

HALIFAX CHAMBER OF COMMERCE

The logo graphic consists of a thick orange L-shaped bar. The vertical bar is on the right side, and the horizontal bar is at the bottom, extending to the left from the base of the vertical bar.

Halifax Chamber of Commerce

2019 Municipal Issue Note

October 23rd, 2019

Prepared for:

Mayor Mike Savage

&

Councillors of the Halifax Regional Municipality

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Introduction

As mentioned in our [2019-2020 Municipal Pre-budget submission](#), this year ushered in a new strategic plan for the Halifax Chamber of Commerce. We have since likened the new strategic plan to an evolution rather than a revolution, as our areas of focus have expanded rather than changed. Our overall goal, at the Halifax Chamber of Commerce, remains to create value and prosperity for our members. Through this new plan, we are providing the services they need, hosting events that will help them learn and are advocating for the conditions in the economy that enhance their prosperity.

Our task forces, Fostering Private Sector Growth and Accessing A Skilled Workforce, are currently working towards one to five-year goals that aid in our member's 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 which 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 issue note provides a quick overview of the municipal issues we hear from our members. Following this issue note will be the release of our pre-budget submission that delves deeper into these and further issues impacting the business community.

Optimizing the Size of Government

The Halifax Chamber of Commerce remains concerned with the rate of growth of municipal expenditures, specifically, compensation and benefits. Labour costs were expected to rise by 4.1% in 2019-2020¹, nearly double the rate of inflation currently at 2.14%² and materially in excess of wage increases seen in the private sector. Again we note the rising HRFE and HRP costs specifically and we are worried that the municipality may have created a significant spending burden inevitably to be funded by the taxpayers. We are also concerned that the municipality's pension plan did not pass the 2019 Financial Matrix established by the pension committee and that this too may have a significant effect on pension contributions³, potentially leading to significant contribution increases for both workers and HRM of up to \$25M. We continue to support pension reform and hope this process and findings will be made public. HRM's pension as compared to other pensions is very rich⁴ and with expenditures rising we worry about the viability of the municipality's spending and whether this will have a direct impact on the ability to provide services to our business community.

Council approved a 2.3%⁵ increase in the residential and commercial tax rate to pay for increased expenditures. We continue to ask the municipality to look at ways of increasing revenues, rather than increasing taxes as this can place a growing burden on our small and medium-sized businesses that help drive the economy. We hope that the Council appreciates how significant these increases are on a business's bottom line.

Questions:

- What has been the percentage increase in labour costs over the past ten years?
- What new sources (other than tax increases) are expected to generate the required revenue?
- Has the municipality asked the province to grant ability to pay legislation?

We have been proactive in our communications and deliberations with the municipality on the potential changes to the commercial taxation system. We recently held a roundtable with members to discuss the options that have been put forth by staff, specifically the three-year rolling assessment averaging. The Chamber is in support of averaging as it will benefit all our members, rather than a few in specific areas. We agree that averaging will reduce the peaks and valleys of a business tax bill for greater consistency and clarity, but our members have asked that the municipality take a closer look at the cost of services. Our members would like to know what they are truly paying for, as property taxes vary according to area Class levels. Many pay more and lack most services of residential taxpayers. We continue to ask the municipality to make discussions and staff reports visible to the business community to allow for transparency and predictability of changes.

Question:

- What is the cost of services for commercial and residential taxpayers across the municipality?

After much publicity, the City has received the long-awaited stadium proposal as presented by the group representing a proposed CFL franchise. Like the City, the Chamber is of the view that any decision must stand on its merits and not present a significant financial risk to the City. We encourage the City to employ a transparent process and if appropriate seek counsel from various groups that may assist in the making of an informed decision. We encourage the City to consider not only the costs/lost revenue opportunities and future financial risks to the municipality and its taxpayers but also to consider the existing infrastructure deficit as regards a facility of this type and the benefits it would bring to sporting and cultural activities. We also believe that how the municipality responds to this proposal will be watched closely by developers and others interested in investing in Halifax and could set the tone for future development. As a

¹ https://www.halifax.ca/sites/default/files/documents/city-hall/budget-finances/2019-20_Budget_Presentation_0.pdf, page 15

² IBID, page 6

³ <https://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/190115rc123pres.pdf>, page 22

⁴ IBID, page 29

⁵ <https://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/190416bc3.pdf>, page 3

growing city with bold aspirations for our future, we see the need for the Municipality to consider this proposal as much more than just a CFL stadium build.

As we have mentioned in our past issue note and pre-budget submission, the current regulatory environment for businesses in the municipality is improving. HRM added over 8,000⁶ new jobs in the last twelve months and private-sector job growth is what will grow our city. Improvements and enhancements will allow this job growth to happen will pay real benefits. We are seeing real changes to regulations, streamlined processes and all levels of government are working together to provide businesses with improved services. We have heard from our members, though, that there are still issues, like wait-times for permits, that are having a large impact on businesses. As an example, we are currently working with a member to ensure consistency in wait-times for signage permits and these conversations have been ongoing for 8 months with no relief in sight for another 6 months. We see this as a real issue that could affect timelines, development and the economic growth of our city. Consistency and timeliness are important factors in a business's ability to approve contracts, begin development and remain relevant in a fast-paced economy. We are pleased to see the release and approval of Centre Plan's Package A. We know our members are waiting for the finalized plan to ensure their development goals will fit with the development plan for the city.

Question:

- What does the municipality hear the most from the business community regarding the regulatory environment?

We would like to reiterate our previously discussed topic of the One-For-One rule, which the Federal Government uses and through, has seen a reduction in the regulatory burden on businesses that better enables them to make investments in productivity and job creation. The One-For-One Rule ensures that when a new regulation is created, an equal administrative regulation is removed to offset the burden on businesses. With the municipalities intent to reduce by-laws, this may be a potential opportunity to continually ensure a reduction in business environment friction.

Question:

- How many of the 131 by-laws have currently been reviewed for effectiveness, efficiency, and usefulness?

Promoting and Supporting 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.

We are pleased to see the municipality has begun work on the impact of climate change on our City. The HaliFACT document reflects the Chamber's view that it is imperative we focus on reducing emissions to help conserve our communities. We will gladly partner with the municipality to communicate this document and potential public engagement events to our members.

Question:

- Will the HaliFACT document and its goals align with the Centre Plan?

⁶ <https://www.novascotia.ca/finance/statistics/news.asp?id=15211>

The Halifax Chamber of Commerce would like to inform the municipality of our partnership with Nova Scotia Business Inc. to provide local businesses with the Trade Accelerator Program. We're looking forward to working with NSBI to build on the success of their export programs. We will be able to provide our members with higher-level training and support to become successful international traders and grow Halifax and Nova Scotia's GDP.

The Chamber also believes that for our City to be a leader in Canada we need to encourage growth in our population, both through immigration and retention of our educated youth. Our task force, Accessing A Skilled Workforce (ASW), is working diligently to create and foster the conditions for talent creation, attraction, and retention within our City and Province. Through events such as the Chamber's Spring Dinner, Co-Op Summit, and task force meetings with guest speakers, we are opening our member's eyes to the multiple streams of talent in Nova Scotia. We would like to see the municipality focus on the retention of Immigrants within Halifax. While the rate is increasing, and our province is seeing record population⁷ growth we still think there is room for improvement.

Question:

- What reasons does the municipality hear why immigrants chose to stay or leave the city?

Halifax has held a low unemployment rate, currently 5.4%⁸, and continues to see an increase in the labour market participation rate. We remain optimistic that these trends will continue but worry that 2019 saw the first downward movement of business confidence⁹ index. With many of our businesses saying one of their main concerns is finding talent, we push for more open and frank discussions of the underutilized groups of potential employees in the city, such as racial minorities and people with disabilities. Our ASW Task Force is working to enhance our membership's awareness of the benefits that hiring diverse workers can bring and of the funding and supports available to businesses. We hope the municipality will also do the same in sharing important and relevant information on accessible hiring as we near the Accessibility 2030 legislative changes.

Question:

- What steps is the municipality taking to ensure a smooth transition (permits, approvals) for businesses to upgrade or redesign their built space to make it easier for accessible hiring?

Questions for the City

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- What new sources (other than tax increases) are expected to generate the required revenue?
- Has the municipality asked the province to grant ability to pay legislation?
- What is the cost of services for commercial and residential taxpayers across the municipality?
- What does the municipality hear the most from the business community regarding the regulatory environment?
- How many of the 131 by-laws have currently been reviewed for effectiveness, efficiency, and usefulness?
- Will the HaliFACT document and its goals align with the Centre Plan?
- What reasons does the municipality hear why immigrants chose to stay or leave the city?
- What steps is the municipality taking to ensure a smooth transition (permits, approvals) for businesses to upgrade or redesign their built space to make it easier for accessible hiring?

⁷ <https://novascotia.ca/news/release/?id=20190930008>

⁸ <https://halifaxpartnership.com/research-strategy/economic-dashboard>

⁹ IBID

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