

**ATTACHMENTS**  
**ECONOMIC DEVELOPMENT**  
**GOVERNANCE REVIEW**

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**ECONOMIC DEVELOPMENT GOVERNANCE REVIEW**

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**ATTACHMENT 1**

**Detailed Timeline – Governance Review**

**April 2010** – Halifax Regional Council directed staff to: “consider the optimal governance structure for agencies within Halifax Regional Municipality who are performing an economic development function in respect of the new Economic Strategy with the goal being an organizational and governance model best suited to the implementation of the Economic Strategy and that information be brought forward to Council for consideration pending Council endorsement of a 2011-2016 new Economic Strategy.”

As a result of Council’s motion, HRM’s Chief Administrative Officer (CAO) and Municipal Auditor General (AG) engaged the Board Chairs and Chief Executive Officers of the Greater Halifax Partnership (GHP), Trade Centre Limited (TCL), and Destination Halifax (DH), as well as senior provincial staff, to initiate a governance review project.

**December 2010** – Regional Council discussed a motion to combine GHP and DH “into one department.” It was withdrawn when it was noted that matter was already under review.

**September 2012** – Staff surveyed Canada’s group of C-11 municipalities. This nation-wide research was conducted to provide a comparative framework against which HRM’s approach might be assessed. Staff reviewed operational mandates, funding, staffing, operational structures, reporting mechanisms and metrics. This research data informs this report.

**December 2012** – Regional Council selected “economic development” as one of its four priorities. Economic development is not a new priority for HRM. Since 1996, successive councils have supported many economic development initiatives.

**February 2013** – AG released a report entitled Economic Development through Partnerships — A Performance Evaluation. The report is a high level analysis of the development, funding levels, execution and economic outcomes of HRM’s economic strategies, with a focus on GHP and DH. The report excludes TCL from consideration. The AG concluded that while TCL “does have a role to play in the economic development of HRM, funding provided by HRM to TCL is not specifically related to the activities undertaken by TCL in economic development.”

The report contained 21 recommendations, including recommendations on economic development issues, approaches, and governance. The question of a possible DH-GHP merger was raised in the report and in the Standing Committee discussion.

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**March 2013** – Following direction from the Community Planning and Economic Development (CPED) Standing Committee information from the staff governance review project has been consolidated with the process of addressing the recommendations from the AG's report.

**May/July 2013** – Government Relations & External Affairs staff saw the economic development priority and the AG's recommendations as a chance to look more comprehensively at HRM's economic development approach. Over the course of two Community Planning and Economic Development (CPED) Standing Committee meetings, committee members considered the nature of economic development, HRM and its partners' roles in facilitating economic development and determinants of success vis-à-vis economic development.

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**ATTACHMENT 2**

**An HRM Statement on Economic Development**

**Introduction**

After Council set economic development as a corporate priority and the AG released his February 2013 report on economic development, staff seized the chance to take a comprehensive look at the matter. Staff proposed that the Community Planning and Economic Development (CPED) Standing Committee consider five questions related to economic development:

- What is economic development?
- How can HRM best support economic development?
- Who should lead HRM's economic development activities?
- How should HRM work with others on economic development issues?
- How will HRM know if its economic development activities are successful?

In the spring and summer of 2013, CPED discussed the above questions. What follows are the highlights of those discussions. Taken together, they constitute a statement on economic development in HRM.

**1. What is economic development?**

Wikipedia's definition of economic development notes that it generally refers to the sustained, concerted actions of policymakers and communities that promote the standard of living and economic health of a specific area. Such actions can include development of human capital, infrastructure, competitiveness, environmental sustainability, social inclusion, health, safety, literacy and other initiatives. Economic development is a policy intervention which aims to increase the economic and social well-being of people. Economic growth is a phenomenon of market productivity and rise in the GDP. Economic growth is one aspect of the process of economic development.

Support for economic development is important to promote economic growth and to improve citizens' quality of life. Economic growth – more people, more jobs and a larger tax base – enables a municipality to raise municipal revenues in order to cover of the costs of amenities and services that citizens want.

GHP presented to CPED in February three fundamental economic growth objectives: (1) to grow the population; (2) to grow the number of good jobs; and (3) to grow the commercial tax base. HRM's economic development strategy seeks to marshal HRM resources and external resources to achieve those three objectives.

While economic growth may not be the ultimate end that the municipality seeks, HRM does need growth to generate the revenue required to provide the services citizens expect. Today HRM

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needs growth and development that can be sustained without over-exploiting natural or human resources.

HRM must tailor any economic development program to account for the following considerations

- **The Nature of Economic Development** – Economic development is a means not an end in itself. Good economic development leads to good social development and a better quality of life.
- **The Nature of HRM** – HRM has a unique set of assets, natural and manmade, to build on. HRM's size, location, harbour, port, airport, people, skilled work force, existing business, military and government presence, universities, and health care institutions are some of the key assets.
- **Rural and Urban** – HRM's extensive rural area challenges economic development planners. Different parts of HRM offer different opportunities. HRM needs to support both its urban core and its suburban and rural regions. Different investments will yield the best results in different areas.
- **Choices** – HRM has limited resources. Money or time spent on one activity cannot be spent on others. Economic development must always involve making choices. HRM's annual budget reflects short term choices, but the budget must also be used to implement long-term plans.
- **Strategy** - Since 2005, HRM has had in place two successive five year economic strategies. Each tried to bring order to the variety of economic development activities that could be undertaken. A Greater Halifax, covering 2011 to 2016, sets out actions to achieve a higher level of economic development. Circumstances change. New opportunities arise. Old ones fade. The strategy should guide HRM choices but must constantly adapt to changes.
- **Private Sector** – HRM, and other governments, can work to establish a business climate that promotes economic growth and development but sustained real progress will always require an active, innovative and profitable business sector.
- **Support for Local Businesses** – All things being equal, supporting and investing in local businesses can lead to a stronger local economy. Encouraging local food production can help the local economy and link HRM's urban and rural populations.
- **Collaboration** - The HRM Charter defines what HRM can do to support economic development. Some requirements for HRM's development are the responsibility of the Province of Nova Scotia or the Government of Canada. Reaching HRM's economic development goals will require collaboration with other governments. HRM has MOUs with many key players in supporting economic development. HRM will need to revisit those MOUs and develop new ones to maximize the impact of collaborative efforts.
- **Limitations** – Many issues impacting HRM's economic development lie outside HRM control. Changes in the global economy or new national policies can have an impact on HRM. HRM must be nimble enough to recognize and react to changes.
- **Attribution** – In any collaborative economic development endeavour it will be difficult to attribute success to any one player. If building ships generates the levels of employment forecast, who gets the credit? The shipbuilder? Its suppliers? The

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government funders? The training institutions which provided the skilled workers? What HRM contributes will always overlap with others' contributions.

- **Inclusion** – On many economic development questions, Council will have to make decisions about what HRM does. It will be important to make sure that HRM residents are included in the process that leads to those decisions. Those “HRM residents” must include all the people who live in HRM – urban and rural, old and young, rich and poor, groups that have historically been on the margins like African Nova Scotians or Aborigines, and the newcomers, especially immigrants.

#### 2. How can HRM best support economic development?

HRM can support economic development in three broad ways. HRM can:

- Act – do things itself – e.g. through direct project or program support
- Facilitate – create a climate for others – citizens, businesses, non-profits - to do things
- Collaborate – work with other organizations doing things

**Act:** HRM has over 3700 employees and an annual budget of almost \$1 billion. HRM is governed by the Halifax Regional Municipality Charter which permits HRM to undertake a variety of actions in support of economic development (described in attachment 3) and which permits HRM to undertake a wide variety of actions that affect economic development.

The following municipal activities facilitate economic development:

- provide the infrastructure, services and amenities needed for development;
- engage and include residents in development support activities;
- plan and regulate for best use of HRM's assets, both natural and manmade;
- ensure that residents are safe and secure;
- look after the environment so that HRM is a good place for people to live;
- link economic development support activities to social development ones;
- promote the municipality as a destination for doing business (business attraction);
- connect businesses to available programs and services within or outside the municipal government;
- support labour market development;
- preserve and make available land for industrial uses e.g. business parks;
- promote the municipality as a tourist destination.

Putting in place infrastructure for transit or recreation, keeping citizens safe, and the other programs HRM delivers can all be looked at through an economic development lens. How does spending any dollar help make HRM a more attractive place, leading to an increase in population? How will it increase the number of people working in HRM? How will it build the HRM tax base?

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**Facilitate:** HRM is not the sole driver of its own economic development. The businesses which employ and serve residents and the institutions which provide education, health care and other services are crucial to the development and growth of the municipality.

Businesses, large or small, are vital for long term economic development. Finding the balance between regulating to keep residents safe and healthy and minimizing red tape can create a business climate that encourages development that meets people's needs.

The climate created by the Regional Plan and land use planning bylaws, other bylaws, administrative orders or policies, the municipal regulatory regime and how effectively HRM governs can encourage people to come to HRM. How HRM works will have a profound impact on how well HRM develops.

**Collaborate:** Other stakeholders in HRM's economic development have their priorities. Economic development in HRM will require aligning many players and their priorities, always a challenging task.

Businesses will do what is in their best interests. A good business climate should keep businesses here and open to collaboration with HRM. Other governments have priorities, too. The federal government, through its regional offices and naval presence, is a major player in HRM. Its support for HRM activities will be tempered by its need to meet national objectives. The province is the driving force in education, health care, housing and other matters which impact HRM. The province, likewise, has its own priorities.

In developing HRM's economic development strategies, GHP engaged a range of stakeholders at the planning stage. It is hard to sustain the levels of support offered in the preparation phase. Priorities change. Opportunities evaporate. New ones arise. The need to keep lines of communication open among the stakeholders in economic development is a constant challenge. Having an overall strategy as a roadmap is a good first step in determining what programs to support, how to create a good climate for development and when to collaborate with others.

Having economic development as a council priority, having an economic development strategy and putting that strategy on a solid regional development plan foundation are pre-requisites to successful economic development.

### 3. Who should lead HRM's economic development activities?

Who leads all this work? Who delivers it? Who is accountable for results?

**Leadership:** Mayor and Council set HRM's directions. Mayor and Council receive staff reports on many subjects. Many relate, directly or indirectly, to economic development. Mayor and Council can make sure that HRM's various activities link together to produce better economic development.

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**Delivery:** How should HRM organize to do the work? Who delivers?

The AG suggested a Chief Economic Development Officer (P 20 and P 39). He notes (P 16) “HRM must ensure it understands the importance of the need to both lead and manage the municipality differently going forward in order for enhanced economic development activities to have the desired impact.”

HRM’s economic development work is guided by the Council approved economic development strategy which assigns to HRM business units and GHP responsibility for implementing various actions. HRM’s annual operational plan and its outcomes and deliverables also direct staff work.

The definition of economic development makes it clear that it is complex undertaking with many facets and players. If direct economic development work or economic development support work is a part of what everybody does, it may not be possible or even desirable to simplify it too much.

The AG wrote (P 16) “ every person at HRM who has responsibility for spending of almost any type must now focus on economic development in every spending decision.” Setting economic development as a Council priority is a first step to this end.

The AG lists the many economic development players in HRM (P 35 to 39). While it may be possible to reduce the number of players somewhat, the nature of the federation and HRM’s role in it means that there will always be many economic development stakeholders. A challenge for HRM is to know who is doing what. Another is to coordinate the efforts being undertaken by the different players. A third challenge is to communicate who does what and the progress being made to all those involved.

An overall economic strategy helps HRM understand who does what. Having people or groups responsible for tracking how things are going and reporting on progress or lack of progress will also help. The current structure does this by assigning the action items in the economic strategy to various appropriate people and asking them to report regularly.

Leadership includes roles for Mayor and Council, HRM staff, GHP, DH and, probably the BIDs.

**Council:** The AG states (P 16) “there is a clear need for HRM Regional Council to take clearer ownership of the economic development agenda.” This work started in December when Council set economic development as a priority. CPED and Council need to continue to play that role.

**Staff:** In 2013-2014, staff is taking steps to implement the spirit of the AG’s recommendations. A team in Government Relations & External Affairs will work with the Economic Development Priority Outcome team to co-ordinate the work of business units involved in economic development and GHP.

**GHP:** Council has given GHP a major role in HRM’s economic development activities. The AG suggests that Council either “make Greater Halifax Partnership totally responsible for the



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development and delivery of economic strategy for HRM” or “use Greater Halifax Partnership as a means of execution of specifically assigned tasks which flow from the strategy.” (P 15)  
Through approval of a service agreement with GHP, Council has opted for the second option.

**DH:** Some years ago, Council assigned DH the tourism role HRM itself once played. With access to funds through the Marketing Levy, DH has operated outside the HRM spotlight since then. A future CPED meeting will discuss a first Service Agreement with DH to clarify the outcomes Council wants from DH.

**BIDs:** The 8 Business Improvement Districts in HRM also provide economic development services. Their work is especially important in the small business and sector.

GHP, DH and the BIDs benefit from private sector support, both financially through investment (GHP) and levies (DH and BIDs) and with strong private sector leadership on their boards.

#### **4. How should HRM work with others?**

Nova Scotia municipalities do not have the authority to carry out all the actions which could be part of an overall economic development program. Successful economic development will require close collaboration with others who have primary authority over some of the important elements.

Coordinating HRM’s internal economic development activities poses challenges. Setting economic development as a priority and looking at all HRM’s activities through an economic development lens are good starting steps. They will need to be taken, again and again, and actively communicated. There is also significant external coordination work to do.

**Collaboration and Alignment – Private Sector:** The private sector is a huge part of HRM’s economy. HRM cannot tell companies what to do but can, through its regulatory powers, tell companies “how” to do certain things. HRM can facilitate businesses. To play its role effectively, HRM needs to know what business needs. HRM needs to listen to business.

Working effectively with the private sector requires better mutual understanding between business and government about what each needs from the other, and what each can and cannot do. Good communication is required. That communication cannot simply be business demanding things or government telling business what to do. There need to be opportunities for real dialogue.

GHP and DH have significant private sector presence on their boards. Those boards offer an excellent opportunity for genuine dialogue, the starting point for good communication. Programs like GHP’s business retention and expansion work provide mechanisms for feedback from business about its needs.

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**Collaboration and Alignment – Public Sector:** Both the provincial and federal governments work on economic development in HRM. HRM does need to know what other public entities plan to do. HRM needs to look for ways to collaborate with the province and the federal government.

GHP and HRM have developed ways to understand what other governments are trying to achieve. There have been successes. GHP engaged the province and ACOA in preparing HRM's economic strategy. The province worked with HRM in preparing jobsHere, the provincial economic development strategy. Over the years, the three governments have identified a common list of challenges and opportunities. There is a body of joint work to build on. GHP and DH have both accessed other government's programs, where they can, especially where objectives overlap.

While there are some areas of overlapping jurisdiction, over the past few years the three governments have developed a better understanding of what each one can or cannot do. On issues like immigration, the governments are developing better ways to partner. A number of creative ideas are on the table.

Working more effectively with other governments, like working with the private sector, requires two-way communication. HRM's Governmental Relations and External Affairs staff have made a start in this area but given the many points of contact between HRM and the province or HRM and the federal government, coordination challenges remain. On collaboration, HRM needs to tell others what HRM is doing, learn what other governments are doing, and develop ways to build better joint understanding.

**5. How will HRM know if its economic development efforts are successful?**

HRM generates a lot of activity. That activity can become an end in-and-of-itself. In the plans HRM makes, like the economic strategy or annual operational plans, HRM spells out deliverables. A good set of deliverables, carefully monitored, will keep Council and staff aware of HRM's progress, or lack thereof. Given the breadth of the economic strategy and HRM's other activities in support of economic development, the number of annual deliverables can be formidable. Working to achieve those deliverables disciplines the activities that HRM and others do to achieve a better state of economic development.

**Focus:** The 2011-2016 economic strategy initially included 5 Goals, 17 Five-year Objectives and 57 Short-term Actions for the first two years. The AG suggested shortening the list. In a February presentation to CPED, GHP highlighted the need to grow the economy, grow the number of good paying jobs, and grow the commercial tax base. These three objectives provide the focus the AG recommended.

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The three measures above are a starting point but cannot tell the whole story. Council will also need to know how achievement of those objectives is having an impact on the following:

- the quality of life (economic and social) in urban and rural parts of HRM;
- people's confidence in the economy; and
- stakeholders' views on the services HRM provides to support economic development.

**Measures:** HRM has many other measures. The Economic Strategy includes 16 "measures". In the Halifax Index, GHP tracks 61 "key indicators." The service agreements with GHP and DH track sets of deliverables. Those deliverables help the organizations set work targets for their staff. Inside HRM, the overall operational plan is the framework for business unit operational plans and, ultimately, guides the work of individual staff.

Any deliverables, in the economic strategy or the annual operational plan, should be way-stations on the road to achieving the three objectives for economic development. If HRM achieves those three objectives, at least in the medium term (5 to 10 years), HRM's economic development will advance.

It is important to measure the results of HRM's economic development work – "outcomes". Given the challenges of measurement in the field of economic development, best practices in other jurisdictions suggest that in addition to measuring results, it is important to consider the activities being done and the processes being used as we track progress. Qualitative as well as quantitative measures matter in government, perhaps more so than in the private sector.

**Attribution:** What HRM does, however, is not always the actual cause of the results being measured. Forces external to HRM are also at work. No single organization controls them. It is often not possible for higher level economic development outcomes in HRM to be linked directly or solely to HRM's own economic development activities. The fact that many people perceive economic development to be mostly about business attraction exacerbates this situation. At the municipal level, economic development activities are much broader in scope than simply attracting new businesses.

The numbers of people working in HRM is tracked carefully. HRM could work hard to make our business climate attractive but decisions made by private sector or public sector employers, based elsewhere, could lead to layoffs here, in spite of the work that HRM does locally. Could HRM have prevented the closure of the ESSO refinery? Could HRM dictate, or even influence, Canadian dollar exchange rate fluctuations that impact HRM businesses that import or export goods or services? Many macro-level economic climate determinants/factors are beyond HRM's control.

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**Summary**

This summary attempts to capture two lively CPED discussions – what economic development is and how economic development should evolve in HRM. CPED's views provide a basis for evaluating what HRM does now. CPED's views also provide a lens through which new economic development ideas can be assessed. As HRM tries new ways to tackle both old and new economic problems, HRM will learn lessons that will lead to future modifications to HRM's Statement on Economic Development.

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**ATTACHMENT 3**

**Halifax Regional Municipality Charter – Primary  
Sections Relating to Economic Development**

***Area improvement and promotion***

- 70 (1) The Municipality may
- (a) beautify, improve and maintain property owned or leased by the Municipality;
  - (b) pay grants to a body corporate for the purpose of promoting or beautifying a business district and for airport, wharf or waterfront development;
  - (c) identify and promote a business district as a place for retail and commercial activity;
  - (d) establish or maintain parking facilities.
- 70 (2) The Municipality may levy an area rate applicable only to the commercial property and business occupancy assessments in the area benefited by the expenditures in order to recover them.
- 70 (3) In setting such an area rate, the Council may set
- (a) different rates for business occupancy assessments and commercial property assessments; and
  - (b) a minimum and maximum amount to be paid by a person assessed, or may provide that payments be made on another basis established by the Council.

***Business and industrial development***

- 71 (1) The Municipality may
- (a) solicit and encourage the establishment and development of new, and the establishment, development and expansion of existing institutions, industries and businesses in and around the Municipality;
  - (b) publicize the advantages of the Municipality or any part of the Municipality and the surrounding areas as a location for the establishment and expansion of institutions, industries and businesses;
  - (c) pay grants to a body corporate for the purpose of promoting the Municipality or any part of the Municipality and the surrounding areas as a location for institutions, industries and businesses;

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(d) prepare and disseminate information about the Municipality or any part of the Municipality and the surrounding areas for the assistance of institutions, industries and businesses intending to locate or expand in the Municipality or the surrounding area.

71 (2) The Municipality may not grant a tax concession or other form of direct financial assistance to a business or industry.

***Power to expend money***

79 (1) The Council may expend money required by the Municipality for...

(l) advertising the opportunities of the Municipality for business, industrial and tourism purposes and encouraging tourist traffic, with power to make a grant to a non-profit society for this purpose;

(m) promotion and attraction of institutions, industries and businesses, the stabilization and expansion of employment opportunities and the economic development of the Municipality;

(ai) public grounds, squares, halls, museums, parks, tourist information centres and community centres;

(ap) industrial parks, incubator malls and land and other facilities for the encouragement of economic development;

(aq) parking lots and parking structures;

(ar) landing strips and airports;

(as) wharves and public landings.

***Purpose of municipal planning strategy***

228 The purpose of a municipal planning strategy is to provide statements of policy to guide the development and management of the Municipality and, to further this purpose, to establish

(a) policies that address problems and opportunities concerning the development of land and the effects of the development;

(b) policies to provide a framework for the environmental, social and economic development within the Municipality;

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(c) policies that are reasonably consistent with the intent of statements of provincial interest; and

(d) specify programs and actions necessary for implementing the municipal planning strategy.

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**ATTACHMENT 4**

**Economic Development Role Definition – A**  
**Cross-Jurisdictional Comparison**

Table A (see below) indicates, for Consider Canada City Alliance jurisdictions, economic development services delivered.

Business and investment attraction, business retention and expansion, economic development marketing, and cluster/sector development were heavily represented in the survey. A range of seven (7) to eleven (11) entities indicated that these activities were within their mandates.

Marketing is more ambiguous. Although seven (7) of the eleven (11) agencies were involved in attracting international events, only two (2) show tourism as within the development mandate. Differentiation is common in the case of tourism and destination marketing activities.

<b>Table A: Type of Service Delivered by C-11 Organization</b>	
<b>Economic Development Service</b>	<b>No. of Responses</b>
Business Investment Attraction	11
Leadership and/or facilitation of community economic issues	11
Business Retention & Expansion	9
Economic Development Marketing	9
Cluster/Sector Development	9
Economic Policy Development	8
Site Selection	7
Labour Force Development	7
International Events/Festival Attraction	7
Small Business Development	3
Incubator Program	3
Film Permitting Office	3
Tourism Marketing	2
Business Tourism Attraction	2
National / International Delegation hosting	2
Employment Lands Redevelopment	1
Real Estate Redevelopment	1
BIA Office	1
Convention Centre Management	1
International Trade Promotion	1



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**ATTACHMENT 5**

**Alignment of Economic Development  
Partners with 2011-2016 Economic Strategy**

Table B (see below) summarizes the alignment of GHP, TCL, DH and BID activities with HRM's economic strategy outcomes.

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<b>Table B: Alignment with 2011-2016 Economic Strategy</b>	<b>GHP</b>	<b>TCL</b>	<b>DH</b>	<b>BIDS</b>
<b><i>Regional Centre – Build a vibrant and attractive Regional Centre that attracts \$1.5 billion of private investment and 8,000 more residents by 2016</i></b>				
• Direct and oversee a pro-development policy environment within the Regional Centre	•	–	–	•
• Further the liveability and attractiveness of our urban core	•	–	–	•
• Reinvent current approach to mobility in the Regional Centre	–	–	–	•
• Celebrate and enable a rich variety of cultural and creative opportunities in the Regional Centre	•	•	•	•
<b><i>Business Climate – Promote a business climate that drives and sustains growth by improving competitiveness &amp; leveraging strengths</i></b>				
• Reduce regulatory, tax and policy issues that can inhibit development and investment	•	–	–	•
• Create a service oriented culture within HRM that supports the business community’s need for competitiveness and growth	•	–	–	•
• Develop a responsive, integrated regional transport system.	•	–	•	•
• Focus on quality of place including civic engagement, public investment and initiatives to increase social capital	•	–	–	•
• Halifax is recognized internationally for its clean and healthy environment	•	•	•	–
• Increase the engagement and active support of the private sector in the economic growth of Halifax	•	•	•	•
<b><i>Talent – Create a welcoming community where s talent can find opportunities, engaged employers &amp; resources for career advancement</i></b>				
• Maximize opportunities for increased alignment, awareness and engagement of the business community in the implementation of the Province’s workforce strategy	•	–	–	•
• Build a welcoming and inclusive environment for underrepresented groups	•	–	–	–
• HRM will become an “Employer of Choice” serving as a model for its business community	–	–	–	–
<b><i>Brand – Create a unique, international city brand for Halifax</i></b>				
• Create a unique, international brand for Halifax that reflects our best qualities and what we aspire to be	•	•	•	•
• Move Halifax from Good to Great – Live the Brand	•	•	•	•
<b><i>Maximize Growth – Capitalize on our best opportunities for economic growth</i></b>				
• Support and validate the implementation of the economic strategy through an enhanced research capacity	•	–	–	–
• Identify and respond to high value, high potential economic growth opportunities and encourage investment, exports, business productivity, innovation & competitiveness	•	–	–	•

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**ATTACHMENT 6**

**Consider Canada City Alliance Municipalities  
Economic Development Delivery Models**

<b>Table C: Consider Canada City Alliance Municipalities Economic Development Delivery Models<sup>1</sup></b>			
<b>Jurisdiction</b>	<b>In-House</b>	<b>Hybrid</b>	<b>Arms-Length</b>
Toronto	●	—	—
Calgary	—	●	—
Waterloo Region	—	—	●
Halifax	—	—	●
Montréal	●	—	—
Quebec City	—	—	●
Saskatoon	—	—	●
Vancouver	—	●	—
Winnipeg	—	—	●
Ottawa	—	—	●
Edmonton	—	●	—

<sup>1</sup> The classification above helps to understand the overall picture of economic development models across comparator cities. There is nuance and variation on these models in different jurisdictions (e.g. cities with arms-length economic development organizations may still have some economic development expertise in-house and vice versa; some jurisdictions have aspects of economic development activities such as investment attraction or real estate management either in-house or with arms-length organizations) these classifications indicate the predominant model in the above jurisdictions.

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**ATTACHMENT 7**

**Pros and Cons of Delivery Models**

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**In-House Configuration**

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| <b>Pros</b> | <ul style="list-style-type: none"><li>• ease of integration/alignment with municipal planning/development</li><li>• direct control over day-to-day operations (by HRM)</li></ul>  |
| <b>Cons</b> | <ul style="list-style-type: none"><li>• decreased flexibility vis-à-vis workforce/staffing</li><li>• limited capacity to leverage HRM funding (gov't and private sector)</li><li>• public perception as government body inhibits liaison function</li></ul> |
- 

**Arms-Length Configuration**

- |             |  |
|-------------|--|
| <b>Pros</b> | <ul style="list-style-type: none"><li>• increased flexibility vis-à-vis workforce/staffing</li><li>• significant private sector presence on board</li><li>• public perception as independent body facilitates liaison function</li><li>• significant capacity to leverage HRM funding (gov't and private sector)</li></ul> |
| <b>Cons</b> | <ul style="list-style-type: none"><li>• lack of direct control of day-to-day operations (by HRM)</li><li>• potential conflict over mandate/agenda vis-à-vis other investors' interests</li></ul>   |
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**Hybrid Configuration**

- |             |   |
|-------------|---|
| <b>Pros</b> | <ul style="list-style-type: none"><li>• benefits from board expertise</li><li>• direct control over day-to-day operations (by HRM)</li><li>• ease of integration/alignment with municipal planning/development</li></ul>                                    |
| <b>Cons</b> | <ul style="list-style-type: none"><li>• decreased flexibility vis-à-vis workforce/staffing</li><li>• limited capacity to leverage HRM funding (gov't and private sector)</li><li>• public perception as government body inhibits liaison function</li></ul> |
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**ATTACHMENT 8**

**Merger of Destination Halifax and Greater Halifax Partnership**

The question of whether HRM's economic development interests are better served by a single primary economic development organization or by the current structure with the general economic development function performed by GHP and tourism marketing performed by DH has been raised on by Council and by the AG. Specifically, should GHP and DH be merged into one entity.

Three governance options have been identified by staff in regards to DH and GHP. They are as follows:

- Status quo
- Merger
- Integration

The relative merits of each option are discussed in turn below.

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**Merger**

<b>Pros</b>	<ul style="list-style-type: none"><li>• Integrated focus possible</li><li>• Potential to leverage funds for projects, events, etc. from other funding sources due to prioritization at Board level and business planning</li><li>• Synergies, particularly in areas such as marketing and communications, event bidding, international delegations and trade presence</li><li>• Potential cost savings through elimination of duplicated administrative and oversight functions</li></ul>
<b>Cons</b>	<ul style="list-style-type: none"><li>• HRM cannot compel two arms-length organizations to merge</li><li>• The organizations have distinct and different mandates</li><li>• Introduces a single sector (tourism) focus into HRM's primary EDO</li><li>• Mergers can be disruptive, particularly in early years, resulting in human resource and other challenges</li><li>• Likely pushback from (largely private sector) independent management boards</li><li>• HRM cannot redirect marketing levy funds for non-destination-marketing purposes (statutory limitation of enabling provincial legislation)</li></ul>

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**AG's Position on Merger**

Staff have reviewed the Municipal Auditor General's report *Economic Development through Partnerships – A Performance Evaluation*, with a view to informing the discussion of possible

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merger. Despite noting potential costs savings from the consolidation of “duplicated administrative or oversight functions” (see page 60), the AG does not explicitly recommend a merger of the two organizations. The AG concedes that, “the uniqueness of the respective services may not adequately lend themselves to a complete merger of administrative or oversight functions” (see page 61). The AG leaves the question of the relative merits of a merger to Administration and Council.

#### **Practical Limitations vis-à-vis Merger**

As noted in the pros-and-cons summary above, HRM has a limited capacity to compel changes in regards to independently constituted entities. Neither DH nor GHP can be directed to merge. Both DH and GHP are private-public entities incorporated under the Societies Act, with boards of directors appointed through a community-based process. Although HRM councillors sit on their respective Boards as voting members, they do not hold a majority voting bloc. Certainly a threat to cut funding could be used to motivate compel a merger. Given the high percentage of HRM funding, relative to their respective overall operating budgets, both DH and GHP would be at significant risk if HRM funding were withdrawn.

#### **Response of Private Sector to Merger**

Consideration must also be given to the ramifications of merger. Where private sector support is concerned, a merger may or may not be viewed favorably by current supporters. To what extent support is contingent on the current configuration is difficult to gauge. While an argument could be made that merger would widen the potential base of support, a counter argument could also be made that merger would precipitate a loss in private sector support. Merger may be seen as dilution of focus and undermine sector-specific support currently enjoyed by DH. It may be seen as placing undue focus on a single sector and precipitate a loss of the private sector support currently enjoyed by GHP. To the extent that both advisory input and financial backing from the private sector are valuable assets to HRM, merger should be approached with caution.

#### **Merger Impact on Capacity to Leverage Financial Support**

Accessing funding, from other levels of government or from the private sector, may necessitate flexibility in terms of focus and services offered. Autonomous economic development agencies must be free to adapt to funder priorities. Where HRM is only one part of the funding equation, sensitivity must be exercised in regards to dictating configuration and operations. Despite HRM’s providing disproportionately high levels of funding, when compared with other funders, the reality is that HRM is not the only funder at the table and cannot, therefore, expect to dictate terms unilaterally.

#### **Legislative Rationale for Separation of GHP and DH**

Authority to apply a marketing levy comes from the *Halifax Regional Municipality Marketing Levy Act*. This enabling legislation specifies that the marketing levy may only be used to fund an organization “formed to promote the Municipality as a tourist destination”. Thus, tourism

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marketing activities – and only tourism marketing activities – can be funded by the levy. While a DH-GHP merger is not strictly speaking prohibited by the enabling legislation, organizational distinctiveness/separation is useful. HRM must be able to demonstrate clearly that levy money collected by HRM under the Act has been allocated for the exclusive purposes of tourism development, per the requirements of the provincial legislation.

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**Status Quo**

<b>Pros</b>	<ul style="list-style-type: none"><li>• Option well understood</li><li>• Minimal disruption</li><li>• Independence of the two organizations respected</li><li>• No need to change financial arrangements between HRM and the two organizations</li></ul>
<b>Cons</b>	<ul style="list-style-type: none"><li>• Lack of integrated focus</li><li>• Continued administrative duplication</li><li>• Gives the appearance of “no action”</li></ul>

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**Administrative Duplication Under Status Quo**

While there may well be administrative and oversight cost savings realized through a merger, the extent to which those cost savings would be realized is not well understood. No attempt to quantify costs savings was made by the AG his report. In the absence of this analysis, the savings are unquantified. Whatever dollar value could be associated with merger cost savings would have to be weighed against potential loss of private sector and governmental financial support and against the costs associated with realigning the two organizations.

**Lack of Integrated Focus Under Status Quo**

A lack of integrated focus is, perhaps, the most significant drawback of the status quo. With limited funding available to advance HRM’s economic development agenda, inefficiencies must be limited as far as practicable. Clearly articulated outcomes for economic development partner-organizations can mitigate this drawback, but will do so only in the context of duplication of efforts and overlap in economic development activities. Service Agreements (discussed more fully later in the report) can help to maintain distinctiveness and reduce overlap in organizational mandates.

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**Closer Collaboration**

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|-------------|---|
| <b>Pros</b> | <ul style="list-style-type: none"><li>• Encourages organizations themselves to analyze need for change and buy into ideas which make sense to those organizations</li><li>• More integrated focus in areas of overlap</li><li>• Possible new synergies through closer collaboration between the two organizations</li><li>• Project based collaboration could lead to better outcomes</li><li>• Allows for consideration of co-location</li></ul> |
| <b>Cons</b> | <ul style="list-style-type: none"><li>• More time spent on joint planning, meetings and reports</li></ul>   |

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**Collaboration as Means of Achieving Integrated Focus**

Encouraging closer cooperation between DH and GHP can result in improved operational integration. Aside from cost-savings realized from a merger, integration is the primary positive outcome of merger. Were, however, the two organizations to remain distinct, but work cooperatively the principle advantage of merger would be had without the downside risks associated with merger. Collaboration will necessitate careful drafting of organization-specific outcome measures to facilitate/compliment closer association. Apart from agreement-based support, collaboration will require a willingness on the part of the respective parties to work cooperatively around tourism development and promotion as an aspect of economic development.



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**ATTACHMENT 9**

**Cross-Jurisdictional Outcome Measures**

A review of Consider Canada City Alliance Municipalities' development agencies provides insight into performance metrics usage. There is a fair degree of diversity among metrics used by the Consider Canada City Alliance Municipalities agencies (see Table C below). Job retention figures, dollars leveraged, data information/assistance requests processed, and investment leads facilitated top the list. Each of these metrics garnered a response rate of between eight (8) and nine (9). Beyond these metrics, however, the commonality is lost. Other metrics used garner only a response rate of six (6) or lower – or roughly half of the respondents. Undoubtedly this is related to differences in terms of operational mandates.

These data suggest highly individuated performance measures tailored to the respective agencies. No universal performance measure is being used to gauge economic development agency performance.

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<b>Table D: C-11 Organizations and Outcome Measures Used</b>	
<b>Outcome Measure</b>	<b>No. of Responses</b>
Total number of new and retained jobs resulted due to direct action, facilitation or intervention from the EDO	9
Total dollars leveraged by EDO activities from other orders of government or organization, for sector development projects.	9
Total number of information/data request processed	9
Total number of investment leads received by the EDO that are developed into qualified investment prospects.	8
Total number of qualified investment prospects resulting from out-bound trade missions, hosting of in-bound trade missions and participation at trade shows.	8
Number of request for assistance from local businesses serviced by the EDO	6
Total number of "out-bound" trade missions; organized, led or assisted by the EDO	6
Total number of earned media mentions/articles.	6
Total dollar value of new assessment due to direct EDO activities, facilitation or interventions	5
Total number of small business consultations	5
Total number of "in-bound" missions/delegations hosted.	5
Total square footage of new development facilitated by the EDO	4
Total number of web hits.	4
Total dollar amount of BIA capital projects assisted by the EDO	3
Average response time to information/data inquiries	2
Total number of film and television permits issued	2
Number of bids prepared for major international events	2
Total number of "out-of-town" business conventions and events secured	2
Average response time to small business inquiries	1
Total dollar value of film and television activity attracted to municipality by EDO	1
Number of corporate contacts	1
Number of expansions and companies retained	1
Number of successful client issues interventions	1
Total business investment due to EDO assistance	1
Number of new businesses registered	1
Estimated economic impact of secured events	1
Number of companies making investments which are new to the City and assisted by EDO staff	1
Number of major partnership activities completed	1
Total dollar value of investments leveraged	1
Media Activity	1
Project specific execution	1

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**ATTACHMENT 10**

**Economic Development Organization Partner Profiles**

To enable a better understanding of HRM's current economic development environment, staff developed organization profiles for the following economic development partners:

- Greater Halifax Partnership (GHP)
- Destination Halifax (DH)
- Business Improvement Districts (BIDs)

These entities were selected because of their close alignment with the municipality. Most of these autonomous entities have contractual agreements with HRM and all receive financial support from HRM. BIDs were included because they perform an economic development function in respect to HRM's economic strategy.

Each organizational profile includes details on origins, mandate, structure and governance, legal relationship, and financial status.

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#### **Business Improvement Districts (BIDs) – Origins**

In 1970, Ontario passed enabling legislation to create the world's first Business Improvement District (BID) in Bloor West Village. Since the creation of this first BID, the concept has been adopted by thousands of communities across the globe.

In HRM, BIDs are established through a formal request for BID designation made by business community leaders. The onus is on the proponents to organize, and solicit support for, the BID's formation – support that must be demonstrated through an HRM facilitated BID-formation plebiscite.

There are currently eight BIDs located in HRM.

- Downtown Dartmouth Business Commission
- Downtown Halifax Business Commission
- Main Street Dartmouth and Area Business Improvement Association
- North End Business Association
- Quinpool Road Mainstreet District Association
- Sackville Drive Business Association
- Spring Garden Area Business Association
- Spryfield and District Business Commission

#### **Business Improvement Districts (BIDs) – Mandate**

BIDs act to revitalize and maintain dynamic commercial districts and promote areas as business, or retail destinations. Revitalization and maintenance creates a cleaner, safer and more attractive environment that benefits businesses operating within the district and, enhances property values for owners. Beyond beautification and promotion, BIDs also facilitate the development of strategic partnerships and advocate with all levels of government on behalf of their membership.

#### **Business Improvement Districts (BIDs) – Structure and Governance**

BIDs are structured as private entities, Provincially incorporated as either a Society or a Nova Scotia Limited by Guarantee Company. BID boards are appointed through a process set out their respective by-laws. In some instances BID Boards include HRM councillors and/or HRM staff.

Although autonomous, BID boards are accountable to HRM Council. They are contractually obligated to provide HRM with activity plans, year-end activity reports and audited financial statements on an annual basis. HRM approves BID Boards' budgets and area rate levies in June of each fiscal year.

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#### **Business Improvement Districts (BIDs) – Legal Relationship**

HRM's eight (8) BIDs and HRM have formalized their working relationship through a service agreement mechanism. In 2012, HRM and the BIDs renewed individual service agreements that identified economic development activities to be pursued within the districts, stipulated reporting obligations and set out disbursement schedules for area rate levies payable to the BIDs. In 2012, a BID by-law was introduced to govern the creation of new BIDs and to govern boundary changes to existing BIDs.

#### **Business Improvement Districts (BIDs) – Financial Contributions**

Once a BID is approved by HRM's Regional Council, non-residential property owners within the business district's geographic boundaries pay an area rate levy.<sup>2</sup> The area rate levy funds are collected by HRM and then transferred to the BID to manage on behalf of the district's membership. HRM does not retain any portion of the levies collected.

Area rate levies differ from business district to business district. Each individual BID sets its area rate and, therefore, determines its own baseline operating budget.<sup>3</sup> The 2013/2014 budget shows a total of \$2,047,400 in BID area rate levies (inclusive of federal and provincial levies). Budgeted levies for 2013/2014 range from a high of \$267,300 (Downtown Halifax Business Commission) to a low of \$73,200 (Spryfield and District Business Commission). BIDs engage in fundraising and fee for service activities to supplement their budgets. A number of BIDs also receive Federal and/or Provincial funding.<sup>4</sup>

In 2013/2014 Council approved \$106,000 in discretionary funding to be apportioned between HRM's eight BIDs. Each BID's share of discretionary funding is allocated on the basis of its proportional share of the combined area rate levied for all eligible BIDs.

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<sup>2</sup>Area rate levies payable are collected from commercial property owners through their interim and final commercial tax bills. HRM has authority to apply these levies pursuant to Section 70 of the *Halifax Regional Municipality Charter*.

<sup>3</sup> The BID area rate is typically expressed as a percentage of assessed property value. BIDs establish maximum and minimum levies to facilitate equitable cost sharing.

<sup>4</sup> Federal and provincial funding of BIDs is project-based, fluctuates annually and, as a proportion of overall BID budget, differs from BID to BID.

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#### **Destination Halifax (DH) – Origins**

Destination Halifax (DH) was created in April 2002 through a merger of the Greater Halifax Conventions & Meetings Bureau and the tourism marketing arm of the Halifax Regional Municipality Tourism, Culture & Heritage Department. DH has evolved into a partnership of the Hotel Association of Nova Scotia, the Provincial Department of Tourism, the Halifax Regional Municipality, and the World Trade and Convention Centre.

#### **Destination Halifax (DH) – Mandate**

DH works to increase business and leisure tourism activities in the region. Governed by a Board of Directors, Destination Halifax promotes the Halifax Regional Municipality as a year-round destination of choice for business and leisure travelers.

#### **Destination Halifax (DH) – Structure and Governance**

DH is structured as a private entity incorporated under the Societies Act, whose board is appointed through a process set out in its by-laws. Board membership reflects DH's focus on promoting the tourism and hospitality sector. A staff representative of HRM's CAO is appointed to the Board, along with one elected representative of Council and the Mayor, all as voting members. DH and HRM senior executive meet regularly to review matters of strategic and mutual significance.

DH's business plan and operating budget process timeframes do not coincide with those of HRM, however, DH does provide HRM with its approved annual business plan and budget in advance of HRM's budget process. DH participates in other aspects of economic strategy, most notably in developing strategies related to marketing the Halifax brand and attributes associated with attracting visitors.

#### **Destination Halifax (DH) – Legal Relationship**

The DH and HRM working relationship is not defined by a service agreement but instead by an MOU with a third party, the Hotel Association of Nova Scotia (HANS). The 2003 MOU defines broad parameters of a partnership which led to the creation of DH as a destination marketing organization.

#### **Destination Halifax (DH) – Financial Contributions**

HRM's annual operating grant to DH was initially intended to fund activities that were carried out by the Municipality prior to DH's formation – activities that were subsequently absorbed into DH operations. It is not clear whether the funding arrangement was intended to be long term. DH is currently funded by a hotel marketing levy<sup>5</sup> and by the tourism industry at large. HRM's current practice is to transfer 60% of the hotel marketing levy to DH.

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<sup>5</sup> The Province of Nova Scotia passed enabling legislation that permits HRM to impose a hotel marketing levy to promote the municipality as a tourist destination.

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In 2013/2014 DH's portion of the marketing levy was budgeted at \$1,985,600. In 2013 HRM's levy contribution constituted 67% of DH's revenues. HRM also provides DH with an annual operating grant (budgeted at \$386,000 in 2013-2014). This grant is a legacy of the transfer of HRM's Tourism, Culture & Heritage staff and marketing budget to Destination Halifax.

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#### **Greater Halifax Partnership (GHP) – Origins**

In 2006 the Greater Halifax Partnership (GHP) and the Halifax Regional Development Authority (HRDA) were tasked with creating HRM's first Economic Strategy.<sup>6</sup> With the adoption of HRM's Economic Strategy, Council began to explore the merger of GHP and HRDA to eliminate perceived duplication of effort. In March of 2007, Council merged the two entities and they became the newly constituted Greater Halifax Partnership.

#### **Greater Halifax Partnership (GHP) – Mandate**

The Greater Halifax Partnership (the Partnership) is a catalyst for economic growth and confidence in Greater Halifax, the economic hub of Atlantic Canada. The Partnership works to keep and grow business, attract new investment and strengthen the community to create economic growth and prosperity for Greater Halifax.

#### **Greater Halifax Partnership (GHP) – Structure and Governance**

GHP is a private-public entity incorporated under the Societies Act, with a board of directors appointed through a community-based process set out in its by-laws. The GHP Board is largely a private sector board, with representation from senior staff of the Province, ACOA and Municipality appointed as observers as well as representatives from HRM Council appointed as voting members.

GHP has more than 130 private-sector investors – large and small companies alike. Additionally, members of GHP and HRM's executive management meet regularly to review matters of strategic and mutual interest.

#### **Greater Halifax Partnership (GHP) – Legal Relationship**

GHP and HRM have formalized their working relationship through a service agreement mechanism. In 2007, HRM and GHP agreed to a 5-year service agreement that was tied closely to outcomes and activities identified in the 2005-2010 Economic Strategy. In 2011, a service agreement was prepared to support implementation of HRM's 2011-2016 Economic Strategy. In 2012, this agreement was renewed and detailed deliverables were integrated in the terms of the contract.

#### **Greater Halifax Partnership (GHP) – Financial Contributions**

GHP receives a substantial proportion of its funding from private investors and from the three orders of government, with the Municipality being the largest single investor. HRM provides an annual operating grant to GHP. In 2013/14 this grant was \$ 1.57 million. HRM's 2012/2013 contribution of \$1.4 million constituted 44% of GHP's revenues.

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<sup>6</sup> At this point in time GHP's mandate was retaining and growing resident businesses and expanding high wage job sectors while HRDA's mandate was facilitating and strengthening community economic development in HRM's rural and suburban areas.



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**ATTACHMENT 11**

**Status Update on Auditor General's report: Economic Development Through Partnerships – A Performance Evaluation**

<b>Recommendations</b>	<b>Update</b>	<b>Status</b>
<p>1.0.1 The OAG would recommend HRM explore the possibility of creating a Chief Economic Development Officer, who would be located in City Hall and would report directly to perhaps the Mayor who has expressed a personal interest in and focus on economic development. This type of 'bold' approach would signal the importance HRM places on economic development and the needed authorities to ensure success. Page 39</p>	<p>Given the complex nature of support for economic development and its interconnection with work being done by many HRM business units, it could be difficult to assign responsibility for the work to a single person. The advantages and costs of such an approach are under consideration.</p>	<p>In progress</p>
<p>1.0.2 HRM should explore the opportunity of enhancing a liaison position jointly with the Federal and Provincial governments whose primary focus would be to coordinate efforts and who would have specific expertise and experience (preferably at two levels of government) in both coordination and economic development. Page 39</p>	<p>HRM's Government Relations and External Affairs section (GREA) includes staff with previous experience in all orders of government, and conducts significant intergovernmental liaison work. GREA, which includes HRM's Economic Development unit, manages relationships with all external economic development partners, and coordinates specific liaison activities of municipal staff working with these partners and other levels of government.</p>	<p>Complete</p>
<p>1.0.3 Should the above recommendations not be implemented, the OAG would recommend HRM Administration consider arranging for a secondment/secondments of the HRM resource(s) who will be the economic development point person to allow for the development of:  - Additional knowledge and experience at the other levels of</p>	<p>HRM has actively pursued the idea of secondments, and has recently hired or seconded several staff members with provincial government work experience in key positions, including those positions with a primary focus on economic development.</p>	<p>Complete</p>

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<b>Recommendations</b>	<b>Update</b>	<b>Status</b>
<p>government where economic development has greater resources and focus - The appropriate relationships to aid in collaboration and greater coordination once the individual returns to HRM. Page 40</p>		
<p>2.1.1 HRM Administration place a renewed emphasis on the HRM economic development strategy after consideration of the points made by the OAG in this report. This strategy should be developed separate and apart from the implementation plan. Page 42</p>	<p>HRM Council has approved a more focused set of activities for years 3 to 5 of the 2011-2016 Economic Strategy implementation, and has set economic development as one of its four key priorities. As a result, a Director-led team has been established to prioritize and coordinate activities in relation to economic development.</p>	<p>Complete</p>
<p>2.1.2 HRM Administration should ensure the implementation plan noted above contains and outlines clearly the inputs to be used (along with efficiency performance measures) and the expected outcomes (along with the appropriate effectiveness measures). This will allow for the development of formal or ad hoc measures of economic development performance. Page 42</p>	<p>HRM has worked with the Greater Halifax Partnership (GHP) to improve reporting on economic development outputs and outcomes through both the Economic Strategy update and approval of a new service agreement between the two parties. A progress report on the strategy will be sent to the Community Planning and Economic Development Standing Committee in November. HRM and GHP will continue to work toward more meaningful reporting on economic development outputs and outcomes including through the annual Halifax Index.</p>	<p>Complete</p>
<p>2.3.1 HRM Administration should ensure the draft Memorandum of Understanding with Destination Halifax is reviewed and any appropriate changes made and finalized as soon as possible. Page 48</p>	<p>A Service Agreement with Destination Halifax has been drafted and is being reviewed. It is anticipated that the agreement will be brought to Council for debate and ratification in late 2013.</p>	<p>In progress</p>
<p>2.3.2 HRM Administration should consider, along with Destination Halifax, the funding arrangement within the Memorandum of Understanding. The current formula is a fixed percentage of the yearly Marketing Levy. The OAG would suggest a fundamental and needed change would be to</p>	<p>The approved Service Agreement with Destination Halifax will contain a specified funding approach and clear outcome measures which will be tracked over time.</p>	<p>In progress</p>

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<b>Recommendations</b>	<b>Update</b>	<b>Status</b>
tie the funding to agreed-upon and measureable performance. Page 48		
2.3.3 On the assumption (or at least for the time being) should current arrangements continue, HRM Administration should engage both Greater Halifax Partnership and Destination Halifax in the development of the implementation plan to achieve the economic strategy, which would include the expected goals or outcomes to ensure roles and accountabilities are absolutely clear. Page 48	The new Council-approved Service Agreement with GHP includes clearer implementation goals and outcomes measures, as does the draft Service Agreement with DH.	In progress
2.3.4 With the above recommendation in mind, once the implementation plan and its goals are approved, HRM Administration should request Greater Halifax Partnership and Destination Halifax prepare action plans for those outcomes for which they have accepted responsibility. Page 48	The service agreements with GHP (approved) and DH (in progress) will address this recommendation.	In progress
2.3.5 Using the services of the economic development resource being suggested by the OAG in Recommendation 1.0.1, HRM Administration should determine the appropriate performance measures for the goals accepted by each of Greater Halifax Partnership and Destination Halifax and hold both organizations accountable on a yearly basis. Page 49	Work on strengthening performance measurement and reporting is being done with GHP, and has been reinforced through both the Economic Strategy update and development of the new service agreement. This approach will be formalized with DH when the new service agreement is approved.	In progress
2.3.6 The OAG would suggest HRM Administration, Greater Halifax Partnership and Destination Halifax accept the view of the OAG that both Greater Halifax Partnership and Destination Halifax have limited resources and with that the likely lack of expertise in all areas which may be needed to	Both GHP and DH have used, and will continue to use, outside expertise as required to meet the outcomes included in their respective service agreements. Increased focus as a result of the Economic Strategy renewal and approval of service agreements will help to ensure actions are clearly identified and aligned with expertise. In terms of the \$3,600,000 figure quoted, it should be noted that there are some restrictions on use of the revenue that is generated by the Marketing Levy.	Complete

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<b>Recommendations</b>	<b>Update</b>	<b>Status</b>
<p>achieve the outcomes of the strategic implementation plan. With this in mind, HRM should consider utilizing a portion of the approximately \$3,600,000 in annual funding to engage other service providers with the needed experience or expertise, or how this would be accomplished through its partners and their ongoing funding. Page 49</p>		
<p>2.3.7 HRM Administration should consider reviewing and amending the business case for the Marketing Levy Special Events Reserve to establish a specific mechanism to deal with any surplus funds which may occur in a fiscal period due to a) unanticipated revenue increases or b) a reduction in spending. Page 49</p>	<p>The Marketing Levy Special Events Reserve, like other reserves, can carry a balance forward from year-to-year. In this case, reserve surplus from a “slow” events year can be carried over for use in future years and assist with multi-year planning.</p>	<p>Complete</p>
<p>2.4.1 In keeping with the process already developing between HRM and Greater Halifax Partnership, and as suggested in industry literature, HRM should strengthen its business plan development in both the operating and capital budgets, to better align with the goals and action plans outlined in the economic strategy. A series of workshops could perhaps provide senior and mid-level management with an opportunity to better understand the various stakeholders who participate in economic development activities within HRM, and to explore and discuss the economic challenges and opportunities which exist. Page 52</p>	<p>Director-led staff outcome teams have been established for all Council priority outcomes, including economic development, to ensure internal coordination of activities. HRM is working with GHP on an ongoing basis to develop tools to help educate senior and mid-level managers on economic development issues, as well as explore economic development opportunities. In terms of budget alignment, Economic Development is a Council priority, the CAO Business Plan reflects Economic Development priorities, and initiatives like the Strategic Urban Partnership are helping to strengthen economic development linkages within the HRM structure.</p>	<p>Complete</p>
<p>2.4.2 HRM Administration should consider developing, in conjunction with Greater</p>	<p>Director-led staff outcome teams have been established for all Council priority outcomes, including economic development, to ensure coordination of activities. Staff</p>	<p>In progress</p>

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<b>Recommendations</b>	<b>Update</b>	<b>Status</b>
<p>Halifax Partnership, a training tool which would educate municipal staff and elected officials regarding the roles and responsibilities the Municipality plays in developing the local economy and the importance of the work they do in support of economic growth. Page 52</p>	<p>will continue to work with GHP to determine appropriate training measures to help educate senior and mid-level managers on the importance of economic development and the relationship between economic development and their roles and responsibilities.</p>	
<p>2.6.1 HRM Administration should review the reasoning behind the formation of Greater Halifax Partnership and Destination Halifax both as separate organizations and also as organizations outside of the administration of HRM. The OAG has suggested a number of questions to be considered as a starting point for a discussion, given the original objective for the formation of Greater Halifax Partnership, for example, was centralization. Page 61</p>	<p>Research conducted as part of an HRM economic development governance review outlines the reason for establishment of both organizations, and demonstrates that most municipalities use arm's length organizations to conduct economic development work. A few combine economic development and tourism organizations, but the model of two separate agencies is more common. In addition, the province and the federal government separate these two functions and distinctly different funding arrangements have been established by HRM Council for GHP and DH. Both GHP and DH rely on private sector participation and funding.</p>	Complete
<p>2.6.2 HRM Administration should consider the OAG's suggestion of a more focused approach to economic development with high consideration of the comments around more focused support for businesses of all sizes and entrepreneurs. With the decline in Greater Halifax Partnership private sector funding and projects, this trend is of great concern to the OAG. Page 62</p>	<p>GREA has worked with the Community Planning and Economic Development Standing Committee of Council over a series of meetings to refine the municipality's approach to economic development. The GREA operational plan includes this process, as well work with CRS and GHP to define service agreement deliverables, economic strategy actions and other actions that address the regulatory environment. For example, one such goal is to "define next steps with respect to barriers and unnecessary steps to starting a business, including through participation in the province's A2B projects". In addition, a number of the objectives and actions in the 2006-11 Economic Strategy speak to this question.</p> <p>In terms of focussing on size of business, diversity in is important. While small businesses are important to the economy, the largest businesses in Nova Scotia (over 500 employees) represent 0.2% of businesses but 50% of employment, and innovation is often linked with mid-sized businesses. Focusing on regulatory and service improvements that benefit all businesses will likely yield the greatest benefit for the economy.</p> <p>In reviewing GHP's revenue stream, private sector</p>	Complete

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<b>Recommendations</b>	<b>Update</b>	<b>Status</b>
	funding has been relatively stable since 2007. The noted trend of decline in funding more apparent from government sources. GHP is actively working on this issue and HRM has contributed by increasing its grant to cover inflationary increases over the past six years.	
2.6.3 HRM Administration should consider offering in-kind services and extending procurement opportunities (beyond the current levels) to Destination Halifax and Greater Halifax Partnership in an effort to minimize administration costs. Page 62	GHP has reviewed administration costs to identify possible areas for in-kind and/or procurement opportunities. Ultimately this issue will be addressed by GHP and DH in discussion with HRM on a service-by-service basis, with appropriate consideration of the legal relationship between HRM and the specific organizations.	Complete
2.6.4 As has been noted in a number of other OAG reports, the roles and responsibilities of HRM-appointed representatives to various boards and commissions has been raised as a concern. The OAG saw, once again in the completion of this report, some level of confusion as to roles, responsibilities, expected competencies and reporting requirements of its representatives on Greater Halifax Partnership and Destination Halifax boards. As previously recommended in other reports, the OAG would recommend HRM provide specific written clarification outlining what the expected roles and responsibilities are for their representatives serving on the boards of Greater Halifax Partnership and Destination Halifax. Page 62	As noted in the management response, and in responses to several recommendations from previous AG reports, Legal Services is examining issues related to Board governance throughout HRM.	In progress
3.0.1 The OAG recommends HRM Administration consider, with respect to the risk management concerns noted above, the additional benefits to be gained through the services of the individual(s) as suggested in Recommendations 1.0.1, 1.0.2 and 1.0.3. Page 64	As noted in responses to 1.0.1, 1.02, and 1.03 the outcomes envisioned will be addressed through existing roles in GHP, HRM's Government Relations and External Affairs Office, and those leading and participating on the economic development priority team.	Complete

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<b>Recommendations</b>	<b>Update</b>	<b>Status</b>
<p>3.0.2 With the original objective of GHP being a partnership between the three levels of government and the private sector, the apparent reduction in revenue from private sector activities (support) should be reviewed by HRM Administration to determine the likely reasons for this and the impact on HRM's current economic development model. Page 64</p>	<p>Private sector funding has been relatively stable since 2007. The noted trend of decline in funding more apparent from government sources. GHP is actively working on this issue and HRM has contributed by increasing its grant to cover inflationary increases over the past six years. This has helped GHP make a stronger case to its investors.</p>	<p>Complete</p>
<p>4.1.1 HRM should consider focusing its efforts and resources to those areas where it has primary responsibility and expertise, such as land use planning and property taxation within a facilitative/strategic role. This approach should ensure HRM resources are used to improve the environment in which businesses operate, ensuring businesses and of course the citizens of HRM receive the best possible service (less red tape) for the level of investment made (value for money). Page 76</p>	<p>GREa and GHP are working closely on the update of the Regional Plan to make sure that it includes appropriate support for the Economic Strategy. In the updated actions for years 3 to 5 in the Economic Strategy, a director-led economic development outcome team will track and report on business plan actions related to economic development. GHP is also emphasizing its Business Retention and Expansion work to insure that business needs are clearly brought to the attention of HRM.</p>	<p>Complete</p>

# ATTACHMENTS ECONOMIC DEVELOPMENT GOVERNANCE REVIEW

## ATTACHMENT 12

### Per Capita Funding of Economic Development and Destination Marketing Organizations

1) Per Capita funding of Destination Marketing Organizations  
The chart below compares funding levels per capita of 18 destination marketing organizations across Canada. The chart shows that Destination Halifax has a lower per capita level of funding than average.

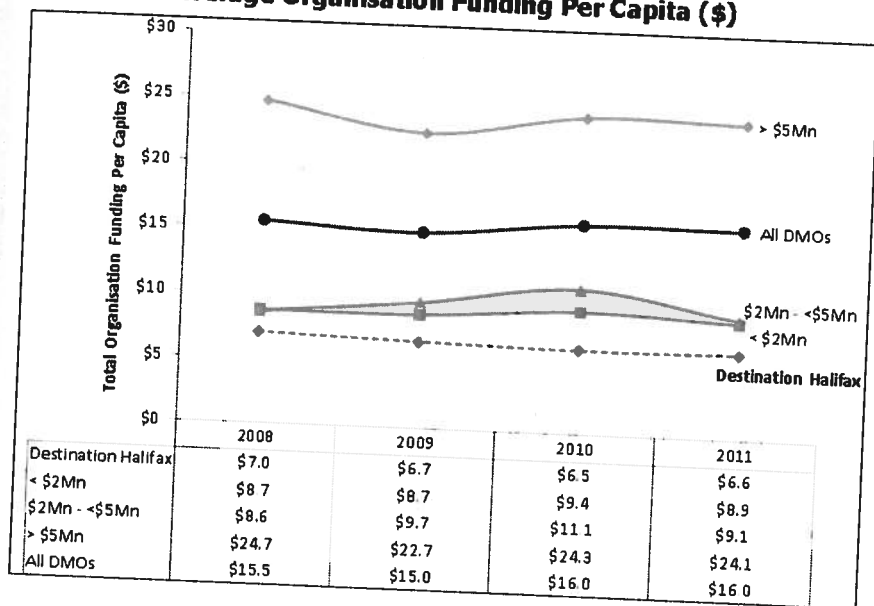
### PRODUCTIVITY & EFFICIENCY

#### Availability of Resources

**Destination Halifax has a lower level of funding relative to destination size relative to its DMO peers.**

- Organization funding per capita is used as a measure of organization funding relative to destination size.
- Larger DMOs tend to have a larger ratio of organization funding per capita relative to smaller DMOs which suggests a higher level of funding even when respective destination size is taken into account.
- Destination Halifax has a lower ratio relative to DMOs in its own peer category, which suggests that organizational funding may be low relative to destination size compared to its peers.

**Average Organisation Funding Per Capita (\$)**

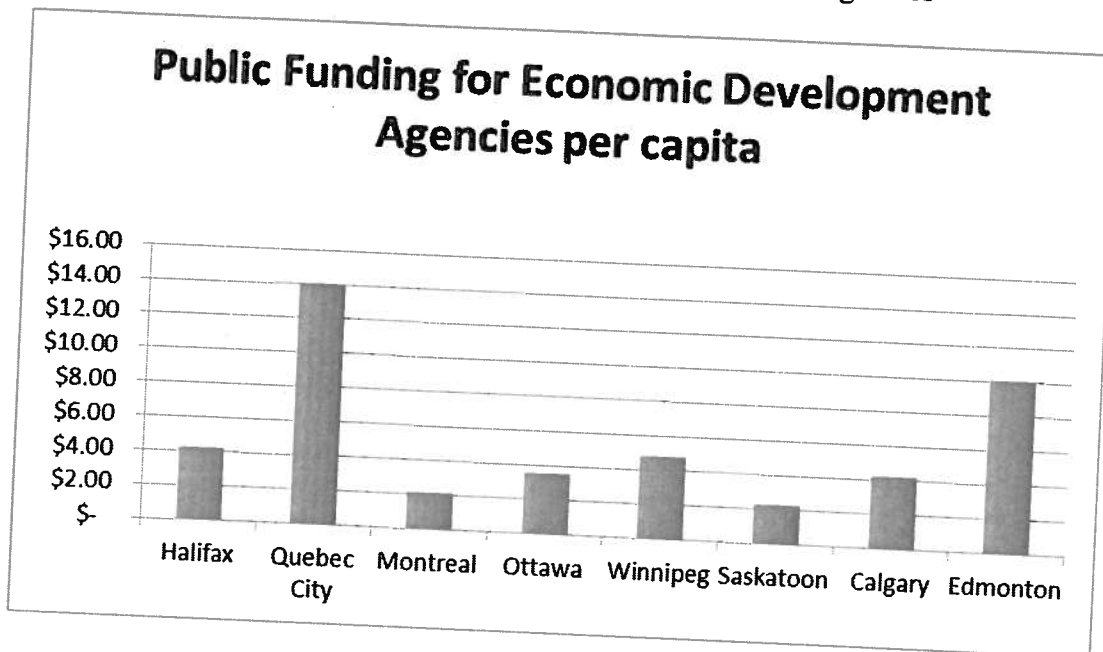




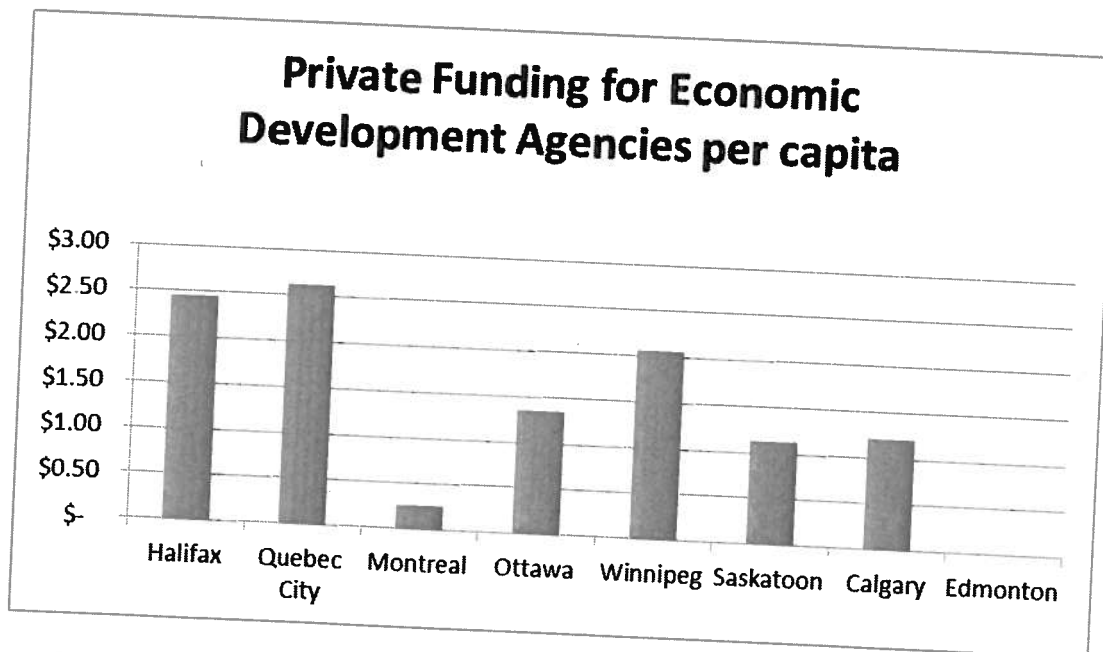
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2) Public Funding per Capita - Economic Development Agencies



3) Private per Capita Funding – Economic Development Agencies



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4) Public funding of economic development

Charts 2 and 3 show the funding levels to economic development organizations among cities across Canada. It should be noted that economic development organizations vary in the programs and initiatives they operate which makes comparisons difficult. In addition, some cities allocate budgets through both an arms-length organization and a municipal department.

Halifax is average in the public sector funding provided to economic development organizations like the GHP. In several instances federal and provincial governments provide more funding in other cities than in Halifax. The Greater Halifax Partnership has among the highest private sector contribution per capita among comparison cities.