



**St. Catharines - Thorold Budget Submission – Ontario
Finance Minister 2008 budget consultations**

Introduction

The St. Catharines - Thorold Chamber of Commerce is a representative body of over 1,000 members representing more than 26,000 employees. Located in the heart of Niagara's economic district, the Chamber's main function is to advocate on issues that affect the economic interests of our membership. As Finance Minister, you are well aware of the challenges facing Ontario. With rising gas prices, the strength of the Canadian dollar and the lack of certainty of open and accessible borders between Ontario and the United States, the Ontario economy is facing increased pressure and the effects are being felt even greater in Niagara.

As indicated in our *Report on Manufacturing in Niagara*, a dominant economic generator has been hit hard over the past decade due to increased global competition and most recently the strength of the Canadian dollar. Thousands of jobs have been lost in this sector and is an indicator that Niagara's economy is struggling. While we acknowledge the Ontario government's recent announcements regarding support for the manufacturing sector, we must reiterate that the Ontario government continue to press forward and support companies. In Niagara, General Motors Canada is building a business case to invest \$400 million in its St. Catharines plant, and it is important for the Ontario government to continue to support investment opportunities like these. By supporting existing businesses, jobs will be saved and created.

The rising Canadian dollar and lack of certainty with the U.S. border regarding passport requirements has also had an impact on Niagara. As the largest tourism destination in Ontario, Niagara has experienced a drop of 22 per cent in US travellers in 2007.¹ Although this has been somewhat offset by international travellers to the area, 2007 was a very challenging year for businesses in the tourism sector. While we acknowledge the investment the Ontario government has made with respect to the Niagara Falls Convention Centre and its support of marketing for festivals and events, which includes the Niagara Wine Festival, we ask that the Ontario government provide additional support to the tourism sector. This should also include additional funding for the 1812-2012 Bicentennial celebrations that will be a major economic generator for not only Niagara, but Ontario in the coming years.

Niagara is facing a downturn in tourism and manufacturing, two dominant industries in the region. Recently, rankings by independent research institutions have placed St. Catharines – Niagara in the bottom third in almost every economic and social category. We are committed to being agents of change and to making Niagara a destination of choice for businesses, and visitors. We, however, cannot do it alone and therefore all orders of government need to participate in partnerships that will stimulate economic growth and opportunity.

¹ <http://www.niagaracanada.com/documents/newsletter/2004NETCNEWSONLINE.pdf>

Chamber's Provincial Budget Consultation Submission Guiding Principles

In building the tenants of the Chamber's submission, it is important to review the complex issue with relation to priority economic development principles established by the Chamber in 2006. As a chamber in 2008 one of our core objectives is to focus on addressing the issues and obstacles that are keeping Niagara in the bottom third of most standard of living indicators. The following priority principles have been identified with relation to the Chamber's budget submission.

1. Economic Growth and Diversification

The St. Catharines – Thorold Chamber of Commerce believes that future economic growth depends on developing diverse economic models that attract higher wealth creation positions.

2. Downtown Revitalization

The St. Catharines – Thorold Chamber of Commerce supports the revitalization of downtown cores – and recognizes St. Catharines downtown as an area of much needed improvement to create a liveable, safe community that is a centre of economic activity. The Chamber also supports the *Places To Grow Act* of the provincial government and *Smart Growth* principles adopted by the region of Niagara.

3. Efficiencies in Government

The St. Catharines – Thorold Chamber of Commerce believes that there is need for constant examination and assessment of government operations and announcements and recognize how they can bring greater economic development for our membership. The Chamber strongly urges adherence to business plans and strategic planning documents to guide regional and municipal governments.

4. Tourism

The Chamber's position is that St. Catharines has potential to be a tourist destination. With the surrounding wine industry and other supporting tourism attractors, there are strong economic benefits with a developed tourism industry in the city.

The St. Catharines – Thorold Chamber of Commerce is recommending the following investments be included in the 2008 Ontario Budget in order to facilitate Niagara’s economic competitiveness both in Ontario and in the growing global market.

Extension of the 406 Highway

While we applaud the Ontario government’s investment in extending the 406 Highway just past Port Robinson between Thorold and Welland, which was recently completed, **we ask that the 2008 budget include funding for the extension of the highway to East Main Street in Welland.** The Value Engineering Study indicates that in line with other 400 series construction projects it would cost approximately \$1 million per single lane kilometre – the stretch between East Main and Merritt Street is 6 km. The addition of two-lanes to the highway will be approximately \$12 million. This falls within the purview of opportunities available within the government’s commitment in ReNew Ontario funding and within the scope of Ontario’s 2006 budget consultation process entitled “Building *Ontario’s Economic Advantage.*”

It is therefore our view that this initiative is not cost prohibitive and will facilitate greater access for Niagara’s manufacturing and advanced manufacturing communities to reach southern markets, as well as fulfill the stipulations in the Ontario Greenbelt legislation to develop in southern Niagara. Over 70 per cent of the value of Canada's international trade, travelling by road, flows into the United States across Ontario borders. Niagara is Ontario’s busiest border representing a large portion of the roughly 45 million vehicles, including nine million trucks, which crossed into the United States through Ontario’s borders.

Opening the Opportunities at the Border

Based on a report by the Ontario Chamber of Commerce titled “Easing the Chokepoints” Niagara is the second largest trade crossing in Ontario, and largest in terms of tourism crossing. More specifically, the Peace Bridge between Buffalo and Fort Erie is the second busiest crossing following closely behind the Ambassador Bridge in Windsor. Additionally with the shifting trading routes in the United States, it is projected that the Peace Bridge, (which links Eastern United States with Ontario) will become the most important gateway into Southern Ontario and the GTA.

Plans to build a second bridge at the Peace Bridge is gaining momentum after years of delays and with the recent announcement by the Chief of the U.S. General Services Administration (USGSA) that the Peace Bridge expansion is part of the GSA’s plans to ignite a building boom at its nation’s ports of entry by building more inspection booths, more roads, bridges and other infrastructure that is needed to open trade corridors, it is vitally important that the Ontario government commit to providing the necessary infrastructure – both at the Fort Erie crossing, and connecting transportation routes. Between 1994 and 2004, the value of trade by truck between the United States and Ontario increased by over 52 per cent. Because the Ontario and Canadian economies depend so greatly on these critical border crossings through Niagara, it is

important that Niagara's border remain a priority for the provincial government to ensure that they accommodate growing trade with the United States.²

These critical investments in the area of transportation infrastructure will create economic links that will benefit Niagara, Ontario and Canada. At current volume metrics of approximately 50,000 Average Daily Traffic,³ we view this as an important economic access route for goods through Niagara to markets in the United States. **It is the opinion of the chamber that the 406 highway between Port Colborne, Welland, and St. Catharines is an economic corridor that will be strengthened by a complete 400 series high link. And, by strengthening links with the Peace Bridge, Niagara will be an important gateway to both the United States and the GTA.**

Investment in Advanced Manufacturing in Niagara

In our *Report on Manufacturing in Niagara* a major focus was placed on the 'new' manufacturing industry that has the possibility to be created in Niagara given its assets. These assets include our post secondary education infrastructure. The provincial government has committed to the expansion of advanced manufacturing in Ontario, and Niagara is well placed to be a major part of this change in the manufacturing industry. **It is therefore the opinion of the chamber that the provincial government commit in budget 2008 to support the creation of a Centre for Innovation in Smart Green Strategies in Biomanufacturing at Brock University,** both the institution and the business community believe that this would be an important economic catalyst as well as develop an important industrial niche for Niagara.

Support of the Revitalization of Downtown St. Catharines

"The revitalization of urban growth centres is particularly important, not only because they can accommodate additional jobs, but because they will increasingly be regional focal points. They are meeting places, locations for cultural facilities, public institutions, major services, and transit hubs."⁴ *Places to Grow* requires that downtown St. Catharines will have a minimum gross density of 150 residents and jobs combined per hectare or earlier by 2031. The Greenbelt Plan focuses on protecting all significant agricultural and environmental reserves.

The province has placed added emphasis on investment in higher density employment centres. This is part of a broader change from lower density development to the creation of higher density nodes that meet a variety of needs.⁵ *Places to Grow* has designated downtown St. Catharines as an urban growth centre which is intended to enable redevelopment within the core. As Niagara's only focal point for intensified growth in its downtown core, therefore it is important that the City of St. Catharines be an anchor for major development projects within its urban boundaries and maximize the potential of its inherent assets. The proposed establishment of a downtown Brock University School of Fine and Performing Arts and Niagara Performing Arts Centre, as

² <http://www.pir.gov.on.ca/english/news/2006/q2/b20060616-3.htm>

³ <http://www.fin.gov.on.ca/english/budget/ontariobudgets/2006/paperb.html#sec1>

⁴ Ontario Growth Secretariat "Places to Growth" June 2006. Pg 8

⁵ Economic Development and Tourism and Planning Services Departments "Comprehensive Plan for Downtown St. Catharines" General Agenda of St. Catharines City Council July 30 2007. Pg 17

well as the establishment of a wine route through the downtown and recently approved two way traffic, means measures are being put in place to ensure the downtown core will be consistently vibrant. These are proactive steps towards converting downtown St. Catharines to a cultural centre. **It is our opinion that the government of Ontario must support the revitalization of the downtown through providing financial resources to civic projects such as a Performing Arts Centre.**

Implementation of Go Service to St. Catharines and Niagara Falls

We were excited to hear that the government of Ontario has launched a \$17.5 billion investment between Greater Toronto and Hamilton to reduce congestion, which will also deliver jobs and greater investment along the transportation corridor between the two regions. Although the Chamber applauds the government for taking steps to reduce congestion between Hamilton and the GTA, it is imperative that the government provide extended funding into Niagara to ensure the flow of all modes of transportation are part of a greater economic and environmentally sustainable plan to reduce congestion.

We urge the Ontario government to extend the Move Ontario 2020 plan to Niagara as part of the Greater Golden Horseshoe. It is the opinion of the St. Catharines – Thorold Chamber of Commerce that the extension of GO transit train and bus service must be extended into Niagara. We believe the extension of GO service to Niagara and the development of inter-municipal transit regionally will strengthen Niagara’s economic position and provide an environmentally sustainable model for transportation that can be linked to the Move Ontario 2020 project.

Elimination of the Corporate Minimum Tax

Ontario's Corporate Minimum Tax (CMT) applies only to groups of companies with gross revenues in excess of C\$10 million, or total assets in excess of C\$5 million. Income for CMT purposes is based upon the income reported on the company's financial statements. If the CMT calculation is higher than the corporation's regular Ontario tax, the excess is payable as CMT. This excess may be carried forward for up to 10 years to offset regular Ontario tax in a year to the extent it exceeds the CMT calculation. Seven states in the U.S. have an alternative minimum tax on corporations that is more complex and onerous than Ontario's CMT.⁶ The Ontario government has indicated that there will be a Corporate Minimum Tax exemption in respect of capital gains for gifts of publicly listed securities to private foundations announced in 2007.⁷ **However it is the opinion of the St. Catharines – Thorold Chamber of Commerce that the CMT be eliminated entirely.** This would be an important economic catalyst to allow medium and large companies to invest in their communities, business development and research and innovation.

⁶ <http://www.2ontario.com/welcome/home.asp#bctx>

⁷ http://www.fin.gov.on.ca/english/budget/fallstatement/2007/07fspaper_all.pdf

Creation of an Independent Minimum Wage Review Commission

Tourism has faced a decline of approximately 22%.⁸ This decline has had additional effect on tourism operators due to the rising cost of labour within their industry. While the Chamber recognizes the need to increase minimum wage after a near decade freeze in order to restore equality in income across Ontario, we do feel that there are a variety of ways in which to approach this equalization initiative. Incremental increases in minimum wage are deemed to have little or no impact on business as business would typically adapt well to such changes. Additionally in six other provincial/ territorial jurisdictions in Canada there are independent boards and commissions used to set minimum wage. **The St. Catharines – Thorold Chamber of Commerce urges the Ontario government in the 2008 budget to announce an independent minimum wage review board/commission that will ensure that any future increases are implemented incrementally and is fair and transparent to businesses and employees.**

For more information please contact:

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⁸ <http://www.niagaracanada.com/documents/newsletter/2004NETCNEWSONLINE.pdf>