

**City of London**

**Submission to Standing Committee on Finance**

**2012 FEDERAL PRE-BUDGET CONSULTATION**

**August 2012**



## **Introduction**

The City of London welcomes the opportunity to provide input into the 2012 pre-budget consultations. As all governments struggle to adjust to the troubled economy it is more important than ever to strengthen intergovernmental partnerships and make strategic investments to create jobs and grow the economy.

The London area has been hit hard by the recent recession and as of July 2012 had an unemployment rate of 8.5%. Given the challenges it is facing the City is pleased to offer comments on a federal role in economic recovery and growth, job creation, demographic changes, productivity and other challenges. The City should be viewed as a key ally and partner to bolster the region's economy alongside the federal and provincial governments.

## **Economic Recovery and Growth**

Cities are partners in prosperity and funding key infrastructure initiatives not only builds the foundation required to attract new investment but also contributes to job creation. The tax revenue generated from these projects has a significant return on investment for the federal and provincial governments. The success of the federal infrastructure stimulus program has demonstrated that municipal governments are responsible and able partners in economic growth and that investing in the long-term in strategic infrastructure will strengthen the economy.

The City of London is an active member of the Federation of Canadian Municipalities and the Big City Mayors' Caucus and supports FCM's positioning in the current consultations on the long-term infrastructure fund. London calls on the federal government to ensure that the new program is up and running before the current program expires in 2014, and is announced in time to be considered during 2014 municipal budget deliberations. The City trusts that the new program will be funded at least at its current level, if not more, to address the growing infrastructure deficit. For the City of London these programs are essential for the redevelopment of the 401 and 402 corridor which serves as a major transportation gateway to the United States – our largest trading partner- and will help address a significant backlog of economic infrastructure needs. Additionally as a large city with transit needs we hope that the new program will provide options for ongoing transit investments to support projects like London's Bus Rapid Transit.

The City is also calling on the federal government to maintain its vital role in ensuring all Canadians have access to affordable housing. Long-term intergovernmental partnerships are needed to ensure that housing is affordable for all. The City calls on the federal government to:

- Renew federal affordable housing programs beyond 2014 at current or greater levels;
- Reinvest funds from Expiring Operating Agreements into affordable housing solutions; and
- Introduce new federal incentives to preserve and increase purpose built rental housing.

## **Job Creation**

The federal government can assist cities to seek international investment and make some strategic investments domestically to help grow emerging economic sectors.

London and its partners have been actively pursuing economic partners from abroad. An increasing number of trade missions have been organized in the past few years with key community partners. It is increasingly evident that with various protocols internationally a delegation led by a Mayor opens doors. The downside is that the municipal property tax is not the best resource to fund trade missions. The City recommends that the federal government work closely with the Federation of Canadian Municipalities to find ways to coordinate, fund and better inform municipally led trade missions. With more resources and consideration, municipal governments could be key partners in federal trade programs.

International trade agreements present significant opportunities for Canadian businesses. The City hopes that the federal government will work closely with the business community to ensure they have the resources they require to be on an equal footing with their international counterparts, to be able to quickly compete in these new markets.

With respect to domestic investments the City calls on the federal government to continue to invest in emerging sectors. In London we are investing and promoting key sectors such as: renewable technologies, advanced manufacturing, agri-food, life sciences, IT and contact centres. Federal initiatives to support the continued growth of these sectors are welcome.

### **Demographic Change**

The City calls on all orders of government to work together to attract and retain more newcomers to Canada. Despite its high unemployment rate, London has a shortage of skilled workers and is looking to attract more process engineers, digital media professionals, developers and programmers, and key health care professionals like radiologists and oncologists. The City hopes to see the Provincial Nominee Program either expanded by an increase in the existing cap, or other programs pursued to allow regions a more expedient way to fill critical shortages in their labour market. London would be willing to work with the federal government on a pilot project, in cooperation with our economic development corporation and chamber of commerce, to assist SMEs in attracting the skilled workers they require in a more expedient manner and facilitate bringing investors and entrepreneurs to London.

London encourages a comprehensive approach to attraction and that develops strategies to attract newcomers of different classes – skilled workers, international students, entrepreneurs and investors, family class and refugees. Any strategy to attract newcomers also needs to ensure that potential immigrants have access to the right information they need before they arrive in Canada. The London Middlesex immigration portal is an integral tool for the City to attract and retain newcomers. It showcases the City, economy, quality of life and the services available to newcomers. The City encourages the federal government to restore funding to this program.

Newcomers coming to Canada – regardless of their class – need access to the right programs and services to integrate into the labour market and feel welcome in our communities. All

newcomers should have access to settlement programs to ensure success. Recent federal funding reductions to settlement programs in London have been problematic; the City encourages the federal government to restore this funding. The London Middlesex Local Immigration Partnership has been very successful in coordination and planning of immigrant services. The City encourages the federal government to continue to fund LIPs.

## **Productivity**

The City of London works in close partnership with Western University and Fanshawe College. Research, innovation and training are central to increasing Canada's productivity and both of these institutions are contributing to increased productivity.

Recent FedDev investments in London have enhanced the City's and Canada's ability to compete internationally and have led to increased jobs. Investment in support of research and development has created strategic partnerships between industry, academia and institutions globally. For instance, the FedDev funded (\$19.5 million) International Water Centre of Excellence has confirmed Southwestern Ontario's leadership in clean water technology and enabled London to market the region's expertise and attract business globally. London has been able to enhance productivity through FedDev's Applied Research and Commercialization Initiative, which helps kick start product partnerships to move them to market.

Beyond R&D, federal participation in local programs has increased growth for SMEs in a few ways: investment in skilled talent, and providing "angel" funding. Direct investment in skilled talent has increased jobs in London and has made it possible for growing companies to attract and retain talent in the STEM (Science, Technology, Engineering and Mathematics) fields. London is calling for continued investment in these kinds of local organic economic growth strategies. Similarly, FedDev's "Prosperity Initiative" has facilitated innovation and additional job growth by connecting SMEs and new ventures with smart money for growth.

The City of London congratulates the federal government on its recent investment strategy and urges it to continue to invest in programs that promote partnerships to enhance productivity and enable Canadian cities and companies to compete globally.

## **Other Challenges**

The City of London's unemployment rate is 8.5%, one of the highest in Ontario. Southwestern Ontario has been one of the hardest hit regions of Canada during this economic downturn. Many of our residents have lost their jobs and need the proper support, resources and training to transition to a second career. Our residents require EI support to assist them to stay afloat during this difficult time as well as to facilitate skills upgrading and second career development. The City also encourages the federal government to place more focus in stimulus and economic recovery funding in the regions of Canada that have been the hardest hit by this recession. Southwestern Ontario is one of those regions and is in a difficult transition to transform its economy. Support by all orders of government is needed in this difficult time to help our region so we can continue to contribute fully to the national economy in the future.