

MUNICIPALITY OF THE COUNTY OF
ANTIGONISH

TO: Members of the Standing Committee on Law Amendments
FROM: Warden Owen McCarron
SUBJECT: *Presentation in Opposition to Bill 85*
DATE: MARCH 26, 2018

Good afternoon Mr. Chairman & members of the Committee. My name is Owen McCarron, and I am the Warden of the Municipality of the County of Antigonish. I am here today with Glenn Horne, Municipal Clerk Treasurer. Thank you for receiving my presentation.

The Municipality of the County of Antigonish stands with its municipal, business and economic development partners in the Strait region and across the province in opposing Bill 85. Our Municipality has significant concerns with this Bill, which I will speak to this afternoon.

I very much appreciate that I am presenting to a Committee that is knowledgeable about this Bill, the issues associated with it and the potential impacts, as many of you have municipal, community and economic development backgrounds.

The Municipality's opposition stems from three specific concerns:

1. The artificial advantage it provides to the Port of Sydney;
2. The eventual race-to-the-bottom created by this policy change; and
3. The complete absence of municipal consultation.

I will first speak to the artificial advantage this bill provides CBRM and the Port of Sydney.

The powers and authority of municipalities across Nova Scotia, including CBRM, are provided by the MGA – one set of rules creates a level playing field. These proposed amendments introduce a predictable and negative shift in approach to economic development in our province.

It is difficult to accept that port-based development of the size and scope permitted by this bill would be influenced to any degree by a reduction in property tax. These investment decisions are influenced by geopolitical and economic forces. They are influenced by proximity to market and capacity of the associated local infrastructure. Reduced property taxes and land prices would seem to be insignificant by comparison. However, if they are offered you can bet that they will be pursued.

As our forestry and other industries know too well, international trading partners are quick to apply retaliatory measures on companies that appear to benefit from government subsidy. Softwood lumber, pulp & paper, and steel have all suffered from even the perception of this benefit.

We have heard from the business community that they support competitive markets, not artificial incentives. Artificial incentives will serve to shift the cost of service delivery. If industry plays less than

residents will pay more while communities struggle to stabilize and expand their tax base & revenue streams.

In Antigonish County, we require residents to contribute a portion of the capital cost for an extension of municipal infrastructure. Across the province municipalities require developers, businesses and residents to contribute to the costs of growth – they understand and accept this bargain. Cutting tax deals and selling land at less than market value contradicts the reality we all face and the bargain we have struck for necessary infrastructure investments. How do we tell our residents that they have to contribute to a waterline when the neighboring municipality is cutting a tax deal with a multi-national corporation?

We can plainly see where this dated and destructive practice will lead; a practice that has caused our province challenges in the past and runs counter to the tone set by the Ivany Commission.

Either the province limits these advantages to CBRM, creating an artificial advantage over its municipal partners, or it provides these same powers to all municipalities initiating a race to the bottom. Antigonish County is opposed to both scenarios.

The Minister of Municipal Affairs has indicated that the government is open to extending these same provisions to other municipalities. With this in mind I'll remind you of the Ivany Commission's call for all Nova Scotians to work together to address the economic and social challenges that confront us. It is essential that our communities be encouraged to work together to achieve prosperity. In the long run no one will win when community is pitted against community to provide potential investors with more for less.

The Ivany Report spoke to a review of the taxation regime in Nova Scotia to foster economic growth. Exemptions and credits associated with growth and employment for personal and corporate income taxes were mentioned specifically. Donald Savoie, perhaps the leading expert on economic development in the Maritimes, has also long advocated for a more competitive tax regime.

Special property tax arrangements were not part of the assessment in either case.

Income tax rates and Nova Scotian's personal income taxes relative to GDP are among the highest in the country. The same can be said for consumption tax and corporate income tax. These taxes affect every Nova Scotian, regardless of municipality. They represent a greater cost to business and have greater influence on investment decisions than municipal property taxes. Further exploration of the impacts of these areas of taxation, areas that maintain a level playing field across communities, may yield better overall results on attracting investment to Nova Scotia than a one-off like Bill-85.

I also submit that if any municipality wishes to lower the commercial property tax rate for any area or industry, they have that ability. However, lowering the rate would benefit all business rather than an exclusive few. Further, if the argument for this power centres on competitiveness with American cities

along the eastern seaboard we have not seen that rationale. I would respectfully request that the Department of Municipal Affairs submit to the House this and all other evidence used to justify this shift in public policy.

Donald Savoie's assessment of economic development in our region flags a culture and attitude shaped by an economy of scarcity. We cannot compete as a province if we compete among ourselves. Bill 85 serves to do just that.

Taking lessons from the Ivany Commission, municipalities and the Province need to work together to develop economic development tools that build on our advantages and increase investments in the province, not drive down each other's capacity to provide services as business interests pit neighbor against neighbor.

Finally, I'd like to speak to the absence of consultation on this crucial topic.

A Partnership Agreement was signed between the Union of Nova Scotia Municipalities and the Department of Municipal Affairs on December 1, 2016. The very first commitment of that agreement was to develop a consultation protocol on legislative and regulatory changes that impact municipal government. 15 months later, here we are presenting on a government bill that has a significant impact on municipal government with a complete absence of consultation.

Bill 85 was introduced without consultation with municipalities. Meanwhile, through Fiscal Review and the MGA Review, municipalities have been working with the government in good faith to develop new, modern economic development tools that serve to attract and expand investment in Nova Scotia, rather than pitting one municipality against another.

We have stood with the Department of Municipal Affairs on the creation of the Regional Enterprise Networks. We have stood with the Department as we try to modernize municipalities. We have been partners in economic and community development in this Province. But today, on this issue, it doesn't feel like much of a partnership.

A partnership and engagement isn't just for when it suits, it's the foundation upon which we build our trust to grow this Province together.

For each of these reasons, we urge the Government to suspend Bill 85 and consult with all municipalities on this crucial topic.