



# HALIFAX CHAMBER OF COMMERCE: PROVINCIAL ISSUE NOTE - 2014

October 1, 2014

Presented To: Premier Stephen McNeil and the Province of Nova Scotia

## Who We Are

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. Together, the approximately 1,500 member businesses and their over 90,000 employees, act as a single powerful voice to promote local business interests. The 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 9001:2000 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, countless numbers of opportunities for exposure through member services, advertising, and sponsorship. It also issues Certificates of Origin for those businesses that export internationally.

### **2013-2018 STRATEGIC PLAN – ASPIRATIONAL SENTENCE AND GOALS**

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.

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 prosperity of Chamber members by providing first class networking events, benefit programs, advocacy to governments, education, information and by making connections.

As part of the 2013-2018 Strategic Plan, the Halifax Chamber of Commerce created two Task Forces to provide input on the Plan's implementation. The members of the Task Forces are a diverse group of individuals with significant expertise on key policy issues.

## Time to Take Action

### ONE NOVA SCOTIA COALITION

The Chamber was very pleased with the government's announcement of the One Nova Scotia Coalition following our Chairman, Francis Fares', call for an all-party task force in April. However, more and more of our members are becoming concerned that things are just not moving fast enough. While the Now or Never Report called for the government to release a comprehensive plan by the end of 2015, we think that Nova Scotia's recent string of economic bad news calls for bolder action.<sup>1</sup> The steady decline in the number of employed Nova Scotians over the past 12 months and the \$679 million deficit that was announced for the last fiscal year should make it crystal clear that we are in deep trouble. Over the next few months, we will be looking for the government to show that they understand the depths of our problems and that they are willing to take the necessary steps to fix them.

The Chamber continues to believe that the One Nova Scotia Coalition is a positive step forward for Nova Scotia and we will keep working to hold all of our provincial leaders to account to ensure its success.

### CREATE A POSITIVE BUSINESS ENVIRONMENT

#### Reduce the Tax Burden

Nova Scotia has the lamentable distinction of having both high taxes and a high and rising level of public debt.<sup>2</sup> This is the unfortunate reality faced by the Nova Scotia Tax, Regulatory, and Fee Review (the Review) as it works to recommend changes to the tax system that are consistent with its principles of 'simplicity, fairness, competitiveness, and sustainability'.<sup>3</sup> While the recommendations of the Review will be important, what will matter more is whether our political leaders have the will to make tough decisions. The Chamber will be looking for the government to take a three-pronged approach to the province's finances:

1. Take urgent action to balance the budget next year;
2. Make significant tax cuts the year after, preferably to corporate and personal income taxes;
3. Reduce the size of government and make public sector compensation competitive with the private sector.

## **Champion Common Sense Regulations**

The Chamber's regulatory recommendations to the Tax, Regulatory, and Fee Review focused on the importance of taking a broad look at provincial regulations. Everything from regulated gas prices to statutory holidays has an impact on Nova Scotia businesses. Even more, regulatory reform is well suited to times of fiscal restraint. Done well, this review will save businesses money and encourage economic growth without increasing the provincial debt.

In addition, the most consistent message we heard from our members, no matter their industry, was that they needed government to be more responsive. Long processing times, slow responses from government officials, unclear program requirements, and a lack of information sharing between departments were consistent themes throughout our discussions. Because of this review, we will be looking for the provincial government to make measurable reductions in the regulatory burden and to adopt an 'open for business' attitude.

Finally, we will continue to call on the province to eliminate the Capped Assessment Program. In their report on Nova Scotia's property tax system, economists Harry Kitchen and Enid Slack found it strange that despite Nova Scotia's demographic challenges, the government continues to implement a program that raises the cost of living for the same kinds of people the province needs to attract. Since the Capped Assessment Program (CAP) does not apply to most renters and the assessment cap is lifted whenever someone buys a house in Nova Scotia, new residents and young people end paying more than their fair share of property taxes.<sup>4</sup> The Chamber understands the logic behind the CAP, no one wants to see people evicted from their homes because of rising assessments. But given that the CAP has such negative effects, we need to phase out the current program and move to a simpler system that targets property tax relief at those in the greatest need.<sup>5</sup>

## **Capitalize on Major Projects**

As major projects ramp up, building a competitive business environment will be more important than ever if Nova Scotia is going to maximize the opportunities these projects provide. The government needs to be sure that it has done everything it can to prepare Nova Scotia businesses for the opportunities that are fast approaching.

## **GROW AND NURTURE THE SKILLED WORKFORCE**

### **Enhance P-12 Skill Development**

The Minister's Panel on Education has provided Nova Scotians with an excellent opportunity to discuss what is required for a good education system. As a business community, we know that education is

critical for our long-term prosperity and it is one of our key concerns. In our submission to the Panel, we recommended:

- Encouraging innovation by providing schools and teachers with more freedom to decide how they will teach their students;
- Enhancing the curriculum to provide a strong focus on fundamental skills in math and science;
- Introducing entrepreneurship education to help students become adaptable and innovative;
- Focusing on spending our existing education funds in an effective and innovative manner;
- Reducing the achievement gap between students from different socio-economic backgrounds by ensuring that all schools have an equitable number of staff, infrastructure, and financial resources;
- Reviewing hiring and certification practices to make sure that the best teachers available make it into the school system.

Changing the education system will be a long-term project, but this fall we will be looking for the provincial government to demonstrate that they are committed to making the changes our system needs.

### **Promote Immigration**

In 2013, Nova Scotia's population declined by 4,272 people. This is over four times as many people as New Brunswick, the next worst province, leaving us with a smaller population than we had in 2010.<sup>6</sup> Simply put, we need more people to maintain our standard of living. While we must continue to work to convince our youth to stay and thrive here in Nova Scotia, the reality is that even if we succeed we will need much more immigration to fill the population gap. If nothing changes, the share of our population in the prime working ages of 18-64 will decline from 65.2% in 2011 to 55.1% in 2036, posing a serious threat to our future economic growth.<sup>7</sup>

With that in mind, the government made a good decision in choosing Wadih Fares and Colin Dodds to lead the Premier's Immigration Advisory Council. Focusing on both attracting new immigrants from abroad and retaining the international students we have is the right way to go. While the federal government is often the main actor in the immigration field, the onus is on the province to continue demonstrating that we are retaining Nova Scotia's existing immigrants and using all of our allotted provincial nominee certificates. Introducing a new immigration stream for international students was a move in the right direction. By demonstrating success, the province can make the strongest case to the federal government that Nova Scotia deserves more provincial nominees. Finally, the Office of Immigration has also done a good job trying to introduce employers to the federal government's new Express Entry system and we hope to collaborate further over the coming months.

## CONCLUSION

Overall, we will be looking for the provincial government to address the following issues over the coming year:

- Fast-track the work of the One Nova Scotia Coalition and take bold steps to address Nova Scotia's economic problems;
- Balance the provincial budget next year;
- Cut taxes after the budget is balanced and reduce the size of government;
- Achieve visible reductions in the regulatory burden;
- Make concrete improvements to Nova Scotia's education system and;
- Continue to prioritize improvements to the province's immigration retention and recruitment systems.

## References

- <sup>1</sup> [http://onens.ca/wp-content/uploads/Now\\_or\\_never\\_short.pdf](http://onens.ca/wp-content/uploads/Now_or_never_short.pdf) (page 49)
- <sup>2</sup> <http://www.novascotia.ca/finance/en/home/taxation/tax101/comparativepersonalincometax.aspx>  
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- <sup>3</sup> [http://www.novascotia.ca/finance/sitefinance/media/finance/Tax\\_and\\_Regulatory\\_Review\\_Consultations.pdf](http://www.novascotia.ca/finance/sitefinance/media/finance/Tax_and_Regulatory_Review_Consultations.pdf) (page 2)
- <sup>4</sup> [http://munkschool.utoronto.ca/imfg/uploads/280/final\\_report\\_may\\_20\\_2014.pdf](http://munkschool.utoronto.ca/imfg/uploads/280/final_report_may_20_2014.pdf) (page 57-58)
- <sup>5</sup> [http://munkschool.utoronto.ca/imfg/uploads/280/final\\_report\\_may\\_20\\_2014.pdf](http://munkschool.utoronto.ca/imfg/uploads/280/final_report_may_20_2014.pdf) (page 59)
- <sup>6</sup> <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=0510001&paSer=&pattern=&stByVal=1&p1=1&p2=37&tabMode=dataTable&csid=>
- <sup>7</sup> <http://www.scribd.com/doc/125124205/NS-Economics-101-OneNS-Discussion-Primer> (page 3-4)