

2015 Pre-budget deputation to City Council

The Thunder Bay Chamber of Commerce represents nearly 1,000 businesses and over 14,000 employees in our community. It is often said that small business is the backbone of Canada's economy. Statistics show that over 98% of all businesses in Canada have less than 100 employees.

Thunder Bay's small business numbers are in line with the national average. We are proud to point out that eighty five percent of our members are classified as small businesses and over six hundred of these members employ less than seven staff. Many of these businesses face the same challenges as the City is facing now – reduced revenues and increasing operating costs require difficult choices on how to balance the books. Three choices are available regardless of the size of budget: increase revenues, reduce expenses or a combination of both. Finding the right balance requires a focused effort and tough decisions.

Over the last four years, City Council wisely decided to allocate significant funds towards the rebuilding and regeneration of our aging infrastructure. Those investments are welcomed by the business community and we applaud Council for its foresight in this area.

We share the concerns of City Council and Administration regarding the sustainability of municipal finances under the current model. As the make-up of the economy has shifted from big industry to small business, the impacts of municipal cost increases are felt more keenly by all taxpayers, and particularly the small businesses driving our economy and comprising the bulk of our membership.

Thunder Bay has seen an increase in entrepreneurial spirit and the start-up of many new local retailers, restaurants, and service providers to meet the needs and wants of businesses, families and seniors. Small business in general, but especially new businesses, are very sensitive to cost increases as they struggle to build market share and revenues to sustain operations and feed their families.

Thunder Bay is also an aging community with an ever-increasing number of retired individuals on fixed incomes. The 2011 census shows that nearly 25% of our population falls into this category. Canada Pension Plan benefits do not increase at the same rate as our natural gas, hydro, water, and tax bills do, leaving less and less each month to pay for the basic necessities of life.

The 2013 BMA Municipal Study ranks Thunder Bay's taxes as "high". Whether comparing to our Northern neighbours of Sudbury and Timmins or to Ontario communities with populations of over 100,000 people, Thunder Bay's taxes trend above average which adds to the cost of living and doing business here.

The combination of above average property tax rates for residential, commercial and industrial rate payers in a community with an aging population places our community and its City Council in a very tough spot. The Chamber

of Commerce believes that it is vital to the growth of our city and the overall health of our community for City Council to look closely at the expense side of the ledger for solutions. This is a problem that we face together as a community and the Chamber wants to work with Council and all other community partners to find ways to deal with these challenges.

The Chamber has long advocated for an external Core Services Review. To be clear, this external Core Services Review would be the starting point of an informed, community wide discussion on the future of municipal expenditures.

Through the external Core Services Review, our community would learn the number and cost of programs that the City must provide to meet Municipal Act obligations. This would, in turn, educate Thunder Bay's citizens on the number and cost of non-mandated services. A conversation could then begin on the relative value of non-mandated municipal programs in our community's pursuit of its strategic plan.

The Chamber has not, nor will it ever, advocate for the end of all non-core municipal services. We live, work and play here, and fully appreciate the challenges facing this community. However, the Chamber is, and will always, advocate for prudent financial scrutiny of non-core municipal services towards right-sizing the municipal budget.

Cutting expenses should not be automatically assumed to result in service reductions. The private and public sector provide examples of creative service delivery changes that have simultaneously reduced costs and improved services. The rhetoric that each dollar cut brings an equal reduction in services or that cost control is just plain wrong should not be accepted. Chamber members don't manage their businesses that way and they simply cannot accept that from any of their private or public sector suppliers.

We acknowledge that these fiscal challenges will not be fixed overnight and we submit that an external core services review is an essential first step to an informed discussion on where increasingly scarce financial resources should be allocated to achieve our community's strategic objectives. On behalf of the business community we offer our sincere thanks to Council and Administration for your service to our citizens.

We all love this community and we want to achieve our shared vision of a city that is connected, healthy, vibrant, and strong. We look forward to working with you to reach that goal.

Thank you.