



**Submission by:
Halifax Regional Municipality**

**Submission to:
House of Commons Standing Committee on Finance**

Tuesday October 24, 2006



Dan English
Chief Administrative Officer
(902) 490-6430
englisd@halifax.ca

Introduction

Halifax Regional Municipality is geographically the largest municipality in Canada. It has long been the business and financial capital of the Atlantic region. While it has roughly 40% of the population it accounts for nearly half of the provincial GDP. The 5.3% unemployment rate is below provincial and national averages. HRM has exhibited steady population growth. HRM is a \$10 billion economy and is home to six degree-granting universities and three community college campuses.

The Halifax Region is home to one of the largest deepwater, ice free ports in the world. It is in the top three of Canadian ports in terms of annual traffic, which moves through its modern inter-modal facilities. The Halifax International Airport is the largest and busiest in Atlantic Canada and has recently been granted pre-clearance status for flights into the United States.

HRM is a Canadian leader in environmental sustainability, having implemented many successful clean air, land, water and energy initiatives, including significant greenhouse gas emission reduction; implementation of one of the first pesticide by-laws in Canada; construction of the \$330 million Harbour Solutions Project which, when completed, will represent the largest clean-up of a saltwater body in Canada; and community energy planning. The municipality is also home to Canada's first joint emergency operations centre, which was a highly successful model during Hurricane Juan in 2003 and White Juan (the record-breaking blizzard in 2004.)

Halifax Regional Council has undertaken a process to set strategic priority areas of focus for the coming year, which include infrastructure, community development, public safety and municipal tax reform.

Fiscal Imbalance

During the past year, much has been said about the fiscal imbalance that exists in Canada today. The Council of the Federation recently argued there is a "vertical fiscal imbalance," in the country, with the Federal Government having more fiscal resources than it requires relative to its spending responsibilities, and the Provinces having the reverse. This situation has become even more difficult at the municipal level. For most Canadian municipalities, there is only one source of taxation: the property tax. Property tax is one of the most controversial and difficult of all taxes permitted under the Canadian Constitution. Moreover, municipal expenditures are often driven by decisions made by other levels of government: regulatory and financial. Municipalities have neither the flexibility in their revenues nor strong control over their cost drivers.

HRM has struggled to maintain competitive taxation systems. Residential taxes are low compared to other major Canadian cities, but services have often suffered as a result. We constantly are reviewing the balance between taxes, services and competitiveness.

In a provinces such as Nova Scotia, the difficulties become more compounded. Nova Scotia

suffers from the effects of fiscal imbalance with the Federal Government. While HRM is the fastest growing municipality in the region, it is simply not large enough to function without strong links to the Federal and Provincial Governments. Other major cities have the benefit of other types of taxation (eg transfers of fuel taxes) and greater cost-sharing from their respective provincial governments. Halifax is often been forced to do without.

HRM Initiatives

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

- For a decade, HRM has had one of the leading solid waste collection systems in the world.
- In partnership with the Provincial and Federal Governments, we have undertaken *Harbour Solutions Project*.
- Since 1998-1999, HRM has decreased outstanding debt by 20%, exceeding the goals of our *Debt Reduction Plan*.
- HRM has an ‘A’ rating with Standard and Poor’s and continues to adhere to its *Multi-year Financial Strategy*.

HRM plans to build on our success and continue to move forward. The recently adopted *Regional Plan* 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.

HRM’s new *Tax Reform Initiative* is designed to lead to greater community dialogue on how we raise money for the services that we provide.

HRM as well has recently adopted several new guiding strategies: *The Cultural Plan* establishes a stronger and more focussed cultural mandate for HRM, and a more integrated approach to service delivery. It is intended to help direct the needed investment to achieve that mandate over the long term.

As the Economic Hub of Atlantic Canada, HRM has developed an *Economic Strategy* collaboratively between the community and government partners. It is the blueprint for our economic future.

Halifax Regional Council has adopted a “vision for immigration” in the community and a subsequent *Immigration Action Plan* articulates specific actions HRM can undertake as an organization to help ensure our region is more welcoming to all.

An Infrastructure Planning Process is underway to guide infrastructure investment within the region. Like many Canadian cities, HRM is striving to keep its aging infrastructure in adequate working condition. Water systems, wastewater collection and treatment facilities, recreation

facilities, streets and roads are the foundation of all cities. In order for cities to function and grow, infrastructure must be maintained in a sustainable manner.

Considerations for 2007/2008 Federal Budget

2014 Commonwealth Games:

The Canadian bid for the 2014 Commonwealth Games will propel HRM and the Atlantic Region forward in sport and other areas. Continued all-government support, both politically and financially will be key to our success.

Infrastructure Funding Support:

HRM has an annual infrastructure gap of \$50 million. Continued reinvestment in Federal infrastructure funding programs (such as: Gas Tax Revenue Sharing, MRIF, CSIF, Strategic Transit) are of paramount importance to HRM and other Canadian cities. Without such funding, municipalities would not be able to make many of the investments that have been made to date in aging municipal infrastructure. Much more work remains to be done.

Halifax/Atlantic Gateway Support:

Canada is the bridge between the economies of Asia, Europe and the United States, and we are determined to develop Nova Scotia as North America's Atlantic Gateway, the link to Asia via the Suez Canal. Halifax Regional Municipality continues to support the Gateway concept. The Halifax Gateway accounts for \$1 billion in wages each year. Greater investment, integration and partnership is required to grow the Gateway and to ensure it is recognized and promoted as the East Coast logistics hub.

Community Energy Project Support:

A unique opportunity exists in HRM to make a significant impact on cleaner air, as well as enhance energy security through the *Community Energy Project*. It will generate electricity, using clean-burning natural gas rather than sulphur-heavy Bunker C. The heat co-generated will provide steam and hot water heating for government and university buildings. Federal support to implement the project is imperative. To match the Provincial commitment, \$20 million in federal funding, is required to bring this project and its substantial environmental, financial and social benefits to fruition.

Federal Funding for Law Enforcement Officers:

HRM continues to look forward to the Federal funding for additional law enforcement officers for municipal police agencies that was announced with last year's Federal Budget.

DND Standing Contingency Task Force:

HRM continues its long-standing support of the military in our community. As the Department of National Defence continues to progress towards the establishment of a Standing Contingency Task Force, HRM will remain supportive and urge the financial support to ensure its success.

Recreation Facilities:

The benefits of recreation include improved physical and mental health, development of strong families and communities, prevention of crime and anti-social behavior, protection of the environment and ecological stewardship, and improved quality of life. HRM is faced with the combined challenge of aging infrastructure, population growth, increased demand for services, and changing trends and demographics. Investment is required to fund the development and expansion of community recreation facilities.

Key Infrastructure Challenges in HRM

Transit and Ferry Service are key objectives of HRM's 25- year *Regional Plan*. By investing today, it is expected that there will be significant environmental benefits in the future. For example, further reducing greenhouse gas emissions and the pressure to expand road construction. Over 25 years, this saves a critical \$75 million in Capital expenditures, as well as reducing the pressure on Operating costs by about \$90 million. Significant front-end investment is required proceed.

Through MetroLink (bus rapid transit), a successful jointly- funded project, HRM has reduced more than 400 car trips per day on its major traffic corridors. Without programs like the Transportation Showcase, this success could not have been realized. HRM urges continuation of this funding to further support strategic transit usage. While the tax incentive given to transit passengers is positive, the greater need is for investment in transit capacity to respond to increasing ridership.

Direct Federal support of strategic transportation projects, such as the Halifax HarbourLink high-speed ferry service, is a significant and unique opportunity. HarbourLink is a higher order transit service that will build on HRM's very successful bus rapid transit program. Significant environmental and economic benefits are anticipated. HRM remains positive that the HarbourLink will be a successful project for funding through the Highways and Border infrastructure funding program.

Existing stormwater and wastewater infrastructure in HRM is in deteriorated condition. In excess of \$500 million is required just to maintain the status-quo. Increased Federal investment in this important community infrastructure is key. Water and wastewater systems not kept in good working order and consistent with today's standards will inevitably have an impact on public health and on the environment.

Conclusion

As a municipal government, it is HRM's responsibility to maintain and improve the collection of municipal services and infrastructure within our boundaries. However, we also have broader responsibilities towards the environment, the economy and the nation as a whole. We have made considerable progress towards achieving many of our goals and, in partnership with the Federal and Provincial governments, HRM hopes to continue to move forward and look for new economic tools and funding opportunities where our issues converge.

HRM looks forward to increased investment in municipal infrastructure. It is imperative to our ability to maintain existing infrastructure and expand to accommodate our rapid growth.



For more information:
HRM Intergovernmental Affairs
(902) 490-3677
churchj@halifax.ca