



THE PREMIER  
HALIFAX, NOVA SCOTIA  
B3J 2T3

March 8, 2016

Ms. Valerie A. Payn  
President and CEO  
Halifax Chamber of Commerce  
32 Akerley Boulevard, Suite 200  
Dartmouth, NS B3B 1N1

Dear Ms. Payn:

On behalf of Minister Delorey, Minister of Finance, and all my cabinet colleagues, thank you for your pre-budget submission dated January 21, 2016.

We appreciate the consistent messages from the Chamber over the past two years as we work to provide strong, focused and effective Government to meet the needs of all Nova Scotians. On economic policy, the perspective of your membership has been particularly helpful in shaping our private sector growth plan.

Nova Scotia has demonstrated resilience in the face of a more challenging global economy in the last two years. Our debt and deficit challenges, while continuing to be an area of focus, are much more manageable than the recent experience of our sister provinces in Atlantic Canada and, for that matter, our fundamentals are as good as or better than any other Province at this time. We lead Canada in a number of important indicators and can be proud of our progress in shifting to renewable sources of energy, our leadership in solid waste management, our impressive progress in securing protected areas and wilderness for future generations among the many initiatives where Nova Scotia is in the forefront in Canada.

Despite the rather pessimistic introduction to your submission, we are pleased to see the progress the private sector is making in achieving business growth which will help drive our economy forward.

First off, business confidence in Nova Scotia is at the top of all Canadian provinces. According to CFIB Economics, Nova Scotia's business confidence is not only the highest in Canada, it has been since September of 2015. In January 2016, Nova Scotia had a business confidence rating of 69. According to CFIB Economics, a level of between 65 and 70 means the economy is growing at its potential. This new, more confident attitude of business operators in Nova Scotia is a welcome change.

Second, our non-energy exports are growing. We are pleased that businesses, large and small, are moving beyond lamenting the sorry state of our past economy and are re-discovering the best of our entrepreneurial and trade history. Non-energy exports were up over the prior year by 12% in 2015. This is impressive compounding growth which our Nova Scotia private sector exporters should continue to build on and which Government will continue to encourage. Our net exports are positive even in the face of declining energy exports.

Third, youth unemployment is down significantly in 2015 to 15.3%. When one considers that at the time of the Ivany Report the rate was 19.5%, this is measurable and significant progress, but we can do better. Through the good work of your members and private sector employers throughout Nova Scotia, sound policy like the Graduate to Opportunity Program and leadership by example within Government, we can collectively continue our progress in addressing this fundamental challenge. In 2015, for example, to show leadership the Provincial Government made a conscious decision to significantly foster youth hiring within the Public Sector. Before Christmas over 70 vacant positions across the entire Public Service were posted. Now young workers are entering the Public Service without any need for new FTE positions. In addition to that targeted effort, an additional 185 workers under age 35 have been hired since Government announced its intention to lead on youth employment. Both within and outside the Public Service, the message is clear, our future lies in opportunities for our youth.

Fourth, and relatedly, our ICT start-up community is among the leaders in Canada. Six of the 25 up and coming Canadian ICT start-up companies rated by the Branham Group ratings are Nova Scotia based. This puts Nova Scotia in a leadership position in ICT growth in Canada. It is noteworthy that in 2015 Halifax is now the top city in Canada for up and coming ICT start-up companies.

Fifth, as you point out, significant and measurable progress is being made in immigration. I want to acknowledge the strong partnership of the Chamber in our new business streams we have created for Nova Scotia companies. Importantly, not only are we attracting more immigrants to Nova Scotia, virtually doubling our Provincial Nominee Program, our retention rate is vastly improved. The most recent measure of retention from Statistics Canada was 71%, a record high.

Sixth, real and measurable progress is being made in reducing regulatory burden while maintaining a close eye on protection of the public and the environment. One indicator of this is during red tape awareness week, the Canadian Federation of Independent Business announced the finalists for what they call the "Golden Scissors Award", which honours elected officials or others in Government who have shown leadership and delivered meaningful results in cutting red tape for small business. Nova Scotia, New Brunswick and Prince Edward Island have been nominated for our efforts in creating the joint office of Regulatory Affairs and Service Effectiveness. My colleague, the Honourable Mark Furey, was nominated for leading an online registration portal for restaurant, accommodation services and convenience stores to save time and money for business owners just starting out and I was pleased to be nominated for leading the charge for an Inter-Provincial and Territorial Agreement recognizing each other's apprenticeship rules. The Agreement reached among all Canadian Provinces and Territories and will make it easier for workers to find jobs in other provinces and for businesses to hire them in other parts of the Country. This mobility is now proving very beneficial to Nova Scotians who are returning to our Province from Western Canada.

Seventh, as you point out, considerable progress is being made in implementing the Minister's Education Action Plan with initiatives such as introduction of coding in schools, revision of the curriculum, a new focus on entrepreneurship through efforts such as Brilliant Labs and Junior Achievement, and coordination with the business community through the Business Council on Education.

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Finally, through collaboration across parties and across sectors, our Strategic Plan—a playbook for Nova Scotians entitled *We Choose Now*—has been developed to bring focus and coordination to our collective efforts to achieve the goals set out in the Ivany Report.

Government has a critical but limited role in fostering private sector growth. It needs to be a collaborative effort where the players know their roles and play their positions. Government should provide effective policy, strong institutions and efficient core public services within the scope of available resources. We recognize the private sector leads growth.

With completion of the important task of creating the Strategic Plan—the playbook for Nova Scotians—we should now all be highly focused on implementation. As for our private sector growth plan, where your Chamber's input has proved so helpful, I can advise you that our priorities for achieving the collaborative outcomes we all want to achieve are:

**1. Improving the business climate:**

- Creating fiscal sustainability and effective taxation policy;
- Enhancing education, training and workforce attachment; and
- Ensuring regulatory and service excellence.

**2. Increasing the competitiveness of our traded sectors by:**

- Focusing on innovation, entrepreneurship and start ups;
- Supporting both innovation and the commercialization of research; and
- Striving for global competitiveness, trade and investment.

**3. Focusing on Nova Scotia's competitive advantage:**

- To this end, we will, in coming months, be making a number of announcements on how we are working collaboratively to build capacity in some high potential clusters in Nova Scotia, including Oceans, Information and Communications Technology, Fisheries and Agriculture and other important sectors of our economy.

In closing, I again wish to thank you for your annual submission and we look forward to working closely with your members as we develop Government's business plan and budget for 2015-16.

Sincerely,



Honourable Stephen McNeil, M.L.A.  
Premier of Nova Scotia