



**Presentation to Regional Council Budget Review Committee of
the Whole on 2010 Capital Budget**

October 15, 2009

Prepared by the St. Catharines – Thorold Chamber of Commerce

Good evening, Chamber Members present, Members of Regional Council, Regional Staff and members of the public. My name is Rob De Petris I am the President of the Board of Directors of the St. Catharines – Thorold Chamber of Commerce and Senior Tax Manager for Deloitte, I am joined by Walter Sendzik, our Executive Vice President and General Manager and Kithio Mwanzia the Chamber’s policy coordinator.

The St. Catharines – Thorold Chamber of Commerce is a member driven business organization with over 1150 members representing 28,000 employees. We are the largest Chamber in Niagara and one of the largest business organizations in Southern Ontario. Recently we received the Canadian Chamber of Commerce Accreditation with Distinction. This accreditation is like the International Organization for Standardization (ISO) certification for private firms.

First, I would like to thank Regional Council for adopting the Chamber’s recommendation from previous budget presentations, by providing this opportunity for stakeholder input on this year’s capital budget. It is an important step in making the overall Regional Budget process more transparent and gain important input from the business community.

While the 10 year capital affordability strategy has already been passed it is important to raise this strategy as part of our presentation this evening. During the Chamber’s presentation prior to the passing of the 10 year strategy we raised the need to establish thresholds within the capital strategy for the exploration of public-private partnerships. We believe that by engaging the private sector effectively through public private-partnership agreements for Regional capital projects, both cost and risks can be better managed. We would like to reiterate the need for this moving forward to become a part of Regional policy.

Business partnerships, such as the joint venture project between Rankin Industries and the Regional Municipality of Niagara, are forming to explore the potential of developing electrical energy from wind farms that take advantage of favorable breezes off of Lakes

Erie and Ontario. New local developments are spurring the growth of new varieties of energy-efficient heat recovery and water purification technologies.

Public-private partnerships are not new to Ontario municipal jurisdictions, in Goderich, Ontario they entered into an agreement with a private firm to design, build, manage and maintain their wastewater systems. Firms with this capability reside right here in Niagara, with a prime example being ASI Group, an SCT Chamber member. As this council considers future capital expenditures, establishing thresholds that trigger public-private partnership exploration to involve companies like ASI and Rankin would only serve to benefit both the private and public sectors.

Part of the affordability strategy included One Time Transfers and the Development Charges Decision. In both instances there have been major changes that require Regional Council to revisit its affordability strategy and make significant adjustments.

Specifically, one time transfers were projected to account for \$80 million over the 10 year period. However with federal and provincial stimulus dollars that have flowed to Niagara over the past year, over half of this \$80 million has flowed to Niagara, with the Region's share of stimulus dollars at approximately \$59 million.

Similarly the strategy called for \$60 million as a result of the Development Charges Decision. According to Corporate Services Report (CSD 67-2009:p.13) staff indicate that development charges would raise \$17 million each year and with inflationary increases over a 10 year period \$185 million would be raised in development charges. Given that majority of the funds raised in development charges go into new capital infrastructure to deal with developments, this disparity has significant impacts on capital infrastructure into the future.

Similarly part of Capital Affordability includes \$90 million from the uploading decision. Given that policy decisions on the \$350 million of provincial uploading has not been discussed with stakeholder input we are very concerned about this policy direction for the

Region. As a public entity a decision of this magnitude must be opened to the public for input and evaluated against other priorities.

The Chamber is also concerned about the 2010 Capital Budget Forecast that has been made available to the public. While we applauded the Region for taking a positive step in developing and approving the 2007 – 2011 Regional Council Business Plan, it has not been made clear in this Capital Budget how what has been included goes towards achieving the objectives as laid out in the Business Plan. In order for the public to provide effective input and for the business community to have the confidence that Regional Council is moving forward with Capital infrastructure that develops Niagara's economic capacity, it is important that this be reflected in budget documents. Specifically that capital expenditures are clearly matched against council's business plan.

In closing we leave you with the following questions for consideration:

1. With these changes made in the 10 Year Capital Affordability Strategy, what impact will now be had on Operating Budgets moving forward, and on the Tax Base?
2. What formal policy decision has the Region taken to include public-private consideration thresholds as part of managing capital costs moving forward?
3. How has the Regional Council Business Plan 2007 – 2011 been factored into the Capital Budget Forecasts for 2010?
4. When will the public have input on the use of uploading from the provincial government?

Thank you

We look forward to your questions