



Finance Committee
City Hall
500 George St. N.
Peterborough, ON, K9H 3R9

November 18, 2024

RE: Draft 2025 Budget

Dear Finance Committee,

We appreciate that the City of Peterborough is facing difficult decisions with the Draft 2025 Budget. Large tax increases are not sustainable to residents or businesses. The proposed 7.8% all-inclusive tax increase is too big of an ask for local businesses who are already paying 150% higher property taxes on their assessment than residents. Peterborough is already an expensive place in which to live and conduct business.

However, the Peterborough and the Kawarthas Chamber of Commerce is concerned that proposed cuts in the budget targets the very things that our businesses and the broader community value as integral to the growth and enjoyment of our city. The proposed cuts target outside agencies in arts and culture and those providing services to marginalized communities facing income, housing, and food insecurity.

Community service organizations are one of the most fiscally efficient investments. They are run by staff and volunteers with a passion for what they do. Those who are paid are typically compensated at far lower rates than the public sector and they work well beyond the hours they are compensated for. Cuts to our community organizations will severely impact their servicing capabilities on top of their ongoing selfless efforts to serve our community.

Our arts and culture sector is an essential part of our business community. A bit of government investment is typically able to leverage upwards of \$10 in further investment. Arts and culture alone are a nearly \$30 billion industry in Ontario, representing 3.5% of our GDP. On top of that, a flourishing arts and culture scene is vital for the retail, restaurant, accommodation, and other service sectors, especially in our downtown core. The economic spinoff is critical to the viability of many local businesses.

Similarly, investment in those providing services to our most vulnerable members of our community is returned in the form of a healthier and safer community. The Peterborough and the Kawarthas Chamber of Commerce is leading chambers and boards of trade across Ontario with a campaign highlighting that social issues are business issues. Peterborough and communities across Ontario are actively dealing with the repercussions of those living on the margins having inadequate access to housing, economic, and food security. We are dealing with a crisis that is expressed very visibly in our community through homelessness, addictions, and mental health struggles.

The cuts proposed in the Draft 2025 Budget will irreparably harm the organizations providing these services, creating negative economic, social, and cultural impacts for many years to come.

Community Service Grants and other municipal funding streams only fund a portion of the operations of these service organizations, but that portion provides stability when it comes to paying for hard costs that keep them afloat. A 25% cut to that pocket of funding can have a far larger impact on those organizations as they will struggle to secure stable funding for those costs that continue to rise.

Communities province-wide are recognizing the value that community service organizations provide for their economy and community. Toronto, for example, is also facing difficult budget pressures, but has rolled out a plan to double investment in local arts service organizations over five years. Investment in community

service organizations is investment in our economy and will have positive impacts on the bottom line for businesses and for the City of Peterborough.

We are pleased to see the City will continue with the 1.5 commercial and industrial tax ratio. With businesses already paying 150% more taxes on their assessment while using far fewer services than residents, the long-term solution for the City's revenue needs to include a large expansion of our employment lands. This will generate high-value assessment that will offset the tax burden on residents and relieve pressure on the City to continue funding the services our community values. We look forward to an upcoming economic plan that will lay out the strategy to increase our commercial and industrial base in the city.

We recognize that the municipal funding model is broken. The City is being asked to provide services that the property tax collection system was never meant to fund. We, along with chambers and boards of trade across Ontario, are asking the Province to work with municipalities to create a new funding and service model that better reflects current demands.

In the short term, the finance committee needs to take a similar approach to how the private sector handles economic pressure. It would be prudent to have a discussion with your senior leadership team and ask them to find efficiencies and savings within their own departments rather than going after the low-hanging fruit of external organizations. Funding community service organizations is not discretionary — it's good financial investment. The cuts proposed will set our community back for years to come.

Sincerely,



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