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Halifax Regional Council  
September 27, 2005

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

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Dan English, Acting Chief Administrative Officer

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Wayne Anstey, Acting Deputy Chief Administrative Officer

**DATE:** September 22, 2005

**SUBJECT:** Greater Halifax Partnership/Halifax Regional Development Agency  
- Notice of Change

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**ORIGIN**

Council approved an extension of the Service Agreements between HRM, and its two economic development agencies, the Greater Halifax Partnership (GHP) and the Halifax Regional Development Agency (HRDA), until March 31, 2006, pending the development of an HRM-wide economic strategy. The Service Agreements imply a 6 month notice to be provided to both organizations if change is in order.

**RECOMMENDATION**

It is recommended that :

1. Regional Council, in accordance with Section 5.02 f) of the Service Agreements with the GHP and the HRDA, give notice to terminate the Service Agreement with the Greater Halifax Partnership and the Halifax Regional Development Agency effective March 31, 2006 and that Regional Council direct staff to negotiate a new Service Agreement with the Greater Halifax Partnership and the Halifax Regional Development Agency which will focus on supporting HRM's Economic Development Strategy.

## **BACKGROUND**

The GHP and the HRDA are both non-profit organizations with their own independent Boards, established to support economic development in HRM, with separate mandates. HRM provides significant funding to both organizations, along with other funders. HRM recognized that the priorities and activities of the organizations reflected their various funding partner expectations, but also recognized a need to be clearer in its expectations regarding its funding. HRM contracted separately with both organizations in 2001 to govern the deliverables HRM would expect for the funding it provides to each organization.

In 2003 Council requested staff undertake a review of the value received for its funding of both organizations. In early 2004, staff reported that while there was value received, staff could not determine if it was best value, as there were no overall economic goals or strategy. Council approved the development of an economic strategy for HRM and it was agreed the Service Agreements would be extended until the strategy was complete. The strategy would form the basis of HRM's expectations of each organization.

## **DISCUSSION**

HRM's Economic Development Strategy is close to being completed and was presented in draft to Council on September 20, 2005. Staff are currently in the process of going through the recommended strategies and actions to determine those that are within HRM's mandate. It is evident there are new areas of focus for which HRM should allocate resources. The current level of funding to both organizations would not permit them to undertake new areas of responsibilities, on top of what they are currently undertaking.

Council is in the process of determining its priorities for the coming business planning cycle and economic development has been suggested as a priority. It is therefore possible additional funding over the current amounts provided to GHP and HRDA will be found - it is also possible new funding will not be forthcoming. If Council expects progress under the new economic strategy, it is quite likely that the funding provided will have to be reassigned to support the strategy.

Decisions on funding will not be made for some time. The current service agreements do not address the event of a significant change in expected deliverables, and it is possible the strategy and funding will require such a change. The Agreements do specify, in Section 5.03 f) that either partner provide the other with six (6) month notice of termination to the Halifax Regional Development Agency and the Greater Halifax Partnership. Staff is not recommending termination, but in fairness to both organizations, a six month notice may also appropriate for a major change in deliverables.

Staff seek Council's approval in negotiating new service agreements based on the economic strategy. These negotiations should begin immediately. It is staff's intent to negotiate on the basis of no new funding, and to work with both organizations to develop the best approach to achieving the goals of

the strategy. Staff will report to Council on the implications of living within existing budgets, and Council may choose to increase funding.

The Economic Strategy is expected to come before Council in mid October for approval. If approved, staff expect to report to Council in November with draft Service Agreements and their implications. Staff would hope to conclude the Agreements by the early December.

### **BUDGET IMPLICATIONS**

None at this time.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

### **ALTERNATIVES**

1. Council could give notice of change, rather than of termination.
2. Council could instruct staff to negotiate on the basis of additional funding and responsibilities. Staff recommends against this as Council has not made a decision on funding for the next budget year, and it would not be fair to the organizations to lead them to expect not only no change in what they are doing now, but new opportunities that may not be forthcoming.

### **ATTACHMENTS**

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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