



hamilton
chamber of commerce
your voice in business

**Recommendations:
Phase 2 Federal Infrastructure Funding**

TO:

Honorable Bill Morneau
Minister of Finance
House of Commons
Ottawa, ON, K1A 0A6
CC: MP Bob Bratina
MP Filomena Tassi

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.

INTRODUCTION & OVERVIEW

On behalf of the Hamilton Chamber of Commerce, I would like to thank our local Federal MPs for arranging this consultation meeting and engagement with our Chamber in regards to the Phase 2 of the Government's historic Infrastructure Investment plan.

As President & CEO of the Hamilton Chamber of Commerce, I have the privilege of speaking for our 1,000 members that employ over 75,000 people in this community.

Created in 1845 and this year celebrating our 171st anniversary, the Hamilton Chamber of Commerce is Hamilton's first institution, launched by this City's Founding Fathers to provide leadership in city-building.

Throughout our history, Hamilton has been one of Canada's preeminent cities to live in, as well as an economic and innovation engine. The federal government has played a longstanding role in funding infrastructure projects that have helped support economic growth and city building in our community.

We were pleased to hear about your Government's ambitious multi-phase infrastructure plans. Both phases are integral to the economic future of the City of Hamilton. Within phase two in particular, we are very interested in ensuring the federal government prioritizes Canada's trade enabling infrastructure needs.

Within this document we have highlighted a series of recommendations we urge the federal government to prioritize in the next budget.

In addition to these recommendations, our Chamber also works in partnership with many other organizations, in particular the Ontario and Canadian Chambers of Commerce as well as Civic Action. We are in alignment with the advocacy asks that have or will be put forward by these organizations in regards to Infrastructure.

RECOMMENDATIONS

Recommendation One: That the Federal Government develop a national urban policy for Canadian municipalities and support the city of Hamilton's infrastructure needs.

In our increasingly globalized economy, cities and city-regions are increasingly the most prominent economic drivers of national economies, and they compete internationally. Cities in Canada house over 80% of our population and continue to grow rapidly due to immigration and continued urbanization within Canada. Under several projections, by 2041 the Greater Toronto and Hamilton Area (GTHA) is expected to grow by at least 3.7 million, an increase of nearly 50% in both cases. However Canadian cities are managed locally with sparse fiscal support from other levels of government. Modern infrastructure, notably rapid and predictable public transit and transportation (locally within cities and connecting cities within city-regions), and utilities, are essential to the efficient movement of people (employees) and commercial traffic, and to productivity.

Additionally, social infrastructure is an integral piece of a city's socioeconomic fabric. This includes affordable housing, complete streets, cultural and recreation infrastructure and educational institutions.

Yet Canadian cities and city-regions face a growing infrastructure gap relative to many international competitors, even as their populations continue to increase. The City of Hamilton is facing a public infrastructure backlog of over \$3.3 billion and growing. Our hospitals and educational institutions are also suffering from similar predicaments.

In order for Canadian cities and city-regions, and all of Canada to prosper, they need a predictable, federally driven fiscal framework that will sustain their pressing infrastructure development and renewal needs.

Under their "Big Move" project, the province of Ontario funded the city of Hamilton's request for a light rail transit project in 2015. The investment was advocated for and supported by a high level task force of our Chamber. While the project will cover a major east-west corridor in Hamilton, there are a few aspects of the project that are currently underfunded. In particular an extension to a municipal transit hub (Eastgate Square) and another to a regional transit hub (James North GO Station). Additionally, the City of Hamilton has identified a North - South project titled the "A Line" as well as service upgrades to its traditional bus service as necessary elements of planning a robust public transit network in Hamilton.

A centralized national urban policy that would ensure that any existing and new funds are assessed and awarded within the context of the economic role played by the municipality locally and internationally. In addition, a national plan would also ensure a greater level of meritocracy in allocation of infrastructure projects.

We were pleased to hear that the 2015 election platform for the Liberal Party, titled: "Real Change: A New Plan for a Strong Middle Class" had several promises for additional investments in various infrastructure categories.

In particular our Chamber is supportive of funding for the following public promises in Budget 2016 and subsequent years:

1. "Invest \$3.4 Billion over five years for social infrastructure"
2. "Invest \$3.4 Billion over three years to upgrade and improve public transit systems across Canada;"
3. "We will establish the Canadian Infrastructure Bank to provide low-cost financing for new infrastructure projects."
4. "Invest 3.4 billion over the next five years, on a cash basis, to maintain and upgrade federal infrastructure assets such as...Federal airports and border infrastructure."

We are hopeful that Hamilton will be a strong contender for the aforementioned envelopes and as a Chamber we stand behind the business case for it.

Recommendation Two: That the Federal Government support the role of Hamilton and other municipalities within the North American and global trade corridors.

Over Canada's economic history, investments into St. Lawrence Seaway, our coast-to-coast national railway and the establishment of Canada's national highway system as historic investments in nation building. Today, we are at the doorstep of a major new opportunities that can reshape our economic destiny. Across the globe, three billion new global middle class consumers are set to join our major trade partner to the south as customers of Canadian exports, but only if our transportation network can enable the reliable delivery of the goods.

In the context of Hamilton, we are particularly interested in trade infrastructure needed by advanced manufacturing industries. Since the establishment of the NAFTA agreement, advanced manufacturing clusters are extending their supply chains across the United States, Mexico, and Canada, anchored by productive metropolitan hubs in all three countries.

The advent of formal agreements such as the Trans Pacific Partnership (TPP) means that Canada's export economy will

soon face a historic test. We must anticipate nine arguably more aggressive players seated at that same trade table, all of whom will now share the same advantages previously enjoyed by Canada. Efforts must be undertaken to foster and enhance the integration of Canadian municipalities like Hamilton and their constituent businesses within the supply chain corridors.

According to a report from the Brookings Institute titled "Metros as Hubs of Advanced Industries and Integrated Goods Trade", metropolitan areas within North America generate an overwhelming 86 percent of the combined GDP of Canada, Mexico and United States. They are an especially concentrated host of advanced manufacturing industries in the automotive, aerospace, agri-food, clean technology, pharmaceutical and electronic industries. It is also estimated that over three quarters of North American trade in advanced manufacturing occurs between metropolitan areas. Additionally, Canada's largest exporting destination is the United States with over \$1.5 trillion in exports in 2013, of which over \$338 billion were manufactured exports, with advanced manufacturing industries like automotive (\$58.4 billion) and mechanical machinery (\$23.1 billion) still making up considerable proportions of trade.

Hamilton is conveniently located near major economic clusters on the eastern seaboard of the United States; its port acts as a major Terminus of the St Lawrence Seaway system and the Hamilton International Airport is already a major cargo hub. Additionally, our community has significant assets and a history of world class manufacturing industries. Coupled with two renowned post secondary institutions, we have the ingredients to emerge as an advanced manufacturing hub in North America.

However, infrastructure backlog and unfunded projects are throttling our potential. A 2015 Toronto Board of Trade report states that congestion costs in the Greater Toronto and Hamilton area could reach \$15 billion annually if action is not taken to address it. In particular, our goods movement trips are throttled on the 400 series highways and the Queen Elizabeth way. While upgrading these is a major financial undertaking, our region has also identified a series of smaller projects that can alleviate throttling in the network.

To illustrate the business cases behind such targeted investments, please consider the following recent case study:

HIGHWAY 6 BYPASS AT VILLAGE OF MORRISTON

Intersected by Highway 6, the Village of Morriston 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 research 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. A coalition of regional businesses, chambers and municipalities had been actively advocating Ottawa for the funding of this project.

In a historic announcement, the 2016 Province of Ontario Budget approved preliminary funding for a bypass. Our business community was strongly appreciative of the positive impact of this announcement towards Hamilton's trade corridors.

Through committing dedicated increases to Trade Enabling infrastructure funding, we believe the Federal Government can play an even bigger role in improving goods movement efficiency and Canada's connection to global markets.

We specifically recommend under Phase two, that the Federal Government:

- 1. Renew and expand the financial commitment to Canada's Trade Corridor programs like the Border Infrastructure Investment Plan, Gateways and Border Crossings Fund and exploring the creation of additional envelopes targeted at economic regions.**
- 2. Building on the successful model of the Pacific Northwest Economic Region, encourage the capacity of Investment Canada and Canadian High Commission in spearheading and facilitating opportunities for municipalities, local chambers and their constituent businesses to increase their integration within global value chains.**
- 3. Support recommendations of the Canadian Chamber of Commerce's report "Infrastructure that Matters"**
- 4. As part of criteria for the Canadian Cluster Mapping portal, ensure consideration of supply chain and trade enabling infrastructure necessary to maximize economic development outcomes.**

We look forward to working with your offices, the business community. City of Hamilton and other partners over the next few years to bring these historic investments into our community.

