



Halifax Chamber of Commerce's
2021 – 2022 Municipal Pre-Budget Submission

Submitted to: Mayor Mike Savage
& Councillors of the Halifax Regional Municipality

February 9th, 2021

The Halifax Chamber of Commerce

2020 was a challenging time for our business community. The pandemic forced many businesses to pivot their business model, temporarily close, and sadly, for some has meant the end of their operations. The Halifax Chamber has been working diligently to supply our membership with up-to-date and relevant information, provide virtual networking opportunities, and convene with stakeholders to ensure our membership has access to the key decision-makers.

Our 2021-2022 Municipal Pre-Budget Submission will expand on our 2020 Issue Note to focus on what can be done to mitigate the outcome of the virus and the restrictions as we look to rebuild our economy in 2021. We hope the municipal government will not only work towards the changes that can positively impact the business community today but also on policy redevelopment that will improve the sustainability of our business community for years to come.

Once again, we would like to thank the municipal government for their support of the Nova Scotia Business and Labour Economic Coalition (NSBLEC) calls and for the quick policy changes that allowed many of our businesses to safely continue serving our community. We hope this relationship will last well after the pandemic is only a memory.

Who Are We?

The overall goal of the Halifax Chamber of Commerce is to create value and prosperity for our 1,750+ members and their over 65,000 employees. Through our 2019-2023 Strategic Plan, we are providing the services businesses need, hosting events that will help them learn, and 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 goals that aid in our member's prosperity and economic growth of the Municipality. In pre-

COVID-19 years, we hosted numerous in-person events that focused on the betterment and sustainability of our business community. Our signature and annual events often featured local entrepreneurs and immigrants, post-secondary institutions, and prestigious business organizations.

Each year, we provide our members the opportunity to know about the state of the Municipality and Province during luncheons and to celebrate their successes at our annual Halifax Business Awards. The Halifax Chamber has since moved many of those in-person events online, including, multiple webinar series, virtual networking, and now within the current health protocols, have begun in-person and hybrid events.

Executive Summary

There is no way around it, 2020 was a difficult year. It was especially difficult for those working in or owning a business in the hardest-hit sectors like tourism, hospitality, and the arts. Our 2021-2022 Pre-Budget Submission focuses on the impact of COVID-19 on our business community and what government can do to mitigate the impacts and improve the business environment during the recovery phase.

- Our submission focuses on:
 - Taxation
 - Infrastructure and Affordable Housing
 - Downtown cores
 - Red Tape
 - Transit
 - The Budget

The road to recovery is not straight, and we don't expect the municipal government to know all of the answers. We are hopeful, though, that the municipality can continue to work with stakeholders to provide the right atmosphere to

ensure the recovery and sustainability of our business community.

increase foot traffic for businesses in that area.

Recommendations

Taxation

- Freeze commercial property tax.
- Publicize the cost of services for commercial and residential taxpayers.
- Continue to ask for greater taxation powers from the province for the commercial taxation system.

Infrastructure & Housing

- Invest in Infrastructure that can support safe, outdoor activities and allow businesses to open “booth” or “stalls” for access to new and current customers.
- Accelerate development timelines for faster and increased housing creation.
- Publicize density bonusing agreements with developers that show where the money is being transferred and how it is being utilized.
- Continue to ask for greater powers from the Provincial government for affordable housing developments.
- Ensure Core Density for housing is a priority, to replace the loss of potential consumers who are now working from home.

Our Downtowns

- Ensure that municipal projects do not overly impact the business community who are already feeling the impacts of COVID-19 and the accompanying restrictions.
- Find new ways of making our downtown cores attractive to residents/consumers to

Red Tape

- Continue to review municipal by-laws for ways to reduce regulations, update outdated policies and reduce red tape for the business community.
- Review policy changes that occurred during COVID-19, with the intension of keeping those that enhanced the business environment and allowed for economic growth and sustainability of our SMEs.

Transit

- Provide incentives to increase ridership and use of our transit system.

The Budget

- Ensure wage increases do not increase spending and taxation levels.
- Provide stakeholder consultations on pension funding reform to ensure fiscal sustainability for the Municipality.
- Review the HRM Pension plan to ensure it is a fair plan for those who pay directly into the plan and the taxpayers who pay the remaining portion.
- Provide monetary support for the Integrated Tourism Master Plan and African Nova Scotian Road to Economic Prosperity plans.

Taxation

A 1.9% increase to the average tax bill for commercial properties would add \$817ⁱ to the bill. \$817 could be the difference between retaining one part-time employee on minimum wage for almost one month. Put another way, \$817 could be the cost of investing in a new technology that could streamline business processes or the addition of new materials or training for employees. \$817 is just the average. For many, especially those located in

areas with an increased property assessment, that number of non-retained employees could be two. Now multiply that by the hundreds of SMEs we have in HRM and that could be a big loss for employment. Small and medium-sized businesses in Halifax have been highly impacted by both the virus and the restrictions that were mandated by the government. Closures to many sectors and the unintended consequences to others, along with an increase in their fixed costs, like taxation, could impact their ability to remain operational. Business owners are often also homeowners. An increase in both the commercial and residential tax rates would be a double burden for many HRM residents.

Recommendation: Freeze commercial property tax.

For the past number of years and Pre-Budget Submissions, the Halifax Chamber of Commerce has been advocating for the municipal government to provide residents and the commercial sector with the true cost of services provided. Now, more than ever, we believe that this information would be pivotal for the plight and affirmation of our business community, who often, if not always, pay for more municipal services than they receive. We are hopeful that as discussions on reforming the commercial tax system continue, the municipality can also utilize the required resources to provide the breakdown of service costs. This freeze may require a reduction in the municipality's planned spending this year.

Recommendation: Publicize the cost of services for commercial and residential taxpayers.

Given the choice, many businesses may have wanted or been better able to pay their taxes monthly, or on payment plans. We have advocated to the provincial government several times to grant further taxation powers to the municipality, to ensure that there is a multitude of options available for commercial taxation reform. We would like the municipal government to do the same, as it became very apparent that economic shocks caused by unplanned activities can impact a business's ability to pay commercial property taxes.

Recommendation: Continue to ask for greater taxation powers from the province for the commercial taxation system.

Infrastructure & Affordable Housing

The colder weather has come to Halifax and as such, outdoor activities have for some dwindled. We are looking to the municipality to find new ways our communities can safely come together. This can benefit both the community and our businesses, as a common, safe meeting space can promote activities such as winter markets and winter organized sports, wherein businesses can set-up shop and cater to new and current customers.

Recommendation: Invest in Infrastructure that can support safe, outdoor activities and allow businesses to open "booth" or "stalls" for access to new and current customers.

We would like to see development timelines accelerate within the next 18 months. As mentioned in our 2020 Issue Note, this will help revitalize the downtown core, create spin-off jobs for architects and engineers, and could decrease the average cost of renting/condos, which is rising across the municipality. Incentivizing the development of living spaces and recreational spaces will hopefully lead to an increase in affordable housing and more activities for our communities. Expediting permits would increase the number of developments built and hopefully increase the likelihood of affordable units within apartments and condo buildings. With a vacancy rate hovering around 1.9%ⁱⁱ we are in dire need of more housing options, not only for affordable housing but also for housing that is affordable to ensure our new grads and immigrants can remain here in Halifax if they wish to do so. We are pleased to see that the municipality is working with developers, but to date density bonusing has not built affordable housing units while building a nest egg of affordable housing funding at the city with unclear plans on how it will be used to address the problem. We know realistically, council and staff projects take a very long time, therefore ensuring

developers include affordable units when building their apartments and condo units would be a much quicker route to help those struggling to find affordable housing in HRM. It would be a great asset to the municipality to have more power for housing in Halifax. We continue to advocate for the provincial government to allow the municipality to have greater housing powers, however the municipality must make better use of the tools it currently has at its disposal.

Recommendation: Accelerate development timelines for faster and increased housing creation.

Recommendation: Publicize density bonusing agreements with developers that show where the money is being transferred and how it is being utilized.

Recommendation: Continue to ask for greater powers from the Provincial government for affordable housing developments.

Currently, many businesses rely on downtown workers for lunch meetings, coffee runs, and shopping. If we have more people living in the downtown cores, then businesses will have a greater consumer base.

Recommendation: Ensure Core Density for housing is a priority, to replace the loss of potential consumers who are now working from home.

Our Downtowns

The Chamber has always been supportive of projects that enhance our municipality. We know change can not only improve the aesthetic of a street but can create economic growth for those businesses situated within. We are concerned, though, that the municipality is not focusing on the impacts COVID has had on businesses and the impact construction will further cause. While we are encouraged by the case numbers and hopeful that the vaccine rollout will be well on the way by the summer months, we know that this tourism season will not return to 2019 levels, so creating another barrier to success,

like the Spring Garden Construction project, may impede a businesses chance at survival.

Recommendation: Ensure that municipal projects do not overly impact the business community who are already feeling the impacts of COVID-19 and the accompanying restrictions.

We were thrilled at the response to the holiday lights at City Hall and in downtown Dartmouth. They brought the community together, safely, and potentially increased foot traffic around our local small businesses.

Recommendation: Find new ways of making our downtown cores attractive to residents/consumers to increase foot traffic for businesses in that area.

Red Tape

In 2019, HRM was only 46%ⁱⁱⁱ of the way through the by-law review. Right now, as the businesses struggle to make payroll, it would be in everyone's best interest if some or all the outdated and unnecessary by-laws were reviewed, amended, or discarded.

Recommendation: Continue to review municipal by-laws for ways to reduce regulations, update outdated policies and reduce red tape for the business community.

There were policies that the municipal government implemented during the height of the pandemic in Nova Scotia that would continue to benefit our business community. Policies, like allowing greater patio space during the summer months, and extending the patio season into the fall/winter played a great role in keeping customers dining in restaurants and shopping in our local stores.

Recommendation: Review policy changes that occurred during COVID-19, with the intension of keeping those that enhanced the business environment and allowed for economic growth and sustainability of our SMEs.

Transit

With safety protocols in place, this is a good time to continue the work of HRM's Active Transportation Plan^{iv}. A reduction in the number of people driving their vehicles in the HRM can have a positive impact on our environment. To do this though, we need HRM's transportation to be easily used and readily available in all areas of the municipality. We also need people to understand and value the benefits of utilizing our transit system.

Recommendation: Provide incentives to increase ridership and use of our transit system.

The Budget

Planned Wage and pension increases for 2021 could reach up to \$27 million. Already faced with potential commercial and property tax increases to fund the municipalities operations, granting planned salary increases has the potential to further increase the tax burden on businesses and citizens.

Recommendation: If wage increases are deemed necessary by council fund them internally without increasing spending and taxation levels.

We are still 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 contributions^v, 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 rich^{vi} 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.

Recommendation: Provide stakeholder consultations on pension funding reform to ensure fiscal sustainability for the Municipality.

Recommendation: Review the HRM Pension plan to ensure it is a fair plan for those who pay directly into the plan and the taxpayers who pay the remaining portion.

The Halifax Chamber is happy to see that plans, like the African Nova Scotia Road to Economic Prosperity Plan and the Halifax Regional Integrated Tourism Master Plan, have been created and multiple partners and stakeholders have been consulted and are attached to the program. We are though, concerned that government funding is not connected directly to this program. We believe that the addition of government funding will add another level of accountability to ensure all outcomes are met and achieved.

Recommendation: Provide monetary support for the Integrated Tourism Master Plan and African Nova Scotian Road to Economic Prosperity plans.

In Closing

Our business community and the Nova Scotia Business & Labour Economic Coalition have both been extremely impressed and appreciative of the level of support and communication the municipality has shown during this period.

While we do have many recommendations for the municipality, we are striving to keep the same relationships as we continue through the economic recovery. We want to ensure the survival of our local businesses and the significant role they play in our economic growth and attractiveness as a municipality and province.

Our 2021-2022 Pre-Budget submission delved further into issues, both COVID and non-COVID-related, and we hope that you have a moment to reflect on our recommendations and how they can support and improve the lives of our entrepreneurs, employers, and employees.

Sincerely,

Patrick Sullivan



**President & CEO,
Halifax Chamber of Commerce**

Contacts

Kent Roberts-Senior Vice-President, Policy
Tel. 902-481-1231
Email: kent@halifaxchamber.com

Kathleen MacEachern- Policy and Research Analyst
Tel. 902-481-1351
Email: Kathleen@halifaxchamber.com

¹ [Halifax councillor suggests proposed tax increases be entirely paid for by residents | CBC News](#)
² [Business Owners Or Homeowners? Who Should Absorb A Halifax Tax Increase? - Huddle](#)
³ [HRM's bylaw review crawls along | City | Halifax, Nova Scotia | THE COAST](#)
⁴ [Active Transportation | Halifax](#)

⁵ [Presentation – HRM Pension Plan \(HRMPP\) Update - Jan 15/19 Regional Council | Halifax.ca](#)
⁶ IBID