



2019-2020

Municipal Pre-Budget Submission

February 14th, 2019

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

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The Halifax Chamber of Commerce

2019-2023 Chamber Strategic Plan

2019 welcomes a new strategic plan for the Halifax Chamber of Commerce. We like to think of the new plan as an evolution instead of a revolution, as our areas of focus have expanded rather than changed. Our overall goal, at the Chamber of Commerce, is to create value and prosperity for our members. We will provide the services they need, events that will help them learn and will advocate for the conditions in the economy that enhance their prosperity.

Our task forces, Fostering Private Sector Growth, and Accessing a Skilled Workforce, will work towards one to five-year goals that will aid in our members prosperity and economic growth of the city. Together, the task forces and Chamber staff aim to:

- Optimize the size of government
- Create a frictionless business environment
- Reduce the tax burden
- Promote immigration
- Support export development
- Increase student retention
- Increase entrepreneurship training
- Promote the growth of Halifax as a major city

We host numerous events each year that focus on the areas mentioned above. Our signature and annual events often feature local entrepreneurs and immigrants, post-secondary institutions and prestigious business organizations. Each year we give our members the opportunity to hear the state of the City and Province during luncheons and celebrate their successes at our business awards.

Our 2019-2023 Strategic Plan goals will be met while adhering to the following values:

- Honesty
- Diversity
- Integrity
- Innovation
- Accountability
- Collaboration

Executive Summary

During roundtables, task force meetings and events there were key conversation topics repeatedly discussed as the most pressing issues facing the Halifax Regional Municipality (Halifax) in 2019 and 2020. Rising tax rate levels are impacting our members, the ever-growing costs of arbitration is necessitating budgetary increases, pension funds are overly generous, increasing legislation and delayed publication of updated projects and reviews have caused our members to worry about the future of Halifax. We, like our member businesses, want to see Halifax grow, economically and through population increases, but we also want our municipal government to create a sustainable atmosphere that promotes growth without utilizing tax rate increases well above inflation to support current projects, pensions and departmental budget increases. We applaud the city in its efforts to reduce regulations for businesses, but more work must be accomplished to grow our pool of entrepreneurs and increase global competitiveness.

The following pre-budget submission highlights the top priorities of the Halifax Chamber of Commerce's membership. Our recommendations are based on conversations with our members over the past year and continue to work on balancing the needs of the Halifax Business Community. We believe that these recommendations will help foster private sector growth and ensure Halifax is a great place to live, work and play.

Recommendations

Optimize the Size of Government:

- Balance the municipal budget through expenditure reduction rather than tax increases.
- Implement commercial tax reform without raising taxes on the commercial sector.
- Review the benefits of a multi-year budgeting process rather than a standard one-year budget.
- Ensure increases to the Policy and Fire budget reflect Halifax's population growth and ability to finance increases without tax rate increases.
- Provide stakeholder consultations on pension funding reform to ensure fiscal sustainability for the Municipality.
- Request Ability to Pay Legislation implementation from the Province to ensure arbitration decisions are tax-payer centric.

Creating a Frictionless Business Environment:

- Investigate the application of the 'One-For-One' Rule to reduce the regulatory burden currently facing businesses in Halifax.
- Ensure the remaining by-laws are reviewed and amended, repealed, or replaced, if necessary, within the 2020 time commitment.
- Continue to partner with the Province on and for red tape reduction projects.

Promote the Growth of Halifax as a Major City

- Ensure the transportation standing committee's taxi review is available for public consultations and review and research viability of Uber or Lyft.
- Prompt public stakeholder discussions on the viability and value of the commuter rail system.
- Set a firm deadline for the release of the final Centre Plan document, as in theory, it should provide predictability to the business community.

Previous 2018-2019 Recommendations

While we continue to look forward, we believe it is crucial for the Chamber to review the current government objectives to ensure they remain committed to their prior goals and promises. We have outlined new recommendations for the 2019-2020 budget year but will continue to press for our previous recommendations, as many remain a concern for our members.

Taxation and Spending:

- Balance the municipal budget through expenditure reductions not 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.

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.

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 projects that affect their business and life in Halifax.

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.

Optimizing the Size of Government

“Nothing is certain but death and taxes”. We think for those living in the Halifax Regional Municipality the quote should go as follows: “nothing is certain but death and rising taxes”. Perhaps it just seems like every day there is a new proposed increase to the tax rate. The options presented to council for the 2019-2020 multi-year budget were increases of 1.9%, 2.1%, or 2.9%ⁱ, while the average expected salary increase projected for Nova Scotia was 1.08%ⁱⁱ. Tax rate increases may have an impact on quality of life. We were pleased to hear Mayor Savage state his opinion about keeping the tax increase to 1.9% as this is both below inflation and the average salary increases. It was stated in the January 16th Budget Committee meeting that property tax assessments are higher than expected and have increased by 3.9%, with staff having only expected an increase of 2.7%. This should theoretically keep the tax rate lower for 2019-2020.

In recent years, the Halifax Chamber, has been very supportive of the Multi-Year Budget process. We believed it would allow for predictability and sustainability for the business community and ensure financial certainty for residents. It seems however, from recent budget discussions, that many projects like the Integrated Mobility Plan and Bus and Bike lane projects, are not funded to completion, putting many of them in jeopardy. We question how the municipality can continue conversations about the Stadium when current, ongoing projects may not be completed. The options provided by Jacques Dube to fund the projects: using reserve withdrawals, taking on further debt, and/or larger tax hikes, show that the City may not be managing expectations when agreeing to projects. The option of not actually doing proposed projects needs to be on the table.

We are pleased with the growth in Halifax, both through population and infrastructure, but hope that the City is not biting off more than it can chew each year, as this would only lead to further tax rate increases. A multi-year budget, in our opinion, should provide enough direction to ensure agreed-upon projects are funded, and that each year tax rates are not solely relied upon. If multiple changes are required to the budget each year, then we would recommend going back to a single year budget with concrete goals and plans.

The Chamber is concerned about the yearly increases to the police and fire budget. The proposed updated budget would see at least a 2.7% increase in the police portion of the tax rate for Haligoniansⁱⁱⁱ, and accounts for over 16% of the overall tax bill^{iv}. As Halifax’s population increased only by 1.6% with an average salary increase of 1.08%, why are the Police and subsequently the Fire Departments, receiving a 5% increase in salaries and benefits^v? We look forward to reviewing the new proposed Police budget when it is presented.

As stated in our 2018 Issue Note we are hopeful that the potential changes to the tax rate, like tax rate averaging, will reduce the peaks and valleys of a business tax bill for greater consistency and clarity. We hope you continue to hold stakeholder sessions once a decision about tax changes have been made, as they are very beneficial for our members and our ability to advocate for common-sense tax ratios. We continue to ask that the municipal government implement commercial tax reform without raising taxes on the commercial sector.

The Chamber remains concerned with the additional funds that will be needed to fund the City’s Pension Plan if amendments are not made for the future. According to the HRM Pension Plan Update for Council from January 15th, 2019, “With all other variables held constant, and assuming no changes to Plan benefits, it is estimated that total required annual contributions related to retirement benefits will increase by ~5.6% of payroll (~21M annually in today’s dollars) in total over the next 6-7 years”^{vi}. Additionally, one of the assumptions in the projection assumes this would be funded equally by the municipality and the employees. Why is this the case? The comparison documents provided by the HRM Pension plan group showed that the HRM plan is significantly

better than most other plans viewed^{vii}. This would mean continued increases in the tax rate over the next decade and does not factor in for the growing size of the Municipality. We support pension funding reform and a jurisdictional review of other similarly sized municipalities.

The Chamber is in full support of the addition of 'Ability to Pay' Legislation that would ensure arbitration rulings are based on current revenues and not through tax rate increases^{viii}. The Chamber does not believe that non-government workers are expected to pay the rising wage increases of government employees. We will ask the province to consider this legislation to ensure that taxation rates do not continue to rise greater than average Nova Scotian salary increases.

We have made it known to the Provincial government that we would like the Halifax Regional Municipality to be granted Natural Persons Powers (NPP). We have heard countless stories where excessive regulations and red tape have prolonged and increased costs to projects that, with NPP, could easily have been completed faster and economical.

Recommendations:

- Balance the municipal budget through expenditure reduction rather than tax increases.
- Implement Commercial tax reform without raising taxes on the commercial sector.
- Review the benefits of a multi-year budgeting process rather than a standard one-year budget.
- Ensure increases to the Policy and Fire budget reflect Halifax's population growth and ability to finance any increases without tax rate increases.
- Provide stakeholder consultations on pension funding reform to ensure fiscal sustainability for the Municipality.
- Request Ability to Pay Legislation implementation from the Province to ensure arbitration decisions are tax-payer centric.

Creating a Frictionless Business Environment

The current regulatory environment for businesses in Halifax is improving. Governments, like the Halifax Regional Municipality, are working in partnership with other stakeholders to ensure entrepreneurs and their employees have a greater chance to succeed. We need growth in the business sector for growth in our municipality and province.

Regulations, red tape, road blocks, and unnecessary steps are just a few of the names we hear at the Chamber that impact a business' ability to effectively and efficiently run their daily operations. It is common knowledge that some regulations are a necessity, but many cause delays, shortages, hiring freezes and hamper development. The Chamber is supportive of the partnership between Halifax and the Provincial Department of Regulatory Affairs & Service Effectiveness as it continues to alleviate some of the barriers to opening or continuing a business. We want to acknowledge the 2019 Golden Scissor Award that was presented to Mayor Savage and Premier McNeil this past January, for working collaboratively to reduce red tape in our municipality^{ix}. We ask though, why (and it has already been pointed out by other individuals and groups) other methods of regulatory reduction haven't been utilized.

The One-For-One rule, which the Federal Government recently began using, sees a reduction in the regulatory burden on businesses and better enables them to make investments in productivity and job creation^x. The One-For-One Rule ensures that when a new regulation is created, an equally administrative regulation is removed to offset the burden on businesses^{xi}. Thus, "requiring regulators to remove a regulation each time they introduce a new regulation that imposes new administrative burden on business"^{xii}. As has happened in the Federal Government, our members remain concerned that regulations on businesses are growing, unchecked, and that the 'One-For-One' rule would ensure decision makers are continuously reviewing current regulations without adding more. We ask that if this tool is reviewed as an option for red tape reduction, that staff and council ensure that the regulation being removed is of similar size and impact (burden) therefore not to remove only those that are out-dated, no longer relevant or dissimilar in the impact they have on a business' daily operations.

By-laws can play a large role in operating delays, added costs and frustrating hours spent on the phone, driving to and from the municipal department location, and time understanding the rules. We mentioned we were awaiting a read of the Joint Project for Regulatory Modernization Action Plan in our previous pre-budget submission and issue note, as many new projects were slated to be completed in the Fall of 2018, like the streamlining of sign by-laws. We are in favour of this project to reduce red tape but are disappointed to see that only 46% of the 131 to-be-reviewed by-laws have been reviewed^{xiii}. Untangling the web of decades-old by-laws is unsurprisingly not an easy feat, but we believe that this process and the outcome will bring positive benefits to our members and the municipality, for greater efficiency and effectiveness.

Recommendation:

- Investigate the application of the 'One-For-One' Rule to reduce the regulatory burden currently facing businesses in Halifax.
- Ensure the remaining by-laws are reviewed and amended, repealed or replaced, if necessary, within the 2020-time commitment.
- Continue to partner with the Province on and for red tape reduction projects.

Promote the Growth of Halifax as a Major City

Our municipality needs to grow and evolve. Through thoughtful planning and evolution, changes can be beneficial to both businesses and residents. As a member driven organization, the Chamber wants our province, and especially our city to thrive. We want our businesses to compete in the Canadian and global market, produce world-class products and services and showcase the ample natural resources we have. To do this, we need to ensure Halifax is growing both economically and through population increases.

There has been much debate about adding “Uber” or “Lyft” to our cities transit options. The Chamber supports the discussion, as well as the recent findings from the Transportation Standing Committee review. We are pleased to see the proposed amendments for the current taxi system, such as: the necessity of GPS in all vehicles, the increase of taxi licences from 1000 to 1600, the necessity for all vehicles to have debit and credit options and that cannabis and vaping will be added to the non-smoking sections of the bylaw^{xiv}. We also hope to see that some amendments are made to ensure there is a enough accessible taxi’s in Halifax, as this will aid in the Province’s goal of being completely accessible by 2030. We will continue to monitor Halifax taxi discussions as they go to regional council in the coming weeks.

Over the past few years, we have been interested in the potential of a commuter rail system in Halifax. Commuter rail could provide predictable service to downtown and to major employment and education centres on route. It could also attract a significant percentage of commuters who normally take transit, potentially reducing transit costs in the future. Our members have some concerns about the commuter rail, which we hope will be soon answered.

- How many stops will the rail make? (both to pick up and drop off)
- How many people do you expect to utilize the rail?
- What is the estimated price tag?
- Have you had discussions with the Province or Federal government about funding?
- Would it be more efficient to add more park and ride options around the city rather than commuter rail?
- Will the rail be utilized “off peninsula”?

The Chamber is pleased to see that Council will be looking at the impact of climate change on Halifax. We want to ensure that Halifax remains a viable place to live and do business. Sea level rise is a threat to our downtown core, both for residents and businesses, so we are looking forward to reviewing the staff report on climate change in Halifax.

The Chamber is closely monitoring the 2016-2021 Economic Growth Strategy, especially goal #2 to attract and retain talent and grow Halifax’s labour force to 271,000 by 2021. We are interested in the multi-year plan to attract expatriates back to Halifax and work with the business community to identify and promote experiential learning opportunities for post-secondary education.

We continue to await the updated Centre Plan documents to see how it will provide direction and value for our members and municipality. We hope that the plan will encompass the ability for more affordable house options in the downtown core. With the City’s goal to see 30% of all trips made in Halifax be accomplished through walking, people need the ability to live in a denser area which includes the services and goods residents want and need.

Recommendations:

- Ensure the transportation standing committee's taxi review is available for public consultations.
- Review and research viability of Uber or Lyft.
- Prompt public stakeholder discussions on the viability and value of the commuter rail system.
- Set a firm deadline for the release of the final Centre Plan document as it should provide predictability to the business community.

Conclusion

We look forward to your feedback, as it is often used during our roundtable discussions, task force meetings and research for the betterment of the business community. If you have any questions, or would like to clarify something we have said, please do not hesitate to reach out. The Chamber continues to enjoy a productive working relationship with Council in the past and we look forward to our dialogue in the future. We strongly believe in the economic future of our municipality and will work with our near 1700 members and their over 65,000 employees to continue championing positive change in Halifax.

The Chamber is recommending:

1. Balance the municipal budget through expenditure reduction rather than tax increases.
2. Implement Commercial tax reform without raising taxes on the commercial sector.
3. Review the benefits of a multi-year budgeting process rather than a standard one-year budget.
4. Ensure increases to the Policy and Fire budget reflect Halifax's population growth and ability to finance any increases without tax rate increases.
5. Provide stakeholder consultations on pension funding reform to ensure fiscal sustainability for the Municipality.
6. Request Ability to Pay Legislation implementation from the Province to ensure arbitration decisions are tax-payer centric.
7. Investigate the application of the 'One-For-One' Rule to reduce the regulatory burden currently facing businesses in Halifax.
8. Ensure the remaining by-laws are reviews and amended, repealed or replaced, if necessary, within the 2020-time commitment.
9. Continue to partner with the Province on and for red tape reduction projects.
10. Ensure the transportation standing committee's taxi review is available for public consultations and review and research viability of Uber or Lyft.
11. Prompt public stakeholder discussions on the viability and value of the commuter rail system.
12. Set a firm deadline for the release of the final Centre Plan document as it should provide predictability to the business community.

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 important to our members.

Sincerely,



Patrick Sullivan
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ⁱⁱⁱ <https://www.thechronicleherald.ca/news/local/halifax-police-commission-given-time-to-rejig-90-million-budget-ask-278346/>

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^v IBID

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^{ix} <https://www.halifax.ca/business/doing-business-halifax/reducing-red-tape>

^x <https://www.canada.ca/en/treasury-board-secretariat/services/federal-regulatory-management/one-for-one-rule.html>

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