

WINDSOR-ESSEX REGIONAL

Chamber of Commerce

**2023 Provincial Budget
Submission**

WINDSOR-ESSEX REGIONAL Chamber of Commerce

The Windsor-Essex Regional Chamber of Commerce has been active in the Windsor-Essex business community for almost 150 years. Throughout the almost century-and-a-half of its existence, the Chamber has been the voice for business locally, striving to make our community more prosperous for everyone living here. Today organization represents 700 member businesses and organizations employing over 30,000 people from across Windsor and Essex County in a variety of sectors and industries.

The Chamber is proud to stand as a representative of the business community to advocate on their behalf and bring forward issues that matter to it. We have carefully considered the issues facing the Windsor-Essex business community as highlighted by our conversations with members, community groups, and the Chamber network across the province to bring these issues to you for consideration.

MPAC Assessments

Windsor-Essex, like communities across Ontario and Canada has been greatly impacted by the housing affordability crisis. At one point during the COVID-19 pandemic, the Windsor-Essex real estate market was the hottest in Canada with the highest year-over-year price growth. In an market that for years saw slow price growth and affordable homes, these sharp increases came as a shock. Houses that would have once been 150-200 thousand have become half-million dollar homes with mortgages that have become unattainable for many in our community.

Communities like Windsor-Essex exist all throughout this province, all with the impending impact of an assessment from MPAC. These assessments threaten to derail efforts at housing affordability. Reappraisal of home values with the current housing affordability crisis threaten to drive those already struggling with their housing costs over the edge. In a time of inflation, with a potentially looming economic slowdown, moving forward with an MPAC assessment would be disastrous for commercial and residential property owners.

Many of those who have purchased property in the past few years have done so based on the low-interest rates available. While there would be an inevitable rate increase, the fast-paced rate hikes have put many property owners in peril with their mortgages, especially if those loans had flexible interest rates. Adding hundreds or thousands of dollars to their tax bill will only result in housing foreclosures, and businesses shutting down. We need stability more than anything right now, especially after the COVID-19 Pandemic and an MPAC assessment creates too much uncertainty for property owners.

Minimum Wage Increase

Employers across our region and the province are really struggling right now. Due to supply chain shortages many have had to deal with increased cost of materials. Businesses have had to make tough decisions around these costs with many limiting the impact they face to their customers. Businesses are taking on the cost of doing

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business, worried that adjusting their prices to match their price increases would drive customers away.

Within this context is a looming economic slowdown. Businesses cannot afford a minimum wage hike right now as the disproportional impact could be devastating to their labour budgets. Increasing the minimum wage is not just an extra 50¢-\$1.00, its all the employer contributions on top that puts an increased burden on businesses when they can least afford. It means that a \$0.50 an hour increase for an employee is approximately \$0.55-\$0.57 for the employer. Multiply that by the thousands of hours worked by even a few employees means thousands of dollars that employers can use to keep the doors open. This means that they have to cut costs elsewhere at time where there is very little area to cut costs from.

Off-Peak Power Prices

During the COVID-19 Pandemic, the Government of Ontario limited the cost of hydro to the off-peak rate. This was done to help households and businesses weather the uncertainty of a global health crisis. While the immediate health crisis may have passed over us, many of its consequences are still with us. Pandemic caused labour shortages and supply chain challenges are still hampering business and industry. Many businesses have yet to recover to pre-pandemic levels. Returning to the off-peak power prices for one more year is a way to reduce operating expenses for businesses and households. We know that the province has the capabilities to do this, and we know it has an impact that makes living and working in Ontario that much more affordable. By providing relief at the meter, we obtain that much greater a competitive advantage over our competition that already sell themselves on lower energy prices.

Gas Tax Cut

The Chamber applauds the governments decision last year to extend the 5.7¢ gas tax cut until the end of 2023. This will help countless businesses and consumers in times of high inflation. However, the Chamber is concerned about what happens when the full gas tax goes back into effect. Businesses are barely getting by right now, once their cost of operating a fleet or vehicles or have to reimburse employees for gas mileage jumps back up, they will be back in a difficult situation. What businesses really need is stability in an unstable economy. We ask that the Government of Ontario extend the gas tax reduction for the fiscal year of 2023 -2024. We know that the Government has done a good job of getting the budget balanced without the revenue it generates and feel that the province can make Ontario a better place to live, travel, and do business and put money back into people's pockets.

Supporting Ontario Wine Producers

The Windsor-Essex Regional Chamber of Commerce has long advocated for the Ontario grape growing sector in calling for the elimination of taxes and undue burdens that are unfairly placed on wine. Domestic producers should not be subject to the 35% import tax for a product proudly grown and made in Ontario. Eliminate the 6.1% retail

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tax that applies only to wine and no other products. Ontario makes world class wine in a variety of established and emerging growing regions, they should not have to face additional costs and challenges getting their products to market. If Ontario is to reach its full potential as a wine producer, these unfair and burdensome hurdles need to be eliminated.

Shop Local/Support Local

During the COVID-19 Pandemic, the Ontario Chamber of Commerce partnered with the Federal Government to fund its Shop Local campaign. The Windsor-Essex Chamber of Commerce worked with local businesses and business organizations to promote the campaign under our Support Local banner to include businesses beyond retail including sectors such as the hospitality sector. This was one of the Chambers largest ever campaigns and helped numerous local businesses and remains ongoing beyond the initial project. Numerous projects and activities were undertaken with this campaign that supported local businesses and BIAs and provide great exposure through local media.

Given the current economic climate and challenges faced by small businesses we ask the Government of Ontario fund a Shop Local/Support Local campaign for businesses to once again have the resources to get community attention and raise support. If the original campaign helped small businesses weather the challenges of a global pandemic, now is to opportunity to restart it to help small businesses weather the challenges of high inflation and an upcoming global economic slowdown.

Business Fees

Small Businesses need all the help they can get. Coming out of the COVID-19 Pandemic with an inflation and cost of doing business crisis many are already on the edge of shutting up shop. The Chamber asks the Government of Ontario to waive business permits and licensing fees for one more year so that businesses can put those funds towards other uses. Businesses need every assist they can get and this is a simple and easy way for the province to stand in their corner.

Development Fees Reimbursement

The Chamber acknowledges the housing supply crisis present across Ontario in municipalities small and large. We are encouraged by the provincial government's recognition of this issue and the swift and decisive approach it has taken to try and address the problem. We appreciate Bill 23's ambitious approach to trying to solve the problem and are generally supportive of its various elements. Our concern is the immediate impact to municipal budgets deriving from changes to municipalities' abilities to charge development fees.

As the government is aware, municipalities have very limited streams from which they can obtain revenue. While municipalities vary in their dependence on these development fees to balance their books, even municipalities who derive limited revenue from those fees are forced into difficult financial situations. The Chamber supports the

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government's approach to make it easier and less costly to develop real estate, especially affordable housing units. The Chamber is asking that the government reimburse municipalities either partially or in-full and adopt a limited phased-in approach for municipalities to plan and adjust to their new budgeting realities. Our concern is solely on the potential impact these changes will have to municipal budgets and resulting, potentially shocking, tax and user fee increases. A phased-in approach, financed over one or two fiscal years would give municipalities time to adjust their budgets to limit the impact to residential and commercial taxpayers. In a time of lingering high inflation where many have loans and mortgages with increased payments, increased municipal taxes could lead to additional challenges. By providing temporary financing to municipalities to cover the revenues that will be lost from Bill 23, businesses and residents alike can better adjust to more limited tax and user fee increases.

About the Windsor-Essex Regional Chamber of Commerce

The Windsor-Essex Regional Chamber of Commerce has been the leading voice for business in Windsor and Essex County for almost 150 years. Our mission is to be the key connector and advocate for the long-term business success of our members. The Chamber serves as an anchor for businesses in Windsor-Essex to connect with government of all levels, partners abroad, and with each other. The Chamber hosts regular "After Business" networking events, an annual Golf Tournament, and the Business Excellence Awards to celebrate our community's best in business.