



Halifax Chamber of Commerce

2019 Provincial Issue Note

October 23rd, 2019

Prepared for:

Premier Stephen McNeil & Ministers

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Introduction

As mentioned in our [2019-2020 Provincial 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 provincial 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 would like to commend the Province for being on track for a fourth consecutive balanced budget¹. We applaud the government's effort to continue on the path of fiscal sustainability. We agree that this is necessary to create a strong foundation in order to deliver the necessary programs and services to Nova Scotians now and in the future. We do, though, remain concerned that departmental spending continues to rise at a rate in excess of inflation consuming all the annual revenue increases the Province has achieved just to achieve balance. Our membership would prefer to see revenue increases available for debt reduction or tax reduction to levels more in line with Canadian averages. Departmental expenses are expected to increase another 1.4%² over 2019-2020 budgeted levels with over half of departments seeing higher forecast expenses over-budgeted amounts³. This is deeply concerning to our members who question the efficiency of spending within the provincial government. Increased spending coupled with increased pension valuation⁴ is a worrying trend as the global economy is facing turbulent times with rising tensions and trade protectionism climates. One of the questions we regularly hear from our members is whether provincial departments feel that they must utilize their entire budget by the end of the fiscal year to receive the same amount of funding for the next year. As the Chamber would like to see reduced departmental spending through more efficient usage, we would hope that departmental budgeting is zero-based rather than a pick-up of the previously used allotment. In addition, in the private sector, improved technology is helping to reduce administrative burden and cost but in the public sector, we do not see the associated savings that accrue with technology improvements.

Question:

- Does the provincial government allot departmental funding based on the amount that was used in the year prior?
- What are the specific cost saving projects in place by departments to reduce their budgets each year?

The current debt level of the Province is about \$15 billion or approximately \$15,000 for every Nova Scotian⁵. While interest rates are anticipated to fall, promoting possible future reduced debt servicing costs⁶, debt service costs is the fourth largest budget line item and one which must be managed closely. Our members value transparency and would like to see the same amount of attention on our debt levels that the balanced budget receives. The Chamber is pleased to hear that Nova Scotia's nominal and real GDP has been revised upward to reflect higher employment, consumer expenditures and exports⁷. These are all significant factors that affect our member's ability to do business in the province. We were happy to see that goal 19 of the OneNovaScotia report, Net Debt to GDP is progressing on track⁸. We are pleased that the government is on track to see a net debt to GDP ratio of 30% or less by 2024⁹.

We realize the Province is currently negotiating several of its most significant public-sector labor contracts. The upward trend of government salaries and benefits packages are impacting many small and medium-sized businesses' ability to acquire talent. An example of this can be found in the childcare sector where many private employees are turning to jobs with the province's pre-primary program. We discussed this concern to the Minister of Education at the time, but provisions were not put in place to mitigate the damages this would cause families and childcare businesses. We are now seeing increased hardship for early childhood caregivers and the associated parents and children who are having trouble finding placements.

¹ <https://notices.novascotia.ca/files/budget-forecast-notices/Budget-Forecast-Update-September-2019.pdf>, page 1

² IBID, page 6

³ IBID, page 6

⁴ IBID, page 7

⁵ <https://bea.novascotia.ca/sites/default/files/documents/6-1692/ftb-bfi-039-en-budget-2019-2020.pdf>, page 5

⁶ <https://notices.novascotia.ca/files/budget-forecast-notices/Budget-Forecast-Update-September-2019.pdf>, page 7

⁷ <https://notices.novascotia.ca/files/budget-forecast-notices/Budget-Forecast-Update-September-2019.pdf>, page 10

⁸ <https://onens.ca/goals/goal-19-net-debt-to-gdp/>

⁹ IBID

Question:

- Does the provincial government evaluate their salaries and benefits packages against the private sector?

In addition, the provincial government can mitigate the salary increases by legislating salary increases but does not pass that benefit on to large municipalities, like Halifax. Municipalities are being forced to pay ever-increasing salaries and pensions by arbitrators who do not take into account the municipality's ability to pay. Legislation should be passed to provide this opportunity to municipalities.

Question:

- Will the province provide ability to pay legislation to municipalities?

The Department of Health and Wellness, like many departments, saw an increase in spending¹⁰ yet our members still tell us of long wait times, lack of family doctors and shortages of beds at nursing homes. At a recent Fostering Private Sector Growth Task Force meeting we heard from our members that they would like to hear more about the preventative healthcare options the province is funding to reduce the ever-growing reliance on our healthcare system.

Question:

- What types of preventative programs are supported by the Department of Health and Wellness currently?
- What initiatives is the department pursuing to bring new thinking to healthcare? For instance, the new Hospice provides beds for a significantly reduced cost versus hospitals. Will there be any provincial investment in capital for these facilities?

Creating a Frictionless Business Environment

We continue to support the Business Navigator Program and the government's goal to reduce regulatory burden by another \$10 million by the end of 2020¹¹. We are pleased also to hear that the province will also "expand red tape reduction efforts beyond businesses to reduce the time citizens and non-profit organizations spend on government forms and processes by 50,000 hours by 2020"¹². We have asked many times whether the province has researched the cost savings for the government through these programs. We are very happy to hear the savings and benefits for our members but believe there must be time or cost-saving advantages for the province as well, which are difficult to measure in an environment of ever-increasing expenditure budgets. We look forward to new red tape reduction announcements that will benefit our members and the business community as well as government departments.

Question:

- What are the savings, whether in time or money, has the government achieved from these programs and will budgets be reduced by these savings??

Our members often discuss E-Services and how other provinces, like Prince Edward Island, are doing a better job at providing businesses with efficient and effective electronic services. PEI's Business and Industry webpage¹³ is teaming

¹⁰ IBID, page 7

¹¹ <https://novascotia.ca/news/release/?id=20190627005>

¹² IBID

¹³ https://www.princeedwardisland.ca/en/search/site?f%5B0%5D=type%3AService&f%5B1%5D=field_service_topics%3A2185

with electronic options for businesses to utilize for streamlined and fast service. As mentioned in our 2019-2020 pre-budget submission we are continually monitoring the upgrade to the government's web page system, but we also hope that the website update will eventually include fully integrated back-end connectivity, to ensure reduced roadblocks for information searches.

As we have previously stated we are pleased that the government has chosen to waive the extra-provincial registration and renewal fees¹⁴. This will help businesses keep more of the money they earn and will help small and medium-sized businesses to succeed in Canada.

Supporting the Growth of Nova Scotia's Export Sector

The Halifax Chamber of Commerce is pleased to work in partnership with Nova Scotia Business Inc. (NSBI) 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. We are pleased to see the introduction of the Seafood Accelerator Program¹⁵. Halifax Chamber members know the value increased exports can bring to our province and city. With many of our members in the seafood industry, we will be committed to communicating the new programs to our members. We hope that this program, among others, will help move the dial on Goal 6 of the OneNovaScotia report, "Firms Participating in Export Trade"¹⁶, as it is currently seen as "not progressing".

Our members would like to encourage the province to export beyond Europe and China. We would like to see other global trading partners like Africa and South America be engaged, if not already.

Question:

- What countries and/or regions is the Nova Scotia government currently exporting/importing to and what countries and/or regions are being actively investigated?

Our Skilled Workforce

The Halifax Chamber was thrilled to hear that youth unemployment reached a record low¹⁷ and that immigration continues to rise within our province¹⁸. As our population ages, we need to ensure we have a skilled workforce to replace those retiring, which can be done through both immigration efforts and retaining our youth and students. 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 province continue to focus on the retention of Immigrants within Nova Scotia and Halifax. While the rate is increasing, and our province is seeing record population growth we still think there is room for improvement.

Question:

- What is the number one reason Immigrants do not choose to remain in Nova Scotia/Halifax?

¹⁴ <https://novascotia.ca/news/release/?id=20190731003>

¹⁵ <https://novascotia.ca/news/release/?id=20190625001>

¹⁶ <https://onens.ca/goals/goal-6-export-trade/>

¹⁷ <https://novascotia.ca/news/release/?id=20190705003>

¹⁸ <https://novascotia.ca/news/release/?id=20190809004>

We have continued to keep our members aware of the programs and services afforded to the business community to prepare for the Accessibility 2030 legislation. Our ASW task force will be expanding its mandate to ensure Halifax Chamber members are aware of the benefits that come from hiring from the underemployed pool of candidates, such as those with disabilities. We want to ensure our members have the time and resources to properly equip their organization for the upcoming important legislative changes.

Our Chamber knows the value older Nova Scotians have in the workplace, and while many are beginning to retire, we encourage them to continue through entrepreneurship, volunteering or remaining in their current workforce. We are pleased to see that the province launched SHIFT to invest in the “creation of age-friendly communities, expanding transit, supporting older workers and their employers, supporting entrepreneurship, increasing funding for home repairs and expanding home care”¹⁹. We were happy to partner with the Department of Seniors on the Silver Economy Summit, encouraging employers to continue to hire aging Nova Scotians and for aging Nova Scotians to stay in the workforce. Together, with increased immigration and retention of our educated youth, we can ensure supply matches the upcoming labour force demand.

The Canadian Chamber of Commerce recently passed a proposed Halifax Chamber of Commerce policy resolution that will ensure government data collection agencies, like Statistics Canada, will be speaking with SMEs on the future of skills in Canada. With the upcoming shift in Canadian jobs, it is imperative that we understand, through discussions with Small and medium-sized enterprises (SMEs), what skills, training and more specifically, what jobs will be needed. Businesses are most aware of what jobs their organizations will need to flourish and should be consulted by those providing programs and funding for educational Work Integrated Learning (WIL) programs. We hope that the provincial government will work with the federal government and SMEs to ensure we are funding the right programs to supply our workforce with the right skills and training.

Question:

- How often is the Department of Business in contact with Nova Scotian SMEs to discuss what skills and training will be needed in our workforce?

¹⁹ <https://novascotia.ca/news/release/?id=20190930002>

Questions for the Province

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- What countries and/or regions is the Nova Scotia government currently exporting/importing to and what countries and/or regions are being actively investigated?
- What is the number one reason Immigrants do not choose to remain in Nova Scotia/Halifax?
- How often is the Department of Business in contact with Nova Scotian SMEs to discuss what skills and training will be needed in our workforce?

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