



Toward a Business-Friendly Policy and Regulatory Environment

August 9, 2000

A Report of the Metropolitan Halifax Chamber of Commerce
in response to:

“Toward Prosperity Developing an Economic Growth Strategy for Nova Scotia –
A Discussion Paper”

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Executive Summary:

The private sector is the engine of economic growth. In developing a Nova Scotian economic growth strategy, the government of Nova Scotia must focus on creating a globally competitive “business-friendly policy and regulatory environment preparing a highly skilled and flexible work force”¹ and ensuring an appropriate physical infrastructure is in place (roads, rail, ports, communications, etc.).

These goals represent a journey where success will be achieved by the focus and commitment of successive provincial governments working in conjunction with other levels of government, labour, communities, social groups and the private sector toward a prosperous and self-sufficient Nova Scotia. Our first priority must be to get our financial house in order, creating a sound foundation upon which to build.

To maintain stakeholder support, the Chamber urges the provincial government to establish a transparent accountability framework with specific measurable objectives and to communicate to the public actions and progress towards these objectives on a regular basis.

¹ *Toward Prosperity – A Discussion Paper*, page 38

Introduction:

In response to the Nova Scotia Economic Development Department's request for input on "Toward Prosperity, Developing an Economic Growth Strategy for Nova Scotia – A Discussion Paper", the Metropolitan Halifax Chamber of Commerce welcomes the opportunity to provide our perspectives on the development of an economic growth strategy for the province.

The 1,800 corporate members of the Chamber employ over 50,000 people, representing more than one quarter of Metro Halifax's labour force of 199,000. As the voice of business, the Chamber works on behalf of small businesses and large corporations alike. Seventy-eight per cent of Chamber members are organizations with 25 or fewer employees. The Metropolitan Halifax Chamber of Commerce has the largest membership in Canada among mid-sized cities. It is also the oldest Chamber in North America -- celebrating 250 years in the year 2000 -- and was the first certified to the ISO 9002 international standard of quality.

Our submission will first comment on the key sub-sections of the discussion paper and it will conclude with a summary of our views.

Vision:

Fundamentally, the Province's economic growth strategy is about choices, focus and commitment within the constraints of globalization of the economic landscape, available resources and the nature of the society within which Nova Scotians collectively wish to live and work. It cannot deliver all things to all people, regardless of location and aspirations.

We believe the vision must recognize the private sector as the engine of economic growth. The government's role should be defined in terms of creating a stable and sustainable business-friendly policy and regulatory environment, investing in creating a skilled and flexible workforce and supporting physical infrastructure. This will enable communities to build on their strengths and provide individual Nova Scotians with choice and opportunity.

Context:

The Chamber supports the conclusion in *Towards Prosperity* that, "no longer will government presume to know how to create long-term employment opportunities better than those who actually provide them – entrepreneurs and private-sector firms." The challenge the government faces is how best to set the stage for their success.

In making choices, building on our strengths (our people, our natural resources and, the beauty of the land and the ocean) and looking outward for opportunities best prepares Nova Scotia for the challenges presented by the globalization of the economic stage. Nova Scotians must be encouraged to embrace the necessity of lifelong learning and adaptation in a rapidly changing world.

In particular, the Chamber recommends that government policy should focus on the following:

1. Business-Friendly Policies:

- We should foster the growth of export driven industries because we cannot create prosperity based solely on internal trade.
- We should encourage the growth of locally owned businesses as well as new investments by foreign owners.
- Direct business subsidies should be eliminated. Business works best when economic realities, not artificial incentives, drive business decisions. Tax incentives should focus on growth industries and should be supported by transparent processes, clear objectives and measurable results.
- Artificial incentives and barriers to the flow of capital or labour between the “two economies”(i.e. rural and urban Nova Scotia) should be avoided.
- Innovation and competitiveness should be supported across all industries, and in particular, those industries where Nova Scotia has a distinct competitive advantage.

2. Highly-Skilled and Flexible Work Force:

- We should foster the development of a world-class, lifelong learning environment for all Nova Scotians. Particular attention should be addressed toward Nova Scotia’s high secondary school dropout rate. Young people in Nova Scotia should be encouraged to participate in the knowledge economy.

3. Simplified Regulatory Environment:

- We should reduce and simplify the regulatory processes faced by Nova Scotian businesses.

4. Physical Infrastructure:

- Increased private sector participation and investment in establishing key infrastructures such as ports, highways, communications and capital formation facilities should be encouraged.
- In making choices, support should be directed to creating the infrastructure required for successful industries, not promoting a specific firm.

5. Collaboration at all Levels:

- The Government of Nova Scotia should encourage collaboration with labour, the private sector and communities by defining and striving to achieve common economic development goals. Whenever possible, the federal and municipal levels of government should be encouraged to join in this effort.

Principles & Critical Success Factors:

To be successful in a global context, Nova Scotia businesses require a competitive business and regulatory climate and access to a flexible and trained workforce and supporting infrastructure. Creating this target environment requires consensus, followed by commitment to a long term vision pursued over successive government mandates by business, the public sector, labour, community and social group stakeholders.

Strategic Directions:

Long-term job creation should be the responsibility of the private sector, as outlined in the Chamber's November 22, 1999 Report to the Nova Scotia Fiscal Management Taskforce: "The role of government is to provide a competitive and predictable business environment to foster economic expansion and job creation and provide the necessary tangible (roads, port, rail) and intangible (tax regime, regulation) infrastructure to achieve those objectives."

To achieve this, the government needs to live within its means and commit itself to a sustainable balanced budget. This will require the government to select priorities and provide infrastructure and services that can be funded over the long term. The government must communicate its commitments on an ongoing basis, as well as progress towards these commitments.

Performance Measures:

The old adage, “What gets measured gets done”, applies to government as well as the private sector. In our view, the government’s economic strategy requires clear objectives for economic and employment growth, workforce development, deficit reduction and quality of life.

Accountability for outcomes must be established through a system of performance measures that address these specific objectives. These measures should form the basis of an annual competitiveness report prepared and published under the guidance of an appropriate body external to government in an open and transparent manner.

Summary & Conclusions:

The private sector is the engine of economic growth. In developing a Nova Scotian economic growth strategy, the government of Nova Scotia must focus on creating a globally competitive “business-friendly policy and regulatory environment and preparing a highly skilled and flexible work force”² and ensuring an appropriate physical infrastructure is in place (roads, rail, ports, communications, etc.).

These goals represent a journey where success will be achieved by the focus and commitment of successive provincial governments and the public sector working in conjunction with other levels of government, labour, communities, social groups and the private sector toward a prospering and self-sufficient Nova Scotia. Our first priority must be getting our financial house in order, creating a sound foundation upon which to build.

We recommend that progress towards the government’s economic growth strategy take the form of an annual competitiveness report prepared and published under the guidance of an appropriate body external to government. The Chamber would be pleased to support the development of such a report and participate in ongoing processes to advise Cabinet as referred to on page 30 of the Discussion Paper.

² *Toward Prosperity – A Discussion Paper*, page 38