, aiming to help unify Halifax's transportation vision, was recently approved by council¹⁷ and will work in conjunction with the Regional Centre plan to provide direction on public transit, transportation, and-use and growth centres¹⁸. While the plan is multifaceted, we hope to see the final product reflect that the efficient movement of goods throughout the city is critical to our city's overall economic success. As previously mentioned, the Chamber is interested in the possibility of Commuter Rail for Halifax. We are pleased that \$500,000 dollars have been set aside for a commuter rail office and that talks will continue in 2018¹⁹. Commuter rail would provide predictable service to downtown and to major employment and education centres on route. It would also be attractive to the significant percentage of commuters who do take regular bus service to work.

Recommendations:

- Review the affordability of housing and living costs for young professionals within the urban core to achieve the target of 30% of trips be made by walking.
- Continue working on the commuter rail initiative in relation to the Integrated Mobility Strategy for greater mobility within and to the city.

Economic Growth

Halifax is accountable for 56% of Nova Scotia's total GDP, at \$18.6 billion and 51% of the Province's employment²⁰. It only makes sense then to ensure Halifax's continued economic growth, through population increases, new business ventures and improvement in income. The 2016-2021 Economic Growth Plan, in partnership with the Halifax Partnership is a viable and thoughtful strategy to:

- Promote & Maximize growth
- Attract and retain talent
- Make Halifax a better place to live and work and,
- Align economic development²¹

The Chamber supports the promotion of growth through the improvement of regulatory and service efficiency to make it easier to start and grow a business²². One way, that has been and continues to be utilized for increasing economic growth is through investment in new infrastructure in Halifax. While the Chamber supports new investment in infrastructure as a mechanism for economic growth we were witness to the turmoil it can bring to businesses when not properly planned or executed. This past summer (2017) Halifax saw a period of high construction affecting many businesses either due to reduced pedestrian walking space, a less inviting atmosphere or new travel paths around construction zones. We want to encourage future construction projects that will not impede businesses as did the Street Scapes and Convention Centre. Our members, and other businesses within the construction sites made us aware of the negative impacts facing them and have asked for greater communication, protocols and support during future projects. Despite strong support for growth we can do better with large projects that impact multiple businesses in Halifax.

The 2016-2021 Economic Growth plan also focuses on promoting private sector involvement in co-op and experiential learning²³. This is also something that the Halifax Chamber of Commerce is focusing on as Work Integrated Learning, such as internships, co-ops and apprenticeships increase the chances of Nova Scotia students staying in the province after graduation. The Chamber would like to see more programs for Halifax businesses to utilize to make hiring students easier and increase businesses awareness of the benefits to hiring students. The City is currently working with the Halifax Partnership to promote the Connector Program, but the Chamber feels that working directly with businesses to promote awareness of Work Integrated Learning opportunities would increase the chances of increased experiential learning programs.

Recommendation:

- Ensure careful consideration of the impact of new infrastructure on current businesses and ensure diligent communication with both construction companies and locale businesses.
- Direct fees for sidewalk encroachment or other fees for construction mitigation be directed to the area impacted and not city revenue general revenues.
- Continue to work directly with businesses to increase awareness of experiential learning programs, such as co-ops and internships.

CELEBRATING PROGRESS

Service Delivery Priority Areas:

The Chamber of Commerce commends the City for its determination to “simplify processes and deliveries to promote and encourage a vibrant business environment”²⁴. This is a strategic direction that the Chamber’s Create a Positive Business Environment Task Force is continuously working towards. Reducing red tape, improving customer service and making government more efficient are matching priorities for both the City and the Chamber. The Halifax Chamber was pleased to see the introduction of the Regulatory Reform project with the Province of Nova Scotia to reduce the regulatory burdens facing business operations within Halifax²⁵, as well as the authorization of the CAO to commit staff to work with the Nova Scotia Office of Regulatory Affairs and Service Effectiveness on red tape reduction²⁶. The Regulatory Reform project’s goal of identification of the three areas of priority change in municipal regulation and subsequent trial and adoption of a customer service strategy for businesses²⁷ will only improve businesses ability to open and run more efficiently. This will help to build a vibrant business community in Halifax. Our only ask is that while the joint project has been set for a period of six months to potentially three years, we would like to the results after six months to be public with the potential for input from the business community and other stakeholders. There is also concern that this has been presented as a test with a close date in September 2018. This needs to continue.

2016-2021 Economic Strategy:

Key deliverables are a must for the 2016-2021 Economic Strategy and the Chamber is encouraged to see that the City is utilizing priority goals for years 3-5 of the strategy²⁸. The Chamber is hopeful that the strategy can accomplish its numerous goals, most importantly, that of promoting and maximizing growth, attracting and retaining talent, making Halifax a better place to live and work and aligning economic development with the Province²⁹. As the City works with the Halifax Partnership to develop an action plan for years 3-5 of the Economic Strategic Plan, the Chamber is looking for transparency, accountability, measurement and an opportunity for stakeholder consultations.

The Integrated Mobility Plan & The Centreplan:

Commuter Rail has been important topic of conversation at the Chamber of Commerce, especially the ability to connect consumers and employees with businesses in Halifax. We were pleased to see that the Integrated Mobility Plan was passed as it is “an opportunity to shape connected, healthy and vibrant communities and offer greater transportation choices”³⁰. Our members are pleased that there were opportunities for public consultations and that with this finalized project and the Halifax’s Centreplan will be updated to reflect the key deliverables of the Integrated Mobility Plan. We see positive momentum the Regional Centreplan is providing Halifax with a blueprint for smart growth in the regional center³¹ and that it is almost ready to be shared. We are pleased that Council is now reviewing draft versions of the Secondary Municipal Planning Strategy and that Land-Use By-Laws are being reviewed internally before public consultations³².

CONCLUSION

The Halifax Chamber of Commerce is encouraged that many of our 2017-2018 submission recommendations have been realized and that the city is in an advantageous position to continue working with the Chamber and Chamber members on the issues affecting the business community. We continue to press for commercial tax reform that is equitable, and the burden of taxation does not fall onto the shoulders of Halifax businesses. We hope to see continued work in the reduction of red tape and research into affordable housing for those wishing to live and play in the urban core. There are many areas to celebrate, such as the targets reached for the Regional Centreplan and the Economic Growth Strategy. The Chamber will continue to monitor this progress for the betterment of our members and business community in Halifax.

This submission has outlined the views on behalf of the members of the Halifax Chamber of Commerce. Our recommendations are balanced and reflect the varied needs of the business community in the city. We strongly believe in the potential of our city and look forward to working with Council to move these issues forward.

The Chamber is recommending:

1. Balancing the municipal budget through expenditure reductions rather than tax increases.
2. Implementing commercial tax reform without raising tax rates on the commercial sector.
3. Seek legislation that would allow collective agreement outcomes to function within the financial means of the City's budget in hopes of reducing the burden of taxes and decreasing costs.
4. Continuing to carry out the regulatory and customer service-focused actions from Halifax's 2016-2021 Economic Strategy focusing on reducing red tape and improving standards for business-city processes.
5. Review the affordability of housing and living costs for young professionals within the urban core to achieve the target of 30% of trips be made by walking.
6. Continue working on the commuter train in relation to the Integrated Mobility Strategy for greater mobility within and to the city.
7. Ensuring careful consideration of the impact of new infrastructure on current businesses and ensure diligent communication and regulation with both construction companies and locale businesses.
8. Continue to work directly with businesses to increase awareness of experiential learning programs, such as co-ops and internships.

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 is to support the development of policies on issues of importance to our members.

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