



Municipal Charter Threatens Economic Future of Nova Scotia

March 15, 2018 Member Policy Alert



A topic has hit the legislature that is designed to pit one region of our province against the other, and favor one port development opportunity over another.

LOSING A LEVEL PLAYING FIELD

[A bill is on the docket](#) that could result in CBRM having the kind of economic development powers at their disposal that have not been seen since the 1990's in Nova Scotia - leaving the rest of us behind and resulting in the loss of a **level playing field** for economic development efforts in the province. Specifically the bill will allow CBRM to provide private businesses with tax exemptions, abatements, and land-giveaways - something no other region will be able to compete with when trying to attract/retain investment. The result will be regions working against each other in a **race to the bottom**. Revisions to the Municipal Government Act halted those practices in the 90's in order to create a level playing field and to focus on doing business with the world, instead of competing with each other.

FLYING IN THE FACE OF THE IVANY REPORT

The bill introduced last week in the provincial legislature **flies in the face of the Ivany Report's** forward-thinking plans, and sets us back 30 years. The One Nova Scotia report, and the efforts that have followed it, have been well-intentioned; not perfect, but full of progressive ideas to improve our economy. One of the most impactful legacies of that report has been that all regions of our province are working together to advance our economy.



STARTING NEGATIVE CHAIN REACTION

Although the CBRM motivation is clearly about port development, the impact will be felt much more broadly in terms of our ability to attract investment to rural Nova Scotia.

- Inevitably, **municipalities will be pitted against each other** in the face of these sweeping economic development powers for a select few.
- Investors will lose confidence in a government that does the opposite of creating winning conditions for business as recommended in the Ivany report - changing rules in mid-stream and in this case, creating government-enabled competition, which this legislation is doing.
- Unsustainable business models will be **propped up on the backs of taxpayers** and small businesses (in this case especially, when you keep in mind the continued need for dredging and the estimated \$100 million cost to upgrade the rail line).

LEARNING FROM THE PAST

The proposed municipal charter for CBRM will result in the creation of a **false economy and dependency for that region, similar to the days of the steel and heavy water plants**. It will be a race to the bottom for all regions of the province as municipalities will need to pursue their own special deals with the province just to remain competitive and on a level playing field. Bill #85 goes far beyond providing subsidies to a questionable business model - in effect it demonstrates favoritism for one port development project over another.

RACING TO THE BOTTOM

How will your municipality/region compete? Will they negotiate their own best deal? Of course - because they have a responsibility to offer attractive investment conditions to potential new business. But so will their neighbours, and their neighbour's neighbours (case in point - Guysborough reluctantly prepares for the inevitable Race to the Bottom). At a time when we are on the edge of prosperity with clear goals from the Ivany Report and balanced budgets in this province, the inevitable result will be a RACE to THE BOTTOM.

CONTACT YOUR MLA

Ask your provincial representative - how does this proposed legislation support the Ivany Report principles and create a level playing field? Encourage further modernization of the Municipal Government Act, without major exceptions like this. Let's focus on creating globally-competitive infrastructure and cost structures across the entire economy, and ensuring access to an appropriately trained workforce, so that **all ships rise in Nova Scotia's economy**. Find your MLA here: <https://nslegislature.ca/members/profiles-table>



March 23, 2018

The Honourable Stephen McNeil
Premier of Nova Scotia
Via Email: premier@novascotia.ca

The Honourable Derek Mombourquette
Minister of Service Nova Scotia and Municipal Affairs
Via Email: DMAMIN@novascotia.ca

Dear Premier McNeil and Minister Mombourquette,

**RE: Bill No. 85 – Amendment to the MGA / Municipal Charter for CBRM
Strait Area Chamber of Commerce Request for Equitable Competitive Environment for
All Nova Scotia Businesses**

In receiving the email response from Minister Mombourquette on March 1, 2018 to the concerns expressed in my letter of February 13, I felt reassured that the Chamber's members could be confident that our government would take great care to ensure that all regions of Nova Scotia would be kept on a level playing field when it comes to the economic development tools at their disposal. In his response, Minister Mombourquette indicated that it was too early to predict exactly how those tools would look, and he committed to municipal modernization that would encourage regional cooperation.

So it was with great concern that I read the details of Bill No. 85 (tabled just seven days after the email response I received) and found that it would create all of the risks that we identified in our original letter. The bill enables the sale/leased land for less than fair market value and makes possible unlimited tax abatements on eligible industrial lands in the CBRM. With no definition of "eligible industrial lands" and no limitation on the abatements (or who is entitled to them), this bill will effectively ensure that other municipalities have little to no chance of securing development in their respective regions.

Our mandate as a Chamber of Commerce is to promote, improve, and protect trade and commerce. This bill does exactly the opposite in a number of ways:

1. We are losing our level playing field - one that was created in large part by the MGA revisions in the 1990's to address issues exactly like the ones being recreated with this bill,
2. It flies in the face of the Ivany report where cooperation and collaboration was clearly identified as the way forward for our economy. With the passing of this bill, municipal units will struggle to work collaboratively with the loss of that level playing field,



3. This bill will start a negative chain reaction where municipalities are pitted against each other, where investors lose confidence in a government that changes the rules part way through the game (even after tens of millions have been invested), and where unsustainable business models will be propped up on the backs of taxpayers,
4. It shows that we haven't learned from our past mistakes in trying to create a false economy (and dependency on subsidies) in specific areas of our province, and
5. Bill No. 85 is the beginning of a race to the bottom. Although they may disagree with the broad, undefined, and dangerous charter measures in principle, every municipal unit will be lining up to negotiate their own best deal because they have a responsibility to set conditions to attract businesses and jobs; and so the undercutting of each region by another will begin and the race to the bottom will in full swing.

As a result, on March 13 the Strait Area Chamber took steps to ensure our members and local municipal representatives were made aware of the risks created by Bill No. 85. A policy alert was issued through our direct channels to the 315 businesses across our membership, and was also communicated via social media and traditional media. The risks are spelled out clearly and I have attached the alert for your records. As our government leaders, I sincerely hope you will reflect on these risks and consider an alternate route.

As Nova Scotians, I feel confident in stating that our membership wants to see successful businesses thrive in the Port of Sydney, the Strait of Canso, the Port of Halifax, and in all parts of our province; we would welcome public policy that can help us achieve that result. This bill will not serve that goal - instead it has the potential to drive existing industries out of this province and to set taxpayers up for footing the bill on new developments. It's a basic principle of budgeting at any level, including at the municipal level that if someone is paying less, then someone is paying more. Bill No. 85 is vague in its wording and does not include any provisions that will promote, improve or protect trade and commerce, nor will it protect taxpayers in general.

Further, Chamber members have spoken to Liberal caucus staff who have suggested that consultation with municipal units has occurred on this amendment to the MGA that governs them. In speaking with elected municipal officials in this region (Port Hawkesbury, Antigonish, Inverness, Guysborough, Victoria), I have been assured that no such consultation has happened. This amendment represents a major change, not only for CBRM, but for all municipal units as it signals a change in direction in how they will operate and interact with each other. I would respectfully suggest that making such an amendment without consulting municipalities is a lost opportunity, and has resulted in a poorly developed piece of public policy that does not have the support (or best interests in mind) of the very people it is designed to empower and/or regulate.

At a time when we are on the edge of prosperity with clear goals from the Ivany Report and balanced budgets in this province, the inevitable result of rushing to pass Bill No. 85 as it is currently written will be a RACE to THE BOTTOM.



Premier McNeil and Minister Mombourquette, there is still time to halt this process and do the right thing - postpone the passing of this bill and reopen the consultation process to ensure that impacted municipalities and businesses are consulted and that their concerns are addressed. The Strait Area Chamber would be very interested in supporting the process of broadening the consultation on this legislation, and in working with government to create a public policy that considers the needs of municipalities, businesses, and residents of Nova Scotia.

Kind regards,

A handwritten signature in blue ink, appearing to read "Amanda Mombourquette", is written over a light blue horizontal line.

Amanda Mombourquette

Executive Director

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cc: Hon. Karen Casey, Deputy Premier, Minister of Finance
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Hon. Randy Delorey, Minister of Health and Wellness
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Allan MacMaster, MLA, Inverness
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