



HALIFAX CHAMBER OF COMMERCE

stronger together

Annual Municipal Pre-Budget Submission 2012-13

February 23rd, 2012

Presented To: Halifax Regional Municipality





WE ARE

A not-for-profit business organization that takes a business - like approach to its operations.

Objective and non-partisan; we do not lobby for specific interests.

Funded exclusively through membership fees and fees for services we provide.

Experts in running conferences, publishing and disseminating information, helping people network, developing leadership skills, and building community capacity.

Specialists in the development and advocacy of public policy.

Not a government department or agency.

Independent from, but affiliated with, the Nova Scotia, Atlantic Provinces, and Canadian Chamber of Commerce.

A diverse organization made up of businesses that mirror the Halifax, Nova Scotia, and Canadian economies.

Introduction

The Halifax Chamber of Commerce is a best practice business advocacy organization that represents over 1,500 members and strives to make Halifax an even better place to live, work and play. It is the oldest Chamber in North America with roots dating to 1750 and was the first Chamber in North America to become ISO certified. The Chamber is an active voice for business at the federal, provincial and municipal level.

The Chamber has revised its existing strategic priorities this year and has set new ones for 2011-13 to better represent the needs and interests of our membership, including an even greater focus on enhancing our competitiveness. These new strategic priorities are based on member feedback and are as follows:

- 1) Helping businesses take advantage of our provincial and city economic strategies
- 2) Making Halifax more competitive

The following submission outlines the Halifax Chamber of Commerce's position on issues that are critical to the local business community and fall under our two main strategic priorities. It aims to bring policies and strategies to the forefront to inform and assist the City in developing its 2012-13 municipal budget.

Executive Summary

This is an exciting and busy time for Halifax. The construction of a contemporary new downtown library is well underway, the Emera Oval has been approved and constructed as a permanent and positive fixture in our community, and new infrastructure such as a convention centre and stadium are being considered and analyzed for their potential to improve our competitiveness, our community, and our quality of life.

However, there are still many challenges facing this City.

Juggling and prioritizing the multiple development projects and decisions – such as whether to construct a Halifax Stadium or a new convention centre, and the opposing viewpoints of the general public towards those projects – are always tricky things to manage. These decisions become even more difficult when a municipal election is on the horizon, as this can often be a distracting time.

Furthermore, over the past few years our City has witnessed slower population growth at the same time that municipal spending has increased. In 2001, Council approved an operating budget of \$490 million to govern our City, which was then home to less than 360,000 people. In 2011, the city operating budget was \$758 million, while population

grew to just over 400,000 people¹. That's a 55% increase in the operating budget over a ten year period, while just a 13% increase in the population.

Finally, there's the Irving Shipbuilding contract. While it is truly a great game-changer for both Halifax and Nova Scotia, we need to brace ourselves now for everything that will come with this contract –from traffic flow, to population growth, housing, and parking.

As we move forward, these challenges will require stronger leadership.

On behalf of the business community of Halifax, we provide comment on the following areas as City Council prepares the 2012-13 budget:

- 1. Competitiveness**
- 2. Fiscal Responsibility**
- 3. Effective Investing & Spending**
- 4. Leadership & Accountability**

1. Competitiveness

Despite the fact that Commercial Tax Reform has not seen any traction with Council in recent years, the Chamber continues to fight for a more competitive tax environment for our businesses.

As referenced in our letters and statements, commercial tax reform is not about paying less tax. Commercial tax reform is a method of strengthening the competitiveness of our commercial sector through adopting a more equitable and more transparent tax structure. It's about embracing an open-for-business attitude, so we can welcome more entrepreneurs and businesses to our municipality instead of scaring them away. It's about red carpet, not red tape.

The commercial sector's taxes are about four times the size of homeowner's, and with far less services. In many cases, homeowners are not paying for their full scope of services because they are subsidized by the commercial taxpayer.

Commercial tax reform was ignored in last year's budget, and it is our intention to ensure it does not fall off the radar. It is also time our Municipality stepped up and

¹ Halifax Regional Municipality. *Halifax 2011/12 Approved Budget*. Retrieved from http://halifax.ca/budget/documents/V9CompletedApproved2011-12OperatingBook_000.pdf

acknowledged the fact that businesses pay a tax rate that is disproportionate to that of residents’.

If we are a business-friendly city, we need to show it. A tax model which is transparent, equitable, and competitive will serve our business community well now and into the future.

The Chamber Recommends:

- Public acknowledgement from Council that there is a significant discrepancy between the commercial tax burden and the residential tax burden;
- Minimizing any increases in the cost of doing business in Halifax;
- Reworking the commercial tax system gradually; the end result must be a more equitable and justifiable commercial tax rate;
- A reduction in the commercial tax rate that is directly proportionate to the continued increases in commercial property assessments. We understand that a reduction in the residential tax rate will also decrease the commercial tax rate as a result of the commercial “multiplier” – but as there is no cap on commercial property assessments, many businesses will still continue to pay more.
- Streamlining the development approval process to create and support the message that we’re ‘open for business’.

2. Fiscal Responsibility

Last year, in our 2011/12 Municipal Budget Report Card, the Chamber applauded the City for continuing to reduce the debt through the Multi-Year Financial Strategy (MYFS), and for generally managing our debt well and adhering to the principles laid out in the MYFS. The Chamber will be looking for this sound financial management to continue as a critical component of good governance and fiscal responsibility.

The Chamber Recommends:

- Continuing to live within our means, pay down our debt, and focus on a long-term financing plan to replace and renew infrastructure;
- Continued progress on the City’s Multi-Year Financial Strategy (MYFS).

3. Effective Investing & Spending

Businesses in HRM and the province are still facing increasing pressures on a number of levels; rising fuel costs, rising water rates, and rising power rates, to name a few. Clearly, we require a shift in attitude regarding economic development; a shift from an anti-business mindset to a more ‘open-for-business’ one.

As mentioned above, our municipality has seen slower population growth at the same time that municipal spending has increased. While drastically restricting municipal expenditures may not be a reasonable or realistic thing to support, what should be examined is the prioritization of our expenditures so that we get the best value for our tax dollars. The City should focus spending on areas that will grow our economy and mitigate the present and future costs of doing business in Halifax.

The Chamber recommends:

- Prioritizing expenditures, favoring areas that will grow our economy, attract more businesses and people, and decrease the costs of doing business in Halifax;

4. Leadership & Accountability

From tax decisions to setting infrastructure priorities, businesses in this city depend on an efficient and effectively run municipality to make the right choices for them, and to make them in a timely fashion.

They also depend on a municipality that is held accountable for its actions and decisions, and the quality of its management of public funds. To this end, the Chamber fully supports the work of our municipal Auditor General’s office, and supports the continued investigation of procedures at HRM with the goal of increasing efficiencies and improving service delivery, wherever possible.

To date, the Office of the Auditor General has made a total of 266 recommendations to HRM, and has submitted a total of 16 reports. HRM Administration is in agreement with all of the 266 recommendations, and their implementation is tracked by the Chief Administrative Officer, Richard Butts. The Chamber was pleased to learn that many of the Auditor General’s recommendations have been implemented thus far.

The Chamber was also pleased with the Nova Scotia Utility and Review Board’s decision in July 2011 to reduce the number of municipal districts to 16, plus the mayor. Theoretically, a smaller Council should be better able to work together, and be more

focused and cohesive. This is important, because local entrepreneurs require stability and efficient decision-making for business planning purposes. This includes the many tax and development-related decisions Council faces on a regular basis, which often have enormous implications for local businesses.

However, reducing the number of districts alone won't do the job. The onus will fall to the municipality to demonstrate its leadership and ensure we are making Halifax a better, more future-focused city, without consideration to personal agendas or regional biases. We need to be the best we can be, so that we will attract more people and business to our great City.

The Chamber Recommends:

- Supporting the work of the Auditor General and continuing to thoroughly examine procedures at HRM for greater efficiencies;
- Continuing the implementation of the recommendations made thus far by the Office of the Auditor General;
- Leveraging our smaller council size for more focused and efficient council meetings;

Conclusion

It is critical that our municipal government ensures there is a basket of competitive conditions to support business investment and growth now and in our future.

Over the next few years, the Chamber will be examining municipal actions and issues through a 'competitive lens' that will include the following key elements of a competitive economy:

- Good infrastructure.
- 'Open-for-business' attitude.
- Regulations that make sense.
- Reasonable taxes.
- Sustained growth.
- Fiscal prudence.

We look forward to working with you to achieve these objectives. As always, the Chamber stands by ready to assist the Province in any way possible.

More information about the Chamber and its advocacy work can be accessed by contacting the office or visiting the Chamber web site at www.halifaxchamber.com.

This submission has been created in collaboration with the Chamber's Municipal Affairs Committee, as well as input from our many Chamber members. The mandate of the Chamber's Municipal Affairs Committee is to support the development of policies on issues of importance to our members that are within the purview of the Municipal Government.

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