

Halifax Chamber of Commerce

2018 Provincial Issue Note

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Prepared For:

Premier Stephen McNeil & Ministers

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The Halifax Chamber of Commerce is a business focused organization that represents over 1,600 members and over 65,000 employees in the Greater Halifax Area. Halifax represents 56%¹ of the GDP for Nova Scotia and 45%² of the population. In our new 2019-2023 Strategic Plan we are striving to create value and prosperity for our members. We will provide services our businesses need, and we will continue to advocate for the conditions in the economy that enhance their prosperity. Please find attached our 2019-2023 Strategic Plan visual for your consideration.

Each year, the Halifax Chamber of Commerce submits a note to the Province, detailing the issues that affect our members, our concerns for the upcoming year and the current and past projects that are beneficial to the growth of the Province. This year, the issues we are presenting range from entrepreneurship training to export development to the reduction of the regulatory burden facing businesses daily. Our task forces, “Fostering Private Sector Growth” and “Accessing the Skilled Workforce”, will focus on the following goals.

- Optimizing the Impacts of Government
- Creating a Frictionless Business Environment
- Reducing the tax burden
- Promoting Immigration
- Supporting Export Development
- Student Retention
- Entrepreneurship Training
- Promote the Growth of Halifax as a major city.

We look forward to hearing your comments as they will help guide our Task Forces and staff in the creation of our annual Pre-Budget Submission.

Advocacy Asks

- Managing taxation through effective and efficient spending; Consideration of new revenue sources
- Departmental spending aligned with population and inflation
- Greater autonomy for HRM – i.e. natural person powers
- Clear long-term vision for the future growth for the province
- Overall plan for fiscal sustainability – debt, debt service costs, unfunded teachers’ pension

Optimizing the Impacts of Government

Our discussions with members at roundtables, task force meetings and at our luncheons, often result in a conversation around optimizing the size of government. The common themes included: efficiency, effectiveness, revenue generation and this year, the use of the windfall from the 2017-2018 year.

Increased Revenue Generation

While taxation remains an important issue for our members, we also want to focus on managing taxation through efficient and strategic spending as well as consideration of potential new revenue sources. We believe through proper fiscal management government can reduce the burden of taxation. In addition, we expect that government compares their costs to similar services in the private sector to ensure that government is operating effectively and efficiently.

Our members tell us that Nova Scotia’s tax rates are significant at every level and when a readily available tax calculator is used³ Nova Scotia’s tax rates are the highest in Canada. This does not encourage investment in Nova Scotia or the growth of businesses in Nova Scotia versus other provinces.

¹ <http://www.halifaxpartnership.com/en/home/economic-data-reports/halifax-index/halifax-profile.aspx>

² IBID

³ <https://www.ey.com/ca/en/services/tax/tax-calculators-2018-personal-tax>

We are asking the Provincial Government to investigate the Capped Assessment program, to determine if it is still the most effective mode of taxation for Nova Scotians. The program often results in residents paying less and businesses paying more, as commercial properties are not eligible for a cap.

Reducing Costs

The Chamber was pleased to see that the Auditor General has asked the departments to better manage risks to operate effective programs and services. We believe these programs are often vital to students, businesses and immigrants, but we agree that they should be managed to be optimally effective and efficient. While our members see a balanced budget as positive, we are now aiming for our Province to see a surplus budget, where the surplus is used to pay down our outstanding debt as capital costs continue to increase. We remain concerned with the pattern of increased departmental spending, especially given that it is over the inflationary rate for the year. Inflation in 2018 was 2.57%, spending was 3.3% and the population increase for 2017 was only 1.0%⁴. This is concerning, given our Province's current level of debt.

The Chamber is closely following the Electoral Boundary Review and the work of the Electoral Boundary Commission. We are concerned that additional MLA's, over the current 51, will only increase our Debt per Capita ratio and ability to pay down our growing provincial debt. Nova Scotia's overall population is not significantly increasing which would mean the additional MLA's salary and costs, ranging from \$140,000 to \$200,000 dollars per MLA and an increase in total of between \$560,000 and \$800,000, would put further strain on our already growing debt per capita ratio and debt servicing costs. Debt service costs which are currently the 4th largest item in the provincial budget at over \$800,000,000 annually. The costs that are being considered do not simply go away when MLA's retire. The Auditor General reported in October 2017 that the obligation to 186 people was \$109,000,000. The MLA pension plan, it was also reported, has no assets and is unfunded. In addition, the province, through taxpayers, pay \$5 for every \$1 of contribution by the MLA. We will continue to monitor the Commissions discussions and reports.

Creating a Frictionless Business Environment

The Chamber and our members are passionate about the creation of a frictionless business environment through reduced regulatory burden. Reducing red tape, increasing common-sense regulations and the provincial government working closely with the municipality are all items we continually focus on during our task force meetings.

Red Tape

Our members are very pleased with the work the Regulatory Affairs and Service Effectiveness Office has and continues to do to make it easier to start, operate and grow a business. We are happy the Government has created programs to support businesses, such as:

- Procurement E-Bidding
- Business Navigators

We were pleased with the amendments to the Corporations Registration Act & changes to the Companies Act as the fees will now be eliminated in the first year of incorporation to reduce the incorporation fees. Members were also happy to hear that entrepreneurs & business owners will be able to start their new business sooner due to newly amended Service Standards. The reduction in fees will make it easier for entrepreneurs to open a business and grow our economy.

The burden for business is still significant and the opportunity to revisit outdated legislation and reduce or eliminate it must be pursued.

⁴ <https://novascotia.ca/finance/statistics/topic.asp?fto=21u>

Municipal Issues

Chamber members were very happy to hear the provincial government will be providing improved infrastructure for sport and recreation. We want Nova Scotia, and more specifically Halifax, to be a vibrant place to live, which includes focusing on community improvements and infrastructure investments. We are glad to hear that they will be in partnership with the Halifax Regional Municipality as we are adamant that success can only grow if all levels of government work together for the betterment of our home.

We are in support of the Municipality being given autonomy, also known as natural person power, to make decisions which would allow for greater opportunity and flexibility to deliver programs and services⁵. Enabling natural person powers through the current HRM Charter would accomplish this and as we hope to see, make the municipality more efficient and effective in its day-to-day operations, potentially reducing the regulatory burden on businesses and organizations.

The projected profits from Cannabis taxes is currently projected to be circa \$10 million⁶ the first year. This should give the Provincial government the ability to fund the municipality's expected budget of \$3.3 million for the training and hiring of as needed by-law officers and the expected ongoing costs for fire and police officers. This was the reason the federal government provided such a large portion of excise tax to provinces.

Province-wide internet will increase productivity and potentially provincial competitiveness on a global stage, but the \$190 million will not be enough to cover the full costs of province-wide high-speed internet. Toronto has already looking into the adoption of 5G, meaning the 4G in most of Nova Scotia will put our current businesses at a competitive disadvantage. We then ask the question, why was this funding, if not first used to pay down our increased debt or used to upgrade our internet connections in the business core of Halifax the engine of the province.

Supporting Export Development

Our task forces will be working diligently to advocate for the growth of Nova Scotia's export sector and promote the growth of Halifax as a major Canadian city. The task forces will be focusing on increasing awareness of the benefits and need for growth in Nova Scotia, and Halifax's, export industry. We are delighted to see the provincial government is also furthering Nova Scotia's economic growth through increased export support and funding. We are supportive of Nova Scotia Business Inc's "Export Growth Program" as aligns with our goals of increasing awareness of the benefits of exporting throughout Canada and globally.

Our Skilled Workforce

Entrepreneurship Training

The Halifax Chamber of Commerce is pleased to see that the government is working with universities, colleges, communities and entrepreneurs on a new economy approach to increase the number of Startup companies and increase the number of jobs for Nova Scotians. The \$15 million-dollar provincial investment into the early-stage venture capital fund will further the conditions needed for new and growing businesses in Halifax. We are also happy to see that the \$8.4 million invested in 2016-2017 for entrepreneurs has led to strengthen innovation and enhanced programming across the Province.

The Chamber is happy to hear that the "Dream" program will be available throughout the province to support rural entrepreneurs working on their ideas. The numbers are optimistic for new start up companies in the province. We are very pleased that the government is working closely with organizations such as Volta Labs to increase the size of

⁵ <https://www.shapeyourcityhalifax.ca/natural-person-powers>

⁶ Budget 2018-2019

innovation-driven enterprises. More can be done, through, to promote entrepreneurship for younger Nova Scotians in middle and high-schools across the province.

We are also happy to see the addition of the Innovation Rebate through NSBI as it provides a great financial incentive for businesses to innovate and adopt new methodologies, technologies and add new talent to their team.

Student Retention & Promoting Immigration

At the Chamber we are acutely aware that the talent supply needs to meet business needs and to accomplish this we need to focus on student and immigrant retention, integration of youth into the workforce and entrepreneurship training. A focus for the chamber is the addition of strong work integrated opportunities for students in Nova Scotia. We will be focused on this initiative during the coming year and would be keen to understand the governments initiatives in this area.

New Graduate Opportunities

We are happy to see the launch of the Innovate to Opportunity Program which will provide new graduates with work integrated learning experience and businesses with another tool for innovation and growth. The Graduate to Opportunity Program is still providing businesses with the ability to fill new positions with young people and provide youth the opportunity to work in Nova Scotia. This is a win-win!

Accessible Nova Scotia

Businesses in Halifax will also see benefits from the provincial governments promise of being full accessible by 2030. The Chamber fully supports this initiative and will continue to work and collaborate with groups and organizations to make the transition easier for members and businesses.

Further Questions & Concerns

In the Speech from the Throne it was stated: *“On October 1st, government will introduce part one of the Standard Household Rate, a wage exemption allowing those receiving income assistances to keep more of the money they earn. This will stabilize their income while they transition away from assistance and into the workforce. The more they work, the more financially stable they will become.* We have now heard rumours of this initiative for over a year and are anxious to know how much this will be and when it will be implemented to support these individuals and provide a greater workforce available in Halifax?

We would also like to know what the Provincial government will do to support the growth of businesses in the future, other than just reducing the regulatory burden. We were very glad to hear again of the successes of past and current initiatives and projects, but there was no mention in the throne speech of things to come. It is our expectation that government would have been clearer in a throne speech about the future rather than focusing on the past. Any further information on governments intentions to support the growth of the economy through the private sector would be important for us to communicate to our members.

Our Pre Budget-submission will delve further into the issues affecting our members and what we hope to see from the 2019-2020 provincial budget. The Chamber has enjoyed a productive working relationship with the provincial government in the past and we look forward to continuing this dialogue in the future. We strongly believe in the economic future of our city and will work with our 1,600 members and their over 65,000 employees to continue championing positive change in Nova Scotia.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Sullivan', written in a cursive style.

Patrick Sullivan
President and CEO
Halifax Chamber of Commerce

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