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**Item No. 5**  
**Halifax Regional Council**  
**March 23, 2010**

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

**SUBMITTED BY:**

*Church*

Jennifer Church, Managing Director, External & Corporate Affairs

**DATE:** March 5, 2010

**SUBJECT:** Government Relations Priority Areas Update

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### **INFORMATION REPORT**

#### **ORIGIN**

August 11, 2009 recommendation report “2009-10 Government Relations Priority Areas”  
MOVED BY Councillor Mosher, seconded by Councillor Blumenthal that Regional  
Council approve the 2009-10 Government Relations priority action areas. MOTION PUT AND  
PASSED.

#### **BACKGROUND**

In August 2009, Regional Council approved priority action areas for government relations work for the coming year. This report provides an update on their status. Priority areas were grouped by Council Focus Area and corporate strategies, as are the updates below. The selection of specific issues for government relations work stems from Regional Council’s adoption of the “*Government Relations and Strategic Partnership Development Policy*” in October 2006, as a framework for discussions with colleagues at other levels of government and community partners. Its’ three aims were relationship and partnership building; advancing HRM’s priority issues; and collaborative issue resolution. These goals do not change from year to year, but specific action areas are periodically updated to reflect HRM’s priorities and interests.

Each year Council is asked to approve the priority focus areas for the coming year. These areas are not prioritized, but rather provide a sense of the issues which should be coordinated with other levels of government. In addition to the approved priority areas, other issues sometimes arise and are included based on external factors and the actions of the Federal and Provincial governments.

**DISCUSSION**

The following provides updates on various initiatives approved as government relations priority areas for 2009-10. It is not a comprehensive analysis, but rather gives the status of key aspects and outcomes. Items are organized by Council Focus Area and Corporate Strategy, as they were in the original August 11, 2009 Council report.

**Transportation:**

Work continues to advocate for increased Provincial funding for transit. It was included in meetings with all party caucuses in advance of the Legislature opening last fall, as a top GR priority, and UNSM passed a resolution HRM put forward at its annual conference asking the Province to increase its funding levels. The recent report from the Economic Advisory Panel to the Premier recommended the Province consider increasing funding for public transit, which supports HRM's position.

Over the past year HRM has been exploring the feasibility of a Capital Transportation Authority (CTA). Following direction from Council in April 2009, the issue was raised with Provincial officials. Recent correspondence from the Province has indicated it is willing to have discussions around establishing a CTA. This issue will be considered at a dedicated facilitated session of the Strategic Joint Regional Transportation Planning Committee (SJRTPC) planned for Spring 2010. The SJRTPC, a committee of staff transportation officials from HRM, the Province and stakeholders, continues to meet to discuss all matters related to strategic transportation planning.

Subject to Council approval of the 2010-11 budget in April, Metro Transit plans on introducing a new route along the south area of Upper Water Street, to commence in August 2010. This service enhancement has been developed in partnership with NSPI, NSCAD and the Port Authority to assist the growing number of people frequenting the area for work, classes, events, shopping, tourism and recreation. The increased service reflects an expanded range of activities occurring in the area such as the Seaport Farmers Market, the cruise ship facilities, and Pier 21, recently designated Canada's National Museum of Immigration.

Unfortunately, funding for the Woodside ferry was not received through the Building Canada Fund. Funding sources continue to be investigated to assist with this project.

**Infrastructure:**

Stimulus funding for a variety of infrastructure projects was secured in September 2009 and HRM received in the end more funds than were originally proposed to Council, due in part to the government relations advocacy efforts and relationship-building undertaken during the past year. While stimulus funding for the four-pad arena was declined under the federal economic stimulus

plan, the Province is contributing \$2 million towards its construction. Application has been made to FCM for a grant for the 4-pad arena together with a low interest loan. Discussions respecting the application have been very positive.

In October 2009, Build Canada funds were confirmed for the Central Library from both federal and provincial governments. This is a major accomplishment which will allow a much-needed replacement for the 60-year-old Spring Garden Rd Library to proceed, and it will be a landmark building, learning centre and legacy for the entire community and Province.

Monitoring federal and provincial programs for funding opportunities is ongoing. One example is the recent letter HRM sent to the federal government, outlining its support for the Province's request to renew the EcoTrust program. HRM received \$5 million from this program for a number of energy efficiency projects, and staff are working on 2 additional applications for the January 31, 2010 deadline: one for the Green Thermal Utility project and the second for LED streetlighting.

HRM, the Province and the Federal government have had fruitful discussions with the Africville Genealogy Society around the Africville memorial project, and a memorial and settlement was announced on February 24, 2010.

HRM has met with the Province on our requirements for a new Trunked Mobile Radio System, and they have assigned a Project Manager to work with us. The Project Manager attended a meeting of all HRM stakeholders in December 2009, and the Province has provided a copy of their RFP which HRM is reviewing.

#### Public Safety:

HRM's Public Safety Office was created in March 2009 with funding from the Provincial Department of Justice and is now well established. One of the Public Safety Officer's priorities is the Safer, Stronger Communities initiative. As part of this process, a tripartite advisory committee is overseeing three working groups - Outreach Sub-Committee, Coordination Sub-Committee and Results Sub-Committee - which are developing community-based programs aimed at addressing the root causes of crime and measuring the results. Overall, this initiative addresses several of Professor Clairmont's recommendations as outlined in the Report to the Mayor on Violence and Public Safety in HRM, and is a good example of collaboration between a number of different departments.

Staff discussions on the municipal court proposal have not yielded any further results. The underlying issues are under active discussion in relation to legislative amendment requests, particularly those aimed at improving the functioning of prosecution and court processes (e.g., summary offence arraignments, remission of penalties applications, certificate evidence to reduce police overtime, electronic summary offence tickets, mental health court, etc). It is anticipated that some of the issues will be addressed in the Spring session of the legislature and others will require

further discussion. However on a more positive note, HRM has received \$350,000 for a pilot project related to issuance of electronic summary offence tickets, a legal process which would streamline matters considerably.

HRM is forwarding information on Heavy Urban Search and Rescue (HUSAR) to the Atlantic Premiers as a shared priority item between HRM and the Province. HUSAR teams are established in partnership with Public Safety Canada and there are six such teams across Canada, with the Halifax-based team assigned to the Atlantic Region. The information being forwarded to Atlantic Premiers deals with ongoing operational costs which are currently covered solely by Halifax Regional Fire & Emergency. If successful, it is believed that this will be the first time an HRM-led issue has been included on the Atlantic Premiers' agenda.

After meeting with HRM staff to discuss photo radar and red light cameras, the Province has agreed to establish a joint working group to consider issues and look at instituting a pilot program.

The United Way is advocating that the Province establish a 211 human resource network. HRM has agreed to work with the United Way to further the issue whenever possible.

Community Planning:

Implementation of the Community Engagement Strategy is ongoing with a number of objectives complete, and tools and practices in place. A more detailed report will be coming to Council in the near future.

HRM staff meets regularly with Nova Scotia Power executives to discuss ways in which HRM and NSPI can collaborate on issues. One example of this is the energy efficient street lighting being installed throughout the municipality. HRM Councillors also received an update from NSPI recently on the new Lower Water St headquarters being constructed.

HRM has been notified officially that the Shearwater land will be retained for air defence purposes and not developed. HRM staff are currently working with DND officials to develop an alignment for the connector road that does not interfere with airfield operations, in order to improve transportation patterns in the Portland Hills/Russell Lake West area, should a future road be required.

The NS Department of Environment is developing new compost guidelines which will be phased in over the next three years. HRM is working with the Department to ensure the new guidelines and phase-in plan has a minimal financial impact on the municipality.

The Canada-wide Strategy for the Management of Municipal Wastewater Effluent was approved by Canadian Council of Ministers of the Environment (CCME) in February 2009, and is now in effect. Provincial elements of the Strategy will be implemented by the NS Department of Environment, including conditions of wastewater approvals. Halifax Water has completed a preliminary risk

assessment of each of its wastewater treatment plants (including the 3 Halifax Harbour Solutions plants) and submitted this to NS Department of Environment in December 2009, in order for the results to be considered during the development of the Provincial implementation strategy.

HRM was selected for one of six pilot projects being run by Natural Resources Canada on Regional Adaptation Collaboratives - in HRM's case, to consider the effects of climate change and sea level rise on urban planning and infrastructure decisions. Funding for the project is being provided by the federal and provincial governments, with HRM contributing in-kind services. The project will commence this winter (2010) and run until March 2012.

Governance & Communications:

There is ongoing collaboration and priority-sharing between HRM, the Province, and Federal government. For example, a submission to the federal Standing Committee on Finance was made in October and every opportunity is taken to meet with Nova Scotia's regional Minister. A pre-budget submission (attached) to the Province has been prepared based on existing Council policies and priorities, and sent to the Finance Minister. Meetings with all party caucuses take place before each sitting of the Legislature. There are regular meetings between officials, and staff communicate on specific issues on a frequent basis. Overall the past few years have seen a strong relationship develop between HRM and the Province, and there are increased strategic opportunities to provide policy input.

As a particular example of the above, the process around legislative amendment requests is improving. Regular meetings and discussion between Provincial staff, HRM legal, and HRM subject matter experts allow in-depth discussions to take place that clarify the legislative changes being sought and reasoning behind them. An "HRM bill" with a number of outstanding requests is being considered for the Spring session of the Legislature.

Proposed Provincial pension legislation, if adopted, would have a negative impact on the HRM Pension Plan. HRM submitted a resolution to UNSM asking for the support of all municipalities on this issue, which was approved. The intent is to exempt HRM from funding solvency valuation deficits - an exemption which already applies to the Provincial, Federal and Canada pension plans. In 2006 the Province instituted 10 years of temporary and partial relief of solvency deficit funding for municipalities, and the new government has agreed to continue this, which is positive. However, the additional relief offered this year due to the financial crisis could not be accessed on top of that relief already in place - a decision that is contradictory as HRM is not able to benefit from the relief instituted to mitigate the effects of the financial downturn. Both these issues have been raised in a letter to the Finance Minister. The Province plans to hold public consultations on the Pension Review recommendations in the spring, and HRM staff are preparing a submission. Significant advocacy by impacted parties is required to ensure understanding of the issues involved in pension reform. HRM will remain engaged on this issue.

Economic Strategy:

HRM's Economic Strategy is being reviewed and the development of a 2011-2016 Economic Strategy is underway. A Steering Committee has been struck with representation from HRM, GHP, the Halifax Chamber of Commerce, ACOA and NS Economic & Rural Development. The framework to undertake the work has been set and a contract has been signed with the International Economic Development Council to conduct a third-party review of the existing strategy. The intent is to have a 2011-2016 Economic Strategy and implementation plan to Council by the end of 2010.

The Hub City concept as referenced by the Conference Board of Canada is being put forth by HRM, GHP and the Chamber at all possible opportunities. The Premier's Economic Advisory Panel report supported the idea in its recent report, saying Halifax is the economic engine of the province and the role should be supported by provincial policy. HRM as hub city will be a key theme in the Economic Strategy refresh.

The Province and HRM have invited the Rank Group to submit a detailed proposal to develop a new World Trade Convention Centre in downtown Halifax, following a request for proposal process issued this past fall. The detailed project proposal is due in April, and at the same time the Province and HRM are preparing an independent detailed costing that will be compared with the Rank proposal. A final decision by both parties (HRM and Province) on the construction of a new convention centre is expected in late Spring 2010. In association with the World Trade Convention Centre project, HRM is also working with the Province and other partners to examine affordability and funding options for the new facility as well as to examine governance model options. A facilitated workshop similar to the one being organized for transportation is being scheduled to examine these issues in more detail. The World Trade Convention Centre process has been a strong tripartite arrangement. Agreement by all parties would be required for the project to go ahead.

HRM continues to be a committed partner in the ongoing development of the Halifax component of the Atlantic Gateway. A significant area of Burnside Business Park has been dedicated, branded and marketed as the "Atlantic Gateway - Halifax Logistic Park" and is used to support marketing efforts of Gateway partners such as NSBI, ACOA and the Port of Halifax. A working group with representatives from Transport Canada, ACOA and the four Atlantic provinces are evaluating a short list of Gateway-related projects for funding, three of which are in HRM. One project, traffic flow changes downtown, has already been approved in the capital budget and so any funding decision from the Gateway & Border Crossing Fund would open up capacity in the HRM budget. HRM also continues to work with Gateway partners like the Port of Halifax and the Province to examine ways to improve the efficiency of access to and from facilities associated with the Port of Halifax.

Cultural Plan:

Council has identified the need for a new regional museum and storage facility. HRM is investigating federal funding programs to support the construction of a collection storage facility (possibly as part of an existing or developing heritage facility).

Cultural Affairs meets regularly with the Department of Canadian Heritage, the Canada Council, the Department of Tourism, Culture and Heritage and ACOA to discuss existing and upcoming cultural initiatives and seek synergies. New strategic opportunities are expected to be identified in the next year.

Immigration Action Plan:

HRM and ISIS (Immigrant Settlement & Integration Services, formerly MISA) have signed a service agreement to mutually support Neighbourhood Bus Tours and SupperNova events. The agreement also commits both organizations to ongoing collaboration and communication. As one example, HRM Community Development staff are currently working with an ISIS steering committee guiding a needs assessment/research on services and programs for Immigrant Seniors. Funding for this research is being provided by the Federal Government and is expected to conclude in the spring 2010.

In fall 2009, GHP brought together an initial group of government representatives responsible for immigration programs and services, to discuss the possibility of establishing a roundtable on immigration in HRM. It would serve as a table for unofficial discussions and problem-solving. There was broad interest in proceeding, possibly with a mandate to look at labour-force issues, which could include under-represented communities and not be limited just to immigrants. The first meeting of this group is scheduled for mid-February 2010 and includes three HRM representatives. This table will provide opportunities to concentrate on immigration-related issues specific to HRM and assist our goal of attracting and retaining more people. It is also a good forum to provide input to the provincial and federal governments.

A Formative Evaluation of HRM's Immigration Action Plan was completed in December 2009 by a student from the Dalhousie School of Planning. Funding for the research was provided through a grant from the Atlantic Metropolis Centre for Excellence, a network for comparative research and public policy development on migration, diversity, and immigrant issues in Canadian cities. The report was presented to HRM staff in January 2010, along with HRM-specific recommendations for retaining newcomers. Staff were consulted in the research phase, and are now reviewing the findings for further action.

Staff have developed/delivered workshops to orient newcomers to local government services and programs; these types of workshops will continue and can be customized for groups based on the

information they require. Discussions have also begun with several organizations and community groups to work towards translation of information provided in the Newcomers' Guide into common languages as directed by the Immigration Action Plan. Staff has also attended a number of tradeshow, exhibitions and wellness fairs to meet and talk with newcomers, build networks and form partnerships to explore opportunities to improve service delivery.

The Collaboration on Diversity Integration (CODI) Network formed late in 2009 to examine opportunities to work together to deliver a multitude of newcomer services. The CODI group is still functioning informally and will hold several developmental sessions in order to reach consensus on a common purpose for the group.

### Conclusion

Significant work has taken place over the past six months on HRM's government relations priority areas. However the impact goes far beyond the individual items described here. Since adopting the *Government Relations and Strategic Partnership Development Policy* in 2006, HRM has seen a marked increase in invitations to consult and collaborate with the Province and Federal government. There have been more opportunities for HRM's views and priorities to be considered by other levels of government, and for HRM to have input into policy development. Outcomes of this closer relationship include increased federal stimulus funding beyond what was initially expected for HRM; funding for road projects identified through the Strategic Joint Regional Transportation Planning Committee; invitations to participate on joint staff-level working groups, particularly in regards to environmental and public safety issues; and joint proposals with the Province which strengthen our positions when approaching the federal government. Ongoing tactics HRM undertakes include presentations to all party caucuses before each sitting of the Legislature, regular meetings between HRM and Provincial senior staff, a submission and presentation to the federal Standing Committee on Finance's pre-budget consultations, and participation in the Federal of Canadian Municipalities and Big City Mayors Caucus advocacy work. Another timely example of ongoing government relations work is HRM's pre-budget submission to the Province each winter, attached here. It outlines HRM positions on issues of top priority and requests the Province give them consideration during its annual budget preparations.

### **BUDGET IMPLICATIONS**

None

### **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.



**ATTACHMENTS**

Budget Submission from HRM February 2010

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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**Budget Submission from  
Halifax Regional Municipality**

**Nova Scotia Department of Finance  
Minister Graham Steele**

**March 2010**

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## **Introduction**

Halifax Regional Municipality is the business, financial and cultural capital of Atlantic Canada. At over 5600 square kilometers it is geographically the largest municipality in Canada, with substantial urban, suburban and rural areas. With 395,000 people, HRM has 42% of Nova Scotia's population, and has grown at a rate of approx 12% over the past 10 years. HRM has a young population, with half its citizens under the age of 39, and is a magnet for youth across Canada due to its excellent post-secondary institutions and vibrant cultural scene.

HRM has a \$10 billion economy and generates 48% of Nova Scotia's GDP. It has a stable and diversified economy which has performed well during the past year of economic unrest. CIBC World Markets recently ranked Halifax first out of all Canadian cities in its Metropolitan Economic Activity Index, noting its strong momentum and reduced vulnerability to economic shocks.

The Conference Board of Canada has designated HRM as the "hub city" for Atlantic Canada, meaning it is the economic engine for the region, positively impacting the economies of all Atlantic provinces. In Nova Scotia in particular, HRM contains a hub of assets that benefit the entire region, including the airport, Naval Dockyard, Port, finance centre, six universities and the largest NSCC campus in the Province. These key economic drivers help the entire region. We want to work with the Provincial government to maximize HRM's potential and deliver the greatest benefit to other municipalities in NS - as recommended in the Premier's Economic Advisory Panel report which stated that *"the prospects for Nova Scotia are now inextricably linked to the success of its largest urban area."*

As budget deliberations get underway, HRM wishes to acknowledge that it understands the fiscal realities the Province faces. In fact, we face our own significant pressures, such as:

- Population and development growth
- Increasing demand for services (especially transit) and the resulting need for more staff
- Aging infrastructure requiring maintenance
- Flat revenues
- A low level of transfers from other levels of government

HRM has taken several steps to address this including:

- Debt reduction plan in place and we continue to meet targets
- Implementation of a multi-year financial strategy
- Adoption of a regional plan laying out an integrated approach to development over the next 25 years in a sustainable and environmentally friendly manner.

These initiatives help create stability and a strong and attractive business climate. HRM believes an open and strong working relationship with the Provincial government is critical. During the past months we have had the opportunity to meet with a number of staff and officials on matters important to both levels of government, and discuss ways to collaborate. The Province of Nova Scotia has also undertaken many recent steps to assist with projects cost-shared with HRM and the federal government, such as support for the Central Library and Canada Games Centre

(Mainland Common), Atlantic Gateway projects, and the economic stimulus package with infrastructure projects throughout the Municipality. As well, HRM appreciates the interest from the Province on the Halifax-based Heavy Urban Search & Rescue (HUSAR) team.

In anticipation of the 2010-11 budget, HRM would like to take this opportunity to forward suggestions and priority issues for consideration. This submission focuses on:

- Public transit
- Pension reform legislation
- Infrastructure support
- Provincial Program & Service Review
- Taxation
- Economic Strategy Redevelopment

Ongoing collaboration between the Province and its largest Municipality will enable us to achieve success in meeting outcomes and improving life for our citizens. As the hub city for Nova Scotia, the success of HRM will bring benefit to all communities throughout the province.

## **I. Public Transit**

Nova Scotia currently has the lowest amount of provincial funding for transit in Canada (at \$3.72 per capita, compared with the provincial average of \$19 per capita). The Premier's Economic Advisory Panel has urged the Province to increase its support for public transit. Increasing public transit options benefits everyone by allowing families to access transit instead of paying car and insurance expenses, while at the same time bringing environmental, health and financial impacts such as reduced air pollution and emissions, fewer traffic injuries, reduced traffic congestion, and decreased demand for investment in roads, bridges and parking.

HRM has made many improvements to its public transit system in recent years, increasing service levels by over 60% in the past four years. In April 2008 Council approved a Five Year Approach to Transit which aims to increase service levels by a further 25%. In January 2010 Council approved in principle the Five Year Strategic Operations Plan for Transit which provides a proposed budget and implementation timelines for the service expansion. The success of programs such as MetroLink and MetroX Rural Express indicate the public demand for efficient and accessible transit, and increasingly public transit is viewed as a core service that is expected to be provided to all areas of the municipality. Halifax Regional Council has identified Transportation as an area for priority focus over the course of its mandate, in recognition of the importance of this service.

Farebox revenues constitute 53% of Metro Transit's operating budget - one of the highest levels of dependence in Canada. The bulk of the remainder of funding comes from municipal property taxes. HRM receives no direct Provincial funding for transit, apart from occasional one-time cost-shared projects. Improved public transit is a key factor in attracting people and businesses to the region and, as noted above, comes with long-term benefits to environment and health issues. HRM urges the Province to consider increasing funding for capital and/or operational

costs for public transit, using mechanisms such as sharing a portion of Provincial Gas Tax funds similar to BC and Saskatchewan, eliminating bridge tolls for transit vehicles, or establishing new Provincial grants or programs.

## **II. Pension Reform**

In 2007 the Provincial government established a Pension Review Panel to recommend changes that would update and improve pension legislation. Its mandate included considering the affordability and availability of pension plans to employers and employees; protecting the sustainability and security of pension benefits, enhancing information-sharing to plan members, and eliminating unnecessary rules and regulations. It was asked to provide recommendations for lasting solutions to pension legislation and regulation. However, the global economic downturn occurred while the Panel undertook its research and so, while not officially part of its mandate, the Panel also considered the economic crisis and made interim pension recommendations on that basis. The Panel's final report was issued in January 2009. It has a number of recommendations that are of concern to HRM and could significantly impact both the HRM Pension Plan and the Municipality's budget.

Of particular concern is the recommendation that municipal pension plans be denied relief from funding solvency valuation deficits. Solvency valuation is one method of measuring a pension plan's financial soundness, by indicating whether the current amount in a pension plan is sufficient *now* to provide a pension to *all current plan members to the extent they are entitled now*. Solvency valuation is designed to ensure that pension plans are fully funded in the event the employer ceases operation. Most government plans, including CPP, Federal Government Plan and the Nova Scotia Pension Plan, are exempt from solvency valuation because they are not going to cease doing business. However the HRM Pension Plan plans remain subject to this measurement even though they are just as unlikely to cease operation. The government of HRM is a multi-million dollar organization with an annual budget of \$703 million (\$133 million, or 19%, of which is paid to the Province for mandatory contributions for education, housing and corrections). It has a strong Standard & Poor's credit rating of "A+". HRM adheres to an effective multi-year financial strategy that includes a debt management plan and continues to meet its targets.

Solvency valuation measurements are subject to short-term volatility, as they are affected by stock market fluctuations and interest rate changes. While HRM has no issue with providing its figures around solvency valuation, being required to fund any deficit would require a significant increase in contributions to the pension plan - both by HRM and its employees. Contributions would rise at an unsustainable rate, making it difficult to recruit and retain employees and so having a ripple effect on the delivery of municipal services. It is estimated that if the Panel's recommendations are implemented, contribution rates would rise from the current 10.36% of salaries, already an unusually high rate, to 24.6%. This amount is clearly not realistic for either employees or the municipal budget. The Provinces of British Columbia, Alberta and Quebec all permanently exempt municipalities from funding solvency valuation deficits, and Ontario's Expert Commission on Pensions is recommending the same thing. As Provinces move towards more standardized approaches to pensions and securities markets, it is HRM's suggestion that

Nova Scotia should not create substantially different rules. HRM has reviewed the Provincial Discussion Paper on Pensions released in March 2010 and is pleased to see the Province is soliciting additional feedback on recommendations for measurements of pension plan strength, particularly for the near public sector which includes municipalities. We are working on a submission and look forward to further discussion in the coming weeks.

The Province granted municipalities a degree of assistance in 2006 by instituting temporary relief from funding solvency deficits. This relief is due to expire in 2016. HRM urges the Province to permanently exempt municipalities from funding solvency deficits. This issue has major implications for HRM and its budget, and we request that the matter be given careful consideration in the coming months as a consultation process gets underway.

On a related issue, HRM was disappointed to learn that it would not be able to take advantage of the one-time relief provided to all pension plans due to the financial crisis. This relief was originally proposed in the former government's May 2009 budget and at the time the Superintendent of Pensions confirmed HRM would be able to benefit from it as well as the temporary relief granted in 2006. However when the final budget passed in September 2009 we were informed we could only access one type of relief. As the two types of relief were offered for different reasons, it does not seem fair or equitable that HRM is not able to benefit from the relief instituted to mitigate the effects of the financial downturn. HRM recommends that this decision is revisited in the upcoming budget.

### **III. Infrastructure**

The past year has seen an unprecedented amount of attention focused on infrastructure. The stimulus funding from federal and provincial governments has enabled many long-standing and much-needed projects to proceed. For HRM, this has meant everything from regional legacy projects like the Central Library, to construction of new fire stations, sewer lines and roads, to maintenance on existing parks, buildings, trails and sidewalks. With infrastructure as a dedicated area of focus for Regional Council, the progress made during the past year on maintaining and expanding infrastructure has been a major accomplishment.

As the country and province emerge from the global recession, governments are facing large deficits. Balancing the budget is a key priority to ensure economic health and governments at all levels are facing spending cuts. However at the same time, it is important not to overlook the ongoing infrastructure needs municipalities and communities face. A recent survey conducted for the Federation of Canadian Municipalities found that 96% of Canadians want funding for local infrastructure to be maintained or increased. They feel that local infrastructure is one of the most important areas to protect from spending cuts, second only to health care. Municipalities provide most of the services and facilities that citizens access on a daily basis, and therefore have a large impact on quality of life. At the same time, municipal infrastructure is aging and in need of repair, and also must be expanded to meet growing and changing population needs. HRM estimates its total infrastructure gap at \$2.25 billion (that is, the total cost of unfunded projects on HRM's complete list of infrastructure projects). As we move into the next budget cycle HRM asks that the Province commit to maintaining its support for local infrastructure.

A list of potential Gateway projects is being considered by a working group with representatives from Transport Canada, ACOA and the four Atlantic provinces, for funding from the Gateway and Border Crossing Fund. The list includes three projects within HRM, but it is not clear where the recommendation for the three originated. HRM is eager to work together in order to leverage federal funds for Gateway initiatives as much as possible. As similar opportunities arise, HRM would like to be engaged in discussions on capital projects from the outset in order to share its knowledge of local concerns and issues, and ensure that projects selected are best fit to meet citizens' needs.

#### Convention Centre

One outstanding major infrastructure project in HRM is the proposed downtown Convention Centre. Staff from both the Province and HRM have been collaborating on this and continue to work on detailed proposals and costings with a final decision anticipated this year.

### ***IV. Program and Service Review***

HRM understands the fiscal challenges facing the Government of Nova Scotia. A wholesale government-wide look at programs, services and expenditures will hopefully assist the Government in bringing down the deficit. Periodic service reviews are useful as they can point to programs that duplicate services or no longer best meet the needs of citizens. However there are several programs that have brought great benefit to the province and to HRM. We ask that the Province keep in mind the usefulness and value of the programs below while undertaking its expenditure review:

#### Boots on the Street

There has been significant work done in the past few years around public safety. It is one of five areas that Regional Council has selected for primary attention and improved outcomes. In 2009 Regional Council received a report it commissioned with recommendations to improve Halifax's public safety outcomes, and is in the process of implementing it. Public safety improvements are already being seen. The crime rate is down, a fact noted by the Halifax Chamber of Commerce in its most recent Economic Strategy Scorecard when the crime rates sank below the target for 2009. With support from the Department of Justice, HRM has established its Public Safety Office, mandated to implement the Mayor's Roundtable Report recommendations and bring together all levels of government and community partners to address the root causes of crime. To support this, the Province, HRM, Halifax Regional Police and Halifax District RCMP are spearheading the Safe and Strong Communities initiative aimed at working with specific areas and developing community-based programs. The Boots on the Street program started by the Province in 2007 has provided funding for 51 additional police officers that are increasing safety on our streets. These resources have been deployed to front line operational policing positions; school safety resource officers; and specialized street crime and quick response units. Programs such as these are vital to improving the safety and quality of life in our community. As the Province undertakes its expenditure review HRM strongly recommends continuing the Boots on the Street program.

### EcoTrust

The EcoTrust Nova Scotia program has been exceptional in its ability to create improvements in energy sustainability, clean air and climate change initiatives. In addition to reducing greenhouse gas emissions, it has enhanced collaboration between the Province and HRM on climate change actions and enabled us to deliver projects we would not have otherwise been able to. Examples of the projects funded by this program include the Alderney 5 geothermal energy retrofit, eight fire stations made more energy efficient, enhancements to the Public Gardens Greenhouse, Sackville Sports Stadium and Centennial Pool, and energy improvements to the Police Headquarters, City Hall and Metro Transit.

Municipal governments have influence over activities that account for 44% of GHG emissions in Canada. Programs that allow us to improve energy efficiency and meet emission targets have a far-reaching effect. There are many other projects that HRM would like to see proceed in collaboration with the Province under the EcoTrust program. HRM has written to the federal Minister of Environment asking that funding for this program be continued. We hope that if federal funding is renewed, the Province will continue to administer this program. HRM is interested in working together to approach the federal government on this issue.

### Provincial Capital Assistance Program (PCAP)

PCAP was designed to enable the Government of Nova Scotia assist municipalities with the cost of high priority infrastructure projects. Aimed at resolving existing issues (rather than new builds or developments) around water, wastewater and solid waste, the primary emphasis of the program was pollution reduction and elimination of serious environmental and health problems.

PCAP has been an invaluable source of assistance for Halifax Water in undertaking water and wastewater projects in the past few years, specifically supplying and upgrading water service to two subdivisions of HRM. This fund both supports aging municipal infrastructure and helps create a cleaner and healthier community. HRM hopes that PCAP will continue to be an available source of support for these much-needed projects. In addition, the Provincial contribution of \$30 million for Harbour Solutions comes from PCAP (\$2 million per year).

### Chemical Biological Radiological Nuclear Response Team (CBRN)

HRM is home to Atlantic Canada's only CBRN team. The training of these teams began as a federal initiative in 2003, along with teams in Toronto and Vancouver as the three cities were considered at the highest risk of chemical or terrorist incidents. The CBRN teams provide a vital service in dealing with incidents involving dirty bombs, suspicious "white powders" and the intentional release of toxic industrial chemicals. Each team consists of 12 personnel including 6 Haz Mat Technicians, 2 Explosives Disposal Technicians, 2 Forensic Identification Specialists, and 2 Advance Care Paramedics.

For the past three years, the Provincial Fire Marshall has given HRM \$50,000 annually towards the CBRN program with the understanding that a team could be deployed elsewhere in the province outside of HRM should the need arise. A Memorandum of Understanding is currently



being drafted to formalize a funding and service agreement. However recent correspondence between the Fire Marshall Office and Halifax Regional Fire & Emergency indicates that annual funding may end and instead the \$150,000 paid to date would act as a retainer against any future calls outside of HRM, and additional funding only to be issued as the need arises. This arrangement is not feasible for HRM as the cost to maintain a CBRN team for the province is substantial. One full time equivalent (FTE) position is assigned to this initiative at a cost of over \$80,000 per year, as well as the ongoing costs associated with acquiring and maintaining equipment, ongoing training and provision of staff and a unit dedicated to the task. Under the terms of the draft MOU, the annual costs for equipment and training is to be provided by the Provincial Fire Marshall. HRM would like to ensure this arrangement remains in place in order for it to be able to maintain a CBRN team for province-wide deployments.

## **V. Taxation**

### CPI Assessment Cap Program

Under Provincial legislation introduced in 2007, residential property assessments are capped at the level of the CPI. The intent of this program was to control rapidly rising property assessments and so provide predictability and stability for home-owners. However the cap has had a side effect of introducing distortions into the tax system and real estate market, that raise the issue of fairness to all taxpayers. Examples of these distortions include:

- Homes under the cap that are sold revert to full market value, adversely affecting new homebuyers, recent immigrants, and seniors who may be downsizing, among others
- Newly constructed homes become taxable at market values
- Properties with more than three units are not eligible for the cap, despite many such units being occupied by low-income families

Over time, the discrepancies between capped and non-capped properties will continue to grow. The Province has confirmed that it intends to review the Assessment Cap Program in 2010. HRM hopes that the issues described above will be given consideration, and we are happy to participate in consultation and information-sharing during the review.

### HST Rebate for Municipalities

Municipalities currently receive a full rebate on the federal portion of the HST (5%). For the Provincial portion of the HST (8%), municipalities receive a rebate which is capped at \$6 million. This rebate is provided from monies the Province collects from NSPI taxation. Instead of tying HST rebates to NSPI revenues, HRM supports UNSM's request for a full rebate on the Provincial portion of the HST. Such a change would provide municipalities with a more predictable, stable and fair budgetary structure.

### NSPI Asset Taxation

NSPI has assets located in many communities throughout the province. Instead of paying property taxes to the municipality in which their assets are located, NSPI pays taxes to the Province which in turn are distributed to municipalities through equalization, Grants-in-Lieu and the HST rebate, up to a maximum amount (currently \$31 million). HRM, as a member of

UNSM, is advocating for NSPI to be taxed in the same way as all other commercial enterprises.

## **VI. Economic Strategy**

In 2005 HRM adopted “Strategies for Success: HRM’s Economic Development Strategy 2005-2010.” This Strategy has served as the guiding document for our economic objectives and has been a useful tool in setting priorities and strategies to achieve those goals. The Strategy was developed in conjunction with a number of organizations including the Provincial government, to ensure all our community stakeholders had input into the direction the municipality pursued in economic development.

The Strategy expires this year and so HRM has begun the process of creating a 2011-2016 Economic Strategy, with the aim of having a new five-year Strategy for presentation to Regional Council by the end of 2010. There have been changes to the economy and aspects of municipal governance since the original strategy was adopted in 2005, so it is appropriate to consider these in order to maintain its relevance and effectiveness. There have been a number of successes achieved under the original strategy, such as:

- initiatives to attract and retain skilled labour to the HRM area through immigration, repatriation, and engagement of under-represented communities
- Increased public investment in infrastructure that will generate positive economic impacts
- Planning and development improvements such as adoption of HRMbyDesign, streamlined, planning approvals, and implementation of the Business Parks Functional Plan
- working with the Provincial government to implement the BizPal online business portal and making broadband internet access available to every household in the municipality
- Increased Standard & Poor’s rating from A to A+

While HRM has been pleased to work with other levels of government on Strategy goals, even greater alignment of our respective priorities and initiatives would bring increased success. A major objective of the 2011-2016 Strategy will be to form a closer and long-lasting partnership with the Provincial and Federal governments so that we can work towards common economic development goals for the betterment of the region. As a first step, a Steering Committee has been struck to lead the redevelopment process and HRM is pleased that the Province has agreed to participate on this Committee via the Department of Economic and Rural Development.

## **VII. Conclusion**

As a municipal government, it is HRM’s responsibility to maintain and improve the provision of municipal services and infrastructure within its boundaries. However we also have broader responsibilities towards the environment and the economy. Building a positive and productive working relationship will lead to collaboration on shared priorities and positive outcomes for all our citizens.