



Halifax Chamber's Response to Nova Scotia's 2022-2023 Budget

April 14th, 2022

The Halifax Chamber has made communication with governmental and organizational stakeholders a priority over the past two years and will continue to do so as we emerge from COVID-19. Our recent [2022-2023 Pre-Budget Submission](#) outlined the asks from our membership, and while the budget only reflected a small number of those, we will continue to advocate for a positive business environment for our business community.

On March 29th, 2022, the province released its 2022-2023 Budget, and the Halifax Chamber of Commerce would like to provide a response. While the Chamber applauds the support for our healthcare system and some progress for affordable housing, support for our business community, including its employees, is nowhere to be seen.

COVID-19 and its subsequent restrictions have placed an enormous burden on our SMEs and all Nova Scotians. Many businesses quickly switched their business models. Some businesses closed, permanently. A multitude made the difficult and voluntary decision during our third and fourth waves to close temporarily, helping to stem the spread of the virus.

Restrictions have lifted, and more people are visiting local restaurants and shops. But there are still sectors facing a long road to recovery. Labour supply issues will dominate the struggles of our business community. The rising cost of living significantly impacts all Nova Scotians. These two, monumental issues didn't have space in the budget.

Supported Items and Opportunities for Clarification

First, there are items in the budget that we were supportive of:

- **Expanding Immigration Services and Increasing Funding for Immigration marketing.** The Chamber has been a tireless supporter of immigration in Nova Scotia. It is not only a necessity to grow our tax base but also to increase diversity in our province, creating greater variety in ideas, goals, and priorities.
- **Innovation Rebate Program Investment.** The province is investing \$12 million annually, which will aid businesses in their ability to invest in their own facilities and green

technologies. It will also encourage innovative processes in our business community more generally.

- **Investment in Tourism.** So many of our businesses in Nova Scotia rely on tourists. We are pleased that the government has made this sector a priority, investing \$12 million in tourism. We hope to see investments continue in our tourism sector.
- **Investment In Skilled Trades.** The "More Opportunities for Skilled Trades Program" and the \$750,000 for skilled trades in the school program is a positive step forward in addressing the looming labour shortage across many sectors. These programs, however, will take years to show results. The labour shortage is a current, acute issue that deserves more immediate solutions.
- **Investment In Housing.** The budget outlines \$15 million more for affordable housing and \$2 million to continue the work of the joint planning task force. These funds will help alleviate housing supply issues and address some of the affordable housing pressures, but much more tangible action and funding are needed to address the serious housing shortfall in the HRM.

While these budget items are a positive step forward for Nova Scotians, we still have many questions. We need clarification on how these investments will continue and, if needed, adjust to changes in our business environment.

Items of Concern

- **The Non-Resident Property Tax and Non-Resident Deed Transfer Tax.** The Nova Scotia government has done great work over the past year to create a welcoming atmosphere, encouraging out-of-province residents to relocate here even if those residents were working remotely.

These taxes detract from those efforts. This is not the best way to increase our population and creates animosity towards non-residents who currently pay property taxes at a rate that already exceeds residents since their property taxes do not fall under the CAP. How many non-Nova Scotian residents currently own homes in Nova Scotia? Additionally, what does the government intend to do if these taxes negatively impact interprovincial immigration to Nova Scotia? Finally, if many of the cottage residents this will inevitably impact, sell their cottages to Nova Scotians, housing will not improve and the expected windfall from this tax will not materialize.

- **The Better Pay Cheque Guarantee.** The Chamber made note of this plan in our recent Pre-Budget Submission. We like the idea generally; it is a novel approach to a problem, which we applaud. Its absence in the budget means that we will not be seeing any substantive movement on the plan during this fiscal year. This is a pre-election promise, however, and it's one that interests our membership. The current government needs to provide for its delivery in a timely manner.
- **COVID-19 Supports.** While the removal of COVID-19 restrictions will aid in the economic regrowth of our business community, for many this won't be a short-term turnaround.

Those in the tourism and hospitality sectors are facing an acute labor shortage that will impact their ability to provide the services customers require. There needs to be an investment in activations as well as creative labour solutions. Businesses that will no longer receive federal or provincial resources are facing debt and liquidity issues that could have serious consequences in the short to mid-term. We know that government is aware of these challenges, and there are collaborative spaces to find solutions with business, such as the Nova Scotia Business & Labour Economic Coalition meetings.

- **The Nova Scotia Loyal Program.** A program that is also missing from the budget. In our 2022-20233 Pre-Budget Submission, we asked for full program costing, including administration fees. Instead, Nova Scotians learned absolutely nothing about the new program—or even if it is still happening. The Chamber will continue to press for more information, as we do support the intended goal of the program.
- **The Capped Assessment Program.** The Chamber has been asking for the review of and subsequent removal of our Capped Assessment Program. The program shifts the tax burden to first-time homebuyers and renters and ultimately reduces the amount of revenue our municipality could be receiving, thus having a direct impact on our commercial taxation rates. There are examples of programs in other provinces that can protect vulnerable populations from significant increases in assessment and should be studied to determine how the CAP can be improved.
- **The provincial Debt.** The provincial debt has now increased with this budget to over \$18B, a significant increase from previous years and an all-time high. With interest rates increasing and a budget projection for the next four years that present a deficit, this is not expected to decline. What is the government’s plan to manage debt in the coming years?

There are more issues we could discuss in our budget response, but we would love to continue this discussion with our members. If you would like to share your opinion on the budget or learn more about our advocacy work, you can email our VP of Policy, Kent at kent@halifaxchamber.com.