



**2009/10 Submission to the House of Commons
Standing Committee on Finance**

Submitted to:

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Executive Summary

Halifax Regional Municipality is geographically the largest municipality in Canada, and has long been the business and financial capital of the Atlantic Region, supporting a \$10 billion economy. HRM has 40% of Nova Scotia's population, accounts for nearly half the provincial GDP, boasts a low unemployment rate, and exhibits steady population growth, having achieved 395,000 in the most recent census.

Protecting and leveraging infrastructure funds are HRM's top priorities. Halifax faces significant pressures with respect to the condition of its infrastructure, both due to its age and the large and varied geographic areas HRM encompasses. However HRM has not yet received any of the federal economic stimulus funds available. This is an issue of major concern to Halifax Regional Council and HRM citizens, as a number of major projects that would significantly benefit the region are on hold until funding details are known. In order to improve the situation and any future funding programs, HRM would suggest the following measures:

- Ensure program criteria are clear and consistent nation-wide, and administered consistently
- Mandate that program details and processes be available 60 days after program creation and/or announcement, so that valuable time is not lost when planning for time-sensitive projects such as economic stimulus initiatives
- Move to program-based funding such as the Gas Tax Fund, rather than project-based funds, to ensure funding is reliable, sustainable and enables municipalities to make long-term financial plans.

HRM has build a strong partnership with its Provincial and Federal colleagues that has allowed all levels of government to align their priorities where appropriate and work together for the benefit of all citizens in the region. HRM hopes this spirit of collaboration will continue, and in doing so references research from the Conference Board of Canada on the importance of cities, and in particular "hub cities" to the Canadian economy. HRM is not only the hub city for Nova Scotia, but for the entire Atlantic region, as the area which is the economic engine and the spot which attracts the majority of the population in the province. HRM urges the federal government to focus its attention and investment on hub cities to allow them to reach their full potential.

Introduction and Background

Halifax Regional Municipality is the business and financial capital of the Atlantic Region, supporting a \$10 billion economy. It has a population of 395,000, constituting approximately 40% of Nova Scotia's residents and more than 15% of all Atlantic Canadians. HRM accounts for nearly half the provincial GDP, boasts a low unemployment rate, and has a uniquely diversified and stable economy that includes defence, government, universities, healthcare, finance, IT and a large and stable service sector.

Greater Halifax boasts one of the best-educated workforce in all of Canada with six universities and three community colleges. 67% of the working age population possessing a university degree or a non-university trades certificate or diploma - one of the top five cities in Canada - offering companies in all industries access to a highly diversified and skilled workforce.

Greater Halifax is made up of more than 196 distinct communities, each exploring different avenues for growth. Some are focused solely on residential growth, while others are fostering a blend of residential and commercial activity. At 5600 square kilometers, it is geographically the largest municipality in Canada.

Halifax Regional Municipality has taken on many initiatives of strategic importance for our community:

- For over a decade, HRM boasts one of the leading solid waste diversion systems in the world.
- HRM ranked 1st in the medium-sized cities category and 5th overall in the country in Corporate Knights' annual ranking of Canada's most sustainable cities
- Since 1998-1999, HRM has decreased outstanding debt by 20%, exceeding the goals of our *Debt Reduction Plan*.
- HRM has an 'A Positive' rating with Standard and Poor's and continues to adhere to its *Multi-Year Financial Strategy*.
- In 2006 HRM adopted its Regional Plan, which lays out an integrated approach to development over the next 25 years in a sustainable and environmentally- friendly manner. It is estimated that the Regional Plan will have a financial benefit by approximately \$250 million in cost- avoidance over that time period; however, this will require upfront investments in transit and transit-friendly communities.
- HRM has corporate strategies to guide its focus and investment in three key areas: *Economic Strategy*, *Cultural Plan*, and *Immigration Action Plan*.
- Halifax Regional Council has adopted five focus areas for specific attention during its term: Transportation, Infrastructure, Community Planning, Public Safety, and Governance & Communications
- HRM has commenced some large infrastructure projects recently in partnership with the Provincial and Federal governments, including the Canada Games Centre and the Ragged Lake Transit Centre

Priority Issues for Consideration

Protecting and leveraging infrastructure opportunities are key to any municipality's success. Municipal governments have inadequate fiscal tools and little control over their cost drivers, which are largely determined by other levels of government, yet they are responsible for almost all of the basic services communities rely upon on a daily basis. HRM alone has an annual infrastructure gap of \$50 million, and so continued long-term investment from the federal government is of paramount importance.

Halifax faces significant pressures with respect to the condition of its infrastructure, both due to its age and the large and varied geographic areas HRM encompasses. In HRM's case, the Municipality also receives relatively few government transfers compared to cities in other provinces. The federal economic stimulus funding announced in the January 2009 budget is an unprecedented opportunity to access significant funding for many projects in need. However HRM has not yet received any of the funds available since its first application on April 29, 2009. This is an issue of major concern to Halifax Regional Council and HRM citizens, as a number of major projects that would significantly benefit the region are on hold until funding details are known. In order to improve the situation and any future funding programs, HRM would suggest the following measures:

- Ensure eligibility criteria are clear and consistent nation-wide
- Mandate that program details and processes be available 60 days after program creation and/or announcement, so that valuable time is not lost when planning for time-sensitive projects such as economic stimulus initiatives
- Move to program-based funding such as the Gas Tax Fund, rather than project-based funds, to ensure funding is reliable, sustainable and enables municipalities to make long-term financial plans.

The above recommendations spring from issues HRM has experienced in applying for federal funding, particularly the Infrastructure Stimulus Fund and the Building Canada Fund (Major Infrastructure component):

- HRM's original application for Infrastructure Stimulus monies was declined due to federal concerns it did not meet program criteria. HRM believes its application met the published criteria, so it is concerned that future programs establish criteria that is clearly and consistently applied in order to avoid unnecessary delays in accessing funds. While HRM has made a subsequent application, the delay has meant that shovel-ready projects are held up instead of proceeding and generating stimulus benefits to the regional economy.
- The Building Canada Fund (BCF) was announced almost two years ago, yet HRM still does not have a funding agreement nor clarity on what specific program administration criteria and processes might be. Mandating program details to be established within a certain timeframe would avoid the confusion and delays that have arisen with the Major Infrastructure component of the BCF for

Halifax, allowing municipalities to identify eligible projects and formulate budgets and business plans accordingly.

In order to reduce the timeline around project and application approvals, HRM has endeavoured to keep its Provincial and Federal colleagues updated and informed on its priority projects and goals. In general, HRM strives to maintain an open and collaborative working relationship with its government partners and is proud of the progress made over the past several years. This strong partnership has allowed all levels of government to align its priorities where appropriate and work together for the benefit of all citizens. As the level of government closest to the citizen, municipalities are well-placed to advocate for local concerns and issues. HRM is pleased the federal government has recognized this by giving the municipal level a leading role in the economic stimulus plan and bringing in a new era of partnership.

HRM hopes this spirit of collaboration will continue, and in doing so references research from the Conference Board of Canada on the importance of cities, and in particular “hub cities” to the Canadian economy. Canada is now a predominantly urban nation, with over 80% of its population living in urban areas. The Conference Board has identified nine hub cities which attract the majority of the population in their respective provinces, and which are the economic engines of their provincial economy. Of these, HRM is not only the hub city for Nova Scotia, but for the entire Atlantic region, and as such is the only regional hub city in Canada.

There is strong evidence to demonstrate that strategic investment in a province’s hub city has far-reaching benefits for that entire province, more-so than per-capita investment. HRM urges the federal government to focus its attention and investment on hub cities to allow them to reach their full potential. Helping Halifax to reach its economic potential must be a provincial and regional priority, since everyone benefits. Any new funding should address the full spectrum of programs that support thriving urban economies - particularly infrastructure. Because of its long-term strategic planning laid out in the Regional Plan, Economic Strategy and Cultural Plan, HRM is well positioned to make strategic investments that will have a meaningful and long term impact. However most importantly, improved alignment on actions and priorities between all levels of government will help HRM advance even further on economic development and social issues and lead to a stronger city.