

2003 Provincial Pre-Budget Submission

To the

Ministry of Finance

**In Conjunction with Minister's round table
consultations – February 7, 2003**

Windsor, Ontario

February 7, 2003

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SUMMARY OF RECOMMENDATIONS

Fiscal Responsibility

- The first priority must be to maintain a balanced budget or operating surplus and all other initiatives must be evaluated in the context of achieving this goal
- The government must take steps to reduce the debt-to-GDP ratio to 15% by 2010.
- A formal and committed action plan to reduce the level of debt in relation to GDP to be established to ensure that the Province is in a position to meet future funding priorities without the need to increase taxation or run operating deficits.

Corporate Tax Improvements

- Immediate re-instatement of tax cuts delayed in the last provincial budget;
- Targeted tax reductions can be pursued immediately that have a minimal impact on the current operating budget and are essential to implement now to support the goals of increased competitiveness and job growth.
- An action plan to eliminate capital tax entirely for corporations carrying on an active business phased in over not more than 5 years. Until such time as the Provincial capital tax is entirely eliminated, we recommend that the annual exemption be increased immediately to \$10 million (the same annual exemption permitted by the federal government in the computation of its capital tax –the Large Corporations Tax) with annual increases in the exemption of \$5 million each subsequent year until capital taxes are phased out.
- The claw back of the small business deduction should be eliminated.
- Small business should be able to carry back and forward unutilized small business deduction amounts to other taxation years.
- With the elimination of annual deficits, the Corporate Minimum Tax should be eliminated immediately and CMT carry forward balances refunded to taxpayers.

Recommendations on Initiatives Improving the Business Climate of the Province

- Review of the Retail Sales Tax Act
- Increase the accountability/transparency of property assessment practices;
- Streamline administration (i.e., one identification number per company);
- Urge the federal government to abandon or significantly modify the Administrative Monetary Penalty System (AMPS), which was implemented in October 2002.

Provincial Spending

- The regional level of funding for health care should be increased to at least the provincial per capita average.
- The Windsor & District Chamber of Commerce urges the Provincial Government to increase the funding for postsecondary training and apprenticeship.
- The Windsor and District Chamber of Commerce believe that the Windsor transportation corridor has not been addressed properly. The issue requires that the Province of Ontario not only initiate a study to define the immediate redesign of the Windsor-Detroit corridor and maximize highway infrastructure improvements but to set in place a mechanism which will address immediate corridor requirements and to shorten the duration of the prescribed study while not compromising environmental or safety issues.
- The Chamber supports expanded use of technology based commercial traffic clearance programs to increase traffic efficiencies through the border.
- Further improvement will be achieved by the designation of “LOW RISK FAST LANES” to direct all traffic volumes in the border crossings.
- The Chamber believes that Canada Customs and Revenue Agency (CCRA), Canadian Immigration, United States Customs and the United States Immigration and Naturalization Service should target the Windsor-Detroit corridor for new and piloted initiatives.
- Canadian Government should immediately complete discussions with the United States Government to facilitate the implementation of the components of the bi-national agreement that will allow for enhanced border inspection.

- We support consideration of reverse inspection as a part of enhanced border inspection.
- We recommend a joint allocation of funds necessary to implement immediate improvements to the corridor that will remove impacts on local communities from loading and provide inspection of vehicles destined for the United States prior to entry to the crossing structures at the Windsor-Detroit Tunnel and the Ambassador Bridge.
- The Province of Ontario should agree to immediate financial responsibility for Huron Church Road.
- The Province of Ontario should have jurisdictional and financial responsibility for trade routes within the Province should establish direct Provincial highway connections between the border crossings and the Provincial Highway System.
- We support the completion the Bi-national Partnership Study in an accelerated time.
- The Government of Canada and the Province of Ontario in consultation and cooperation with the appropriate United States approval agency should implement bilateral fast-track systems for environmental impacts and approvals that will facilitate study completion for vital resources development such as a third crossing in Windsor-Detroit.
- We support the establishment of a global transportation hub in the Windsor Detroit Region.

INTRODUCTION

The Windsor & District Chamber of Commerce (WDCC) is pleased to have this opportunity to present our recommendations for the 2003-2004 Provincial budget. The WDCC is the voice of business in Windsor and Essex County and advocates on an ongoing basis on issues of importance to our Members. We strongly believe that fostering a vibrant and prosperous business climate ensures the continued prosperity of our region and all of its residents.

As the “Voice of Business,” Windsor & District Chamber of Commerce represents over 1,450 business members who collectively employ more than 80,000 people. Our membership profile truly represents a cross-section of the business interests in our community. We actively work with government to ensure the business and investment climate in our region remains competitive and believe that any issues that restrict our ability to attract new business or expand existing business must be resolved. The area’s GDP exceeds the GDP of some of the provinces in Canada and that of several other countries. Windsor has the busiest international border crossing with the United States.

The events of September 11, 2001 have highlighted as never before the importance of Windsor as a corridor for the flow of goods to our largest trading partner, the United States. Our inability to guarantee the free and efficient flow of goods across the border could jeopardize the continued investment of capital in Ontario (and hence, job growth) and our competitiveness. Some of the same problems, especially delays in the free flow of goods and services remain unresolved. The Windsor & District Chamber of Commerce urges the Provincial Government to continue to support the expedited flow of goods across this most important border crossing.

We urge the Government not to lose sight of the goals of job creation, global competitiveness, fiscal prudence and debt reduction in developing the budget. These goals are the pillars for continued global competitiveness and economic prosperity of the Province. We also believe that the business community will benefit from a continued smart investment in the areas of health care, education and the environment. Our comments and recommendations herein are consistent with the pursuit of these objectives.

ONTARIO'S ECONOMIC OUTLOOK

Referring to the statistics released by the Ontario Chamber of Commerce (OCC) in 2002 Ontario experienced solid growth in the range of 3 to 3.5%. In recent months the trend has been for forecasters to markdown their expectations for 2003, reflecting the softening in the global recovery, and the uncertainty created by the current geo-political climate. Our expectation is that in 2003 real GDP growth will approach 3%.

The results from a recent province wide chamber survey shows members to be upbeat for 2003 and optimistic for 2004. Nearly 50 per cent felt that the economy in 2003 would perform about the same as 2002 and almost 40 per cent felt that the economy would be much stronger or somewhat stronger than in 2002.

Almost two-thirds of the respondents, expect the economy to be somewhat stronger or much stronger in 2004 compared to 2002. It should be noted, however, that more than three-quarters of the respondents are small and medium sized enterprises (SMEs) and likely less susceptible to the stumbling recovery in Europe and United States.

Respondents were even more optimistic about their company's performance in 2003 and 2004 relative to 2002; we found that just over 57 per cent felt that their company would perform somewhat stronger or much stronger this year. In 2004, four out of five respondents expected their company's performance to improve, with one out of five projecting substantially better results

A significant number of respondents plan increased capital spending, particularly in technology. Encouraging is the result that 57 per cent plan to increase their investment in technology.

Many firms, over one-half, appear to be looking increase their investments in technology to reduce their unit costs.

Expectations about other capital investments in 2003 are split, with 52 per cent indicating no change is anticipated and forty per cent indicating somewhat or substantially increasing.

When asked about expected changes in the workforce, respondents were cautious about new hirings. This may be indicative of the pressure on profit margins in today's very competitive economy.

WINDSOR & DISTRICT CHAMBER OF COMMERCE BUDGET PRIORITIES

The Windsor & District Chamber of Commerce has identified four budget priorities for the 2003 provincial budget.

They are:

- Fiscal responsibility, Balancing the Budget and Reducing our Debt
- Reduction in corporate taxes and improving tax structure
- Initiatives to enhance a predictable, encouraging environment for business
- Smart spending on priority programs, especially health, education and transportation to improve business competitiveness

FISCAL RESPONSIBILITY

Ontario has come a long way since the mid 1990's in increasing its competitiveness in the global marketplace. This goal has been achieved by a combination of tax reduction initiatives stimulating job growth and economic prosperity combined with fiscal prudence and reduction in the size of government. This has resulted in balanced budgets being reported in recent years, the first time that this had been accomplished in decades. The Government is to be applauded for these accomplishments and the enhancement of the image of Ontario globally as a place to do business.

Our main fiscal responsibility recommendations are that the Provincial Government should Balance the books and continue with reducing our debt.

Balancing the Budget

We believe that all of the effort and perseverance to get to this point must not be sacrificed by allowing annual deficits to occur again. This should be the highest priority of the Government in balancing competing demands for resources in the upcoming budget. This will result in the continued confidence of the business community that Ontario has the steadfast resolve and commitment to maintain and enhance an environment for prosperity, a commitment which warrants continued investment in productive assets.

The first priority must be to maintain a balanced budget or operating surplus and all other initiatives must be evaluated in the context of achieving this goal

Reducing Our Debt

During the last year our borrowing costs have remained relatively low. The lower costs of borrowing have softened to a certain extent the impact of lower tax and other revenues. This environment can make it tempting to lose sight of the level of the Provincial debt as higher levels of debt can be serviced with constant dollars. We urge the Government not to fall prey to this trap. As interest rates rise again, the failure to reduce debt levels now will seriously erode the ability of the Province in future to continue to fund even existing service levels, not to mention have the flexibility to enhance these levels.

In our 2003 Pre-budget survey this message was once again reinforced. Members want the government to continue to focus on decreasing the debt burden.

Fifty-five per cent of the respondents in the survey have indicated that increased debt reduction should be the most important or somewhat important priority for the provincial government. The importance of debt reduction was also highlighted in a recent health care survey where respondents were asked to rate the impact of various factors upon the competitiveness of their business. Forty-three per cent indicated that government debt had a negative impact upon their competitiveness.

We have long advocated that the government must keep a focus on reducing the debt. Our position is aligned with that of the OCC and continues to be that the government must take steps to reduce the debt-to-GDP ratio to 15% by 2010. Also of concern are the substantial amounts of borrowing undertaken by related agencies including universities, colleges, and school boards.

We recommend that formal and committed action plan to reduce the level of debt in relation to GDP be established to ensure that the Province is in a position to meet future funding priorities without the need to increase taxation or run operating deficits.

CORPORATE TAX RECOMMENDATIONS

We also reiterate our recommendation that targeted tax reductions can be pursued immediately that have a minimal impact on the current operating budget and are essential to implement now to support the goals of increased competitiveness and job growth.

The Windsor & District Chamber of Commerce, along with the OCC has encouraged the province to promote economic growth by working toward low and equitable taxation alongside efficient and effective regulation. Within this framework the Windsor & District Chamber of Commerce has

the following recommendations:

- Immediate re-instatement of tax cuts delayed in the last provincial budget;
- Profit insensitive levies must be a key focus of any new tax reduction package (examples of profit insensitive levies which should be eliminated are the corporate capital tax and the corporate minimum tax);
- Tax Incentive Zones must be established only for Northern Ontario and brownfield sites in Southern Ontario;
- Industry-specific challenges only be reviewed on a case-by-case basis; and

We recognize the government's current fiscal constraints and the need to set priorities. There are, however, a number of tax reforms that should be kept on the back burner to be brought forward as the province's fiscal situation improves. These include:

- Ending the small business CIT clawback to remove an obstacle that hampers small businesses from growing;
- Moving towards lower common non-residential education property taxes; and,

Elimination Of Capital Taxes

Capital taxes are job killers because they are insensitive to the profitability of an enterprise. They also discourage investment in productive assets that support competitiveness and job creation (for example, capital tax can be minimized by investing in a bond or GIC which does nothing to enhance productive capacity). Effectively, capital taxes penalize entities that are willing to assume risk by borrowing to expand operations. Further, capital taxes are inequitable because they only apply to incorporated business while unincorporated proprietorships and partnerships do not pay capital tax.

This inefficiency and inequity has been recognized by a myriad of legislative committees at both the federal and provincial levels for a number of years. Inadequate progress has been made to date to remedy this problem. An awareness of this issue and a first step to its resolution was made in the 2001-2002 Provincial budget by increasing the annual exemption for small business from \$2 million to \$5 million effective January 1, 2002. While this is a good start, it does not go far enough to address this job killer.

We recommend that an action plan be adopted to eliminate capital tax entirely for corporations carrying on an active business phased in over not

more than 5 years. Until such time as the Provincial capital tax is entirely eliminated, we recommend that the annual exemption be increased immediately to \$10 million (the same annual exemption permitted by the federal government in the computation of its capital tax –the Large Corporations Tax) with annual increases in the exemption of \$5 million each subsequent year until capital taxes are phased out.

Elimination Of Clawback Of Small Business Deduction

Small business is a vital participant in the creation of new jobs in Ontario. In fact, small business has been the engine of overall job growth and economic prosperity. The contribution to job growth by small business has been essential to offset cutbacks and job losses of large corporations and in the public sector. While we are pleased with announced increases to increase the small business deduction limit eventually to \$400,000 (which increases we are anxious for the federal government to also implement), we continue to view the small business deduction claw back as a serious deterrent to small business expansion.

Accordingly, we recommend that the claw back of the small business deduction be eliminated.

Establish “Small Business Deduction Room”

To the extent that the elimination of the claw back is not practicable or is phased in over several years, we recommend that unutilized small business deduction amounts be able to be carried back and forward to other taxation years. This would recognize the inevitable impact of business cycles on business activities. This “room” is consistent with the existing mechanisms for all taxpayers in applying capital and non-capital losses to other years as well as contribution room for purposes of RRSP contributions that permit individuals to take advantage of these deductions in years which are advantageous.

Elimination Of Corporate Minimum Tax

One of the taxation programs which has been continually criticized as being inefficient in achieving the goal of competitiveness is the Corporate Minimum Tax (CMT). The revenue collected by this program is insignificant in relation to the cost of the Government to administer it as well as the cost of taxpayers to comply with this program. The CMT effectively results in the prepayment of tax by corporations as a result of claiming deductions permitted by income tax legislation in excess of those recorded for accounting purposes (typically capital cost allowance). This prepayment of tax is inequitable, as a similar Provincial minimum tax does not exist for individuals. Furthermore, this pre-payment increases the cost of doing business and reduces the availability of capital to invest in productive assets and create jobs.

With the elimination of annual deficits, the Corporate Minimum Tax should

be eliminated immediately and CMT carry forward balances refunded to taxpayers.

IMPROVING THE BUSINESS CLIMATE OF THE PROVINCE

These initiatives will enhance a predictable, encouraging environment for business. In this regard a number of low price tag regulatory reforms would enhance Ontario's competitiveness, including:

- Reviewing the Retail Sales Tax Act;
- Increasing the accountability/transparency of property assessment practices;
- Streamlining administration (i.e., one identification number per company); and

Change Administrative Monetary Penalty System (AMPS)

Urge the federal government to abandon or significantly modify the Administrative Monetary Penalty System (AMPS), which was implemented in October 2002. To elimination of AMPS will serve to defray the additional cost of compliance and significant penalties to importers and exporters, notwithstanding the majority of cases, no customs duties are applicable to the importation under NAFTA. The only purpose served by AMPS is accuracy.

PROVINCIAL SPENDING

Value for Money

All government expenditures must be continually evaluated to ensure that they serve the purpose for which they were originally intended and enhance competitiveness and economic prosperity. We applaud the work of the Red Tape Commission in identifying inefficiency and duplication of government programs. We urge that value for money audits be expanded to ensure that this goal is accomplished.

Although we do not make any recommendations, the goal of receiving optimal value for tax dollars expended should be analyzed in relation to the refundable tax credit for tuition fees paid to private schools. Although we do not necessarily object to this approach in concept, it is critical that value for money be assured by insisting that these schools adhere to the provincial curriculum and that students be tested annually along with students in publicly funded schools to measure performance. Organizations whose students fail to meet the minimum standard should have their

licenses rescinded and/or refundable tax credits denied. This will assure that these tax dollars are allocated most efficiently.

We are also concerned that the tax credits are refundable rather than non-refundable. Individuals claiming these tax credits could actually receive an income tax refund even though they paid no provincial income tax or education taxes as part of their property taxes. We question the value for money of providing tax refunds to individuals that did not pay provincial income tax and effectively denying the use of these resources to be redirected to other government priorities where value for money exists.

The Windsor & District Chamber of Commerce deems that in the following areas provincial spending can and should be increased for the purpose of creating a competitive business environment and improving the well being of Ontarians.

Health Care

From a recent Provincial Chamber survey on health care, 64% of respondents indicated that they believe the health care system is a competitive advantage for Ontario businesses. From that same survey, 47.8 per cent indicated that they believe that there should be a greater role for for-profit private sector providers.

Recent studies have confirmed – the incidence of serious illness and death in the region is considerably higher than the provincial and national averages. While there are a variety of hypotheses put forward to explain this disturbing trend, two facts remain undisputed:

1. The level of regional health care funding on a per-capita basis is not consistent in relation to other regions of the province even before taking into consideration the higher incidence of illness; and
2. Employers in the region will be forced to pay an ever increasing share of the cost of providing health care to their employees

Additionally, we are experiencing a shortage of medical resources, including family physicians and medical specialists that are much needed in our community. The Windsor & District Chamber of Commerce has been working with the business community on this problem by being active in the recruitment of doctors and by helping establish the first Windsor satellite Medical School.

The absence of appropriate levels of funding will seriously erode the competitiveness of employers in the region. We recommend that the regional level of funding for health care be increased to at least the provincial per capita average.

Education

On the issue of the double cohort, the Chamber believes that the provincial government needs to ensure that proper resources are allocated on an urgent basis to address this problem immediately. The provincial government must recognize that the double cohort issue will continue for several years. As the secondary school graduates experience shortage of placements in our universities they would have to find training in areas that would be of interest to them and our local businesses.

Industry groups like the APMA and CTMA are advocating tax credits for skills training and apprenticeship programs. They maintain these sorts of tax incentives are already available to employers in Europe and the southern U.S. We urge the government to consider training tax credits as a means to develop human capital and improve our competitiveness.

Ontario remains the only province that has not signed a training agreement with the federal government. The lack of an agreement lessens the resources committed to training.

Transportation

Transportation is a major component associated with the success of the Windsor and District business community. The movement of goods, services, and people is a vital factor in the success of our region. Windsor Detroit is the corridor of choice for the majority of the shipments between Ontario and the United states between Michigan, Laredo Texas and Mexico. The impact of increased traffic volume and lengthy delays has created major concerns among businesses and residents. The functioning of the Windsor-Detroit border and the roads system in the Windsor region has become inadequate to handle present and future requirements.

The Windsor & District Chamber of Commerce addresses these important transportation issues, providing policy recommendations that transcend Provincial and Federal Jurisdiction, as they require cooperation and action by all levels of government. We have developed position statements related to pertinent issues that affect the residents and business community within Windsor and District. The transportation focus concerns have been identified and articulated in the areas of Border Management, Regional Transportation and Global Transportation.

Border Management

The Windsor-Detroit international trade corridor is the busiest crossing in North America. The volume of traffic currently using the Windsor-Detroit crossings accounts for more than twenty million (Bridge and Tunnel Operators Association) vehicle border crossings annually. The commercial truck traffic component accounts for approximately three million five hundred thousand

vehicles of which 95% use the Ambassador Bridge and Huron Church Road to connect with destination links. Based on Statistics Canada data for the year 2000 the commercial vehicle traffic through Windsor-Detroit related to over one hundred and fifty five billion dollars in trade conducted between Canada and the United States. The Windsor and District Chamber of Commerce represent 1400 member businesses that operate within the busiest international corridor in North America.

The operation of the Windsor corridor greatly influences member businesses as it relates to customer/supplier access, service and delivery. When the corridor fails to function there is a direct impact on the Windsor Region business community as well as impacts on the economy of the Province of Ontario and Canada.

The impact of the corridor traffic has been identified as a significant issue for several years. The need for action since the heightened security following the September 11, 2001 terrorist attacks has become acute. The Windsor and District Chamber of Commerce has identified the following items as significant transportation issues affecting Windsor residential quality of life, the regions business community, and the prosperity of the Province of Ontario and Canada as a whole:

The Border Issues and Management

1. Short-term Border Issues

- The Windsor and District Chamber of Commerce recognizes the need for immediate action to address short-term border and management issues to facilitate the optimization of the corridor and reduce the impacts on the local community. Opportunities exist in the following areas:
 - i. Enhancement of Infrastructure
 - ii. Technology Enhancements
- Increased security measures are required for protection of our city, country and the infrastructure of the corridor.
- Huron Church Road is a Provincial connecting link that has become the sole source infrastructure for international trade traffic through the Windsor-Detroit border. The City of Windsor is the only major crossing in Ontario without any direct Provincial highway system connection to the city's two-border crossings.

2. Long-term Border Issues

- Long term it is imperative that the Bi-National Partnership study on the Windsor-Detroit border crossings be completed using an accelerated time table to address the infrastructure needs and border functionality related to international trade through the Windsor-Detroit transportation trade corridor.

Background on Border Issues and Management

In recent years, there has been an increase in the traffic utilizing the Windsor-Detroit corridor for access to trade markets. This increase has had adverse impacts on the community and created difficulties for the trading partners that use the infrastructure. Following the terrorist attacks in New York City, heightened border security initiatives of the United States Government illustrated the regions dependence on the corridor and the inability of the corridor to function when stressed by loading.

Short-term Issues

- ***Enhancement of Infrastructure***

There is an immediate need to redefine the operation of the corridor and maximize the function for corridor throughput or facilitation. Loading of the highway and municipal road infrastructure has reached critical levels demonstrating the inability of the resources to meet the demand of the trade route.

The Windsor and District Chamber of Commerce believe that the Windsor corridor has not been addressed properly. The issue requires that the Province of Ontario not only initiate a study to define the immediate redesign of the Windsor-Detroit corridor and maximize highway infrastructure improvements but to set in place a mechanism which will address immediate corridor requirements and to shorten the duration of the prescribed study while not compromising environmental or safety issues.

- ***Technology Enhancements***

It is recognized that there are opportunities for improved movement of low risk traffic through the Windsor / Detroit corridor utilizing technology and information systems. The use of pre-clearance and technological interfaces such as Customs Self Assessment (CSA see glossary) in Canada, Customs-Trade Partnership Against Terrorism (C-TPAT) in the United States, and the joint NEXUS program as well as other integrated systems (see glossary) with regular low risk users of the border will support improved throughput in the corridor.

The Windsor and District Chamber of Commerce support the immediate implementation of NEXUS for passenger vehicle immigration pre-clearance of low risk users of the border.

The Chamber also supports expanded use of technology based commercial traffic clearance programs to increase traffic efficiencies through the border.

Further improvement will be achieved by the designation of "LOW RISK FAST LANES" to direct all traffic volumes in the border crossings.

The Chamber believes that the Windsor-Detroit corridor should be targeted for new and piloted initiatives by Canada Customs and Revenue Agency

(CCRA), Canadian Immigration, United States Customs and the United States Immigration and Naturalization Service.

- ***Enhanced Security and Reverse Inspection***

The need for establishing higher security to protect the assets of the corridor is recognized as an issue for immediate action. It is unimaginable what the impact would be should one or both of the crossings currently in use be damaged or incapacitated in some way.

In conjunction with this initiative, there will be a need to redesign the corridor throughput to maximize the efficiency of the present infrastructure and reduce the impacts on the communities of interest that surround the routes in question.

The exposure of the corridor to tie ups and delays is created by the heightened security required to clear persons and goods through the trade route.

As a result, street and crossing resources have become stressed. The loading, which has occurred, has had a direct impact on the quality of life for the residents of the communities of Windsor and Detroit. In addition, these delays have created difficulties for the business community to respond to customer just-in-time supply demands and customer access to facilities for commerce and recreation.

The Windsor and District Chamber of Commerce believes that the Canadian Government should immediately complete discussions with the United States Government to facilitate the implementation of the components of the bi-national agreement that will allow for enhanced border inspection.

The Windsor and District Chamber of Commerce supports consideration of reverse inspection as a part of enhanced border inspection.

As well that the Governments jointly allocate the funds necessary to implement immediate improvements to the corridor that will remove impacts on local communities from loading and provide inspection of vehicles destined for the United States prior to entry to the crossing structures at the Windsor-Detroit Tunnel and the Ambassador Bridge.

- **Provincial Highway System Connection**

The Windsor-Detroit corridor is the only crossing in Ontario that has no direct linkage from a provincial highway to the crossing. As a result, the taxpayers of the City of Windsor have to bear the cost of maintaining this international trade route. The Province of Ontario should have the responsibility to assume the cost for the continued maintenance of North America's busiest crossing while relieving the taxpayers of the City of Windsor of that burden.

The Windsor and District Chamber of Commerce believes that the Province of Ontario should agree to immediate financial responsibility for Huron Church Road.

The Windsor and District Chamber of Commerce believes that the Province of Ontario having jurisdictional and financial responsibility for trade routes within the Province should establish direct Provincial highway connections between the border crossings and the Provincial Highway System.

That jointly the City of Windsor and the County of Essex establish “The Windsor and Essex County Transportation Authority” to oversee development of an integrated transportation plan.

Long-term Issues

- ***Bi-National Partnership (Third Crossing)***

There is a requirement for long range planning for the Windsor-Detroit Corridor. Loading on the corridor has affected the ability of residential, tourist and industrial traffic to access destinations in a timely fashion stifling economic growth. The safety of travelers and residents has been jeopardized and environmental impacts have been increased related to public safety and quality of life. The province of Ontario has approved a long-range study that will define the needs for the area and initiate the planning for a third crossing.

Delays in the initiation and implementation of this study will have significant impacts on the regional communities that are required to use the Windsor-Detroit Corridor. Furthermore, delays in the initiation and implementation of this study could have significant impacts on the economic viability for Ontario business to compete internationally.

The Windsor and District Chamber of Commerce support the completion the Bi-national Partnership Study in an accelerated time.

- ***Accelerated Environmental Assessment***

The delays in initiating the needs study for the long-term corridor development is anticipated to be mired in extensive environmental studies. The demand projection of throughput on the existing infrastructure calls for the immediate sighting of a third crossing. Given the identified urgency the federal, state and provincial Ministries of Environment need to agree to fast-track the system of approval that would shorten the time needed to complete a unified environmental impact assessment study.

The Government of Canada and the Province of Ontario in consultation and cooperation with the appropriate United States approval agency implement bilateral fast-track systems for environmental impacts and approvals that will facilitate study completion for vital resources development such as a

third crossing in Windsor-Detroit.

Regional Transportation Issues

Local highway and linkage infrastructure in Windsor and District has not kept pace with the demands of growth. Impacts of provincial downloading of infrastructure have had financial impacts on individual municipalities related to sustaining the regional transportation network.

Observed development within Windsor and Essex County of infrastructure has been undertaken without an integrated approach. The need for integrated local / regional infrastructure planning and funding is driven by the demand for regional growth.

Currently there is no mechanism for planned implementation and equitable funding of the region's transportation infrastructure. The deficiencies in planning and funding allocation is creating a fragmented road infrastructure system that does not promote the smooth flow of traffic for the movement of people, goods, and services within the Windsor and Essex Regions.

The Windsor and District Chamber of Commerce supports examination of establishment a Regional Transportation Authority to direct and facilitate the development of an integrated highway transportation network that will address the needs of the City of Windsor and the County of Essex from a broad based perspective independent of political boundaries.

The establishment of a Chamber study group will be essential for the review and development of the authority concept for possible creation and implementation.

Global Transportation Hub

The Windsor District is a major Canadian economic and manufacturing center located adjacent to Metropolitan Detroit in the United States one of the worlds largest transportation logistic centers. The Windsor Detroit corridor has become the preferred North American crossing between Canada and the United States.

The combined economic region of Windsor Detroit is home to over 900 international corporations not to mention the domestic companies that support the international companies. In short, the Windsor Detroit market creates a solid foundation on which to establish an international transportation hub benefiting both Windsor and Detroit.

The current infrastructure is developing independent of the overall view to the coordination of an integrated transportation network for maximum global impact.

It is because of the lack of integration that the need for unified design becomes apparent.

The Windsor Perspective

The Windsor District acts as a gateway to the United States and Mexico markets as well as providing access from the United States to all of Canada.

Resources to support a transportation hub concept are diverse:

- The airport infrastructure located in the Windsor and Detroit Region is capable of supporting global integration.
- Well-developed seaway connections and planned improvements position the Region to utilize bulk carrier or container carrier shipment as opportunities for integration.
- Rail connections through the region supply connect trade routes throughout North America to support hub interaction.
- Highway links of the continental United States, Mexico, the Province of Ontario and the State of Michigan provide opportunity for integration into a global transportation hub.

Action Focus

- There is a clear need to accelerate the establishment of integrated highway infrastructure to support the overall approach to transportation hub development for the Region.
- To complement the movement of people to and from the area high-speed rail is a concept that is evolving as a focus for consideration. This mode of transportation will be addressed as an independent section within this policy document.

The Windsor and District Chamber of Commerce support the establishment of a global transportation hub in the Windsor Detroit Region. The Windsor and District Chamber further acknowledges the importance of the Detroit Regional Chamber's paper on "Detroit Region Global Transportation-Hub" 2001 supporting the Chamber's transportation hub initiative.

In support of the outlined initiative, the Windsor and District Chamber has established a mandate for the Transportation Policy Committee to oversee and focus action needed to aid in directing plans to create an International Transportation Hub in the Windsor Detroit area.

CONCLUSION

We appreciate the opportunity to have made this presentation to the Committee and trust that we have adequately outlined the concerns of our Members and provided recommendations that are practicable. We look forward, in conjunction with the OCC, to the opportunity for continued dialogue and consultation with the Government on these critical issues.

We would be pleased to meet with Members of the Committee and representatives of the Ministry of Finance to discuss these and other issues further.

The Windsor & District Chamber of Commerce believes that the Ontario government's fiscal and economic goal should be to make Ontario the most competitive jurisdiction in North America. It is critical that the province remain focused on Ontario's competitiveness.