



October 2, 2002

Honourable Cecil P. Clarke
Minister, Nova Scotia Economic Development
World Trade Centre
1800 Argyle Street, 7th Floor
PO Box 519
Halifax, NS B3J 2R7

Dear Minister Clarke:

RE: NOVA SCOTIA BUSINESS CLIMATE INDEX

On July 8, 2002 Nova Scotia Economic Development released its first "Nova Scotia Business Climate Index" and invited feedback from business people around the Province. The Metropolitan Halifax Chamber of Commerce participated in the public consultation process leading to the issue of "Opportunities for Prosperity" and is pleased to have this opportunity to provide feedback on Business Climate Index.

The Metropolitan Halifax Chamber of Commerce is a best-practice business organization that continuously strives to make Halifax an even more attractive city in which to live, work and play. The 2,000-plus Chamber members employ more than 60,000 people, representing over one quarter of Metro Halifax's labour force of 204,000. 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, with roots dating to 1750.

Firstly, the Chamber commends the Province on the timely issue of the Business Climate Index as set out in "Opportunities for Prosperity". The index indicates that Nova Scotia ranks favourably in many areas and has much to do to improve the business climate in others. The following paragraphs present the Chamber's observations and recommendations for future Business Climate Index reports. In presenting these comments the Chamber understands that this first issue of the "Nova Scotia Business Climate Index" is in fulfillment of the "Opportunities for Prosperity" commitment to issue a "State of Business Report" in the summer of 2002, including a business climate index.

1. In the Chamber's view, the index should among other things reflect the Province's objectives as outlined in "Opportunities for Prosperity". These are outlined under the "Measuring Progress" heading as follows:
 - "a balanced budget 2002-3
 - an increase in provincial employment by 20,000 by 2005
 - investment per person above the national average by 2005
 - export expansion by \$2 billion, or about 40 per cent, between 1999 and 2005, an aggressive target; and exports per person above the national average by 2010
 - provincial GDP growth above the national average over the next 10 yearsconsistent net in-migration through to 2010"

The Chamber notes as follows:

- a) The Index does not address the critical issue of the provincial budget status either in terms of deficit/balanced/surplus and the debt level of the Province. In our view it should include indicators of these important measures of our provincial fiscal health and capacity to support the business climate through investments in the labour force and infrastructure and the capacity of government to reduce the tax burden on businesses and individuals.
 - b) Progress towards objectives such as employment and export growth are not reported or alternatively not directly reported. The Chamber recommends the inclusion of direct measures such as export growth in addition to such measures as "Change in Export Diversity".
 - c) The report is based on 1999 or earlier data for the Index report presentation, as such it generally represents an 18-month lagging result and does not illustrate the recent progress this government may have made toward the stated objectives. To the extent that these indicators are relatively stable over time, it represents a good snap shot. The value of the current report could be improved by including pre-1999 Index results, thus presenting an indication of the underlying historical trends.
 - d) We note that the Index report as presented may be useful in the Province's investment attraction efforts.
2. The Business Index is based on 1999 data; we understand that this is due to the non-availability of more current comparable data across all Provinces. From a policy and current action (budget priorities) basis, this places the government in a situation where it receives no current feedback on the results of its actions. In our opinion, there is a need for a more current index or scorecard of the current performance of the government's actions. A scorecard including such indicators as: provincial budget deficit/surplus, GDP growth rate, employment growth rate, unemployment rate, business startups and closings, and, export growth should be possible on a more current basis.

3. The overall Index is based on a unity weighting of the applicable indicators (and only where consistent 1999 data is available) and as such does not weight their relative importance to the overall business climate. While we cannot offer a solution to this issue, we note that the consequence is that the aggregate rankings are not easily defended.
4. We recommend the inclusion of the Canadian average in the underlying tables as appropriate to enable an evaluation with respect to the Canadian average.
5. The Index is based solely on a comparison with other provinces. It would be helpful if the Province could recommend a basis, likely on a much abbreviated set of indicators, for ranking Nova Scotia against other non-Canadian jurisdictions.
6. An important next step as noted in "Opportunities for Prosperity" is the establishment of targets for those indicators that can be influenced by the Province.
7. The associated action plans cover only four areas, Business Immigration/Skilled Immigrants, Workers' Compensation, Electricity Cost and number of Patents Granted. Immigration is an area of particular interest to the Chamber, and Attachment I provides more detailed comments on the action plans in this area. In our view, future issues of the Action Plans should more broadly address the challenge of maintaining current strengths and addressing areas of deficit.
8. The Chamber would recommend the inclusion in the Index of a perception survey component measuring the views of current and potential investors in the Province. This would enable the Province to improve current and future investment attraction marketing programs and help individual Nova Scotians understand how others perceive them.

In closing, the Chamber would like to thank the government for this opportunity to present our views. We would be pleased to meet with you to discuss them further.

Sincerely,

Valerie Payn
President

cc: Chris Payne

Attachment I

Nova Scotia Business Climate Index
Comments of the Metropolitan Halifax Chamber of Commerce
RE: Action Plan on Immigration

The Chamber supports the Province's plan to increase the immigration of business people and skilled workers and provides the following observations and recommendations for maximizing the benefits of immigration. These recommendations are consistent with those presented in our September 2000 discussion paper.

Stakeholders & Other input

- The private sector is an important stakeholder in this issue and a necessary partner for successful business & skilled worker immigration – we recommend a forum for ongoing input from business.
- Immigrants now working in Nova Scotia are also important stakeholders and are well-informed on this issue, their input should be sought.
- Nova Scotia can benefit from the experience of other provinces that have developed such programs (Saskatchewan and Manitoba have both completed and published evaluations), we recommend review and consultation with these jurisdictions.

Planning for Retention

- Business immigration does not automatically lead to economic development –concrete plans for the orientation of newcomers and the local business community are essential.
- Good integration of newcomers leads to retention – the experiences of previous immigrant entrepreneurs shows that this is difficult in Nova Scotia. There must be a plan for the economic and social integration of families through support services.
- Public education is important to ensure that this is not merely a government project.
- Resolving accreditation issues must continue to be a high priority through work with the bodies responsible for regulated occupations.

The Chamber recommends that the Province's plan for attracting immigrants be coupled with an effective plan for integration leading to retention.