



**Presentation to the Regional Budget Open House
2012 Regional Municipality of Niagara Operating and Capital
Budgets
Wednesday November 2, 2011**

Prepared by the St. Catharines – Thorold Chamber of Commerce

Good Evening Regional Chair, Chair of the Budget Review Committee of the Whole, Regional Councillors, Regional staff and members of the public. My name is Kithio Mwanzia and I am the Director of Policy and Government Relations of the St. Catharines – Thorold Chamber of Commerce and co-ordinator of our Regional Budget Working Group.

The Chamber of Commerce is a member-driven business organization that has been active in the community since 1867. With a current membership of more than 1,200 businesses, associations and organizations that collectively employ more than 28,000 people, we are the largest business organization in Niagara, one of the largest in Southern Ontario and privileged to serve as the voice of business in St. Catharines – Thorold – Niagara. Thank you for the opportunity to provide input on the 2012 Regional Capital and Operating Budgets as a means to actively participate in creating a region that fosters opportunity, and at the same time provides an affordable environment in which families can live, and enjoy a sustainable quality of life.

First, we would like to applaud council and staff for recognizing the importance of an engaging and detailed budget process. As you know for many years the Chamber had recommended that the budget process be designed in a way that meaningfully allows stakeholders to participate. This year's budget process has provided the level of detail, insight and a clear identification of some of the key challenges which the Region as an organization faces.

As we have stated previously, the St. Catharines – Thorold Chamber of Commerce is a committed partner in the region that seeks to work towards creating an environment that is attractive for investment and business growth as well as a place in which families can live and prosper.

We are not a tax coalition group that conducts a line by line review of the budget.

We believe that the Region has capable senior management that should conduct such reviews, and we believe that council and the executive management of the Region is responsible for such detailed accounting for an approximately \$800 million budget. The Chamber's role is to provide input and guidance at a more macro level.

This macro approach is best characterized by the Chambers report *Supporting Prosperity Through Effective Government in Niagara*. The report was a culmination of a survey that was conducted through the Chamber network in Niagara and examined areas in which Niagara's approach to governance and service delivery could be modified to facilitate a more coordinated, efficient, public administration. As you know *Supporting Prosperity Through Effective Government in Niagara* was widely circulated in the last municipal election – both for regional and city councils. Councillors endorsed many of the recommendations – and the report was favourably received in the media, at public forums and by our membership.

It is with this report in mind that, the St. Catharines – Thorold Chamber of Commerce again this year established the Regional Budget Working Group. The Regional Budget Working Group (RBWG) invited representatives from all the Chambers' of Commerce across Niagara.

The purpose of the committee is to build consensus on issues impacting businesses across the region that have implications in the Regional Operating and Capital Budgets.

The Chamber's comments this evening are informed by the empirical data collected as part as the development of the report *Supporting Prosperity Through Effective Government in Niagara*, in addition to the input of the members of the Chamber's Regional Budget Working Group.

The Chamber is encouraged by the response that council and staff have had to our recommendations in the past. These include:

1. Approval and inclusion in the budget of an Internal Auditor Model – to be known as the 'Regional Responsiveness and Effectiveness Team'
2. Finding efficiencies – Demonstrated by the recommendation to consolidate the Provincial Offence Act program including court rooms, associated operations, and administration and support services into one single facility. In addition to the commitment to do a full review on long-term care facilities
3. Increased Community Improvement Plan (CIP) (Smart Growth) funding

While these are all important steps the Region faces a number of key challenges that will require policy innovation that involves the private sector in order to tackle them. These include:

1. Over the years the Region has expanded beyond the rate at which it has grown in real assessment and levied. This is demonstrated by the cumulative 5 year increase of 1.25% levy increase. However, actual expenditure in this time period has grown by over 15%
2. The lack of strategic policy options to leverage provincial uploading monies.
3. Large gaps in the 10 year capital affordability strategy even with upper level government stimulus.
4. Reserve spending without a plan for long-term sustainability.

5. Escalating Human Resources costs related to collective bargaining arbitration and pension contributions

These are very real challenges that have to be addressed in a dynamic fashion. In addressing these areas the Region would be sending 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.

We believe that 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 budgets and understanding the Region's challenges:

1. There is need for intensive examination and assessment of municipal services to ensure core services are delivered efficiently and effectively. The Region faces many long-term costs, it must program innovate to provide the best value for money for programs and spending as well as work with both the for-profit and non-for profit private sector to deliver programs. The Chamber therefore recommends that in this financial year - a full scale, intensive program review be completed. This review would determine the level of intensity with which the Region needs to be involved in various service areas.
2. As the Region develops strategies to tackle its on-going escalating operational and capital costs, the private sector certainly has a role to play. This should include designing and executing a model for which the Region

can contract-out service and ensure a level of service through Service Level Agreements. In addition, develop financial thresholds for the exploration of a public-private-partnership model. By developing a strategy like this the Region could dynamically involve the private sector in the provision of service, while managing long-term costs.

3. Again we are recommending the development of a long term budgeting strategy for operating and capital budgets. As we have stated before a long term tax predictability forecast that provides the business community with an idea of the rate at which their taxes will fluctuate over time, is a vital tool when business planning. One such long term budget strategy that has been cited by the Region is the 10 year Capital Affordability Strategy. However, this strategy needs to be better solidified if it is to be an effective fiscal planning tool.
4. Finally with the Business Plan near completion and approval, in future budgets it 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, I look forward to your questions.