



HALIFAX CHAMBER  
OF COMMERCE

Policy Statement

# Opportunities for Sustainable Prosperity 2006 (“OfSP”)

November 2006



## **INTRODUCTION:**

The 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 1700+ Chamber members employ more than 90,000 people representing over one quarter of Metro Halifax's labour force. It is the first North American Chamber to be certified to the ISO 9001:2000 International Standard of Quality, and it is the oldest Chamber on the continent, dating to 1750.

The Chamber has been an active participant in the formulation of the Province's economic development strategy, Opportunities for Prosperity (OFP), from its beginnings. The Chamber welcomes the release of Opportunities for Sustainable Prosperity (OfSP) and appreciates the many opportunities the Province has provided to the Chamber seeking our input and comment. The Province's focus on stakeholder input provides a solid foundation and builds support and commitment to achieving the objectives of the strategy. The Chamber congratulates the Province on its updated economic growth strategy, which indicates an innovative, adaptive and evolutionary approach.

## **ANALYSIS:**

In conjunction with the new direction in OfSP, the strategy retains a sense of continuity while making some appropriate adjustments to deal with changing circumstances. The Chamber recognizes that not all initiatives will be fully successful and it is important to build on the successes of the past with a firm vision of the future. The challenges the province's economy faces regarding globalization and the implications of Nova Scotia's demographic challenges are recognized and fairly stated in OfSP. The case for the explicit introduction of "Sustainable Competitiveness" into the Economic strategy is presented well, is consistent with societal and global trends and imperatives and reflects Nova Scotians' views on quality of life.

On October 19 2005 the Chamber provided the Province with a report titled, "Review of Progress in Implementing: "Opportunities for Prosperity...A New Economic Growth Strategy for Nova Scotians'." In that report the Chamber outlined certain key matters it encouraged the Province to address as it developed its new strategy. We are pleased to see progress on a number of these matters including:

<b>CHAMBER RECOMMENDATION - 2005</b>	<b>STATUS OF RECOMMENDATIONS IN OPPORTUNITIES FOR SUSTAINABLE PROSPERITY 2006 REPORT</b>
<b>1. Implementation of a more managed approach to debt reduction on an annual basis;</b>	Identified as a priority (Business Climate)
<b>2. Establishment of programs to assess the long-term viability and benefit of entrepreneurial skills development programs;</b>	Identified as a priority (Human Capital)
<b>3. Use of current data, at least in part, in</b>	Included in revised big picture measures (Business

<b>compiling the business climate indices;</b>	Climate, Measuring Nova Scotia's Performance)
<b>4. Inclusion of a perception survey component in the business climate indices;</b>	Included in revised big picture versions (measuring Nova Scotia's Performance)
<b>5. Continuing commitment to expanding immigration;</b>	Identified as a priority (human capital)
<b>6. Increased federal and provincial cooperation to attract outside investment and synchronize economic development activities;</b>	Effective partnerships with "federal and municipal governments, business and community groups" identified as fundamental to progress.
<b>7. Expansion of awareness by, and the involvement of new businesses in trade missions and the export prospector program;</b>	Identified as a priority. (Trade & Competitiveness)

The Chamber notes however that the following items have either not been directly addressed or do not appear to be priorities in the new strategy:

<b>CHAMBER RECOMMENDATIONS - 2005</b>	<b>STATUS OF RECOMMENDATIONS IN OPPORTUNITIES FOR SUSTAINABLE PROSPERITY 2006 REPORT</b>
<b>1. Reduction of corporate and personal income taxes;</b>	Not directly addressed. Identified priority is review the tax system and overall tax burden "to ensure efficiency and promote competitiveness". (Business Climate)
<b>2. Appointment of a red-tape reduction commissioner;</b>	Not addressed (Business Climate)
<b>3. Initiation of a business consultation process for new regulations;</b>	Not addressed.
<b>4. Renewed commitment and effort to resolve Aboriginal and Treaty Rights;</b>	Not directly addressed (Human Capital)
<b>5. Recognition in the business climate indices of relative values of different indicators;</b>	Not addressed.
<b>6. Inclusion of the Canadian average in the underlying tables of the business climate indices;</b>	Not addressed.
<b>7. Establishment of a process for comparing the Province to other non-Canadian comparable</b>	Not addressed.

<b>jurisdictions;</b>	
<b>8. Renewed focus on the possible reallocation of existing resources and putting pressure on the federal government to assist in the elimination of infrastructure deficit;</b>	Not directly addressed.
<b>9. Business retention and expansion strategy development/ improvement;</b>	Not directly addressed (Social Capital)
<b>10. Development of non-US export markets;</b>	Not directly identified as a priority, addressed generally in “opening doors” (Trade & Competitiveness)
<b>11. Improvement of the export database</b>	Not directly addressed (Trade & Competitiveness)

As OfSP is implemented we encourage the Province to address the above issues. And while not all government actions relating to OfSP may be captured in a given document, it is important to ensure actions in all government departments are linked to this Strategy as explicitly as possible.

The Chamber is pleased to see the Province promoting an economic growth model which focuses on what is referred to in OfSP as the “five capitals of productive capacity”, i.e. Financial, Natural, Built, Human and Social. In a very real sense, these five capitals correspond with Chamber priorities as reflected in the Chamber’s committee structure and the work of many Chamber committees in recent years. As a result the Chamber is in a unique position to review, evaluate and offer constructive input.

Financial Capital is a key building block of a successful economy. OfSP recognizes that access to capital is a problem and that Nova Scotia is a net exporter of capital. The Chamber is concerned that the government’s priorities set out in OfSP regarding Financial Capital seem to lack new ideas or initiatives and looks forward to reviewing concrete proposals to address these priorities. The Chamber is currently reviewing its own policy position with respect to government as a source of Financial Capital. So long as the government is operating as a source of capital, the Chamber encourages the government to adopt a transparent process and welcomes the application of the criteria set out under the Sectors section of OfSP to all government investments. In addition, the Chamber would like these criteria to include a consideration of the availability of private capital and an overview of the reasons why such capital may not be available in each instance. Transparency should extend to include published evaluations of all government investments on the basis of these criteria and regular (annual) reports on the success of such investments. Furthermore investments should be shown to be aligned with government priorities.

The protection and wise use of the Province’s Natural Capital is crucial to our sustainable competitiveness and the Chamber is pleased with the government’s commitment to ensuring that Nova Scotia’s regulatory regime contributes to a competitive business climate while at the same time protecting the environment and appreciates that an increased enforcement regime should provide improved

predictability and fairness. The government's Better Regulation initiative has made a great start in this direction. Government must continue this review of the regulatory regime to eliminate unnecessary regulations and to simplify compliance processes for business. Additionally, as regulations are developed or changed it is essential that government consult with those who will be affected. Furthermore, OfSP should recommend, as did Opportunities for Prosperity, an economic impact study of proposed regulatory change. Sufficient consultation with businesses and economic impact studies allow government, taxpayers and businesses to understand more fully the impact of new regulations. The priorities in OfSP regarding Natural Capital are appropriate but lack specifics. Concrete plans and policies particularly with regard to those priorities regarding innovation and research and development will be needed to ensure that business is operating in an environment that allows such initiatives to flourish.

Government's priority should be to identify and prioritize infrastructure deficits and develop and implement concrete plans (subject to budgetary constraints) to address them. The Chamber is concerned that the government's priorities regarding Built Capital are primarily focused on establishing partnerships and working with and supporting other groups. Such partnerships admittedly are necessary and important as there are clearly many areas of Built Capital that the province cannot control however they should not be the sole or even the primary driver of infrastructure plans.

#### **ACCOUNTABILITY:**

The introduction of Natural, Human and Social Capital as "strategic focus areas" and their linkage to the "Genuine Progress Index" and GPI Atlantic and thus to some extent GPI Atlantic's definitions of those terms implies an increasing linkage of the economic growth strategies to Nova Scotia's quality of life including our environment, health, education and culture. This is an ambitious and positive linkage. Nonetheless the government must not lose focus on the more conventional measures of growth and improvement in the business climate and the economies overall competitiveness on the global stage.

*Opportunities for Prosperity, 2005 Progress Report- Comments:* In the Chamber's view the Opportunity for Prosperity, 2005 Progress Report is a much clearer and provides more details than its 2003 predecessor. The report provides a direct progress update on each "Strategic Direction" area by "Issue" identified in the 2000 "Opportunities for Prosperity" document. Similarly, the 2003 and 2004 versions of the Business Climate Index provide direct measures of the government's progress towards its key goals.

The Chamber has confidence that the trend toward improved measurement and evaluation will continue as the new OfSP strategy unfolds. While the strategy establishes a framework based on sustainable competitiveness as the goal, it leaves the detailed planning and implementation in the various economic sectors to the individual department and agency plans. As a result, the annual business plans of each department and agency will determine the specific implementation steps, timelines and commitments crucial to successful implementation of OfSP. The Chamber looks forward to seeing very specific and

focused action steps in the department and agency plans. The Chamber also feels that evaluating the individual success of the department and agency plans will be crucial in reviewing the overall success of the OfSP strategy and stresses the need for as much transparency and objectivity as possible in the evaluations.

#### **CONCLUSION AND RECOMMENDATIONS:**

The Chamber congratulates the Province on a bold step forward in planning for our economic future and looks forward to the successful implementation of the strategy.

The Chamber will continue to monitor the Province's progress in light of our previous recommendations and makes the following additional recommendations for the Province's consideration:

- (a) Develop concrete action plans to address identified priorities with respect to each of the "Five Capitals of Productive Capacity";
- (b) Report regularly with evaluations of all government investments based on the identified criteria including consideration of the availability of private capital in each instance;
- (c) Continue review of the regulatory regime to eliminate unnecessary regulations and simplify compliance processes;
- (d) Identify and prioritize infrastructure deficits;
- (e) Continue to prepare and publish the Business Climate Index, making the amendments/improvements the Chamber has suggested with respect to including more current performance indicators;
- (f) Commit to preparing and publishing bi-annual progress reports, consistent with the 2005 Progress Report. This should include a report on the availability/development status of the "Canadian Index of Well-being."