



POLICY UPDATE

News and views from the Metropolitan Halifax Chamber of Commerce December 5, 1997

Chamber Provides Pre-Budget Brief to Provincial Finance Minister

The Chamber is committed to working on behalf of its members to ensure a strong healthy business climate that fosters economic growth and prosperity for the region. To further this action, the Chamber holds an annual pre-budget meeting with Nova Scotia's Finance Minister.

In the December 3 meeting with Dr. Bill Gillis, the Chamber of Commerce expressed its views and concerns as the finance department prepares its annual budget for 1998. The results of a recent survey of Chamber members regarding budget issues were presented to the Minister.

Overall, we are pleased that the Government of Nova Scotia is operating on the basis of a balanced budget and that the province's heavy debt load is being reduced.

As well, we advised the Minister that while we respect and support the tough decisions that the government continues to make to contain spending, we also encouraged him to resist the temptation to increase spending again.

Using the results from the survey of our members on provincial budget issues, we addressed the following four key areas with the Minister:

- 1) Spending
- 2) Debt Structure
- 3) Harmonized Sales Tax
- 4) Public/Private Partnering

Spending

The big question remains-- how should we allocate a surplus? Our members tell us that any excess of budgeted income should be applied in the following areas: debt reduction (55%); tax reductions (32%); government programs (10%) and other areas (3%). Our members told us that personal income taxes should be reduced first, followed by the HST and then corporate taxes.

Debt Structure

In last year's meeting with the Finance Minister, the Chamber was told that 50% of the province's debt was denominated in foreign currencies. The Finance Department had an objective to reduce this foreign debt component to 20% within five years. While it has dropped slightly below 50%, the Chamber is disappointed with the lack of progress toward this objective.

Harmonized Sales Tax (HST)

The Chamber has played a very active role over the past two years in the policy deliberations and implementation of the HST.

Chamber members told us that the overall impact of the HST has been neutral, however, some industries have been negatively impacted while others more positively. Concerns exist that the HST is not a national program and the place of supply rules are too complex.

Private/Public Partnering

The Chamber continues to support the government initiative to encourage private/public partnerships. This policy corresponds with the government objective to reduce debt while at the same time allowing needed public works projects to proceed in an efficient and cost effective manner.

Further dialogue between the Chamber and the Government of Nova Scotia is essential, and the Chamber offered to have a Chamber representative work on the provincial task force on private/public partnerships.

We would like to thank all members who responded to our request for input as the results enabled the Chamber to provide the Minister with valuable feedback from the business community.

Editor's Note:

Look for a detailed report in the February issue of Business Voice. Also, plan to attend the Finance Minister's fiscal address to the business community for 1998 at a luncheon event on Thursday, January 8, at the Westin Nova Scotian.

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