June 6, 2024

To Whom It May Concern,

The Niagara Industrial Association (NIA) is a 16-year-old, grassroots not-for-profit whose mandate and mission is to advocate for Niagara's industrial sector. A primary area of concern for our membership at present is the ever-increasing cost of doing business, and at a time where we are seeing a resurgence in manufacturing and industry in Niagara, it is imperative that our local decision-makers remain cognizant of what has led to the resurgence we have seen.

Some statistics about our local industrial sector:

- 660 manufacturing firms
- Over 22,000 people employed in manufacturing
- $2.5 billion in nominal GDP
- $7.3 billion in exports
- ~80% of our industrial base is made up of existing businesses
- ~20% of our industrial base comes from new businesses
- 84% of industrial firms in Niagara have between 1-50 employees
- <1% vacancy rate
- Most industrial firms have an aging ownership group (over 55 years old)

Previous surveys of NIA membership revealed the following:

- 89% who have expanded in Niagara in the last 10 years would not have had they been required to pay DC's out of pocket, and;
- 95% of the respondents planning to expand in the next 5 years said that they will not do so in Niagara if they are required to pay DC's out-of-pocket, regardless of potential rebates.

Manufacturing is very much a "recession-proof" sector, which should encourage incentives to ensure local economic prosperity during times of uncertainty or extraordinary circumstances (i.e. the COVID pandemic). With the proposed DC bylaw changes, our manufacturers will be hit with a more than double increase to the current rates, with no assurance of any waiver or rebate programs. This makes planning, growing, and profiting impossible when you factor in other extraordinary costs that have negatively impacted industrial firms over the past 3 years such as labour, materials, freight, utilities, etc.

We strongly disagree with the concept of creating a single DC level that includes both industrial and commercial projects. These are two distinct sectors, each with their own unique considerations. A strong commercial presence in our community is important, but a strong industrial base is vital to our growth. Industry provides higher paying jobs, attracts young families to the community, and increases our export development revenue. Additionally, industrial jobs have shown to create and support additional commercial employment opportunities due to the revenue created, with a job multiplier impact of well over three.

It is the stance of the NIA that the model around development charges is flawed, and the phrase "growth pays for growth" is a misnomer. Burdening industrial business with additional tax that brings them no direct growth benefit, in fact hinders growth and encourages firms to explore other Regions in which to do business. For Niagara specifically, exorbitant DC's will destroy any competitive advantage that did exist, and disincentivize industrial firms to land, thrive, and stay in Niagara.

Many of our business owners are required to work in an operational capacity within their businesses to keep things running and to keep costs down. The more operational owners/leaders are, the less they can focus on doing what leads to more growth, more jobs, and more success for the community they operate in. Creativity and innovation do not happen when business owners are primarily concerned with "keeping the lights on." Adding a punitive tax *because* of their own growth is a backwards concept. Our governments should remove barriers to growth for our industrial businesses and reap the reward of economic prosperity that will inevitably follow. DC's negatively impact cash flow and profit, which will encourage businesses to explore other communities to set up shop in, hurting our local economies – we witnessed a mass exodus of industry in Niagara roughly 20 years ago for the same reasons.

Finally, we need to understand the realities of today's local industrial climate and competitive landscape. Niagara has done well to recently attract several large MNC's to this Region, with several more on the horizon (in fact, over the past 2 years, Niagara has received twenty manufacturing investments with a value of over $400 million and 1,200 new jobs). What will our local supply chain look like to accommodate these firms? Will we be ready to support them, or will our small manufacturers either leave town or close their doors? Additionally, on a global scale, we are more than ever competing with firms internationally. What competitive advantages can we provide to our existing companies to keep them viable? How can we encourage ***local*** supply chain partnerships between OEM's and lower-tier suppliers? DC's add yet another layer of cost and barrier to ensuring that new business opportunities are exploited ***here*** in Niagara.

The NIA strongly disagrees with the proposed changes to the City of Port Colborne's development charge bylaw and ask that Council consider creating an independent DC category for the industrial sector, and institute a full DC waiver ($0 per square foot of expansion).

We appreciate your consideration and attention to this matter.

Sincerely,

Kevin Jacobi
Chair, Marketing, Communications & Advocacy Committee
Niagara Industrial Association