

HALIFAX CHAMBER OF COMMERCE



Halifax Chamber of Commerce's
2020 – 2021 Municipal Pre-Budget Submission

Submitted to: Mayor Mike Savage & Councillors of the Halifax Regional Municipality

February 7th, 2020

The Halifax Chamber of Commerce

The overall goal of the Halifax Chamber of Commerce is to create **value** and **prosperity** for our over 1750 members. Through our [2019-2023 Strategic Plan](#) we are providing the services businesses need, hosting events that will help them learn and are advocating for the conditions in the economy that enhance their prosperity.





Our task forces, Fostering Private Sector Growth and Accessing A Skilled Workforce, are currently working towards goals that aid in our member's prosperity and economic growth of the Municipality.


We host numerous events each year which focus on the areas mentioned above. Our signature and annual events often feature local entrepreneurs and immigrants, post-secondary institutions and prestigious business organizations. Each year we provide our members the opportunity to hear the state of the Municipality and Province during luncheons and celebrate their successes at our Business Awards.


Status of our [2019-2020 Municipal Pre-Budget Submission Recommendations](#)

 Not Progressing  Progressing

Optimize the Size of Government:


-  Balance the municipal budget through expenditure reduction rather than tax increases.
-  Implement commercial tax reform without raising taxes on the commercial sector.
-  Review the benefits of a multi-year budgeting process rather than a standard one-year budget.
-  Ensure increases to the Police and Fire budgets reflect Halifax's population growth and ability to finance increases without tax rate increases.


-  Provide stakeholder consultations on pension funding reform to ensure fiscal sustainability for the Municipality.

-  Request Ability to Pay Legislation implementation from the Province to ensure arbitration decisions are tax-payer centric.


Creating a Frictionless Business Environment:


-  Investigate the application of the 'One-For-One' Rule to reduce the regulatory burden currently facing businesses in Halifax.


-  Ensure the remaining Municipal by-laws are reviewed and amended, repealed, or replaced, if necessary, within the 2020-time commitment.

-  Continue to partner with the Province on, and for red tape reduction projects.

Promote the Growth of Halifax as a Major City:

-  Ensure the transportation standing committee's taxi review is available for public consultations and review and research viability of Uber or Lyft.

-  Prompt public stakeholder discussions on the viability and value of the commuter rail system

-  Set a firm deadline for the release of the final Centre Plan document, as in theory, it should provide predictability to the business community.

Optimizing the Size of Government

The Halifax Chamber of Commerce regularly has discussions with our members regarding the spending habits of government. Yes, taxes are a significant part of this conversation, however, members also want to ensure the government is spending efficiently and sustainably.

ⁱOne area of potential improvement is the Budget & Business Plan documents utilized for approval of the upcoming budget. The percent change from 19/20 uses the ‘budgeted’ amount for 19/20 rather than the ‘projections’ for 19/20 which are a better estimate of the actual expenses. As you can see from the chart, if ‘projections’ are used, then the percent change increases from 2.9% to 7.2% which is a significant rise.

Summary of Expenditures & Revenues: Corporate + Customer Services 2020/21 Budget & Business Plan Committee of the Whole on Budget January 22, 2020							
Expenditures	2018/19 Actual	2019/20 Budget	2019/20 Projections	2020/21 Budget	19/20 Budget Change	2019/20 Percent Change	2019/20 Percent Change using 2019/20 Projections (not currently included)
Compensation + Benefits	\$ 16,777,004.00	\$ 18,552,900.00	\$ 17,710,700.00	\$ 19,089,100.00	\$ 535,200.00	2.9	7.2

This increase in expenses for 2020/21 may be due to the planned addition of 3 employees in the Corporate and Customer Services Department, but it appears they were also budgeted for the previous year and never hired. If three new employees are hired and we use the 7.2% increase in the department’s compensation and benefits costs, the Municipality will be spending over one million dollars more than the previous year.

Recommendation: *To increase transparency and accountability, we ask that the percent change for budgets utilize projected expenses rather than budgeted for a more realistic valuation of the budget.*

The Halifax Chamber is awaiting the outcome of the discussions from stakeholder roundtables on the potential changes to the commercial tax system. We remain proactive in our consultations with our members on these changes and continue to hear

that understanding the true “cost of services” is a priority for our members.

The Chamber is in support of Three-Year Rolling Assessment Averaging, as we believe that was the most equitable of all options presented. Our members represent diverse sectors and represent all regions of the Municipality.

Recommendation: *Make the actual costs of service delivery available to commercial organizations.*

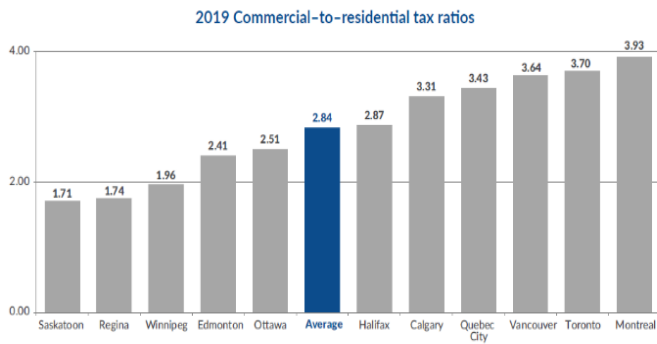
One of the most common questions we hear from our members is how the Council and staff make decisions on recreation facilities and general capital budget spending. One example in 2019 was the announcement the Municipality would spend roughly \$80 millionⁱⁱ for the Halifax Forum

redevelopment. While we have heard the representations with respect to the heritage aspect of the Forum, we note the recent 4-

pad was built in Dartmouth for much less and provides four rinks for recreational usage. Our members are uncertain of the process employed by Council to reach this decision and the degree of broader constituent input solicited. At the same time the decision to invest up to \$20million in the proposed stadium (25% of the cost of the Forum rebuild) was subjected to much greater scrutiny.

Projects, like the Forum redevelopment, are driving the Municipality's capital budget higher than previously expected. Over the past number of years, the Municipality has followed a very successful strategy to reduce its level of debt which the Chamber has fully supported. Our members are concerned that as new and larger capital projects are advanced that these projects can be completed without burdening taxpayers with escalating tax bills. Members have also expressed concerns that with the larger projects at hand that smaller but necessary capital projects not be sacrificed.

The image below of Canada’s commercial to residential tax ratio’s shows that Halifax sits just above the average, the first time in 6 yearsⁱⁱⁱ. This is a concerning development.



We support projects that will increase our competitiveness and make the Municipality a better^{iv} place to live, work and play, like the Cogswell redevelopment, but want to ensure that, like the Cogswell development, projects are prioritized in consultation with the business community and residents.

Our members, and the broader community, would like to be informed of the reasons Council accepts capital projects, especially when they represent significant costs.

Recommendation: *Ensure community/business consultations when projects greatly impact the Municipality's level of debt or are a significant line item in the capital budget projections.*

Not surprisingly perhaps, the Chamber is focused on the residential and commercial tax rate. We are aware that this year Council can “choose to reduce the residential and commercial rates or keep them flat and pay for the growing list of unfunded items identified through the budget committee meetings-the budget parking lot”^v. We are concerned, though, that the Municipality is relying on the excess revenues that have been realized in 2019/2020 through an increase in Deed Transfer Tax^{vi}, and as such worry that the capital expenses will not be able to be funded after 2020/2021 without once again

raising taxes. We hope that Council will ensure that the proposed capital projects are accepted based on the availability of funds for the duration of the project rather than the current years.

Recommendation: *Accept capital budget projects if the funds needed are available throughout the duration of the development, rather than currently available resources.*

Creating a Frictionless Business Environment

It is crucial that we ensure our businesses do not face overly burdensome regulations and roadblocks potentially impeding the growth of the Municipality. The continued growth of our businesses provides employment opportunities to students, recent graduates, and immigrants, and space for research and development in emerging markets, like the ocean tech sector, and contribute to our growing GDP and population growth.

By 2030 all businesses in Halifax will need to be accessible to meet provincial legislation. This will not only involve installing ramps, changing floorplans and upgrading elevator systems but will also create a need for new accessible operating systems, inclusive teamwork and new ways staff can accomplish their goals. This will be challenging and will require a business to access capital, submit permits to the Municipality and utilize ‘spare’ time. We want to ensure that our members’ requests for permits for accessibility projects are reviewed, efficiently and in a timely manner.

Recommendation: *Have a separate permit application process for accessibility projects to ensure timely and efficient approval.*

While we note an improvement in the regulatory environment in the Municipality, we are still informed of issues that impact our member’s businesses. As mentioned in our 2019 issue note, signage permits are a considerable challenge for many of our members and impact their timelines,

development and potentially the economic growth of our city.

We want to ensure our members have consistency and timeliness in the permit application process across sectors to ensure businesses remain competitive and relevant in the global economy.

Recommendation: *Ensure consistency and timeliness across all businesses sectors to ensure Halifax businesses remain competitive and relevant.*

As a member of the Construction Mitigation team, we are in support of the document that was submitted to Council by the Spring Garden Area Business Association. We agree that while construction can lead to economic growth and opportunity, the construction stage is not without its impact on businesses. Along with the other members of the team, we would like to see:

- Compensation to the affected Businesses
- Funding for BIDS to Promote the Area During Construction Periods
- Better Communication
- Site Management
- Better Planning
- Better Engagement
- Uniform Application of the Rules for Private Developers and HRM, as HRM does not follow Construction Mitigation Plan (CMP) rules and processes.
- Other (provided in the letter)

Recommendation: *Carefully review the [Construction Mitigation letter](#) from the Spring Garden Area Business Association to improve the quality of business for those businesses impacted by construction.*

We are in support of many of the Natural Person Powers that have been requested to the Province by the Municipality. Specifically, the ask to change the Municipal Elections Act to allow permanent residents to vote in municipal elections. We believe that since permanent residents are often long-term

inhabitants of our communities and pay taxes, they deserve to have their voices heard by their representatives.

We are also in support of the asks for Commercial Tax Options to “Request to work with Service Nova Scotia and the Property Valuation Services Corporation (PVSC) to change the commercial tax assessment so it is based on 3 past years of assessment rather than one year” as this would “increase predictability in annual commercial tax bills by evening out increases”^{vii}.

A frictionless business environment not only encompasses fewer regulations but should also include practices and procedures, like a construction mitigation guide, quick permit applications for common-sense business upgrades, and timeliness and consistency across all sectors. The Halifax Chamber of Commerce would like to see businesses choosing to locate to Halifax because of a positive business environment and opportunity for growth.

Promoting and Supporting Halifax as a Major City

Halifax is the economic generator of our province. It is home to almost 50% of the population and generates over 50% of our GDP^{viii}, therefore, it is crucial that we ensure we continue to promote Halifax to businesses, immigrants, and residents.

The Halifax Chamber of Commerce supports the addition of ridesharing services to our transportation options and acknowledge they should not be held to a lower standard of safety than our current taxi options.

Recommendation: *Ensure the implementation of ride-sharing options, like Uber in Lyft, within the Halifax Regional Municipality.*

As noted in our 2019 Issue Note, we are pleased that the Municipality is working towards a climate change plan, HalifACT 2050. A priority of this plan is to save money^{ix}, so we hope the money that is saved will be allocated efficiently and towards more cost-saving programs.

We would like to be a communications partner for HalifACT 2050 and with the opportunity to provide our members with public consultations sessions and updated information on reducing emissions, therefore helping to conserve our communities.

We hope that HalifACT 2050 will align with the Municipality's other projects and documents, like the Integrated Mobility Plan and the Centre Plan.

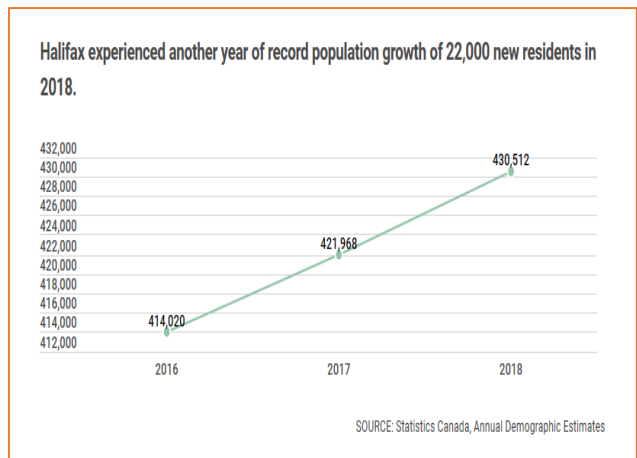
Recommendation: *Ensure that the money the Municipality saves from Halifax 2050 will be used to improve efficiency and ease of services for businesses and Halifax residents.*

Population growth is necessary for our Municipality and Province to enhance our GDP, our tax base and to remain competitive for the attraction of national and international companies and organizations. We are pleased that Halifax had a significant population growth in 2018 and hope that we can continue this pathway. The graph below shows a positive trend for Halifax's population, but we believe there is more to be done to attract immigrants and Canadians from other provinces. ^x

The Municipality has an internship program; therefore, the municipality is aware of the value of work experience for our graduates. We want to retain our new Canadians and recent graduates in Halifax and therefore communicating Provincial programs would enhance the number of organizations who hear/know about the current programs and funding

We remain concerned that housing prices and increasing food prices might be a barrier of entry into working and living in the Municipality, specifically, Halifax. Halifax's rental vacancy rate now sits below Toronto, at roughly 1%^{xi}. This low rate

promotes an increase in rental prices which could deter young professionals from selecting Halifax as



their place of work. While we understand that a low vacancy rate can be due to population increases and seniors downsizing, we want to ensure that those considering moving to Halifax or graduating from a Halifax program have a place to not only work but also to live.

Recommendation: *Increase approval time for building permits to boost the number of available housing options in order to increase competition and lower housing costs.*

Halifax can only prosper and grow if businesses and individuals have the right tools and services. For businesses, this can mean educated, motivated employees and for both businesses and individuals, this can mean a municipal climate change program, affordable housing, and safe and efficient transportation. Halifax is the economic generator for the province, and without Municipal support, our Province may not continue to grow in both population and GDP.

Recommendations to Halifax Regional Municipality Council for the 2020-2021 Budget Year.

Recommendation #1: *To increase transparency and accountability, we ask that the percent change for budgets utilize projected expenses rather than budgeted for a more realistic valuation of the budget.*

Recommendation #2: *Make the actual costs of service delivery available to commercial organizations.*

Recommendation #3: *Ensure community/business consultations when projects greatly impact the Municipality's level of debt or are a significant line item in the capital budget projections.*

Recommendation #4: *Accept capital budget projects if the funds needed are available throughout the duration of the development, rather than currently available resources.*

Recommendation #5: *Have a separate permit application process for accessibility projects to ensure timely and efficient approval.*

Recommendation #6: *Ensure consistency and timeliness across all businesses sectors to ensure Halifax businesses remain competitive and relevant.*

Recommendation #7: *Carefully review the [Construction Mitigation letter](#) from the Spring Garden Area Business Association to improve the quality of business for those businesses impacted by construction.*

Recommendation #8: *Ensure the implementation of ride-sharing options, like Uber in Lyft, within the Halifax Regional Municipality.*

Recommendation #9: *Ensure that the money the Municipality saves from HalifACT 2050 will be used to improve efficiency and ease of services for businesses and Halifax residents.*

Recommendation #10: *Increase approval time for building permits to boost the number of available*

housing options in order to increase competition and lower housing costs.

In Closing

Our business community needs to have a government that is supportive of businesses, provides a transparent and open environment, and spends its money effectively and efficiently. Through the recommendations provided in this document, the Halifax Chamber of Commerce believes that not only can the business-government relationship grow, so too can our population and GDP. We hope that you take in consideration our recommendations and please let us know if you have any questions or comments.

Sincerely,

Patrick Sullivan



President & CEO,

Halifax Chamber of Commerce

Contacts

Nancy M. Conrad-Senior Vice-President, Policy
Tel. 902-481-1231
Email: nancy@halifaxchamber.com

Kathleen MacEachern- Policy and Research Analyst
Tel. 902-481-1351
Email: Kathleen@halifaxchamber.com

Endnotes

-
- i
<https://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/200122bc5.pdf>
- ii <https://globalnews.ca/news/6223451/halifax-forum-redevelopment-project-council/>
- iii
<https://www.altusgroup.com/services/reports/canadian-property-tax-rate-benchmark-report-2019/>
- iv
<https://www.altusgroup.com/services/reports/canadian-property-tax-rate-benchmark-report-2019/>
- v <https://www.halifaxexaminer.ca/featured/fifteen-years-in-nova-scotia-might-just-fix-tax-assessment-inequities/#3>. Council has unexpected budget options
- vi
<https://www.halifax.ca/sites/default/files/documents/city-hall/regional-council/200107bc5.pdf>
- vii Legislative Update Requests -Spring 2019- PDF- September 17th, 2019
- viii https://halifaxpartnership.com/sites/default/uploads/pages/downloads/Halifax_Index_jun14-2019_INTERACTIVE.pdf, page 8.
- ix <https://www.halifax.ca/about-halifax/energy-environment/halifac-2050-acting-climate-together>
- x <https://www.thechronicleherald.ca/news/local/halifax-gets-bigger-younger-richer-halifax-partnerships-annual-index-report-323090/>
- xi <https://www.halifaxtoday.ca/local-news/halifaxs-rental-vacancy-rate-falls-to-1-per-cent-2023362>