



**METROPOLITAN HALIFAX  
CHAMBER OF COMMERCE**

*Strong Business. Strong Community.  
Since 1750.*

# **HRM 2004/2005 Pre-Budget Submission**

## **January 2004**

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The Metropolitan Halifax Chamber of Commerce is a best-practice business advocacy organization that continuously strives to make Halifax an even more attractive city in which to live, work and play. The almost 2,000 Chamber members employ more than 90,000 people, representing over half of Metro Halifax's labour force. It is also the oldest Chamber in North America – celebrating 250 years in 2000 – and was the first certified to the ISO 9002 and 9001: 2000 international standard of quality.

In recent years, Halifax has undergone significant growth. Studies show that the city is among the best for business in the world. From the strength of a major global port, a collection of top universities, the burgeoning oil and gas sector and a vibrant entrepreneurial spirit, Halifax is assuming an increasingly important position as an economic force in Canada. Halifax also boasts the best-educated workforce in North America. Simply put, Halifax is a Canadian success story.

The challenges Halifax now faces are often those associated with growth and prosperity. As a community, we must now tackle these challenges so that more opportunities are created for our people and to ensure Halifax continues to serve as an economic engine for Nova Scotia.

This requires strong leadership by business and government. It also requires an unwavering commitment to fiscal responsibility, a philosophy that will ensure a healthy financial picture in the future.

Council has identified four themes the community expects from its municipal government:

- Safe communities
- Healthy, sustainable, vibrant communities
- Excellence in governance
- Excellence in service delivery

If each of these outcomes is to be realized, an environment of fiscal responsibility is required.

Economic growth will be the foundation for the long-term stability of our community. Creating a strong economy means ensuring a strong business environment that attracts, retains and grows business. It requires a competitive business environment.

Key to a healthy future Halifax is a commitment by HRM to operate within its means and supply the infrastructure for future generations without handicapping tomorrow with excessive debt burden. To do this, residents, both individuals and business, must shoulder the burden and pay for the services they consume.

## **Key Priority Areas:**

### **Municipal Taxation**

In order to maintain relatively “flat” taxation levels, HRM has maintained a policy of raising tax rates only by the amount of inflation, and decreasing the rate for increases in assessment values. This policy has been effective in keeping property taxes in check. In fact, relative to other Canadian cities, the tax burden in HRM is described as low to medium by Standard and Poor’s credit rating agency.

However, through both the Business Occupancy Tax, and the fact that the business sector accounts for approximately 45% of the property tax revenue, the business community is subsidizing the residential community in HRM. This is a disconcerting situation. Reliance on a strong business community to support overall municipal operations does not provide the necessary stability. Any decline in the economy could significantly harm the fiscal position of the municipality, as the tax base would be lowered. In addition, the amount of tax burden being held by the corporate sector can even be perceived as a deterrent to economic growth.

It is important to ensure that the tax climate in HRM is attractive and competitive, on both the residential and commercial sides. It is the Chamber’s view that municipal tax structure needs to be revised with a view towards developing a structure more appropriate for today’s municipality. This must be done in conjunction with the Province.

Areas that need to be considered include: commercial and residential tax burden and the business occupancy tax. For example, a change might involve, reducing the dependence on the business community to subsidize the residential community and making tax burden more reflective of the consumption of services by changing the policy of maintaining flat taxation levels.

Nova Scotia is the only province in Canada that has retained the business occupancy tax and it continues to have a negative impact on the business climate in HRM. The Chamber encourages HRM to more aggressively pursue business tax reform particularly as it relates to the prompt elimination of the business occupancy tax. An elimination of the Business Occupancy Tax would reduce administrative duplication and streamline the process by collecting the revenues through property taxes and creating the appearance of greater simplicity for business collection. Maintaining a competitive and healthy business environment in HRM requires a tax structure that provides the business sector with fair and predictable levels of taxation.

The Chamber will work with both HRM and the Province to explore options for improving the municipal tax structure.

## **Debt reduction**

HRM has made concerted efforts to lower the debt by limiting new debt to 80% of the current year's repayment. The Chamber congratulates the municipality on this policy and encourages its continuation.

However, despite the recent efforts, the debt burden is still high with 9.6% of this year's total operating budget going to debt charges. The more quickly HRM is able to reduce its debt, the more dollars will be available to improve service levels and support future growth.

## **Capital Spending and Revenue Generation**

HRM needs to maintain capital infrastructure if it is to meet its theme of sustainable communities. Year to year HRM continues to have shortage estimates in the millions of dollars, and it is projected to get worse. The gap is growing. HRM must begin to better maintain existing infrastructure and even expand to support growth. HRM must find new ways to fund this shortfall by taking measures such as: finding new revenue streams, reducing costs and removing redundant assets.

For example, Canadian Mayors have asked the federal government to share a portion of the fuel tax revenues to help fund municipal capital infrastructure requirements. The Chamber supports HRM's efforts to find new and creative methods of funding and encourages this to continue.

## **Provincial Assessment Cap**

The Province is currently considering an assessment cap on selected properties throughout Nova Scotia. The Chamber has significant concerns with this proposal and would support and encourage HRM in efforts to prevent an assessment cap.

An assessment cap could further heighten the reliance on the business community to support municipal services, as there would be fewer funds available from the effected residential properties. On another level, such a cap would create payment discrepancies between neighbours and communities.

A provincial assessment cap on selected residential properties in Nova Scotia is not in the best interest of the community.

## **Hurricane Juan**

In the 2004 federal pre-budget submission the Chamber encouraged the federal government to move ahead with disaster relief for Nova Scotia after the

devastating effects of Hurricane Juan. The Chamber recognizes that municipal resources have had to be diverted from normal operations to assist in the clean up. HRM needs to ensure that a thorough assessment of damages is made and all assistance available under the federal disaster assistance program is secured.

In conclusion, the Chamber would like to congratulate HRM staff on their efforts and planning in continuing to adhere to the multi-year financial strategy, building capital reserves and adhering to the debt repayment plan. This business like approach will provide solid support to our future growth and development.