



MUNICIPAL PRE-BUDGET SUBMISSION 2017/2018

February 6, 2017

Presented To: Mayor Mike Savage and Councillors of the Halifax Regional Municipality

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Who We Are

The Halifax Chamber of Commerce, representing 1,600 companies with over 65,000 employees, 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. Our volunteer board of directors and Chamber staff, undertake initiatives on behalf of the Chamber's diverse membership.

With origins dating back to 1750, we are recognized as the first Chamber established in North America. The Halifax Chamber is certified to the ISO 9001:2008 international quality standard, the first and only Chamber in North America to receive this accreditation.

The Halifax Chamber of Commerce offers over 100 events annually, and countless numbers of opportunities for exposure through member services, advertising, and sponsorship.

2013-2018 STRATEGIC PLAN

The Halifax Chamber of Commerce is committed to enhancing the prosperity of its members and to realizing Halifax's potential to be among the top 3 highest growth city economies in Canada by 2018.

Goals

1. To create a positive business environment to be reflected by being among the top 3 highest growth city economies in Canada by 2018.
2. To increase the skilled workforce by 20% from 2012 to 2018.
3. To accelerate the prosperity of Chamber members by providing first class networking events, benefit programs, advocacy to governments, education, information, and by making connections.

As part of our 2013-2018 Strategic Plan, the Halifax Chamber of Commerce Board of Directors created two Task Forces to implement the Plan. The members of these Task Forces are a diverse group of individuals with significant expertise on key policy issues.

Task Force Leads

- Create a Positive Business Environment – Paul Bent, retired, formerly Grant Thornton
- Grow and Nurture the Skilled Workforce – Don Bureaux, President, NSCC

Executive Summary

The coming year is shaping up to be very important for Halifax. The combination of last fall's Municipal Election and the release of the HRM's 2016-2021 Economic Strategy means that Halifax is working with newly empowered leadership and a new economic direction. Furthermore, key decisions will have to be made on regional planning, transportation, and taxes that will shape how Halifax grows for years to come.

As of 2016, Halifax has roughly 45% of Nova Scotia's population and comprises 56% of Nova Scotia's entire economy. As well, in 2017 the Conference Board of Canada is estimating that Halifax will grow over two and a half times faster than the rest of Nova Scotia.¹ Clearly, our city's success is critical to the overall success of our Province. This reality makes the decisions of Council all the more important.

The following pre-budget submission highlights the top priorities of the Halifax Chamber of Commerce's membership. Our recommendations are based on many conversations with our members over the past year and work on balancing the needs of the Halifax business community. We feel that these recommendations will help create a positive business environment in Halifax, encourage growth, and promote a vibrant city.

RECOMMENDATIONS

1. **Taxation and Spending:**
 - Balance the municipal budget through expenditure reductions rather than tax increases.
 - Implement commercial tax reform without raising taxes on the commercial sector.
2. **Regulation and Customer Service:** Carry out the regulatory and customer service-focused actions from Halifax's 2016-2021 Economic Strategy.
3. **Planning and Development:** Approve a final version of the Regional Centre Plan that is consistent with the Chamber's principles of predictability, timeliness, transparency, and accountability.
4. **Transportation:**
 - a. Finalize the Integrated Mobility Plan and ensure that it allows for the efficient movement of goods around the HRM.
 - b. Continue working on a commuter rail service provided that it can be done at an affordable cost to taxpayers.

Taxation and Spending

Last year's municipal budget was a good one for the business community, as Council decided to keep the average tax bill flat compared to the year before.² While individual business owners may have seen their property tax bills go up or down depending on their assessments, Council did its part to help keep costs affordable.

This year the HRM is moving toward a multi-year budget, a process the Chamber supports as it provides additional clarity and predictability to businesses. Staff's overall recommendation however, is for the average tax bill to increase by 1.8% in 2017-18 and 1.6% in 2018-19 for both residential and commercial taxpayers.³ We are concerned about this direction and believe that the HRM needs to do more to reduce expenditures before it resorts to increasing taxes since there is currently a disproportionate share of the tax burden that falls to the commercial sector.⁴

The HRM's fiscal framework outlines two alternative budget scenarios, one that reduces expenditures and another that reduces the capital budget. While we would not support decreasing the capital budget, we believe that Council should strongly consider balancing the budget through expenditure reductions rather than tax increases. The expenditure reduction scenario outlined by staff only involves a 1% spending decrease this year which is not unrealistic.⁵ We recently recommended that the Provincial Government consider a 1% reduction in expenditures and we believe that the HRM should undertake a similar process.

Council will also have to make some significant decisions this year on the structure of the tax system. On November 1st, 2016, the provincial government introduced Bill 52 which provides the HRM with additional flexibility to design its commercial property tax system. This is in response to a request from Halifax Regional Council for similar powers that was supported by business organizations such as the Chamber and various Business Improvement Districts.

Bill 52 provides Council with the ability to do the following:

The Council may

- (a) Set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the assessment of commercial property under the Assessment Act;*
- (b) Set different commercial tax rates for commercial property located in areas of the Municipality designated by Council, based on the length or proportion of frontage of a property on a street, including a private road;*
- (c) Set additional tiered or escalating commercial tax rates based on the factors set out in clauses (a) and (b) that are in excess of the rates set in clauses (a) and (b); and*

(d) Set additional or different commercial tax rates using any combination of clauses (a) to (c).⁶

As the Chamber represents business of all sizes and from all areas of Halifax we are one of the few organizations in the city that can speak for the business community as a whole. As Regional Council considers potential changes to the commercial tax system they need to be very careful to ensure that any changes they make are fair and do not put certain businesses at a competitive disadvantage.

Out of all the options available, setting different commercial tax rates for different areas of the municipality seems like the best choice. This would allow Council to better align the tax system with the Regional Plan. It is critical however, that Council does not pay for these changes by raising taxes in other areas. Over 70% of our members are small businesses who are located in all parts of the municipality and we cannot support increasing their tax burden given the disproportionate level of taxation already borne by the commercial sector.

To move forward, Council should direct staff to prepare a draft proposal that can be released for public comment. We feel that this is a priority issue and that a new system should be in place for next year's budget.

Recommendation:

- Balance the municipal budget through expenditure reductions rather than tax increases.
- Implement commercial tax reform without raising taxes on the commercial sector.

Regulation and Customer Service

When we talk to our members about their top concerns, regulation and customer service are almost always near the top of the list. Inefficient rules can result in costly delays for businesses, especially for those in the development industry. As well, poor customer service can make routine government interactions, such as securing an occupancy permit, an exercise in frustration. We have highlighted these problems in our pre-budget submissions and issue notes for many years now and believe that they deserve to be a major focus for Council in 2017/18.

Fortunately, Council and staff have made these issues an important part of the HRM's 2016-2021 Economic Strategy. Under its objective to "Make Halifax an easier place to do business", the Strategy calls for the HRM to complete three important actions in the Strategy's first two years.⁷ These include:

1. Developing an approach to red tape reduction for HRM.
2. Benchmarking and communicating approvals' standards and timelines to the public.
3. Developing HRM's customer service strategy to improve service to businesses and residents.

As well, the HRM's new CAO has made it clear that reducing red tape and improving customer service will be a major area of focus for him.⁸ We fully support all of these actions, and especially appreciate the inclusion of development approval standards. We were critical of the HRM's past decision to stop reporting development approval standards and will look for them to be reintroduced shortly.

We are pleased to serve as a member of the HRM's new red tape council, an initiative created out of the city's new partnership with the Provincial Office of Regulatory Affairs and Service Effectiveness. Direct engagement with the business community will be critical to improving red tape and customer service and will allow us to easily communicate the issues our members are facing to representatives from the HRM.

While all of these steps are positive, at the end of the day they will only be effective if they lead to real results. We will be watching Council and staff closely to make sure that they take the actions that are needed to deliver real improvements to the HRM's red tape burden and customer service performance in a timely way.

Recommendation:

- Carry out the regulatory and customer service-focused actions from Halifax's 2016-2021 Economic Strategy.

Planning and Development

Over the past year, the HRM has made significant progress advancing the Regional Centre Plan (RCP), which has been a major priority for the Halifax Chamber in our recent Council submissions. The goal of the RCP is to create a unified municipal planning strategy and land-use by-law for the Halifax Peninsula and areas of Dartmouth within the Circumferential Highway.⁹ Currently this area uses multiple convoluted planning documents, some of which were adopted over 35 years ago.¹⁰ Creating a simplified set of zoning rules that provides predictability for developers and enables Halifax to achieve the growth targets it set out in the Regional Plan will be a major improvement.¹¹

The draft plan released last year balances the need to densify Halifax's Regional Centre, provide greater certainty for developers, and account for the needs of existing residents. By focusing higher density development in already dense areas, underdeveloped lots, and major corridors, the RCP will push growth toward the parts of the urban core that can best accommodate it. It will also provide all stakeholders with a blueprint for how the city will change in the years to come. As a Chamber, we will be looking for the final plan to adhere to the following principles:

- **Predictability**: Businesses in Halifax are looking for clear, modernized rules about what kinds of development are allowed in different parts of the Regional Centre.
- **Timeliness**: The plan needs to establish publicly available timelines for processing development applications in the Regional Centre.
- **Transparency**: The development approval process should be transparent to businesses, developers, and residents and have specific timelines attached.
- **Accountability**: The Regional Centre Plan needs to create clear lines of accountability so that it is well known who is responsible for what.

It is critical however, that Council takes quick action to approve the final version of the RCP when it is brought forward in the spring.¹² There are currently at least 17 development proposals for the Regional Centre that, while not officially part of the RCP process, are heavily dependent on its outcome.¹³ These proposals represent millions of dollars of investment in our community and will bring hundreds to new housing units to the Regional Centre. Lengthy delays to the RCP process will result in extra costs to developers and will slow the growth of the HRM's tax base.

Recommendation:

- Approve a final version of the Regional Centre Plan that is consistent with the Chamber's principles of predictability, timeliness, transparency, and accountability.

Transportation

The Chamber has been supportive of the HRM's efforts to improve its transit system through the Moving Forward Together Plan for many years. We were pleased to see that the plan was passed and that minimal amendments were approved by Council in December. Hiring a consultant to take a second look at some aspects of the plan is also a sensible idea.¹⁴ This will however, need to be completed quickly if the Plan is to be implemented on schedule.

The next major transportation project on the horizon is the Integrated Mobility Plan, which aims to help unify the HRM's transportation vision. While the plan is multifaceted, we hope to see the final product reflect that the efficient movement of goods throughout the HRM is critical to our city's overall economic success. Whether it is trucks moving out of the port or businesses and residents receiving deliveries, goods transportation needs to figure prominently into the city's transportation vision. The recently released "Regional Goods Movement Opportunity Scoping Study" provides an excellent basis to integrate goods movement into the Integrated Mobility Plan.¹⁵

We are also interested in the possibility of the HRM partnering with Via Rail on a commuter rail service. While previous commuter rail studies expressed concerns about cost and ridership, if an established operator such as Via Rail believes it is feasible at a lower cost then we support the HRM's ongoing negotiations.¹⁶

Commuter rail would provide predictable service to downtown and to major employment and education centers on route. It would also be attractive to the significant percentage of commuters who do not consider taking regular bus service to work. While there remain many questions at this point, it feels like an idea whose time has come. We must begin to look at longer term solutions to prepare for the city's goal of over 550,000 people by 2031.¹⁷

Ideas for how to improve the flow of traffic from Bedford to Halifax have been studied and debated for years with little progress.¹⁸ As there appears to be limited opportunities to increase road capacity along the Bedford Highway and the area is continuing to develop, a public transit solution seems necessary.¹⁹

Recommendation:

- Finalize the Integrated Mobility Plan and ensure that it allows for the efficient movement of goods around the HRM.
- Continue working on a commuter rail service provided that it can be done at an affordable cost to taxpayers.

Celebrating Progress

Despite the many significant issues facing our city, it is important to acknowledge areas where Council has made real progress. For example, construction activity in Halifax's urban area is continuing its strong pace, which is helping to bring new residents, businesses, and jobs to the urban core. The city's decision to move forward on construction mitigation guidelines was a good one will help make the construction process smoother.²⁰

As well, the continued progress on the Cogswell Interchange project is encouraging.²¹ While, the project certainly presents a number of logistical challenges, it presents a unique opportunity to transform our downtown.

Council also took action on longstanding Chamber priorities such as transportation, through the approval of the Moving Forward Together Plan, and regulation, through its partnership with the provincial Office of Regulatory Affairs and Service Effectiveness. Neither of these issues are complete by any means but both of these actions represent good first steps.

We also support the city's new 2016-2021 Economic Strategy.²² While its headline goals of growing Halifax's economy to \$30 billion and its population to 550,000 by 2031 are certainly ambitious, we believe that it is critical to aim high. Our current Strategic Plan set an overall goal for Halifax to have one of the top three fastest growing economies in Canada by 2018. This seemed like an overly ambitious goal when we began the plan in 2013 but Halifax achieved it last year. We certainly cannot claim full credit for that achievement, but it speaks to Halifax's ability to reach greater heights.

In recent years, Council has done a good job of working together in the best interests of the HRM as a whole, a trend we hope will continue. As Council manages difficult decisions on commercial tax reform, zoning, and commuter rail we strongly urge all councilors to work together and to put the good of the city as a whole first. We continue to enjoy a strong partnership with staff and Council, and look forward to working together to making Halifax even better place to live and do business.

Conclusion

This year, will present a number of challenges for our new Council. The upcoming budget presents a significant fiscal challenge, Council's newly acquired tax powers will need to be debated, and major reforms of urban zoning rules and regional transportation will be brought forward for discussion. These are all demanding issues that will require balancing the needs of numerous stakeholders.

This submission has outlined the views of the Halifax Chamber of Commerce on all of these issues and more. Our recommendations are balanced and reflect the varied needs of the business community in the HRM. We strongly believe in the potential of our city and look forward to working with Council to move these issues forward.

The Chamber is recommending:

1. Balancing the municipal budget through expenditure reductions rather than tax increases.
2. Implementing commercial tax reform without raising taxes on the commercial sector.
3. Carrying out the regulatory and customer service-focused actions from Halifax's 2016-2021 Economic Strategy.
4. Approving a final version of the Regional Centre Plan that is consistent with the Chamber's principles of predictability, timeliness, transparency, and accountability.
5. Finalizing the Integrated Mobility Plan and ensuring that it allows for the efficient movement of goods around the HRM.
6. Continuing to work on a commuter rail service provided that it can be done at an affordable cost to taxpayers.

This submission has been created in collaboration with the Chamber's Task Forces, and includes input from our many Chamber members. The mandate of the Chamber's Task Forces are to support the development of policies on issues of importance to our members.

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