

Rock star banker touts development

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Halifax native also raps unions, liquor sale restrictions



Sacred cow tipping.

That may be an apt description of the 45-minute speech from a man introduced Thursday to a hometown audience as the rock star banker who used to head BNY Mellon.

Asked to speak about how to increase economic and job growth in Nova Scotia, Halifax native Robert Kelly took aim at development restrictions for hampering growth in the city, unions for scaring off companies that want to set up shop and the province's hold over liquor sales.

"If you really disagree with me, it's OK because I'm on the next flight to New York anyways tomorrow morning," Kelly, who lives in Manhattan, told several hundred people at a Greater Halifax Partnership event.

More of the provincial budget should be invested in the Halifax area, he said.

"The reality is Halifax and greater Halifax is the long-term future in this province. We should just accept it and realize that's the play and that's where the growth is going to come from."

The city needs to make it "simpler, easier and faster to approve development," Kelly said.

“I’m told it’s an impediment to growth. I read it’s an impediment to growth,” he said, noting he reads The Chronicle Herald online.

The 58-year-old, who owns a Spring Garden Road condominium, said he loves that area and the neighbourhood around Purdy’s Wharf.

But Barrington Street needs to be refurbished to link the two, he said.

“I like view planes, but I prefer jobs,” Kelly said of the view plane corridors created in 1974 that restrict building heights that would block the harbour view from Citadel Hill.

“Let’s get more development downtown and get it going,” he said to considerable applause.

Lowering personal income tax rates would increase economic growth, he said.

“We have here in Nova Scotia one of the highest personal income tax rates in the country.”

Dropping it over two or three years would increase savings rates, investment in the province and consumer spending.

Nova Scotia should also get out of the alcohol distribution business, he said.

The province could sell Nova Scotia Liquor Corp. for \$2.5 billion and wipe out about 15 per cent of its debt, Kelly said.

Or it could close the outlets and let grocery and convenience stores handle the retailing, saving \$50 million a year, he said.

Kelly told the business audience government employees should no longer be unionized.

“Employees enjoy a lot of rights today versus years ago. Additionally, a lot of businesses think that if you have a risk of having a unionized workforce, it might be another risk to doing business and maybe I won’t open a business there.”

He pointed out that 22 of the 50 American states are “right-to-work states” that either don’t have the right to unionize, don’t allow new unions, or allow people to opt out of unions in union workplaces.

“There’s quite a bit of evidence that you tend to have higher job growth, higher economic growth, and the state budgets tend to be better managed in the ... so-called right-to-work states.”

Going the same route would “send a huge message” to the rest of Canada and international employers “that Nova Scotia is thinking differently, is pro-growth (and) pro-business.”

After the speech, Kelly told reporters that “there was an incredibly important role for unions” a century ago.

“But in today’s world where you’re competing against kids in India or China or in Brazil, you’ve got to build every competitive advantage you can have without creating artificial barriers to more hiring. So I’d like to think in the U.S. and Canada now we have all the protections we need to protect employees.”

Kelly urged the audience not to accept the status quo.

“We’re on a track right now that’s scary. I don’t think little incremental things are going to make a big enough difference. That’s my fear. Some material things need to change to really turn it around.”

The province’s aging and soon-to-be declining population are a real concern, he said.

“In Nova Scotia, 3,000 fewer kids are starting school this year.”

Failing to reverse the trend could hurt growth rate, investment, consumer spending, tax revenues and housing prices, Kelly said.

Kelly, chancellor of Saint Mary’s University in Halifax, said 27 per cent of the people studying there are international students.

“Just think what would happen if we could convince more of these students, when they graduate, to live and work in Nova Scotia. If we could keep an extra two per cent of those students, those thousands of students, it could be huge for the greater area.”

Kelly also had lots to say about Nova Scotia’s competitive advantages.

“I would start with being part of Canada. You have no idea how much Canada’s star has risen over the last five years, given all the difficulties that we’ve seen in Europe and the United States in particular.”

A healthy banking system, manageable debt levels and corporate tax rates that are declining all contribute to that stature, Kelly said.

Nova Scotia’s low-cost base for doing business, proximity to the U.S., “outstanding institutions of higher education” and 7,400 kilometres of coastline that “brings enormous opportunities for tourism, home ownership (and) resource development” are all powerful advantages, he said.

Kelly was ousted a little over a year ago from his \$18-million-a-year job as chairman and chief executive officer at Bank of New York Mellon Corp. His sudden departure came while he was reportedly in negotiations to take Bank of America’s top job.

Kelly wouldn’t say Thursday what he plans to do next.

“I couldn’t do anything for a year and that was up last month,” he said after his speech. “It’s part of an agreement I had with the bank.”

Kelly said he has been getting lots of calls from companies that want him to sit on their boards of directors.

“But there’s also some really interesting companies that are interested in me potentially being CEO, and I’ll just have to figure out what’s the right thing for me to be doing in the coming months.”

After spending a year travelling with his wife, Rose, a Cape Breton native, including three cruises and a bike trip through France, Kelly said he may be interested in heading another bank.

Kelly said he does have aspirations to get involved in Nova Scotia business as an investor.

“If it’s a cool business that’s going to employ people, has a good product that can not just do well here in the province, but expand outside of the province, that would be a fun thing to get involved in.”

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