



March 14, 2018

The Honourable Stephen McNeil,
Premier Province of Nova Scotia

Via Email

Re: ACC Request for Equitable Competitive Environment for All Nova Scotia Businesses

Dear Mr. Premier,

We are writing today to express our membership's objection to your government's proposed amendments to Chapter 18 of the Municipal Government Act Respecting Cape Breton Regional Municipality. Our understanding of the amendments is that CBRM will be conferred an exemption from long-standing regulations that prohibit municipalities from providing fiscal and real property incentives to private businesses.

Many of our members agree that municipal governance needs to be modernized, but this specific circumstance is not helpful. We understand the objective but fear the consequences of such an approach.

As a business organization we strongly support competitive markets, not artificial incentives, as the best means of attracting investment opportunities with sustainable profitability. This objective is best accomplished by the province creating globally-competitive infrastructure and cost structures across the entire economy, and ensuring access to an appropriately trained workforce.

The proposed amendments represent the crest of a very slippery slope. The reaction the province can expect to the allocation of special economic development powers to a specific community is both predictable and decidedly negative. Municipal governments striving to expand tax bases and attract new businesses will be forced to petition the government for equivalent powers in order to respond to competition from advantaged municipalities like CBRM. If the province opens this door, we can expect municipalities will, of necessity, join the race to the bottom and adopt the destructive practice of providing tax exemptions and land giveaways.

We remind you of the need to rally behind the principles of the Ivany Report that call for all Nova Scotians to work together to address the economic and social challenges that confront us. It is essential that our municipalities be encouraged to work together to achieve prosperity. In the long run no one will win when municipality is pitted against municipality to provide potential investors with more for less.

Our economy and public finances will not withstand the inevitable onslaught of artificially competitive business proposals that economic incentives will create. We need to pursue business proposals that are built on market-based costs. Recent events confirm that our international trading partners will quickly penalize, via compensatory tariffs, any company that appears to benefit from government subsidies.

This letter is not intended to condemn your government for the proposed amendments but forcefully convey our stance that the amendments create a path that we do not want to go down. Chambers across the province have been engaged to discuss this matter; and feedback on the proposed legislation. Initial responses have been overwhelmingly negative, noting such amendments will create discord, eliminate fairness and that the entire province will suffer. Our Nova Scotia member chambers strongly urge you to reconsider this potentially disastrous approach to economic development and pursue a balanced and equitable modernization of municipal governance.

Regards,

Sheri Somerville

CEO, Atlantic Chamber of Commerce

Cc: The Honourable Derek Mombourquette, Minister of Municipal Affairs

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