

Greater Ottawa Chamber of Commerce Annual Breakfast

Ottawa Congress Centre,
Colonel By Room
Thursday, January 27, 2005 (7:30 a.m.)

Good morning!

As you've heard by now, Ottawa is celebrating its 150th anniversary this year.

And when we look back at some of our business pioneers over the last 150 years, the list of names is impressive.

Here's just a sample of some of those successful Ottawa business pioneers: Booth, Sparks, Fisher, Morrison, Greenberg, Frieman, Terron, Campeau, Assaly, Tannis, Fuller, Scrivens, Francis, Gowling, Loeb, and so many more...

And we certainly have a new batch of entrepreneurs today, especially in Hi-tech - but we're not ready to relegate them to posterity - just yet - as proud of them as we are.

And in two years, the Ottawa Chamber marks its 150th anniversary and, as a member of the Chamber, the City looks forward to celebrating that milestone with all other members and the community at large.

Ottawa's success is not a secret. This is one of the best cities in the world to raise a family, to start a business, or to get an education.

According to Mercer Consulting, Ottawa ranks 20th in the world in a quality of life survey, ranking higher than cities like Washington, Paris, and New York.

And last year, the Montreal Board of Trade released a City Economic Health Report rating twelve North American cities (seven in the U.S. and five in Canada), applying a total of thirteen broad based indicators. In the final rankings the City Report rated Ottawa second only to Seattle - rating it ahead of the four other Canadian cities included in the report.

Those other Canadian cities were: Calgary, Toronto, Vancouver and Montréal.

The study noted that Ottawa had a strong economic vitality that is largely explained by the massive presence of high-tech firms and intensive R&D activities.

For this, in large part, we can thank OCRI, The Life Science Council and The Ottawa Partnership (TOP) for their exceptional work.

Ottawa's number 2 ranking among the 12 cities, and its first place ranking with other Canadian cities clearly highlights the strengths of Ottawa from both an economic and quality of life perspective.

That's high praise for Ottawa. And it's for a good reason. Our economy is strong.

Unemployment is at its lowest level in three years; Ottawa's construction boom is now into its fifth straight year of record building permits,

The economy produced 25,000 new jobs last year - that's the biggest job growth in nearly five years of above normal growth.

And that job growth will likely improve as our high-tech industry continues a steady rebound. No one is more buoyant about our Hi-tech rebound than OCRI's Jeffrey Dale - you have seen the reports.

The City of Ottawa has been granted a Triple A financial rating from the last Moody's Investors Services, report the highest possible grade.

This exceeds the ratings of Montreal, Toronto, the Province of Ontario, and Hydro One.

This last report stated that Ottawa's rating is "supported by a low debt burden, fiscal discipline and a commitment to long range financial planning..."

And thanks to the work of Kent Kirkpatrick and his team the City's administrative costs, as a percent of total budget, have been reduced to 5.9% - that compares by way of example to 12.3% at the former City of Nepean,

This financial strength strongly supports local business' bottom line because the City's budget purchases over \$500 million in goods and services from local suppliers every year.

And we continue to partner with the business community.

Working with our development community, we have implemented "On Time Review" to help speed up development applications through agreed-to timelines.

Through my office, we established Team Ottawa to ensure this city isn't left behind in securing title cultural or sporting events and conventions.

Last week's announcement that Skate Canada will hold its Canadian Championships at the Civic Centre in January 2006 is great news.

Just think of the economic activity in January 06.

First, we will again host the 7th annual Bell International Hockey Festival, the Bell Capital Cup, which I initiated several years ago, the largest pee wee and atom hockey tournament in the world, followed by the Skate Canada championships just a few days later. The hockey festival alone generates 12,500 room nights.

Skate Canada estimates an economic infusion of \$8 million dollars for Ottawa during their weeklong event.

And we had already successfully secured the Ontario Summer Games for 2006.

This strength and these successes don't just happen. They take creativity, hard work and above all partnerships. This keeps us competitive and also builds our quality of life.

And we can make our partnership stronger. Small business owners say they need a pro-active - not a reactive voice at City Hall. That's why I agreed last fall to the establishment of a Business Advisory Committee.

The Corporate Services & Economic Development Committee will approve Terms of Reference for the Business Advisory Committee in two weeks.

This/ Advisory Committee will provide the city with valuable input on issues ranging from the city budget and economic development, to regulations and by-laws.

I know that one of the priority issues the Business Advisory Committee will deal with is property taxes and assessment.

I've said it before and I'll repeat it this morning: the property tax system is broken. It is broken for small businesses. It is broken for homeowners. Property tax assessment rules just don't work.

We had an assessment holiday this year thanks to Finance Minister Greg Sorbara. And we are asking for permanent solutions.

This is why, for all the small business owners in this room, you should remember this sequence of numbers:

62-41-26-15

And that's not a play out of the Renegades play book!

I'll repeat that again.

62-41-26-15

Let me explain

62 means : 62 per cent of all small or medium sized businesses in Ottawa last year should've received a tax decrease and did not because of this broken system. Under provincial rules, the tax decrease was clawed back to benefit other mainly larger commercial property owners.

41 means : 41 million dollars is the amount clawed back from the small and medium sized businesses

26 means : 26 million dollars of that was to help lower taxes for 300 office properties in the city.

15 means : 15 of the biggest office buildings downtown were the biggest beneficiaries of this claw back. (They take almost \$20 million of that capping away from smaller commercial property owners.)

So, here is the tally so far of the assessment-related property tax system and how it affects small business six years after it was implemented.

More than 5 thousand commercial properties in Ottawa that should have received a tax decrease are getting 90 per cent (almost all of it) clawed back to fund tax cuts to mainly larger commercial properties.

And just to show you how badly broken the provincial system of property tax assessment rules is, the following are actual real life examples:

- ix. A small commercial property assessed at \$232,000 should be paying approximately \$9,200 in taxes. Two properties assessed at that value are actually paying, in one case, \$15,700 (repeat), and in the other \$844 - that's almost a \$14,000 difference and the City does not have the legislative power to fix this.
- x. If a commercial property is assessed at \$620,000 it should be paying approximately \$24,000. Two properties assessed at that value are actually paying, in one case \$38,900 (repeat), and in the other \$5,500. A municipality has no power to fix this.
- xi. Commercial properties assessed at \$1,060,000 should be paying approximately \$42,000. Two properties assessed at that value are actually paying \$79,000 in one case and \$6,500 in another. That's a \$72,5000 dollar difference. And I repeat - we do not have the power to rectify these anomalies.

No wonder small business owners feel overtaxed and confused. Even when they're in line for a tax break, it gets taken away from them.

We need a system that is fair to all classes of taxpayers.

That's the message Kent Kirkpatrick and I left with Finance Minister Greg Sorbara during a meeting at Queen's Park just last week. Yes, we need you to lobby City Hall, but encourage you to help us by also lobbying Queen's Park.

The city's long-term goal is to put every taxpayer at an equal ratio of 1:1 - that includes business as well as multi-residential. It does not exist now in Ottawa or in any other city in Ontario.

But for a 1:1 ration to happen, the City of Ottawa will need to improve on the new deal for cities that will help our bottom line, and Ontario cities will need regulatory changes from Queen's Park.

Four years ago, I was one of Canada's Mayors who started a crusade for a New Deal.

There were many sceptics who declared the Mayors' would never get a dime.

They were wrong.

And while there is more to do, we are getting results. Good results.

Our City will be receiving new revenue streams totalling \$60 million this year, growing to \$80 million per year in 2006, from federal and provincial gas tax and GST rebates.

In addition, we will be receiving \$400 million from the federal and provincial governments for infrastructure funding for the O-Train expansion.

As well, you may be aware, two weeks ago the City deposited \$200 millions into our bank to sit as a long term reserve - This was a re-payment of a promissory note which Hydro Ottawa had requested to re-pay, and represents a significant increment in our long term financial stability.

And back to the O-train, O-train expansion is critical to the future health of our city.

Think of the traffic gridlock now and imagine what it would be like in five years when our population will be over 1 million.

There is no room now for more buses on some of our downtown streets (Slater, Albert, Rideau) Just about every major city has more than one mode of transit.

Businesses can't afford to have goods, services, their employees or their customers stuck in traffic.

That translates to lost productivity and loss of opportunity.

Just in the last three years, Ottawa's population increased by 50 thousand. That growth will continue to put immense pressure on our budget and our quality of life.

Cities throughout Canada, especially large urban centres, are coping with huge infrastructure challenges due to a fiscal imbalance between our three levels of government.

This infrastructure deficit forces cities to find new creative ways to help finance and build community projects which our residents demand.

We have been innovative in Ottawa.

In this term of Council, we will have broken the ground or cut the ribbon on these following projects:

- The new Plant Pool and Recreation Centre in Centretown;
- The renovated Glebe Community Centre;
- The new four pad Sensplex and field house in Kanata;
- The new Gary. J Armstrong Long Term Care Health Centre on Porter's Island;
- Expansion of two more ice pads at the Ray Friel Centre in Orléans;
- The construction of a new two ice pad facility in West Carleton;
- A new Thunderdome indoor soccer and recreation facility in Orléans;
- An R.F.P. process for an East-End Arts Facility;
- Capital Funding assistance for several community arts facilities;
- New Petrie Island Beach and recreation complex;
- Expansion of our Park and Ride facilities;
- Through the leadership of Telecom Ottawa, extensive expansion of rural high speed internet;
- Start of construction on the new South Central District Library;
- A new day care facility for City View Centre for Child and Family Services;
- New state-of-the-art skateboard park at Centrepointe in Nepean;
- And others.

Some of these projects were financed and built through our city's Triple P office.

I pushed to establish the idea of a public-private partnership office and credit should be given this City Council for following through with a commitment to help build things differently in this community in partnership with the private sector.

Those Triple P projects in Ottawa have leveraged an investment of almost \$100 million of new capital.

And I want to take this opportunity to thank Réjean Chartrand in that office for getting those deals and projects off the ground.

Earlier I spoke about the need for the City to work closer with the business community.

I know that your issues are not only being addressed in the Mayor's office, but actively through the City Manager's office.

In less than a year, we implemented a number of important measures that have improved financial transparency at City Hall.

From a budget that is easier to read, to the Plamondon report on fiscal accountability, to the appointment of a city Auditor General, we have worked hard to show that the City of Ottawa is taking accountability and transparency to the next level.

We share that goal with the business community and acknowledge the Chamber's publicly stated appreciation of these enhancements.

We all want to make Ottawa a better place to live. We have been working together through an ongoing positive dialogue to make that happen. We will continue to do so.

Thank you!