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To: Office

Hi there:

I would like this statement to be circulated to members of the Law & Amendments Committee on the removal of the graduate retention rebate.

Thank you,

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Distinguished members of the committee, I want to thank you for your time and this opportunity to connect.

My name is David Fleming – I am a trained economist and have spent the last 5 years studying and writing about labour market mobility and demographics. I am currently the Executive Director of a business association, am in the process of reading my first startup for financing and launch, and I happened to design and author the Halifax Index – the city’s well-lauded economic gut-check against other cities on progress that is helping to expand our understanding of what economic progress truly looks like.

My partner is a hospital pharmacy resident, working at the cutting edge of her field. We have jobs, prospects, and income - the things I’ve heard over and over again help to retain young people. And yet, 32 days from now, we’ll be closing the door to the U-Haul as we begin the next chapter of our adventure in Ottawa.

I want to begin with a couple of statistics which I wrote about in the Halifax Index:

- Between 2006-2012, 97% of the labour force growth in Halifax was over the age of 45;
- In that same time period, over 100% of the employment growth was in people over the age of 45 – i.e., fewer people between the ages of 15-44 held jobs in 2012 than they did in 2006;

- The unemployment rate for those over the age of 45 in Halifax in 2012 was 3.6% – it's one of the most competitive rates in the country. The spread between that rate, and the rate for young people, however, is the highest in Halifax of the 13 large cities we studied.

I should note those statistics are for “young” Halifax, where new jobs are actually being created. I can only imagine what Yarmouth, or Sydney, or New Glasgow look like.

But I'll come back to our family leaving – we're both employed, neither feeling terribly underemployed either. But when an opportunity in Ottawa emerged months ago, and rumours of the cutting of the graduate retention rebate were already beginning, we did the math. At our current rates of pay, we pay \$5,400 more in provincial tax in Nova Scotia than we would in Ontario. For every dollar we make above our current amount, that disparity gets bigger.

There are a number of reasons for this – the uncompetitive bracket structure and the lack of indexing to inflation of either the brackets or the personal exemption. But the reality is, without the graduate retention rebate, I'm here to tell you that getting a \$5,400 raise just by moving is absolutely a big nail in the coffin of why we're leaving.

I come from three generations of New Glasgow coal miners, and from Prince Edward Island fishermen, and I can tell you having grown up in a family permanently living paycheck-to-paycheck, that \$5,400 at a time when your net worth is a collective negative is a no-brainer. I learned about compound interest, and about equity growth, in grade 12 economics. I suspect many of you have taught these lessons to your kids.

Now, I'm not here to bum you out, or to argue that the graduate retention rebate is the most efficient program. I am here, however, to tell you that the loss of its net effect has vastly decreased the tax competitiveness of this province for a particular demographic – the one everyone's trying to retain.

Now, I've heard a number of things studying youth migration that trouble me – things like the casual use of the word “entitled.” Things like ‘it was tough in my day too, but we made it work.’ I've heard about the unemployment rates in the 1990's, and the wild interest rates of the late 70's and the early 80's. As a result, I asked myself the question – why do something different today, when other generations in our same predicament didn't have these things?

I have the answer for you – **because it has never, ever, in our history, been easier to leave a place than it is today.**

The advent of the internet has meant that, in a brief moment of malaise, with two clicks one can get to Google to type in “Calgary Jobs” and will be connected with thousands of opportunities. Heck, through ads, jobs come at you now. Through LinkedIn, I can connect through my network to someone who might even know the hiring organization. And I can tell you, at 30 with the title “Executive Director” next to your name – recruiters can and do, in an instant, find you on their own.

20 years ago, finding a job in another city involved a lot of work. Today, I can do it at the beach.

Further, my sisters and I all live in different places than our parents – however, with the development of Skype, we can keep in touch in affordable and dynamic ways with our families. A friend working in Germany who was homesick was sat at the head of our friend thanksgiving dinner on a laptop. Social media means picking up and leaving a city doesn’t mean picking up and leaving your social circle. And culturally? I regret to be the one to inform this committee that, in at least two pubs in this country, there are enough of us out there to have necessitated the addition of one of our East Coast peculiarities – garlic fingers. Our culture moves with us. There are East Coast pubs in Yellowknife today where they sing Barrett’s Privateers.

What does this all mean, though? I think the key message I would like to convey to this committee is that we are all on display to the world’s youth. Today’s reality is different than the reality of 20 years ago, and if you don’t wake up to that, Nova Scotia will suffer immensely.

Youth in Halifax are incredibly aware of the bike culture in places like Portland, Oregon, and in Vancouver. They are aware of the arts and culture and IT scene in Austin, Texas. They know Regina is growing wildly. They know about Calgary’s progressive and youth-oriented mayor, about the huge living bonuses for being a professional in Yellowknife, and they know about Newfoundland’s aggressive student loan grant program. They know what cities, provinces, and states are doing to attract them – and those places are actively marketing in airports and our nightclub bathrooms all the things that are available elsewhere.

I was made very aware of this when I wrote an article for The Coast a few months ago about our demographic challenges – titled “Saying Farewell to Nova Scotia” – that was shared tens of thousands of times. The

Huffington Post connected to syndicate it, I received notes from (at present) 9 countries, dozens of states, and every province in Nova Scotia. On a recent trip to the Dominican Republic, I met a total stranger from B.C. who had read it. The world is smaller than it was even 10 years ago.

To circle back – in times of fiscal challenge, our first inclination to balance budgets is to cut progressive policies which don't show immediate results, rather than to tinker or adjust. I'm here to tell the committee that, if they're looking for a \$35m band-aid that makes the demographic crisis go away, they won't find it – otherwise, every city, county, province and state would be using it today.

While the GRR may not have been perfect, investing *less* in the retention of youth has a two-pronged effect – one, there's an almost zero chance of stemming the tide, but two, all the youth feeling disenfranchised today sell the story of a Nova Scotia that just doesn't get it to everyone in their networks. Millions of impressions, not just for students in our universities, but elsewhere. If we used the same economic value models of impressions that we do for tourism, I suspect the value of that negative press would be staggering.

What are some solutions? Most of the ones I have are long-term, and wouldn't show a lot of impact right away because this is not a band-aid problem. We can't get stuck thinking the dollar value of the GRR is going to fix everything if applied in a different way.

But things like affordable public child care; investments making it more and more possible to live without a car; enabling the creation of home and business equity rather than repayment of loans; investments in preventative and not responsive health care; and the inclusion of digital vocational school in the high school curriculum are, I believe, ways to fix the long-term wealth problems that plague Nova Scotian youth and will get us back on track. The results will take more than one term to see, but they're the kind of ideas that will show young people you're serious about their future in this province.

As the ones inheriting the debt, I think this generation is painfully aware of the fiscal realities of this province. Further, I think everyone here understands that change has a cost. But I would argue that not acting at all, even for one budget, has a cost too. This budget, it cost you, at a minimum, two more Nova Scotians moving to Ontario.

I urge the committee to not wait a year, or even a month, to engage the youth in this province in a serious dialogue over a change in the way we look at investment in youth. It is investment in entrepreneurship, in home ownership, in the retail economy, and quite frankly, it's the only investment in Nova Scotia that will pay dividends greater than any Shipbuilding contract ever will.

Thank you again for your time.

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