

## HALIFAX CHAMBER OF COMMERCE Presentation

**TO:** Nancy Conrad, Senior Vice-President, Policy

**DATE:** March 5, 2015

**SUBJECT:** Presentation to the Nova Scotia Standing Committee on Economic Development

**FROM:** Eric Blake, Policy and Research Analyst

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Good morning everyone, first of all I would like to thank you giving us the opportunity to appear before you today and discuss the priorities of the Halifax Chamber of Commerce. Before we get into the details however, it might be best to start with an overview of our organization.

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. With origins dating back to 1750, we are recognized as the first Chamber established in North America. Together, with our 1,600 member businesses and their employees, we act as a single powerful voice to promote local business interests.

The Halifax Chamber of Commerce offers over 100 events annually, and countless opportunities for our members to connect and conduct business. Through our All Ships Rise program, the Chamber provides training to businesses to help them build more competitive and innovative companies.

All of the actions of the Chamber are guided by our 2013-2018 strategic plan. The plan has many components but its overall goal is to realize Halifax's potential to be among the top 3 highest growth city economies in Canada by 2018.

We will achieve this by focusing our efforts in three separate areas, creating a positive business environment, growing and nurturing the skilled workforce, and driving member prosperity and value. We are fortunate to have three teams of volunteers who have dedicated their time to helping us achieve our ambitious goals.

In the short term, the Chamber has identified two key policy priorities, reducing the tax burden and promoting immigration, which we will be highlighting in our advocacy work in order to advance the goals of our strategic plan and the interests of our members.

When you requested that we appear before this committee today, we were asked to discuss how to help the business sector in Nova Scotia. We are in constant contact with our members and the vast majority of the time our members are urging us to be vocal on the big-picture issues facing our province.

In our pre-budget submission to the finance minister, our main message could be summed up as follows. By the time the 2015 budget is released, this government will have been in office for one and a half years. The farther a government gets into its mandate the harder it is to make politically challenging

decisions. The province received three separate reports last year that called for radical change in Nova Scotia. There can be no doubt. The time to act is now.

Nova Scotia has some of the highest tax rates in Canada and we feel strongly that this is a major impediment to a competitive business environment. Here are some examples:

- Nova Scotia has the highest HST in Canada at 15%
- Nova Scotia is tied for the highest corporate income tax rate in Canada at 16%
- Nova Scotia's personal income tax rates are among the highest in Canada and the difference is especially stark when you look at booming provinces like Alberta or even larger provinces like Ontario and BC.

In our submission to the tax and regulatory review we supported the idea that the government should focus on lowering the personal and corporate income tax burden in Nova Scotia.

Reducing the tax burden needs to be done in a sustainable manner and we believe that the best way to do that is by adopting the Broten Report's recommendation to freeze program spending for five years. The report estimates that a spending freeze will free up over \$1.1 billion in revenue that can be spent on reducing the tax burden and paying down the provincial debt.

As the government mentioned in the throne speech, 58% of the province's costs come from labour. If Nova Scotia ever hopes to achieve a sustainable balanced budget, all areas of spending need to be examined including people costs.

Our members feel very strongly that we cannot wait until 2017-18 to balance the budget. We will continue to call on the government to follow their tough talk with bold action and balance the budget this year. The provincial debt is almost \$15 billion, making it all the more important that we get our provincial finances under control in short order.

Regulatory reform is also incredibly important for our members and some research estimates that regulation cost Nova Scotia \$747 million in 2013. The Broten report has 16 regulatory recommendations all of which would contribute to improving the regulatory burden for Nova Scotians. The report stresses that building a good regulatory system is a never-ending job. It requires ongoing work and an organizational commitment to continuous improvement. We are also looking for the government to begin publically tracking the regulatory burden so that businesses have an easy way to tell if progress is being made. The government's plan to appoint a deputy minister in charge of regulatory reform is an excellent first step.

On immigration, the province should approve Halifax City Council's request to let permanent residents vote in city elections. The government has done good work on immigration recently but we still need to continue lobbying the federal government to create an immigration system that works for Nova Scotia. The Chamber has also launched its YES! Campaign, which is designed to change people's attitudes on issues like immigration

For education, we approve of the Minister's recently released education action plan. The Chamber has been supportive of reviewing the education system for many years and submitted a detailed report to the Minister's Panel on Education in early 2014. We will be watching the Department of Education closely to ensure that it follows its timelines to implement the action plan. The report was less clear about the plan's cost and given the government's current fiscal situation, we will be looking for the department to implement these reforms within their current spending envelope.

Finally, the Now or Never Report has resonated with Nova Scotians, but there is a strong perception out there that not enough is being done. We think there is an important role for the One Nova Scotia Coalition to help Nova Scotians take a more positive view of private sector growth and to motivate citizens to take action in their communities.

We have been speaking with our members constantly over the past year and we are extremely proud of the actions they have taken to build stronger and more innovative businesses. We have heard from members who have done everything from investing in training and new equipment, hiring youth and recent immigrants, and exploring partnerships that will let them compete on a global scale. While there is certainly much more to be done, our members have shown that they are ready to do their part.

Again, I would like to thank all of you for giving us the opportunity to speak today, I am happy to answer any of your questions.