



**Presentation to the Regional Budget Open House
2011 Regional Municipality of Niagara Operating Budget and
Capital Budget
Wednesday February 9, 2011**

**Director of Policy and Government Relations
Remarks**

Prepared by the St. Catharines – Thorold Chamber of Commerce

Thank you Walter

The Chamber is encouraged by the response that council and staff have had to our recommendations in the past. Addressing additional areas of concern will send an important signal to the business community that the Region values the input of the private sector and is able to innovatively manage public finances to provide best value for service matched with fiscal prudence.

As the Region works to become a prime destination for investment and encourages the growth of a diversified and sustainable economic base, sound public finances make it possible to maintain a competitive tax burden and ensure both the quality and sustainability of public services. They are evidence of stability for individuals and businesses, as well as encouraging economic growth and wealth creation.

With that in mind, the following issues have been raised as part of reviewing the budget:

- 1. With the announcement of uploading in 2008 and further uploading announced at last year's Association of Municipalities of Ontario conference, deciding on specific policy principles for how uploading will be dealt with is important for Niagara. This means that the Regional Municipality of Niagara must formally establish uploading policy principles/criteria based on stakeholder consultations and achieving Business Plan objectives. These should aim to increase real assessment growth for Niagara with a measurable return on investment. This needs to be established through a formal motion of Council. While using uploading to manage debt, capital expenditure or overall tax increases**

have their merits as policy options for use of uploading, they have not been evaluated by council against other policy options and what the implications related to those policy options measured. While this year's budget presentation clearly and transparently outlined the policy decision that council would be taking by using uploading vis –a vie identifying the debt reduction facilitated by uploading, it does not establish other uploading policy principles for council to evaluate.

2. There is still concern about the disparity between the percentage increase, real assessment growth and regional expenditure growth. Incorporating revenues from uploading into the budgets supported the modest increases in 2008, 2009, and 2010, however this revenue stream is finite and the Region's real assessment growth does not match the level of increased expenditure. The Chamber is therefore justifiably concerned about the long-term implications of this scenario. With below inflation real assessment percentages this year and above inflation actual Regional expenditure this year and over the previously identified three year period, there is concern about this growing chasm. The Region as part of its budget process will need to conduct a full services review that determines the major cost driving areas at the Region and evaluate the intensity of involvement in certain business-lines. This should also include evaluation of how programs and services are provided and the viability of contracting out certain operations to the private sector.

- 3. The Region's investment income has grown significantly over the years, yielding modest to high returns. Similarly, in 2009 the Region realized savings through carrying out an energy audit and making Regional operations more energy efficient. The Chamber believes that determining how best to use those savings as well as investment income into the future will be an important policy decision. The Chamber is recommending the establishment of an Investment Committee with private sector participation that would be able to provide greater input on how to better leverage savings and investments.**
- 4. In the 2011 Niagara Economic Development Corporation budget presentation it was not made clear if there would be a resource allocation for Business Retention and Expansion activities in those municipalities without local economic development offices. Will those municipalities receive BR&E support this year? This further highlights the need for Economic Development reform across Niagara and the Chamber is looking forward to being part of those on-going discussions.**
- 5. As we have mentioned before an important fiscal planning tool is a Long Term Budget Strategy. The Region must develop a Long Term Budget Strategy to be matched with a Regional Council Business Plan that examines future budget cost drivers and strategically applies net relief for business. This would be a fundamental shift in budget setting philosophy at the Region, and would be an important predictability tool for the business community. One such long term budget strategy that has been cited by the Region is the 10 year Capital Affordability**

Strategy. This strategy needs to be better solidified if it is to be an effective fiscal planning tool.

- 6. Finally while this is the final year Regional Council's current Business Plan, in future budgets the Business Plan should be the principle guide in building the budget. This should be made explicit in all budget documents and presentations under consideration. The budget should be guided year to year by a consistent vision. Doing so would also allow a means to evaluate the budget process and to ensure that the goals of the Region and stakeholders are maximized.**

Thank you for the opportunity to present this evening, we look forward to your questions

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