

Ontario Ministry of Finance: Pre Budget Consultation Submission



TO:

The Honourable Charles Sousa
Minister of Finance
c/o Budget Secretariat
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SUBMITTED BY:

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ABOUT US:

Established in 1845, the Hamilton Chamber of Commerce is the definitive "Voice of Hamilton Business". Representing over 1000 members and 75,000 employees, it champions the interests of free enterprise by effectively engaging business, community, and government leaders in the promotion of the long-term economic prosperity of our region.

1) ONTARIO RETIREMENT PENSION PLAN (ORPP)

At a time when Ontario businesses are being buffeted by the highest energy prices and WSIB Premiums in North America and when the recovery remains so fragile, the ORPP is ill-timed and would further disadvantage our members. According to a recent Ontario Chamber of Commerce survey, only 23% of businesses are certain that they can afford the costs associated with increased employer pension contributions. Our members are also concerned that the ORPP may put them at a competitive disadvantage with respect to other provinces and other jurisdictions.

Before moving forward with any pension reforms, the Ontario government needs to ensure that they have a full understanding of the impact these reforms will have on Ontario's economic competitiveness and job creation.

Recommendation: The Chamber network is committed to a national solution, potentially based around enhancements to CPP as the preferred solution to the problem of undersaving for retirement.

2) STRATEGIC INFRASTRUCTURE INVESTMENTS

We encourage the government of Ontario to make strategic infrastructural investments in the Hamilton region to accelerate our growing momentum.

Morrison- Highway 6 Bypass: Intersected by Highway 6, the Village of Morrison is host to a major bottleneck in the centre of a major transportation and trade corridor, impeding the movement of people and goods between Wellington County, Hamilton, Guelph, GTA and the United States. According to a 2013 University of Waterloo study, the annual traffic within that corridor is over 8.2 Million vehicles for commuters and over 1.2 Million vehicles for commercial vehicles. We are part of the Highway 6 advocacy coalition made up of businesses and municipalities, seeking funding for the Morrison Bypass project.

The investment would eliminate the negative economic impact caused by slow congestion and great productivity gains are anticipated. According to estimates, by 2031 with the implementation of a bypass the annual value of commuter and commercial time saved during peak periods is valued at over \$30 Million.

Recommendation: The Province of Ontario fully funds the proposed highway bypass near the Village of Morrison, connecting highway 6 to highway 401.

Big Move & Rapid Transit in Hamilton: As a member of the GTHA Caucus of the Ontario Chamber of Commerce, we are fully behind the Big Move as a means to increase regional connectivity and increase productivity.

While the popular public narrative might suggest that the City of Hamilton has a lack of clarity on its preference and official stance on rapid transit, the Hamilton Chamber of Commerce would like to reiterate its commitment to a provincially funded Light Rail Transit investment in Hamilton.

In 2012 the Chamber assembled a LRT Taskforce which is comprised of private businesses, business improvement areas, public sector institutions, three Hamilton City Councillors, the Hamilton-Halton Homebuilders' Association and the Realtors' Association of Hamilton-Burlington.

After extensive discussions and review of available evidence, the LRT Task Force's ultimate determination was that there is a strong business case for the B-Line LRT project in accelerating economic revitalization of Hamilton.

This city will benefit from this tremendous shot in the arm. According to our most recent economic analysis and forecast report, Hamilton is contributing to the growth of the province. Investments in city-building transit initiatives will help us accelerate Hamilton's renaissance and help us build a future as great as our city's past.

Recommendation:

- 1) The province of Ontario obliges its recent commitments for a fully funded rapid transit project, with our preference being for a Light Rail Transit funding for the B Line Project.
- 2) Regardless of the eventual decision made by the City of Hamilton and Province of Ontario, Hamilton must at the very least get its fair share of Big Move funding allocation, based on our potential contributions through the proposed revenue tools.

Support for Hamilton Anchor Institutions

McMaster University: We fully support McMaster University's application for a downtown campus expansion under the Ministry of Training Colleges and Universities Major Capacity Expansion Policy Framework funding envelope. Expansion of McMaster's facilities downtown, the arrival of student and staff downtown will be a tremendous boon for the vitality of Hamilton's lower city and economic activity within its major commercial corridors.

Mohawk College: We fully support Mohawk's request for funding to build their Engineering Technology building. Engineering Technology facility has the potential for helping enhance productivity and innovation for local manufacturers needing access to state-of-the art labs and research capacity to solve their productivity challenges.

3) US STEEL BANKRUPTCY

As a result of US Steel (USSC) pursuing creditor protection in September 2014, a recent City of Hamilton analysis has uncovered some of the detrimental impacts to the local economy. Amongst the US Steel list of creditors (trade payables), there are 127 companies with business addresses in the City of Hamilton, and they are collectively owed a total of \$22.3 million.

These businesses affected in Hamilton will potentially be receiving 25% on the dollar under receivership settlements. While there will be an obvious negative impact from that, it is largely unavoidable under a bankruptcy process.

What we can't accept, however, and what will have even greater impacts, will be the underfunding of USSC pensioners. There are an estimated 7,050 USSC pensioners with Hamilton mailing addresses according to City of Hamilton analysis.

Those people cannot absorb this impact like our businesses likely will. The projected total income loss (and associated expenditure reduction) for USSC pensioners living in Hamilton is over \$28 million prior to any support from the Pension Benefits Guarantee Fund (PBGF) and would be projected to be over \$8.7 million if the PBGF applied. Additionally pensioners are also expected to lose \$43 million in retirement health benefits.

While the bankruptcy of USSC will have various negative impacts on our local economy, one silver lining is the availability of soon to be vacant portions land from the 328 hectare estate of US Steel in a prime waterfront location. Despite the heavy contamination of the brownfields, there is potential for the lands to be adapted into greenhouses to warehouses, advanced manufacturing, parks and hotels. Fueling our optimism are examples from former rust belt cities in the United States like Pittsburgh, where financial collaboration amongst all three levels of government generated significant revitalization on the former industrial lands.

Recommendation:

- 1) Province of Ontario ensure that USSC pensioners have full access to PBGF should their pension plans wound up in an underfunded position.
- 2) Province of Ontario act on its legislative obligations in relations to US Steel and/or USSC.
- 3) Province of Ontario offer funding opportunities of the remediation and adaptive reuse of soon to be vacant US Steel lands in Hamilton.