



CANADIAN CENTRE
for POLICY ALTERNATIVES
NOVA SCOTIA OFFICE

FAST FACTS

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What kind of Economic Development Strategy requires a new convention centre?

The province's NDP government has determined that its support of a new trade and convention centre in Halifax is in the best interest of all Nova Scotians. How did it make this determination? The premier's comments -- made at the press conference announcing this decision -- suggest that the government's decision was based on the following notions: 1) Bigger is not just better, but necessary; that is, the current trade centre is not big enough and thus has to turn away business. 2) There will be new jobs created; that is, they claim that at least 1700 construction jobs will be created. 3) The revenues will exceed the costs; that is, the estimated economic impacts, including spinoffs, will supposedly generate \$275-285 million in government revenue over 25 years and the costs are presented as \$159 million in capital costs plus \$2.9 million a year for 25 years in maintenance and upgrades.

What exactly did they base these claims on? Was there enough evidence to make these claims? Was the evidence credible? Was evidence omitted from the analysis that should not have been? Could the evidence have been presented differently? For example, some calculations suggest that taxpayers will lose a minimum of \$90 million dollars over 25 years, even if we accept the most optimistic scenario that has been sketched out. The jobs numbers were originally presented as person years and not as jobs but were misinterpreted, therefore beyond some new construction

jobs it is not clear how many jobs will be created nor has information been presented about what kinds of jobs will be created (ie. Part-time, temporary, liveable wage, etc.).

Estimates of the economic impact of this convention centre have been based on projected level of economic activity of a new centre in comparison with the existing one. Projections for the new one didn't weigh the impact of the increase in supply of convention centres from other jurisdictions, in Atlantic Canada, on the Eastern Seaboard, and beyond. Consider the implications of what appears to be a buyer's market for conference business by looking at what happened to other new convention centres a little further afield. Take the Vancouver Island Convention Centre in Nanaimo. After 8 years of planning, a referendum, a couple of failed negotiations for a public private partnership, and lots of politics, the new convention centre came in at \$20 million over budget. Its only 'success' story appears to be a dollar store taking up residency in the new centre complex. The Vancouver centre has been described as a 'consulting group's fairy tale' in reference to its economic promises.

Where are the social and environmental impact studies of the convention centre? What about its rural impact? Even the most optimistic projections

promise few, if any, benefits to rural regions. The assumption, instead, is that Halifax needs to be supported as the province's economic engine.

What is most troubling is that the government has made no mention about how this decision fits into a vision of economic development for Nova Scotia. As a result, there doesn't appear to be one. Instead, we are mired in this kind of debate about estimated economic costs and benefits about every single big development initiative. This government certainly does not lack principles and strategies (though many have been inherited from the previous government). What is unclear is which take precedence over others and how they all fit together. Presumably, an economic strategy would clarify the role of the private sector and the public sector, and consider how to involve the coop sector - one of our strengths that sets us apart as a province. It would also have social and environmental requirements, and any major public project in a democracy should be guided by certain other requirements such as providing the electorate with good information from a diversity of reliable sources, and opportunities for meaningful citizen participation and input, especially when it opens the door to another P3 deal. These principles and considerations should be part of determining where government resources would best be spent. Making this kind of investment and then requesting that provincial departments must find ways to cut costs (and services), begs more questions than answers. How these two decisions relate to the NDP's own principles isn't even clear. In the absence of an explicit economic development strategy, we have to look at individual spending (and cutting) decisions to infer the government's vision and strategy.

The current trade and convention centre is not on the list of critical ageing infrastructure; nor will the new one fill gaps in our social infrastructure. Some investment alternatives that the Canadian Centre for Policy Alternatives outlined in our provincial Alternative Budget (2010) would bring a surer return Nova Scotians. This includes spending \$20 million to establish Transit Nova Scotia Corporation and to develop community linkages so vital to rural Nova Scotia. If we are looking for a high rate of return and investments in social infrastructure, we could invest in childcare. Every \$1 spent on childcare returns \$2 in economic benefits when we consider the increased productivity of parents freed to enter the labour force as well as the increase in future productivity of children who receive quality early educational experiences.

Will the new trade centre make Nova Scotia a better place to live for everyone? It seems doubtful. The purported additional revenue only amounts to about \$12-13 per Nova Scotian. Surely, less risky projects do not require us to subsidize a private developer and wait patiently for a dubious trickle-down effect that many Nova Scotian families and individuals will never feel.

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