



THE REGIONAL MUNICIPALITY OF NIAGARA  
PLANNING & ECONOMIC DEVELOPMENT COMMITTEE  
FINAL AGENDA

PEDC 5-2019

Wednesday, May 8, 2019

1:00 p.m.

Council Chamber

Niagara Region Headquarters, Campbell West

1815 Sir Isaac Brock Way, Thorold, ON

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|  | Pages   |
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| 1. <u>CALL TO ORDER</u>  |         |
| 2. <u>DISCLOSURES OF PECUNIARY INTEREST</u>  |         |
| 3. <u>PRESENTATIONS</u>  |         |
| 3.1 <u>Niagara Economic Update (Agenda Item 6.1)</u><br>Blake Landry, Manager, Economic Research and Analysis  | 3 - 19  |
| 3.2 <u>Visitor Rebate Program</u><br>Sebastian Prins, Director of Government Relations (Ontario), Retail Council of Canada                           | 20 - 48 |
| 3.3 <u>Regional Incentives Financial Information (Agenda Item 6.4)</u><br>Doug Giles, Director, Community and Long Range Planning                    | 49 - 58 |
| 3.4 <u>Niagara Biennial Awards Program (Agenda Item 6.3)</u><br>Julia van der Laan de Vries, Urban Designer, Urban Design and Landscape Architecture | 59 - 76 |
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## 6. CONSENT ITEMS FOR INFORMATION

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| 6.1 | <u>ED 5-2019</u><br>Niagara Economic Update  | 93 - 107  |
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## 7. OTHER BUSINESS

## 8. CLOSED SESSION

## 9. NEXT MEETING

The next meeting will be held on Wednesday, June 12, 2019, at 1:00 p.m. in the Council Chamber, Regional Headquarters.

## 10. ADJOURNMENT

If you require any accommodations for a disability in order to attend or participate in meetings or events, please contact the Accessibility Advisory Coordinator at 905-980-6000 (office), 289-929-8376 (cellphone) or [accessibility@niagararegion.ca](mailto:accessibility@niagararegion.ca) (email).

# Niagara Economic Update

Blake Landry, Ec.D.

Manager, Economic Research & Analysis

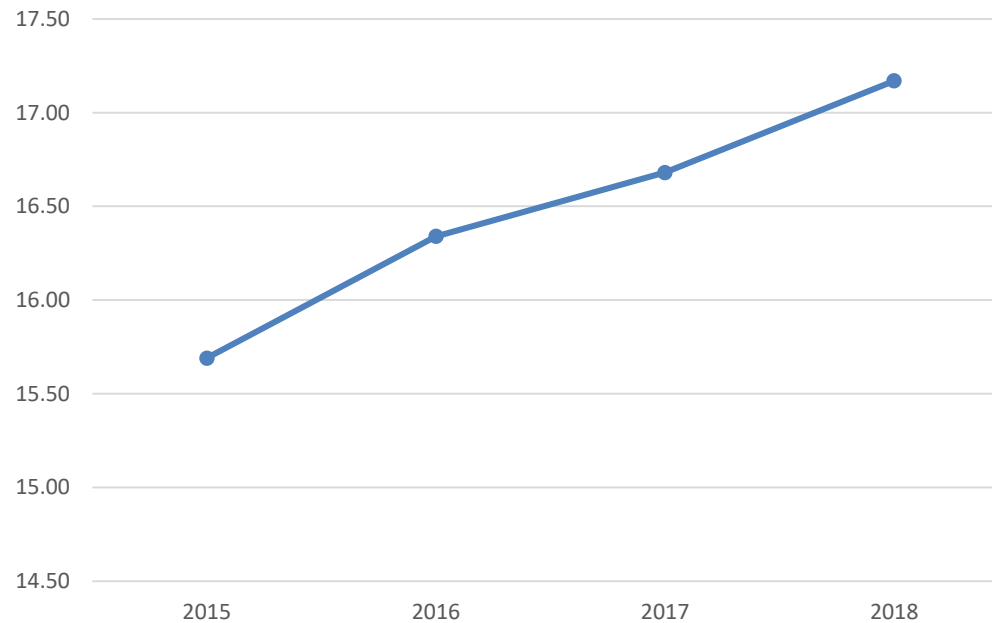
May 8, 2019

# Key Facts

- Niagara's overall economy has shown steady growth in a number of areas, particularly in job creation and new investment.
- Niagara's GDP grew by 9.4% from 2015 to 2018 compared to 5.1% for Ontario.
- Niagara gained 10,520 new jobs at 5.1% growth from 2015 to 2018 compared to 6% for Ontario.
- Investment in building construction grew by 56% from 2015 to 2018 compared to 19% for Ontario.

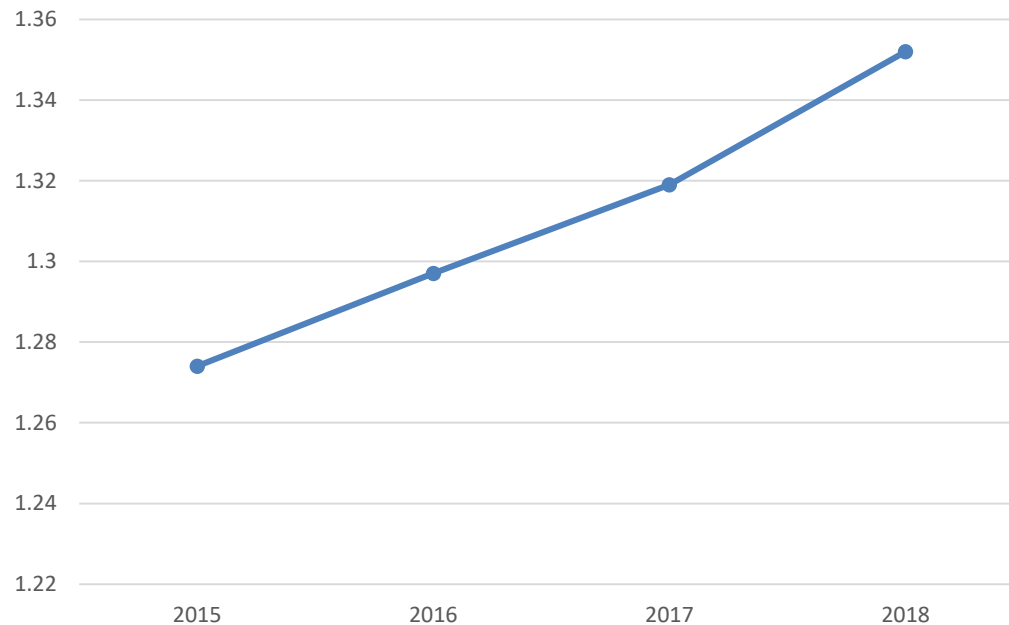


## Nominal GDP (\$ billions), St. Catharines-Niagara CMA, 2015 to 2018



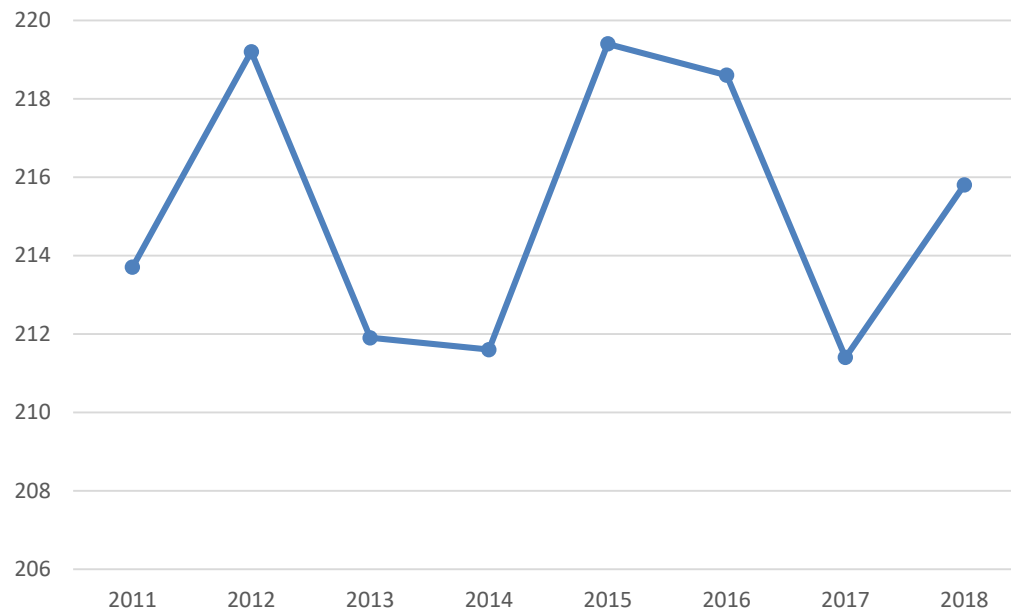
*Source: The Conference Board of Canada*

## Consumer Price Index (2002=1.0), St. Catharines-Niagara CMA, 2015 to 2018



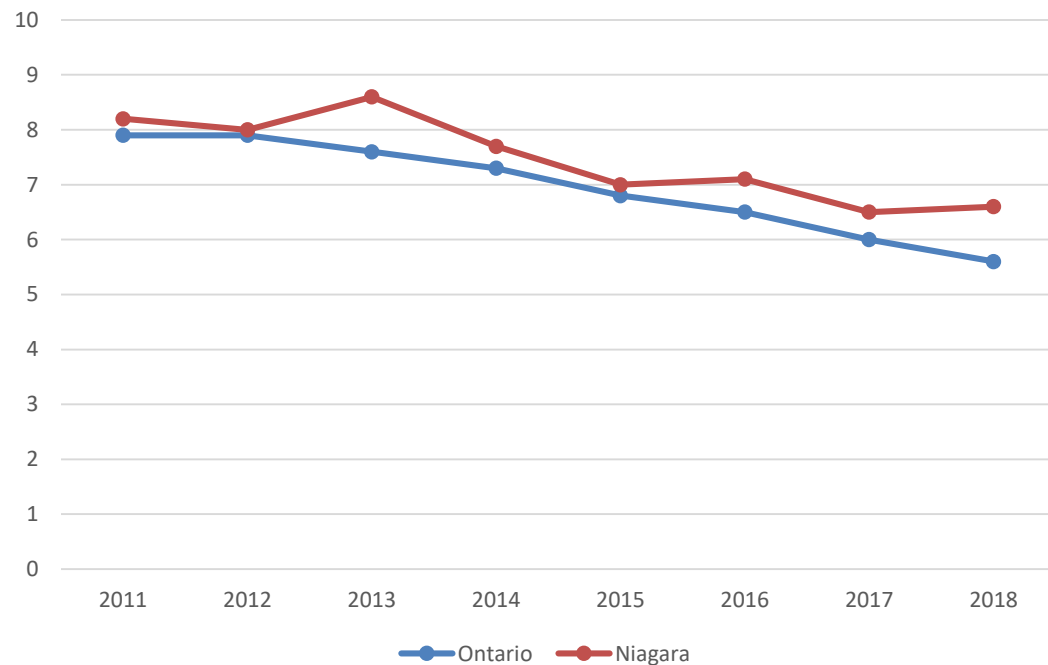
*Source: The Conference Board of Canada*

## Labour Force (x1,000), St. Catharines-Niagara CMA, 2015 to 2018



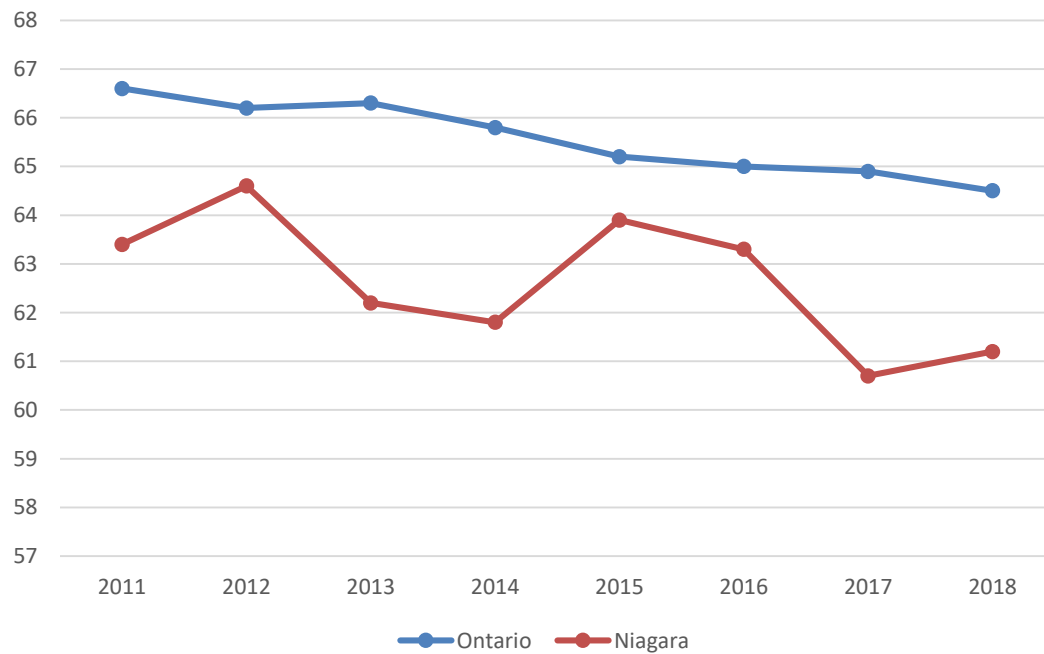
*Source: Statistics Canada, Table 14-10-0096-01*

## Unemployment Rate (%), St. Catharines-Niagara CMA and Ontario, 2011 to 2018



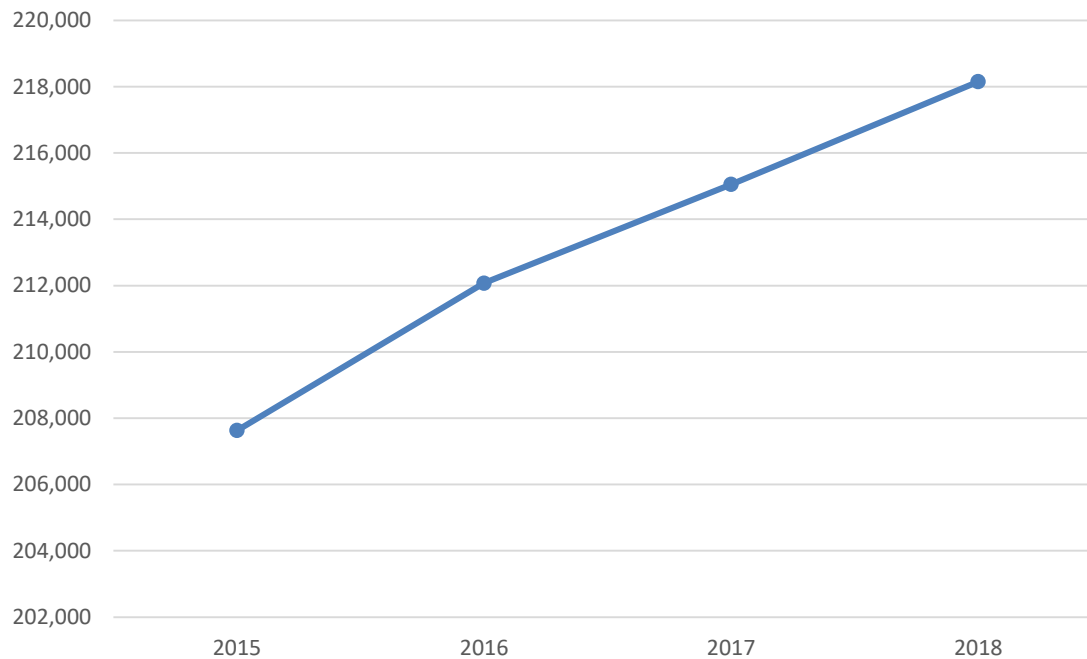
*Source: Statistics Canada, Table 14-10-0096-01*

## Participation Rate (%), Annual, St. Catharines-Niagara CMA and Ontario, 2011 to 2018



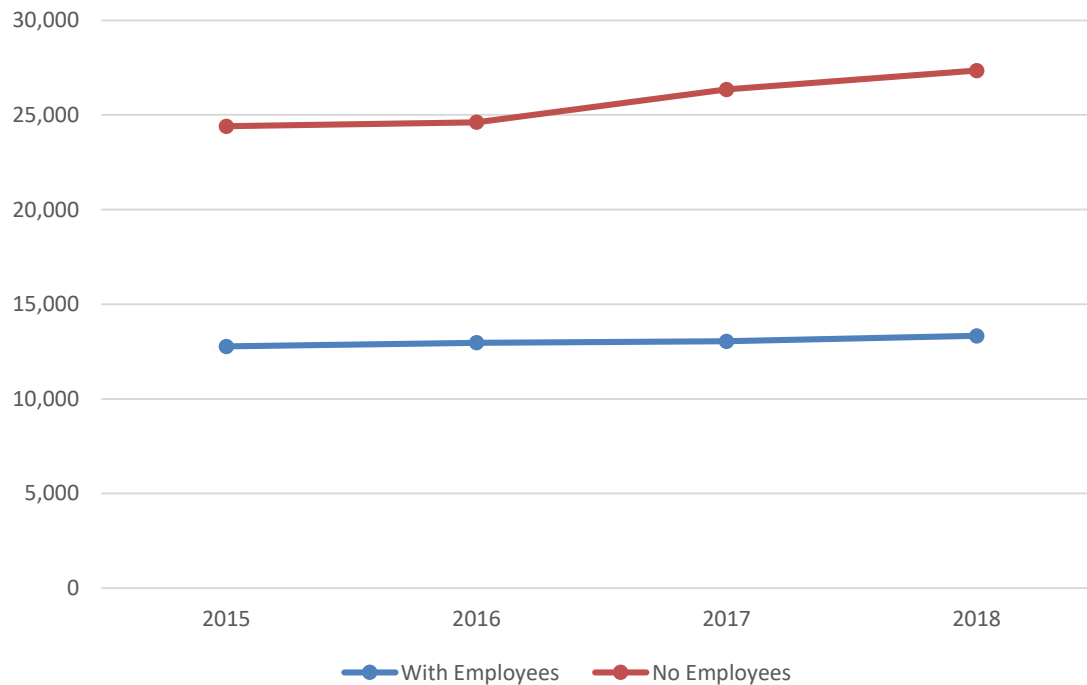
*Source: Statistics Canada, Table 14-10-0096-01*

## Total Jobs, Niagara Census Division, 2015 to 2018



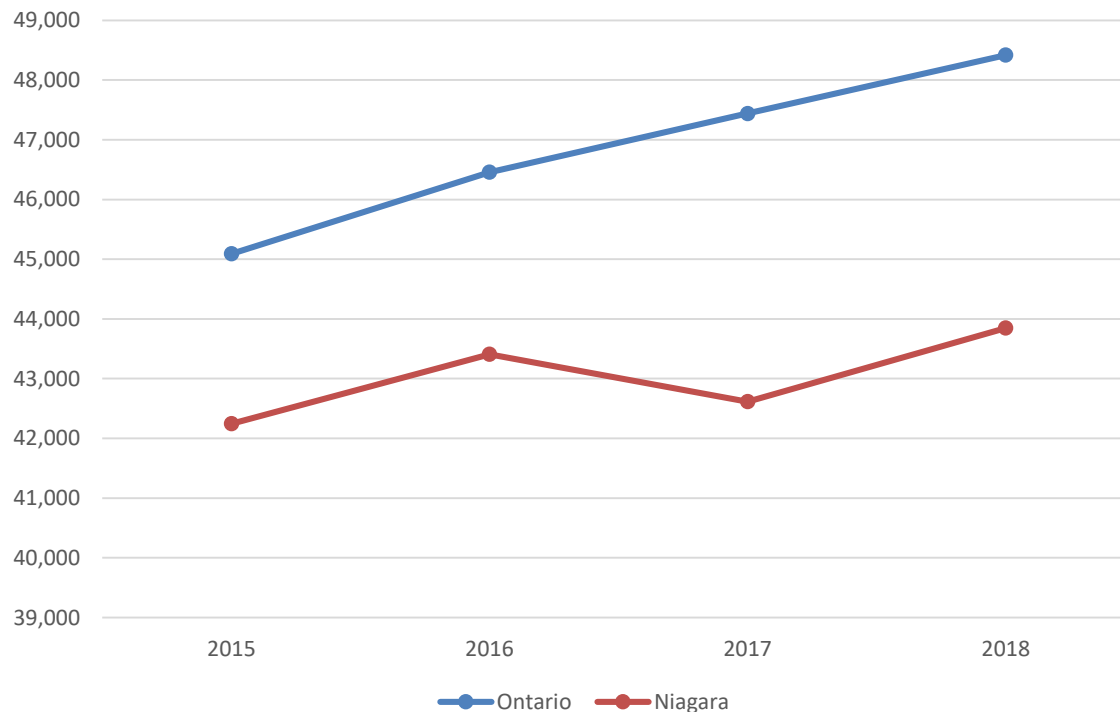
*Source: Emsi 2018.3*

## Business Counts, Niagara Census Division, 2015 to 2018



*Source: Statistics Canada, Canadian Business Counts*

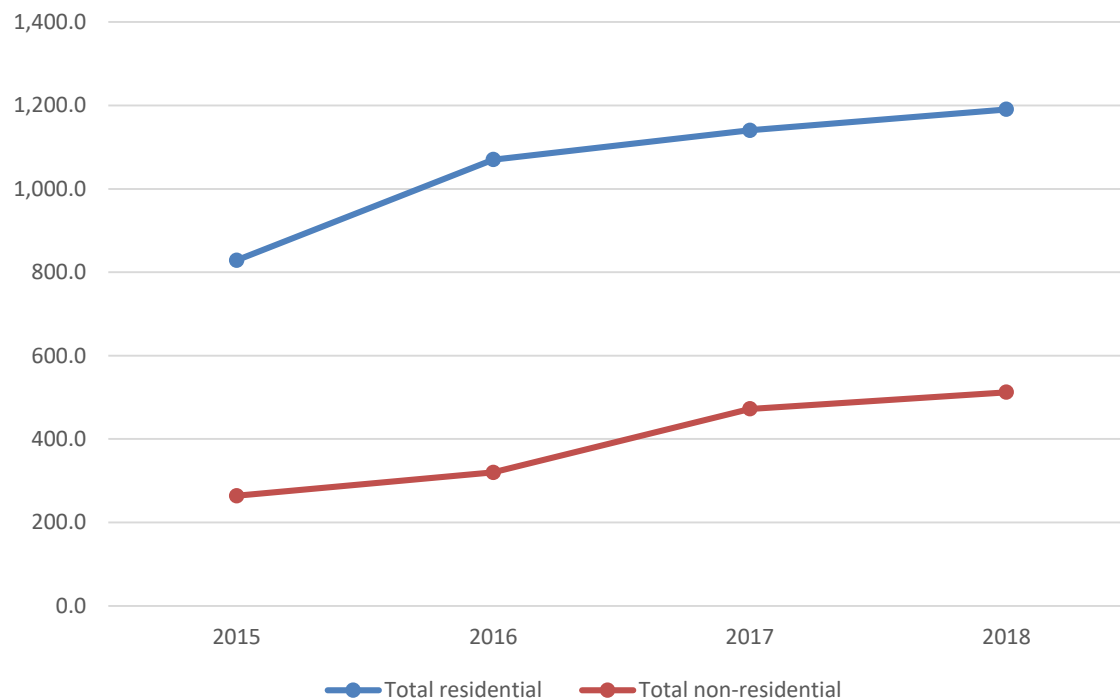
## Household Income Per Capita (\$), St. Catharines-Niagara CMA and Ontario, 2015 to 2018



*Source: The Conference Board of Canada*

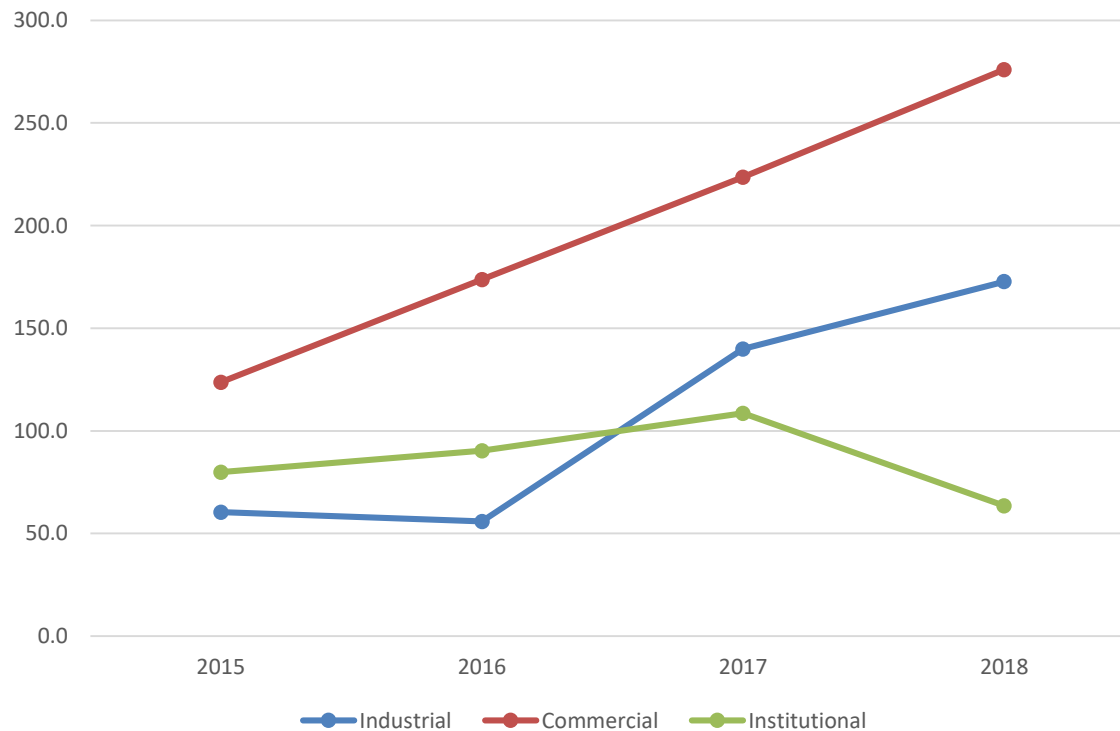


## Investment in Building Construction (\$ Millions), Current Dollars, Residential and Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018



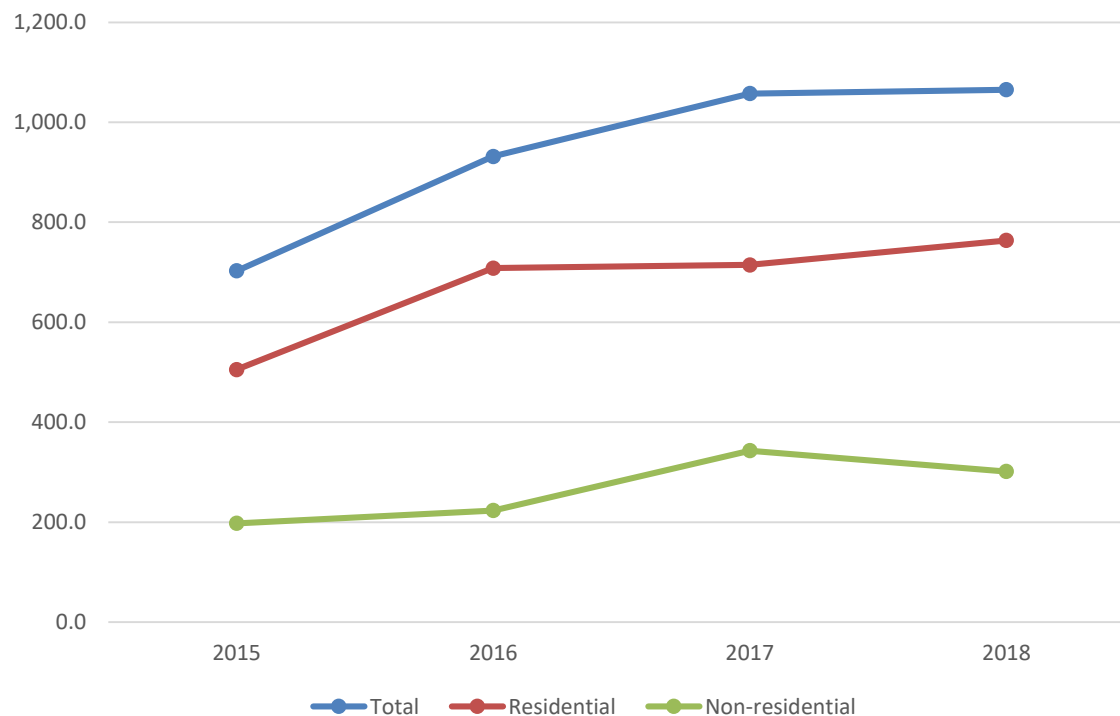
*Source: Statistics Canada, Table 34-10-0175-01*

## Investment in Building Construction (\$ Millions), Current Dollars, Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018



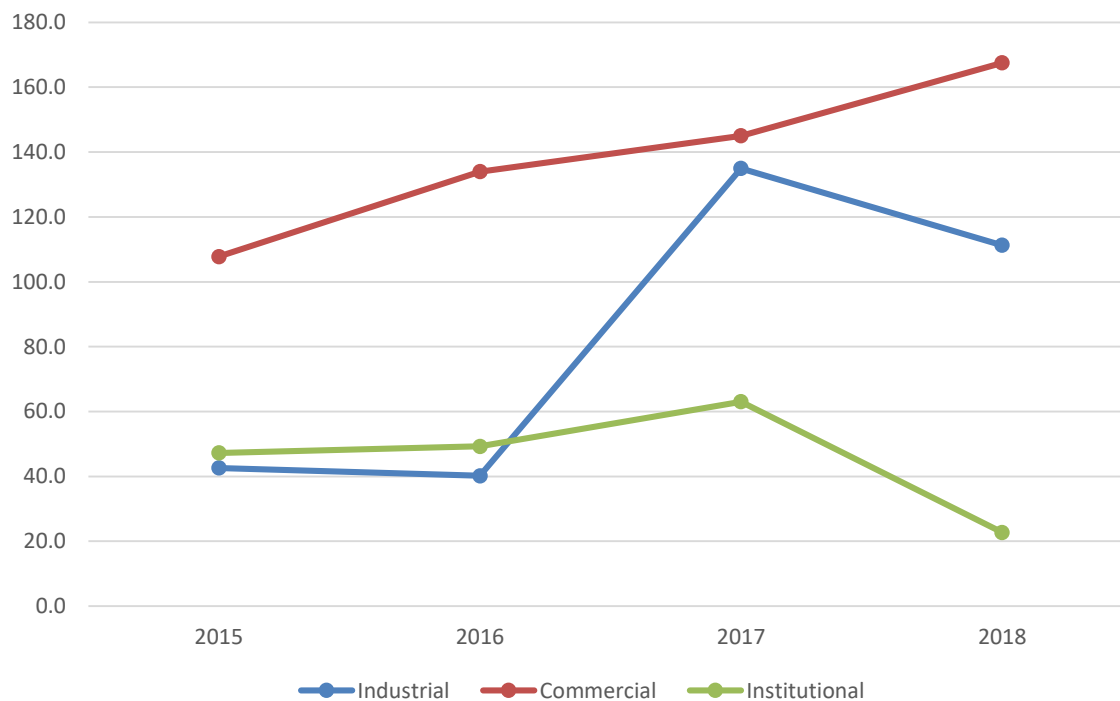
Source: Statistics Canada, Table 34-10-0175-01

## Building Permit Values (\$ Millions), Current Dollars, Total, Residential and Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018



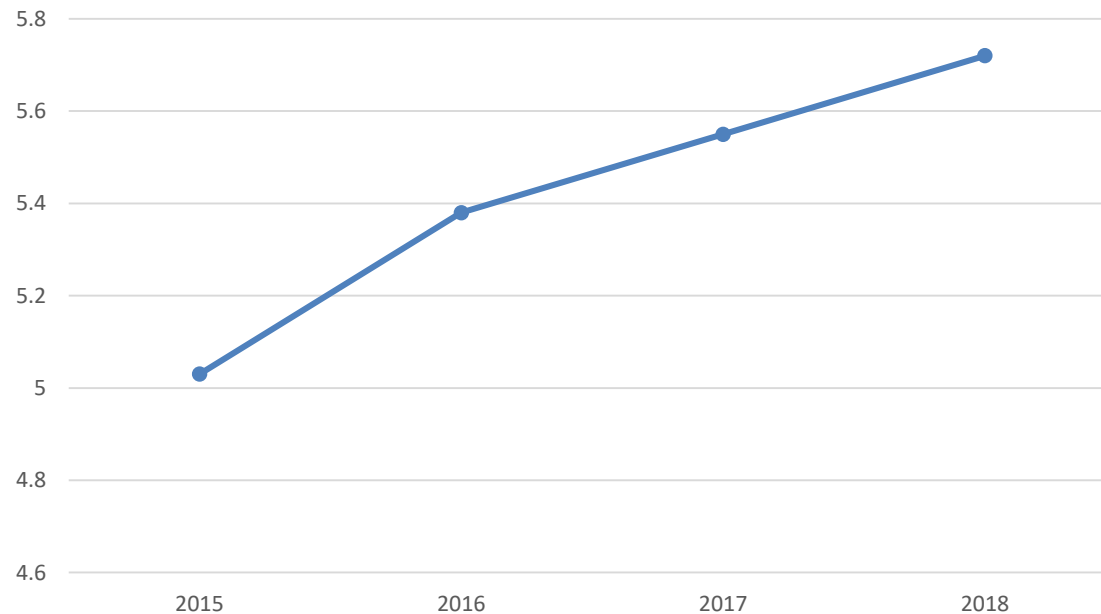
Source: Statistics Canada, Table 34-10-0066-01

## Building Permit Value (\$ Millions), Current Dollars, Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018



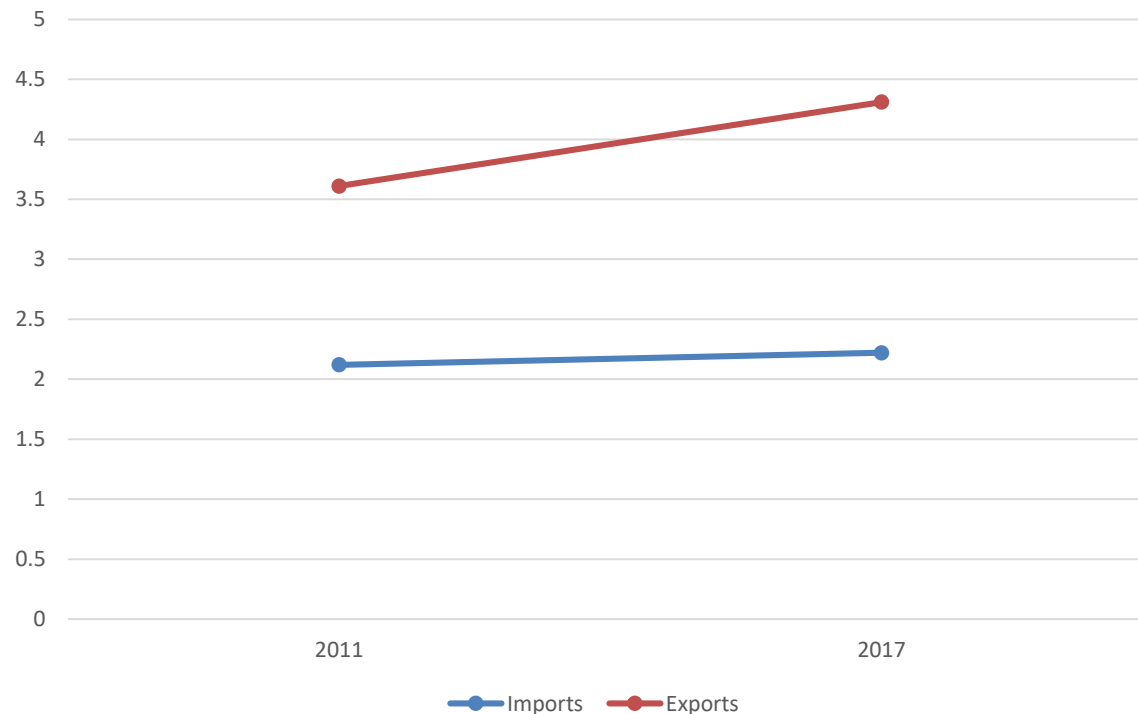
Source: Statistics Canada, Table 34-10-0066-01

## Retail Sales (\$ Billions), Current Dollars, St. Catharines-Niagara CMA, 2015 to 2018



*Source: The Conference Board of Canada*

## Imports and Exports (\$ Billions), Current Dollars, St. Catharines-Niagara CMA, 2011 and 2017



*Source: Statistics Canada, International Accounts and Trade Division*

# Conclusion

- Niagara's overall economy has shown steady growth.
- Economic indicators show that the economy continues to grow into 2019, especially in investment in building construction.
- There is a strong potential for a global economic slowdown by early 2020, which will affect Niagara.
- There are also other challenges that could affect Niagara's economic growth such as trade protectionism, relations with China, etc.

**From:** Niagara Region Website

**Sent:** Monday, 15 April 2019 17:07:10 (UTC-05:00) Eastern Time (US & Canada)

**To:** Clerks

**Subject:** Online Form - Request to Speak at a Standing Committee

## Request to Speak at a Standing Committee

To reply, copy the email address from below and put into 'To'. (if resident entered their email address)

Name

Sebastian Prins

Address

128 Lennox St.

City

Toronto

Postal

M6G 1J6

Phone

647-687-9049

Email

[sprins@retailcouncil.org](mailto:sprins@retailcouncil.org)

Organization

Retail Council of Canada

standing committee

Regional Council

Presentation Topic

Visitor Rebate Program



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Presentation includes slides  
**Yes**

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Previously presented topic  
**No**

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Presentation Details

The Retail Council of Canada (RCC) would like to present to the Planning & Economic Development Committee to highlight how Niagara's tourism industry benefits from having a Visitor Rebate Program to refund sales tax. RCC is keen to have the Niagara Regional Council track to passing a motion indicating their support of having a Visitor Rebate Program, and calling on the Federal Government to reintroduce the program.

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Video Consent  
**Yes**

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Revisiting the Visitor Rebate.pdf





# Revisiting the Visitor's Rebate Program

Retail Council of Canada

*Prepared by Sebastian Prins*

May 8th

2019



# About the Retail & the Retail Council of Canada



## ABOUT RETAIL

Retail is Canada's largest employer with over 2.1 million Canadians working in our industry. The sector annually generates over \$76 billion in wages and employee benefits. Core retail sales (excluding vehicles and gasoline) were \$369 billion in 2017.

## ABOUT THE RETAIL COUNCIL OF CANADA

Retail Council of Canada (RCC) members represent more than two-thirds of core retail sales in the country. RCC is a not-for-profit industry-funded association that represents small, medium and large retail businesses in every community across the country. As the Voice of Retail, we proudly represent more than 45,000 storefronts in all retail formats, including department, grocery, specialty, discount, independent retailers and online merchants.

Sebastian Prins

Director, Government Relations (Ontario)

P: 1.416.467.3759

E: [sprins@retailcouncil.org](mailto:sprins@retailcouncil.org)

# Revisiting the Visitor's Rebate Program

## Tourism in Canada

- In Canada, Tourism generated \$35,486 million in GDP last year. About 2.94 million Canadians have jobs directly related to tourism.
- In the Niagara Region, tourism accounted for \$2.4 billion in GDP, with an estimated 40,000 jobs directly related to tourism
- The Visitor's Rebate Program (VRP) was canceled in 2007 – since then, the Tourism Industry Association of Canada (TIAC) has called for its reinstatement.
- RCC will now be joining that call to action. Our analysis of the past 20 years of data show that the cancelation of VRP has harmed retailers in Canada



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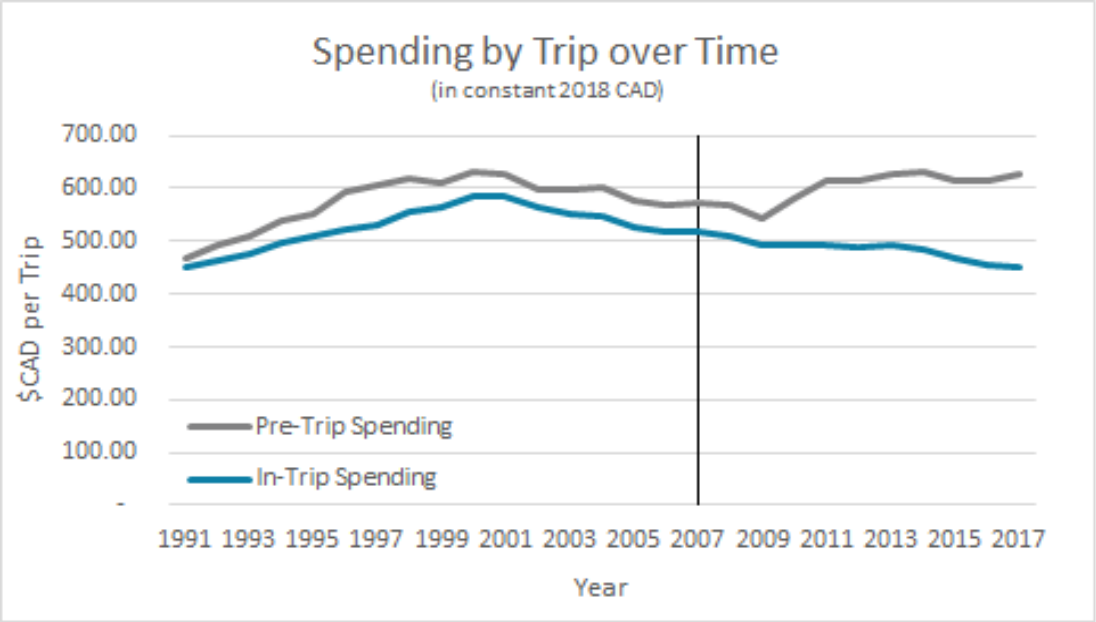
# Revisiting the Visitor's Rebate Program

## Tourist Spending



| Category          | Visitor Spending by Trip                |             |
|-------------------|---|-------------|
|                   | (in CAD Millions, 2018 constant prices) |             |
|                   | 2007                                    | 2017        |
| Pre-Trip Spending | \$ 571.28                               | \$ 626.66   |
| In-Trip Spending  | \$ 516.82                               | \$ 450.32   |
| Total Spending    | \$ 1,088.10                             | \$ 1,076.98 |

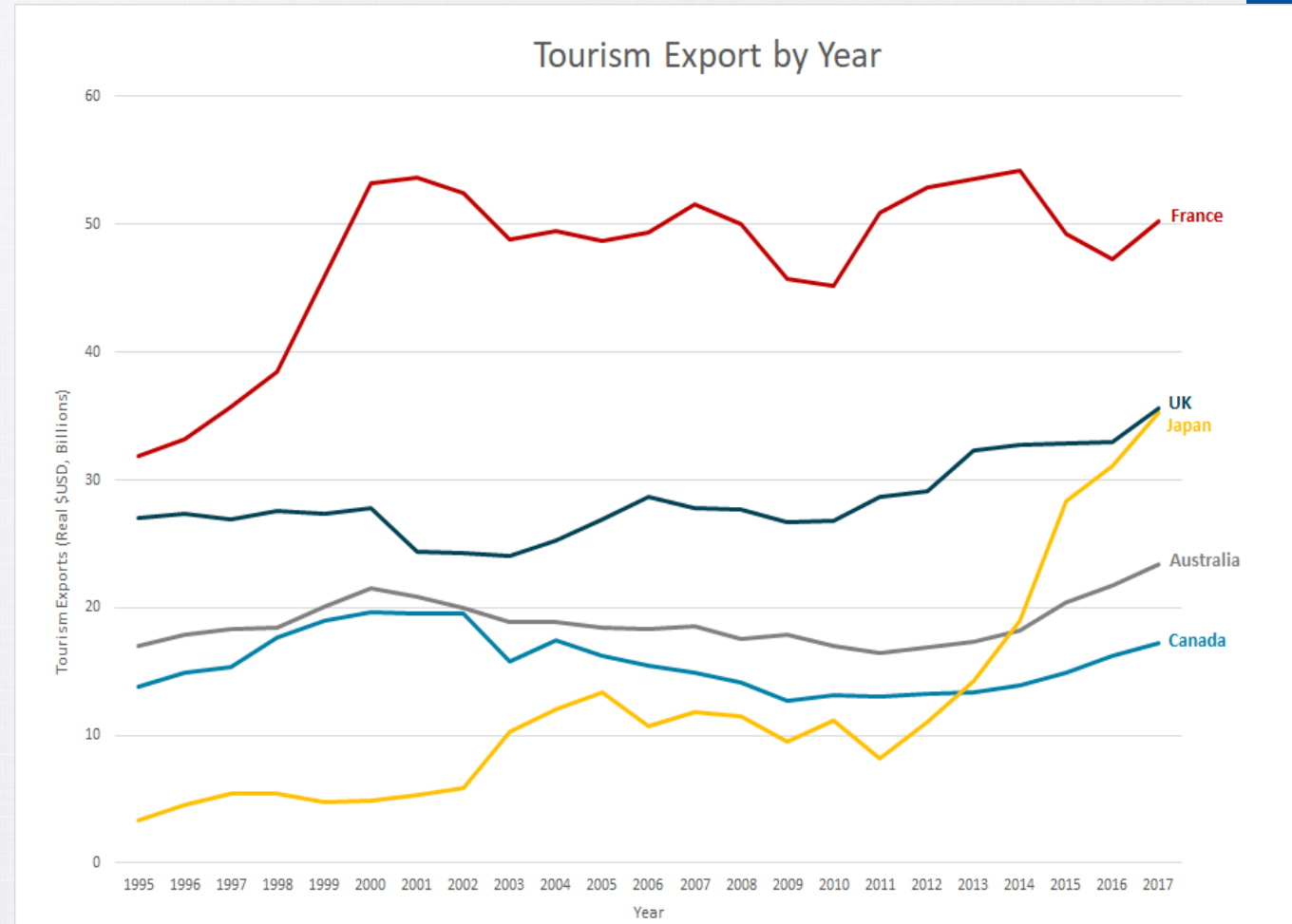
Source: For Tourist Spending: Statistics Canada. Table 36-10-0230-01 Tourism demand in Canada, constant prices (x 1,000,000)  
For Trips: Statistics Canada. Table 24-10-0043-02 One or more nights trips by non-residents to Canada



# Revisiting the Visitor's Rebate Program

## International Comparison

- Since 1995, Canada has seen a real average annual increase in Tourism Exports by 1.29%
- Out of the 36 OECD member countries, Canada's growth is ranked 32<sup>nd</sup>, making us the fifth slowest growing tourism market in the OECD.





# Revisiting the Visitor's Rebate Program

## What we found

- Our study finds that the presence of a VRP does impact Tourism Exports
- We find that an annual increase to Tourism GDP by \$595.7 million when a Visitor Rebate is present.
- Further, we find that increase in GDP would have meant an increase in revenue for the federal Government of \$154.9 million. At the time of canceling the program, the then government stated it cost \$86.3 million a year to run (in 2007 dollars).
- In current dollars, netting the savings from the revenue, the government loses \$51.6 million each year it doesn't have a Visitor Rebate Program



# Revisiting the Visitor's Rebate Program

## Summary & Next Steps

- Over the last 10 years, canceling the VRP has cost the tourism sector \$5.96 billion dollars.
- Over the last 10 years, canceling the VRP has cost government \$515.7 million.
- The Retail Council of Canada asks that the federal Government to reinstate the Visitor Rebate Program in its upcoming budget.
- Next steps for us will be to reach out to other stakeholders with aligned viewpoints on this issue, and have all of our members engage with the federal Government to support reinstatement.





FALL 2018

# RETAIL PERSPECTIVES



## Revisiting the Visitor Rebate Program: 10 Year Impact Analysis



Argentina



Cyprus



Malaysia



Australia



Croatia



Netherlands

## Just some of the countries with a Visitor Rebate Program



Belgium



Iceland



Austria



Czech Republic



Italy



Portugal



Greece



Japan



Russia



China



Korea



Switzerland



Denmark



Finland



Singapore



Germany



Lebanon



Thailand



Estonia



Sweden



Taiwan



Spain



Morocco



Turkey



France



Hungary



United Kingdom

# 1 | EXECUTIVE SUMMARY

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On April 1st, 2007, the Canadian Government became the first member country of the Organisation for Economic Co-operation and Development (OECD) to cancel its Visitor Rebate Program. To date, Canada is the only OECD country with a federal sales tax to not provide a rebate to visitors.

It has been over a decade since Government's decision to move away from the Visitor Rebate Program. Still today, many industry insiders and retailers in Canada call for a reinstatement of the program.

With ten years of data since the decision to cancel the visitor Rebate Program, this study by the Retail Council of Canada (RCC) seeks to understand how that decision has impacted our economy. Is there a provable deterioration as a result of the cancelling of the program? Of more importance for us here at RCC, what has been the impact of that cancellation on retailers in Canada?

When the Federal government was seeking to cancel the program, reaction by sector insiders predicted that there would be a deleterious effect on the Canadian economy. A report was commissioned by Global Refund in 2007 which concluded that: "The bottom line is that an attempt to save around \$86 million dollars at the expense of a loss in GDP of \$238 million dollars is not sensible policy from an economic perspective. It is also a short-sighted fiscal policy, since it will ultimately lead to a net loss of \$46 million in Government revenues."<sup>1</sup>

This RCC *Retail Perspectives* report finds history agrees with the warnings provided by sector insiders at the time. The cancellation of the program resulted in a GDP loss per year of \$595.7 million dollars. This report estimate that the 2007 policy decision by the Government led to an average net loss in revenues of \$51.6 million each year for the federal treasury. In other words, while this policy decision was made in order to save money, the decrease in revenue is greater than the annual administrative savings as a result of the cancellation.

With this report, RCC asks for the federal Government to explore reinstating the Visitor Rebate Program in Canada. Should the Government be interested discussing the topic further, RCC would be happy to provide the Government with a more in-depth analysis of how rebate programs work in other jurisdictions, and which systems we believe would maximize visitor spending while in-country.

<sup>1</sup> Global Refund Canada (2007). The GST Visitor Rebate Program for Individual Travellers, An Economic Impact Analysis.

## 2 | HISTORICAL CONTEXT

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The Visitor Rebate Program was put in place January of 1991. The federal Government of the day pointed out that Tourism was functionally an export industry – like lumber, or vehicles – and by providing visitors with a rebate, Canada was functionally treating tourism goods and services just like any other export.

Canada, like nearly all of its trading partners, has a mercantilist view to trade. Each country attempts to maximize exports, with restrictions and tariffs generally being saved for imports, to protect local jobs and the economy. It is well understood that the application of taxes generally increases the price of a good or service, and that as those prices increase, there is a downward (negative) pressure on demand. That is why previous Canadian governments have held the opinion and belief that taxing exports ought to be avoided.

When the program was policy, there was a system in place to prevent improper use of the Visitor Rebate Program. To qualify for a rebate, tourists had to provide four items. (1) The receipts on which they were seeking a rebate. In addition, those receipts needed to be validated by a customs officer. (2) Proof of impending departure from Canada – an example would be an airplane ticket. (3) A copy of some ID proving foreign residency; and, (4) a completed form, available thorough then Customs and Revenue Agency. Tourists who had the presence of mind to complete these items prior to leaving the country could submit the documentation through most Duty-Free Stores. As an additional (international) option, tourists could submit all items by mail for a rebate.

In April of 2007, the federal Government decided to cancel the Visitor Rebate Program. This made Canada something of an international anomaly. It became the first OECD country to cancel a Visitors Rebate Program and remains the only OECD country with a federal sales tax that does not provide visitors with a rebate.

Further – and of ideological importance to the Retail Council of Canada – Canada became a country that is functionally taxing an export, harming its local businesses.

During the pre-budget consultation process that led up to the cancellation of the program, there was vocal opposition by industry insiders. As an example, Global Refund Canada publicly asserted that “this is a lose-lose decision, there is no money to be saved by canceling this program, the only result will be lost jobs and further damage to the tourism industry”<sup>2</sup>. The Tourism Industry Association of Canada (TIAC) was actively against the move in 2007 and has remained so since – providing government with submissions each year asserting their position that this has harmed Canada’s Tourism Industry.

As with most decisions in government, there are two viewpoints. The federal Government pointed out during debate that there was an excessive cost to administer the program relative to its utilization by visitors.

When asked about the cancelled program during Question Period, then Finance Minister Jim Flaherty stated that “[The Visitor Rebate Program] was being used by 3% of the 35 million visitors to Canada and was a very inefficient way of raising taxes”<sup>3</sup>. At the time, the federal Government argued that by cancelling the program, the Canadian tax payer would save \$86 million annually.

<sup>2</sup> Global Refund Canada calls cancellation of individual VRP a “lose-lose” decision. (2007, March 20). Retrieved from News Wire website: <https://www.newswire.ca/news-releases/global-refund-canada-calls-cancellation-of-individual-vrp-a-lose-lose-decision-533548211.html>

<sup>3</sup> Flaherty, J. (2006, Dec. 12). “Oral Questions” Canada. Parliament. House of Commons. Edited Hansard 084. 39<sup>th</sup> Parliament, 1<sup>st</sup> session. Retrieved from the Parliament of Canada website: <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=2528725&Language=E&Mode=1#Int-1788776>

Our focus of this paper is not on explaining why those divergent views existed – it is on providing a statistical understanding of the impact of that decision. With that said, we will provide one suggestion; the divergent views might have been coloured by how onerous the process was for tourists to reclaim sales taxes paid. Mail-in-Rebates are a marketing tool. Experience shows that simply by adding the extra step of having would-be customers mail something for a rebate drastically lowers redemption rates.

It very well could have been that both parties were correct. Tourism insiders were articulating the view that visitor purchase decisions were made under the assumption they could reclaim the sales tax. For the federal Government, it observed the low uptake numbers for the program, potentially a result of an overly complex process, and reacted accordingly.

Whatever the impetus, Canada is now the only OECD country with a federal sales tax that does not have a rebate program and is analogous within the Canadian policy environment. Visitors purchasing in-country items are the only form of export which are not relieved of sales taxes.

This 2007 policy decision is juxtaposed with the growing image of Canada as a country open to international business. While the current federal Government has been seen to laud the values of open trade, evidenced through our multiple free-trade agreements, Canada's policy of taxing Canadian exports by not rebating our sales tax for visitors harms total exports.

## 3 | TOURISM IN CONTEXT

### 3.1| TOURISM IN CANADA

Tourism is a major contributor to Canada's economy. In 2017, Statistics Canada data indicates that nearly three million Canadians work in the tourism sector<sup>4</sup>, and that tourism contributed over \$35 billion dollars to its GDP<sup>5</sup>.

TABLE 1: Impact of Tourism in Canada, for 2007 & 2017.

| Category                  | GDP<br>(in CAD Millions, 2007 constant prices) |                  | Employment<br>(in Thousands) |                |
|---------------------------|--|------------------|------------------------------|----------------|
|                           | 2007   | 2017             | 2007                         | 2017           |
| Transportation            | \$ 6,418                                       | \$ 9,350         | 318.9                        | 346.6          |
| Accommodation             | \$ 6,221                                       | \$ 7,142         | 586.0                        | 586.5          |
| Food & Beverage           | \$ 4,207                                       | \$ 5,068         | 754.1                        | 938.0          |
| Other Tourism Commodities | \$ 4,335                                       | \$ 4,418         | 451.0                        | 454.0          |
| Other Commodities         | \$ 7,834                                       | \$ 9,508         | 602.6                        | 619.2          |
| <b>Total Tourism</b>      | <b>\$ 29,015</b>                               | <b>\$ 35,486</b> | <b>2,712.6</b>               | <b>2,944.3</b> |

Source: For GDP: Statistics Canada. Table 36-10-0234-01 Tourism gross domestic product, constant prices (x 1,000,000)

For Employment: Statistics Canada. Table 36-10-0232-01 Employment generated by tourism (x 1,000)

RCC is primarily interested in the intersection point of tourism and retail. Because of that retail-lens, we are also keenly interested in the spending that takes place while a visitor is in Canada. With that in mind, we have analysed tourism's contribution to Canada by subdividing visitor spending into two categories; (1) Pre-Trip Spending (which includes items like; travel, accommodations, travel agency fees, convention fees), and (2) In-Trip Spending (which includes items like; food, entertainment, groceries, and souvenirs). For the full approach to calculating these numbers, please see Section 4.1, where we go into detail.

TABLE 2: Average Spending Per Visitor Per Trip in Canada, for 2007 & 2017.

| Category              | Visitor Spending by Trip<br>(in CAD Millions, 2018 constant prices) |                    |
|-----------------------|---|--------------------|
|                       | 2007  | 2017               |
| Pre-Trip Spending     | \$ 571.28   | \$ 626.66          |
| In-Trip Spending      | \$ 516.82   | \$ 450.32          |
| <b>Total Spending</b> | <b>\$ 1,088.10</b>  | <b>\$ 1,076.98</b> |

Source: For Tourist Spending: Statistics Canada. Table 36-10-0230-01 Tourism demand in Canada, constant prices (x 1,000,000)

For Trips: Statistics Canada. Table 24-10-0043-02 One or more nights trips by non-residents to Canada

Comparing 2007 and 2017, we see that the average In-Trip spending of visitors staying one or more night has decreased by \$66.50. That's substantial - in 2017, there were nearly 20.8 million visitors to Canada who stayed for one or more night. Had each of those visitors increased their spending to the

<sup>4</sup> Statistics Canada. Table 36-10-0234-01 Tourism gross domestic product, constant prices (x 1,000,000)

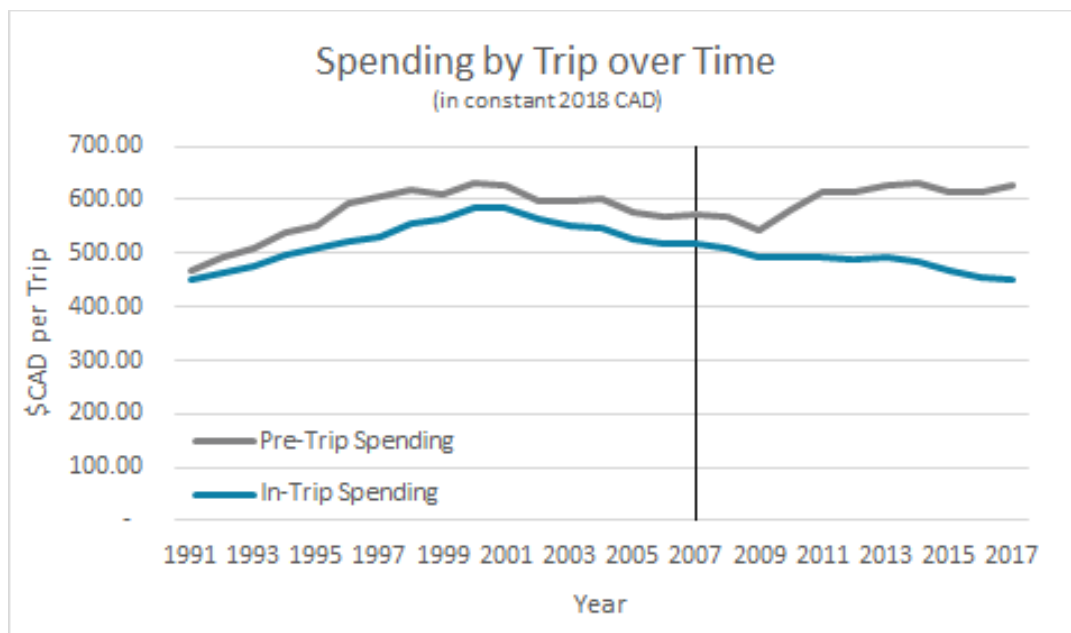
<sup>5</sup> Statistics Canada. Table 36-10-0232-01 Employment generated by tourism (x 1,000)



average 2007 spend, Canada's tourism sector would have generated an additional \$1.38 billion in GDP in 2017.

While Total Spending appears relatively constant between the two points in time represented by Table 2, when viewed as a time series, we see a divergence between Pre-Trip and In-Trip spending. While Pre-Trip costs start to climb post-recession, In-Trip spending continues on a downward trajectory.

GRAPH 1: Spending by type in Canada, 1991 to 2017.



Source: Statistics Canada. Table 36-10-0230-01 Tourism demand in Canada, constant prices (x 1,000,000)  
 Statistics Canada. Table 24-10-0043-02 One or more nights trips by non-residents to Canada

This is meant to provide the reader with an understanding of the tourism sector. To understand the impact of this policy decision, we need to understand these data in the context of different tourism drivers.

With that high-level view of some of Canada's tourism numbers, we will now provide some context as to how Canada has preformed relative to international comparators.

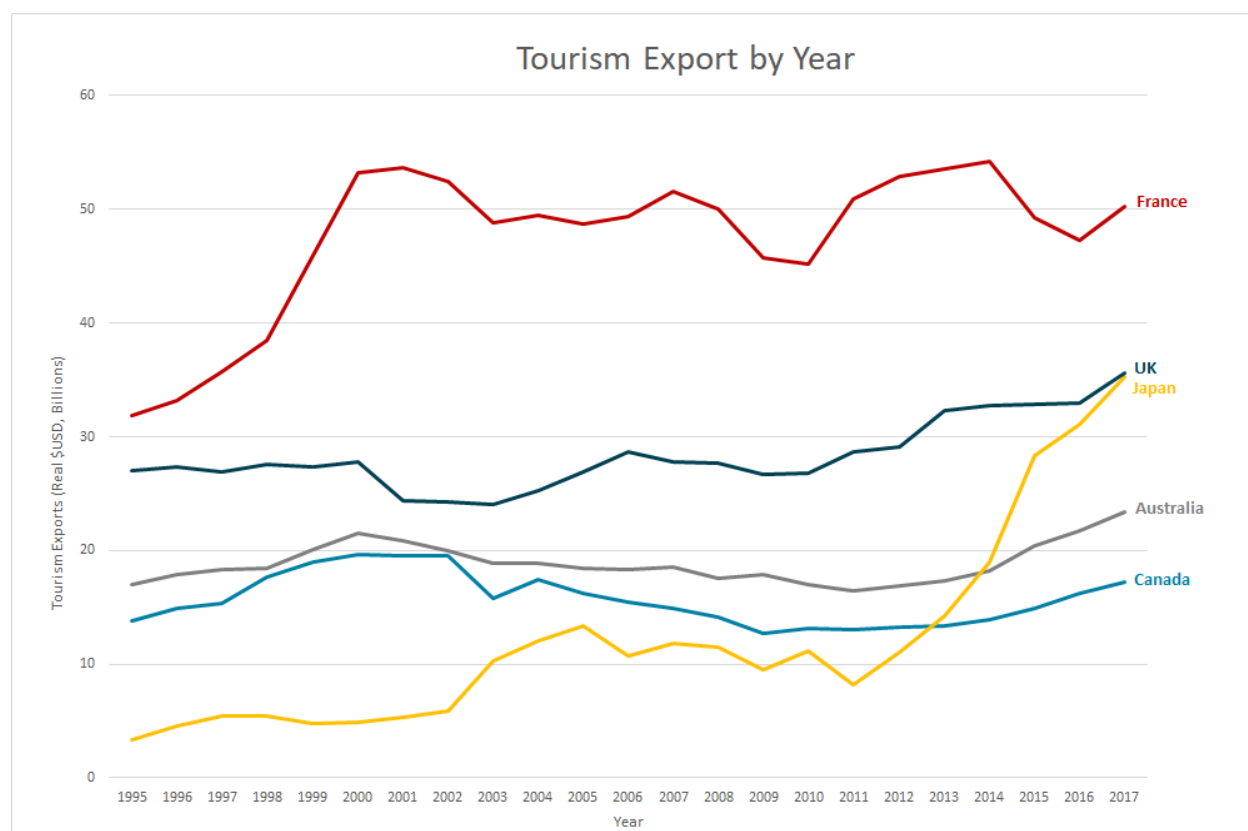
### 3.2| TOURISM INTERNATIONALLY

When we look at an international context, it is more challenging to compare per-trip spending numbers on an apples-to-apples basis. What is much easier to compare over time is total tourism exports by country, by year. Something that is particularly useful here is to understand how Canada's tourism exports have grown relative to other countries.

In Graph 2, the total tourism exports as reported by the World Travel & Tourism Council are displayed for France, the United Kingdom, Japan, Australia and Canada. In Appendix A, there is a more detail list, ranking all OECD countries by their real average tourism growth rates from 1995 to 2017.

Out of the 36 OECD member-countries, Canada is ranked 32 – that means for the past 22 years, Canada has been the fifth slowest growing OECD country in terms of tourism. Canada low year-over-year average growth rate from 1995 to 2017 comes in at 1.29% on an adjusted real basis.

GRAPH 2: Total Tourism Exports by Country, 1995 to 2017.



Source: World Travel & Tourism Council. Visitor Exports (Foreign spending). Retrieved from: <https://tool.wttc.org/>

Since the cancelation of Canada's Visitor Rebate Program in 2007, technology has continued to improve, and visitor rebate programs have become easier to implement. One country that is particularly worth noting in this regard is Japan. As can be seen in Graph 2, Japan has seen a massive upswing in foreign tourist spending. That upswing coincides with major modifications to their method of rebating sales tax for visitors. In 2014, Japan changed their system so that visitors need only present their passport at stores to be exempt from sales tax – no rebating required (so long as total purchases exceed ¥5,000, which is about \$58 CAD).

To illustrate that upswing in numbers, Japan had \$14.2 billion USD in sales in 2013. In 2014, when the policy was instated, sales jumped to \$19.0 billion USD. 2015 represented the first full year of the new program; sales that year were \$28.3 billion. Since instating the new on-site visitor sales tax exemption, tourism exports have more than doubled in just four years. Now, Japan has nearly \$35.3 billion USD in tourism exports; just shy of surpassing the United Kingdom in foreign spending.

RCC would be happy to share with the government more details on the system currently in place in Japan, how it has majorly benefited retailers in that country, and why retailers in Canada could benefit from a similar system.



## 4 | IMPACT OF POLICY CHANGE

### 4.1| DEFINITIONS

To understand impact, first we need to articulate how the variables used in this report were calculated, and the sources from which they were gathered.

We will start with our dependent variables. Our focus is on overall Tourism Demand, with a secondary focus on Pre-Trip Spending and In-Trip Spending. Canada is home to a wealth of publicly available data through Statistics Canada. Tourism Demand is a figure that is collected quarterly. For this paper, we annualized those data<sup>6</sup>. While Tourism Demand is attributed in that dataset by non-resident visitors and Canadian visitors, there is not a disaggregation of same day visitors versus one or more-night visitors. The spending behaviour is very different between visitors driving across the border to visit for a few hours, and for visitors staying over night.

In order to arrive at a Tourism Demand number excluding day trips, we first have to understand the number of day trips relative to one or more-night trips. That number is retrievable through a different StatCan dataset<sup>7</sup>. Then, the number is multiplied by a spending figure for day trips and subtracted from total Tourism Demand. In order to keep estimates the same, we rely on the same day trip estimation made in the 2007 Economic Impact Analysis report on the Visitor Rebate Program<sup>8</sup>.

Using those same Statistics Canada data, we built out a number for Pre-Trip Demand and In-Trip Demand. Those variables were annualized using the following StatCan columns:

**Pre-Trip Demand** = Transportation + Accommodations + Travel Agency Services + Convention Fees + Pre-trip Expenditures

**In-Trip Demand** = Food and beverage services + Recreation and entertainment + Total other commodities

Next, we define our independent variables – our drivers of Canadian tourism.

**Canadian Dollar.** It has been said, time and time again, that a low dollar positively impacts tourism. We use the annual average exchange rate between Canada and the US as a proxy for the strength of the Canadian dollar.

The data we use was measured by the Bank of Canada and reported by StatCan<sup>9</sup>. In terms of data treatment, we took the closing spot rate for each trading day reported in the table and did a simple average (summed and divided by the number of trading days).

**World Economy.** Global booms and busts have an impact on the number of visitors. During the time frame that we use, there was a global economic slowdown. That's something that we account for by understanding how global economies impact local visits.

<sup>6</sup> Statistics Canada. Table 36-10-0230-01 Tourism demand in Canada, constant prices (x 1,000,000)

<sup>7</sup> Statistics Canada. Table 24-10-0043-01 International tourists entering or returning to Canada, by province of entry

<sup>8</sup> Global Refund, 2007. The GST Visitor Rebate Program for Individual Travellers, An Economic Impact Analysis. Retrieved from: [http://www.tians.org/pdf/EconomicReport\\_web.pdf](http://www.tians.org/pdf/EconomicReport_web.pdf)

<sup>9</sup> Statistics Canada. Table 10-10-0008-01 Foreign exchange rates in Canadian dollars, Bank of Canada, daily

In our regression, we took an average of the GDP per capita numbers for the 10 countries that sent the greatest number of tourists to Canada in 2017<sup>10</sup>. That means we used GDP per capita data from the United States, United Kingdom, China, France, Germany, Australia, Mexico, Japan, and South Korea. Those data were retrieved from the World Bank's International Comparison database<sup>11</sup>.

**Canadian Advertising.** Marketing is a powerful tool. Each year, the federal Government spends several million dollars advertising Canada as a destination to international markets. That exact value, however, fluctuates substantially year-to-year. While there may be other sources of advertising, to approximate this value, we use the total annual expense of Destination Canada. We believe this to be a fair proxy, with Destination Canada historically spending between \$60 million dollars and \$130 million dollars advertising Canada.

The total annual expenses of Destination Canada were collected directly from the Crown Corporation's Annual Report.

**Visitors.** When we start talking about total visitor spending, one of the critical variables to understand is how many visitors Canada receives in a given year. In this regression, we use the total number of non-resident travellers who spend one or more nights in Canada.

Those data were retrieved from StatCan<sup>12</sup> and were annualized to match with the other datasets.

**Time Frame.** To maximize the data available, we used a reference period of 1997 to 2017 for our regressions. While 1991 was the start of the rebate, the availability of Destination Canada Annual Reports where a limiting factor. This still gives us 10 years on either side of the 2007 cancelling of the tourism rebate.

For our T-test, we use all years, from 1991 to 2017.

All these data are understood in an annual manner.

**Policy Dummy Variable.** Finally, what we are really interested in testing for, we create a dummy variable that adopts a value of 1 for any year in which the Visitors Rebate Program was available to non-resident visitors of Canada, and a value of 0 otherwise.

#### 4.3| T-TEST & REGRESSION

In this study, we ran one T-test, and two regression. The outputs can be seen in Appendix B, C and D.

For the T-test, we explore if the In-Trip spending prior to the policy change and after the policy change are a part of the same distribution, or if there are two unique distributions.

The regressions looking at total Tourism Demand, with an additional regression with In-Trip Demand as the dependent variable. Tourism Demand's regression takes the form of the equation below.

$$\text{Tourism Demand} = \alpha + \beta_1 \text{ Canadian Dollar} + \beta_2 \text{ World Economy} + \beta_3 \text{ Canadian Advertising} + \beta_4 \text{ Visitors} + \beta_5 \text{ Policy Dummy Variable} + \epsilon$$

<sup>10</sup> Top ten countries were selected by using data available through StatCan. Statistics Canada. Table 24-10-0006-01 Non-resident travellers entering Canada, by country of residence, seasonally adjusted

<sup>11</sup> World Bank, International Comparison Program database. Retrieved from <http://databank.worldbank.org/data/reports.aspx?source=2&series=NY.GDP.PCAP.PP.KD&country=#>

<sup>12</sup> Statistics Canada. Table 24-10-0043-02 One or more nights trips by non-residents to Canada

#### 4.4| ANALYSIS OF RESULTS

From our regression, there are several key conclusions we can draw.

First, the fit of our model is strong, with an Adjusted  $R^2$  over 0.9 for overall Tourism Demand.

According to our model, if the annual average for the Canadian dollar falls by one cent (ex. from 78 cents USD to 77 cents USD for the whole year), then total tourism demand in Canada increases by \$25.47 million.

When looking at overall Tourism demand, we find that a \$1 million increase in GDP for Canada's top ten tourist destinations translated to an increase of \$1,444 for Canadian tourism.

Each additional tourist that visits Canada and stays for one or more nights adds \$857.84 to its economy.

For every dollar spend advertising Canada to international markets, we increase tourism demand by just over \$10.

We find that Canada's Visitor Rebate policy increased tourism demand by \$595.7 million each year. Cumulatively, that means a \$5.9 billion-dollar impact on Canada's GDP was lost because of this policy change. That is money that is not going to Canadian retailers, and money that is not supporting employment and economic growth.

To approximate how much the federal Government would have earned from the Visitor Rebate Program from 2008 to 2017, we take the average tax to GDP rate, which was 31%, and reduce it by the 5% GST amount (because it would be rebated). The remaining 26% acts as a loose approximation. Multiplying that by 5.9 billion, we can see that the federal Government forwent 1.5 billion dollars in revenue.

It did, however, save \$86.3 million per year (in 2007 dollars)<sup>13</sup>. Inflating that figure into today's dollars and factoring in that the savings reoccurred annually since 2007, we see that the federal government realized \$1.0 billion in savings.

Netting those two numbers out, because of the decision to cut the visitor rebate in 2007, the federal Government saw a net lost of \$515.7 million dollars. In other words, the federal Government annually loses about \$51.6 million dollars for each year it chooses not to renew the Visitor Rebate Program.

<sup>13</sup> The \$86.3 million a year savings is the sum of \$7.5 million (for overhead & administration) and \$78.8 million (annual rebate of GST)  
 For \$7.5 million: Jones, C. (2006, Nov. 9). "Standing Committee on Finance" Canada. Parliament. House of Commons. Meeting 050. 39<sup>th</sup> Parliament, 1<sup>st</sup> session, Retrieved from the Parliament of Canada website:  
<http://apps.ourcommons.ca/ParlDataWidgets/en/intervention/1770909/> ; (see time 39m45sec)  
 For \$78.8 million: Murphy, S. (2006, Oct. 26). "Budget Implementation Act, 2006, No. 2" Canada. Parliament. House of Commons Edited Hansard 070. 39<sup>th</sup> Parliament, 1<sup>st</sup> session. Retrieved from the Parliament of Canada website:  
<http://www.ourcommons.ca/DocumentViewer/en/39-1/house/sitting-70/hansard#Int-1725833>

## 5 | CONCLUSION

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When the Visitor Rebate was canceled in 2007, the rationale advanced at the time was that this policy change would result in Government savings. This study demonstrates that was not the case. The federal Government has experienced a net loss of \$515.7 million dollars between 2007 and 2017 and experiences an additional net loss each year of \$51.6 million dollars.

If the federal Government were to reinstate the Visitor Rebate Program today, then our study indicates demand for Canadian tourism would increase by \$595.7 million per year.

With this report, RCC expresses its desire to have the federal Government explore reinstating the Visitor Rebate Program. Canada is the only OECD country with a federal sales tax that does not have a rebate program. Additionally, this is an anomaly in Canada, with visitor in-country spending being the only export that is not exempt from sales tax.

It is our belief that the policy to tax sales to visitors is functionally a tax on exports – and by taxing exports, we lower our exports. Canada's current policy position on this issue is juxtaposed with policy decisions to open up international markets to Canadian exporters, by successfully negotiating a series of free trade agreements with Europe, with our North American neighbours, and with our Trans-Pacific trading partners.

Should the Government be interested discussing the topic further, RCC would be happy to provide the Government with a more in-depth analysis of how rebate programs work in foreign jurisdictions, and which systems we believe would maximize visitor spending while in-country.

### Appendix A: Rank of OECD Countries by Average Visitor Export Growth, 1995 to 2017

|           | Visitor Exports | Avg % Increase | 1995         | 2000         | 2005         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         |
|-----------|-----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1         | Latvia          | 25.76%         | 0.09         | 0.44         | 0.64         | 0.96         | 0.98         | 0.99         | 1.03         | 1.09         | 1.29         | 1.28         | 1.27         |
| 2         | Lithuania       | 13.68%         | 0.18         | 0.78         | 1.23         | 0.98         | 1.26         | 1.33         | 1.32         | 1.32         | 1.28         | 1.37         | 1.38         |
| <b>3</b>  | <b>Japan</b>    | <b>13.55%</b>  | <b>3.35</b>  | <b>4.87</b>  | <b>13.41</b> | <b>11.19</b> | <b>8.24</b>  | <b>11.05</b> | <b>14.29</b> | <b>19.02</b> | <b>28.32</b> | <b>31.14</b> | <b>35.27</b> |
| 4         | Iceland         | 10.44%         | 0.50         | 0.64         | 0.69         | 1.20         | 1.42         | 1.69         | 1.96         | 2.32         | 2.83         | 3.72         | 4.06         |
| 5         | Turkey          | 8.46%          | 6.77         | 11.39        | 18.95        | 18.44        | 21.84        | 22.70        | 26.00        | 29.76        | 31.41        | 24.34        | 31.31        |
| 6         | Ireland         | 6.22%          | 3.63         | 5.31         | 6.33         | 7.58         | 8.52         | 8.62         | 8.70         | 10.14        | 11.03        | 11.70        | 12.95        |
| 7         | South Korea     | 6.06%          | 7.38         | 12.20        | 9.35         | 16.29        | 18.54        | 20.26        | 20.32        | 22.44        | 19.74        | 22.00        | 16.78        |
| 8         | Slovakia        | 6.01%          | 0.94         | 0.69         | 1.20         | 1.90         | 1.92         | 1.92         | 2.12         | 2.05         | 2.30         | 2.62         | 2.71         |
| 9         | Sweden          | 5.69%          | 5.25         | 6.48         | 8.38         | 10.09        | 10.58        | 10.60        | 11.02        | 12.37        | 13.99        | 15.41        | 16.52        |
| 10        | Greece          | 5.22%          | 7.93         | 17.19        | 17.71        | 14.48        | 15.02        | 14.51        | 16.36        | 17.87        | 18.53        | 17.77        | 19.46        |
| 11        | Chile           | 5.09%          | 1.79         | 2.12         | 2.31         | 2.25         | 2.45         | 2.83         | 2.84         | 3.13         | 3.66         | 3.95         | 4.82         |
| 12        | Portugal        | 4.59%          | 8.02         | 10.27        | 9.66         | 11.84        | 12.97        | 13.81        | 14.53        | 15.75        | 16.49        | 17.71        | 20.60        |
| 13        | Germany         | 3.71%          | 23.44        | 33.98        | 38.91        | 42.36        | 43.59        | 45.06        | 46.60        | 48.33        | 47.89        | 48.87        | 50.45        |
| 14        | Spain           | 3.47%          | 36.57        | 53.89        | 55.08        | 52.22        | 56.83        | 57.48        | 59.49        | 62.36        | 63.96        | 68.41        | 75.42        |
| 15        | Mexico          | 3.35%          | 12.02        | 10.59        | 12.86        | 11.34        | 10.41        | 11.29        | 11.59        | 13.47        | 17.61        | 21.68        | 22.39        |
| 16        | New Zealand     | 2.66%          | 6.17         | 7.12         | 8.32         | 7.05         | 7.07         | 6.70         | 6.72         | 7.12         | 8.90         | 9.64         | 10.04        |
| 17        | Belgium         | 2.49%          | 8.64         | 13.56        | 11.93        | 12.03        | 12.50        | 12.91        | 13.10        | 13.62        | 13.82        | 13.35        | 13.49        |
| 18        | Denmark         | 2.41%          | 4.71         | 6.33         | 6.40         | 6.00         | 6.58         | 6.63         | 6.88         | 7.28         | 7.35         | 7.54         | 7.58         |
| <b>19</b> | <b>France</b>   | <b>2.34%</b>   | <b>31.89</b> | <b>53.18</b> | <b>48.69</b> | <b>45.14</b> | <b>50.93</b> | <b>52.85</b> | <b>53.56</b> | <b>54.22</b> | <b>49.23</b> | <b>47.27</b> | <b>50.31</b> |
| 20        | United States   | 2.32%          | 129.90       | 153.24       | 133.30       | 164.86       | 181.01       | 189.94       | 202.79       | 213.77       | 218.67       | 209.07       | 200.67       |
| 21        | Israel          | 2.32%          | 5.42         | 7.03         | 5.85         | 6.47         | 6.36         | 6.97         | 6.84         | 6.67         | 7.06         | 6.83         | 7.25         |
| 22        | Estonia         | 2.01%          | 1.34         | 1.67         | 1.80         | 1.43         | 1.55         | 1.59         | 1.83         | 1.99         | 1.94         | 1.96         | 2.00         |
| 23        | Luxembourg      | 1.82%          | 1.01         | 1.55         | 1.57         | 1.34         | 1.34         | 1.35         | 1.34         | 1.45         | 1.34         | 1.33         | 1.36         |
| 24        | Norway          | 1.80%          | 4.50         | 4.41         | 4.60         | 4.35         | 4.68         | 4.85         | 5.09         | 5.70         | 6.36         | 6.52         | 6.41         |
| 25        | Netherlands     | 1.80%          | 13.04        | 17.54        | 14.01        | 14.92        | 15.32        | 14.94        | 15.64        | 15.84        | 16.22        | 16.82        | 18.53        |

|           |                       |              |              |              |              |              |              |              |              |              |              |              |              |
|-----------|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 26        | Finland               | 1.79%        | 2.73         | 3.06         | 3.22         | 4.09         | 4.75         | 4.80         | 4.76         | 4.37         | 3.28         | 3.47         | 3.69         |
| 27        | Poland                | 1.74%        | 10.42        | 9.74         | 7.57         | 8.46         | 9.36         | 10.21        | 10.29        | 10.50        | 10.87        | 12.02        | 13.03        |
| <b>28</b> | <b>Australia</b>      | <b>1.59%</b> | <b>16.97</b> | <b>21.54</b> | <b>18.44</b> | <b>17.03</b> | <b>16.47</b> | <b>16.94</b> | <b>17.37</b> | <b>18.25</b> | <b>20.40</b> | <b>21.77</b> | <b>23.41</b> |
| 29        | Czech Republic        | 1.50%        | 5.85         | 6.39         | 6.94         | 6.94         | 7.13         | 7.19         | 6.73         | 6.83         | 7.12         | 7.27         | 7.53         |
| 30        | Switzerland           | 1.39%        | 14.99        | 16.76        | 15.95        | 18.32        | 18.21        | 18.25        | 18.77        | 19.65        | 19.02        | 19.16        | 19.82        |
| <b>31</b> | <b>United Kingdom</b> | <b>1.37%</b> | <b>27.04</b> | <b>27.75</b> | <b>26.90</b> | <b>26.83</b> | <b>28.72</b> | <b>29.13</b> | <b>32.33</b> | <b>32.72</b> | <b>32.91</b> | <b>33.02</b> | <b>35.63</b> |
| <b>32</b> | <b>Canada</b>         | <b>1.29%</b> | <b>13.79</b> | <b>19.70</b> | <b>16.26</b> | <b>13.13</b> | <b>13.07</b> | <b>13.26</b> | <b>13.38</b> | <b>13.87</b> | <b>14.87</b> | <b>16.24</b> | <b>17.22</b> |
| 33        | Slovenia              | 1.20%        | 2.26         | 1.97         | 2.10         | 2.47         | 2.52         | 2.51         | 2.54         | 2.56         | 2.60         | 2.68         | 2.83         |
| 34        | Austria               | 1.15%        | 17.33        | 18.44        | 20.37        | 19.67        | 19.60        | 19.91        | 20.11        | 20.62        | 20.92        | 21.74        | 22.02        |
| 35        | Italy                 | 0.78%        | 38.92        | 45.60        | 39.33        | 35.35        | 37.56        | 37.96        | 39.13        | 40.51        | 41.34        | 42.17        | 44.91        |
| 36        | Hungary               | 0.57%        | 6.97         | 5.10         | 4.05         | 4.50         | 4.71         | 4.46         | 4.73         | 5.58         | 6.38         | 6.90         | 7.14         |

Highlighted on this chart: Comparators graphed in Graph 2.

“Avg % Increase” calculation uses all data from 1995 to 2017. This is just an except of those data, to demonstrate rank by average growth rate.

For the full dataset, please visit the World Travel & Tourism Council’s Data Gateway at <https://tool.wttc.org/>

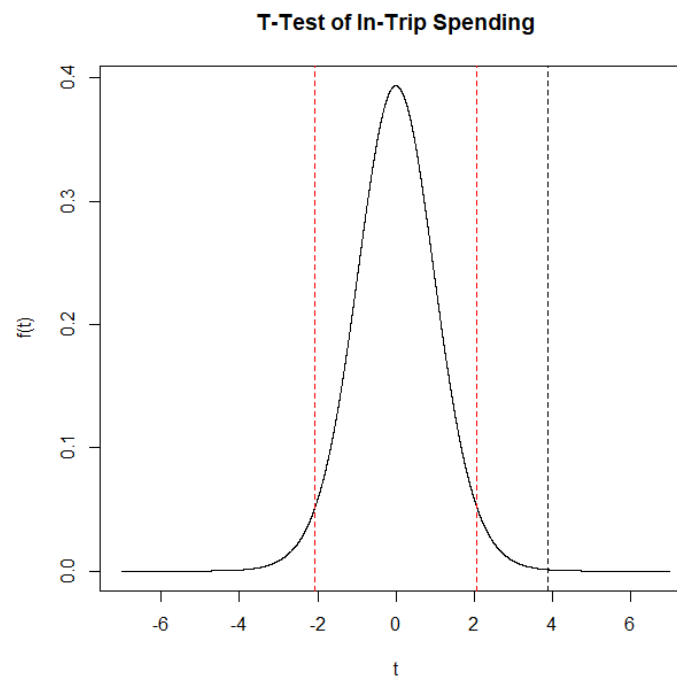
## Appendix B: Regression of Total Tourism Demand

### *F-Test Two-Sample for Variances*

| <i>In-Trip Spending</i> | <i>'91 to '07</i> | <i>'08 to '17</i> |
|-------------------------|-------------------|-------------------|
| Mean                    | 527.021803        | 482.839125        |
| Variance                | 1581.52486        | 365.56854         |
| Observations            | 17                | 10                |
| Df                      | 16                | 9                 |
| F                       | 4.32620613        |                   |
| P(F<=f) one-tail        | 0.01556047        |                   |
| F Critical one-tail     | 2.98896556        |                   |

### *T-Test: Two-Sample Assuming Unequal Variances*

| <i>In-Trip Spending</i>      | <i>'91 to '07</i> | <i>'08 to '17</i> |
|------------------------------|-------------------|-------------------|
| Mean                         | 527.021803        | 482.839125        |
| Variance                     | 1581.52486        | 365.56854         |
| Observations                 | 17                | 10                |
| Hypothesized Mean Difference | 0                 |                   |
| Df                           | 24                |                   |
| t Stat                       | 3.88123644        |                   |
| P(T<=t) one-tail             | 0.00035547        |                   |
| t Critical one-tail          | 1.71088208        |                   |
| P(T<=t) two-tail             | 0.00071095        |                   |
| t Critical two-tail          | 2.06389856        |                   |



### Appendix C: Regression of Total Tourism Demand

#### Regression Statistics

|                |             |
|----------------|-------------|
| Multiple R     | 0.971294586 |
| R Square       | 0.943413173 |
| Adj. R Square  | 0.924550897 |
| Standard Error | 429851758.8 |
| Observations   | 21          |

#### ANOVA

|            | <i>Df</i> | <i>SS</i>  | <i>MS</i>   | <i>F</i>    | <i>Significance F</i> |
|------------|-----------|------------|-------------|-------------|-----------------------|
| Regression | 5         | 4.6208E+19 | 9.24156E+18 | 50.01587249 | 7.96045E-09           |
| Residual   | 15        | 2.7716E+18 | 1.84773E+17 |             |                       |
| Total      | 20        | 4.8979E+19 |             |             |                       |

#### Regression Equation

|               | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
|---------------|---------------------|-----------------------|---------------|----------------|------------------|------------------|--------------------|--------------------|
| Intercept     | -9030184408         | 3162367935            | -2.85551352   | 0.012031523    | -1577061210      | -228975670       | -1.577E+10         | -228975670         |
| #Tourists     | 857.842104          | 153.989804            | 5.570772104   | 5.34881E-05    | 529.6206064      | 1186.0636        | 529.620606         | 1186.0636          |
| USD in CAD    | 2546946688          | 1941848852            | 1.311609132   | 0.209373496    | -1592006166      | 6685899542       | -15920061          | 6685899542         |
| World Economy | 0.001443526         | 0.00032026            | 4.507399208   | 0.000417102    | 0.000760914      | 0.00212614       | 0.00076091         | 0.00212614         |
| Canadian Ads  | 10.0635074          | 5.55207209            | 1.812567856   | 0.08995948     | -1.77045413      | 21.8974689       | -1.7704541         | 21.8974689         |
| PolicyDummy   | 595727135.3         | 567661586             | 1.049440635   | 0.310590465    | -614214894       | 1805669165       | -61421489          | 1805669165         |



## Appendix D: Regression of In-Trip Spending

### Regression Statistics

|                |            |
|----------------|------------|
| Multiple R     | 0.93432975 |
| R Square       | 0.87297208 |
| Adj. R Square  | 0.84121511 |
| Standard Error | 15.9991309 |
| Observations   | 21         |

### ANOVA

|            | <i>Df</i> | <i>SS</i>  | <i>MS</i>  | <i>F</i>   | <i>Significance F</i> |
|------------|-----------|------------|------------|------------|-----------------------|
| Regression | 4         | 28145.8229 | 7036.45574 | 27.4891415 | 5.4125E-07            |
| Residual   | 16        | 4095.55503 | 255.972189 |            |                       |
| Total      | 20        | 32241.378  |            |            |                       |

### Regression Equation

|               | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
|---------------|---------------------|-----------------------|---------------|----------------|------------------|------------------|--------------------|--------------------|
| Intercept     | 599.904228          | 60.3998153            | 9.93221957    | 3.0192E-08     | 471.862339       | 727.946116       | 471.862339         | 727.946116         |
| USD in CAD    | 13.0748229          | 39.082055             | 0.33454799    | 0.74231148     | -69.7754326      | 95.9250785       | -69.775432         | 95.9250785         |
| World Economy | -2.9226E-11         | 7.9741E-12            | -3.6650861    | 0.00209101     | -4.613E-11       | -1.2321E-11      | -4.613E-11         | -1.2321E-11        |
| Canadian Ads  | 1.0979E-07          | 1.8326E-07            | 0.5990797     | 0.55750772     | -2.787E-07       | 4.9827E-07       | -2.787E-07         | 4.9827E-07         |
| PolicyDummy   | 9.55922632          | 15.7722628            | 0.60607831    | 0.55296484     | -23.8764771      | 42.9949297       | -23.876477         | 42.9949297         |

For additional information on the methodology, contact:

**Sebastian Prins**

Senior Policy Analyst

**Tel:** 1.416.467.3759 | 1.888.373.8245 **Ext.** 241

**Email:** [sprins@retailcouncil.org](mailto:sprins@retailcouncil.org)



**TORONTO OFFICE**

800-1881 Yonge Street  
Toronto, ON M4S 3C4  
Toll Free: (888) 373-8245

**PRAIRIES OFFICE**

201 Portage Avenue, 18th Floor  
Winnipeg, MB R3B 3K6  
Toll Free: (888) 254-1654

**QUEBEC OFFICE**

550 Sherbrooke Street West  
Suite 1680, West Tower  
Montreal, QC H3A 1B9  
Toll Free: (877) 229-0922

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890 West Pender Street, Suite 410  
Vancouver, BC V6C 1J9  
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222 Queen Street, Suite 1404  
Ottawa, ON K1P 5V9  
Toll Free: (844) 656-7900

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201-5121 Sackville Street  
Halifax, NS B3J 1K1  
Toll Free: (855) 422-4144

# Financial Implications of Niagara Region Incentives

Planning and Economic Development  
Committee

May 8, 2019

# Purpose

- 1) To address issues arising from the April 25 motion at Council and CL-C 35-2019 regarding the financial and other implications of expanding incentive eligibility in Community Improvement Plan areas.
- 2) To provide an overview of existing Regional incentive programs.
- 3) To provide an overview and next steps of the ongoing Regional incentive review.

# Context

- Regional incentives date back to 2002, and have expanded significantly since that time.
- Nineteen programs administered by Planning, Finance, and Economic Development are currently under review.
- Most programs provide matching funding primarily to Local Municipalities.
- They vary in size, cost, duration, purpose, funding source, program parameters, and delivery, and in the nature program ownership/terms of partnership.

# Regional Grant Programs Under Review

## **Smarter Niagara Incentive Program (SNIP)    Waterfront Investment Program**

- Environmental Assessment Study Grant
- Building and Façade Improvement Grant/Loan
- Residential Grant/Loan
- Heritage Restoration and Improvement Grant/Loan
- Agricultural Buildings and Facilities Revitalization Grant/Loan
- Agricultural Feasibility Study Grant
- Community Improvement Plans (CIPs)/Planning Studies Grant
- Affordable Housing Grant/ Loan Program
- Property Rehabilitation and Redevelopment Tax Increment Grant/Loan
- Brownfield Tax Assistance Program
  - Development Charge Reduction Grant

## **Public Realm Investment Program**

## **Niagara Investment in Culture Program**

## **Gateway Economic Zone and Centre**

- Gateway CIP Tax Increment Based Grant
- Gateway CIP Regional DC Reduction Grant

## **Industrial Development Charge Grant**

## **Non-Profit Regional Development Charge Grant**

## **Heritage Tax Rebate Program**



# Types of Grants and Incentives

## Simple Grants

- short terms projects, budgeted amount from annual Levy, no rollover, reserve budget low

## Tax-related Grants

- long term projects, funded through assessment growth, calculated and removed from amount available for Levy budget annually, frequent changes in \$ amount and timing

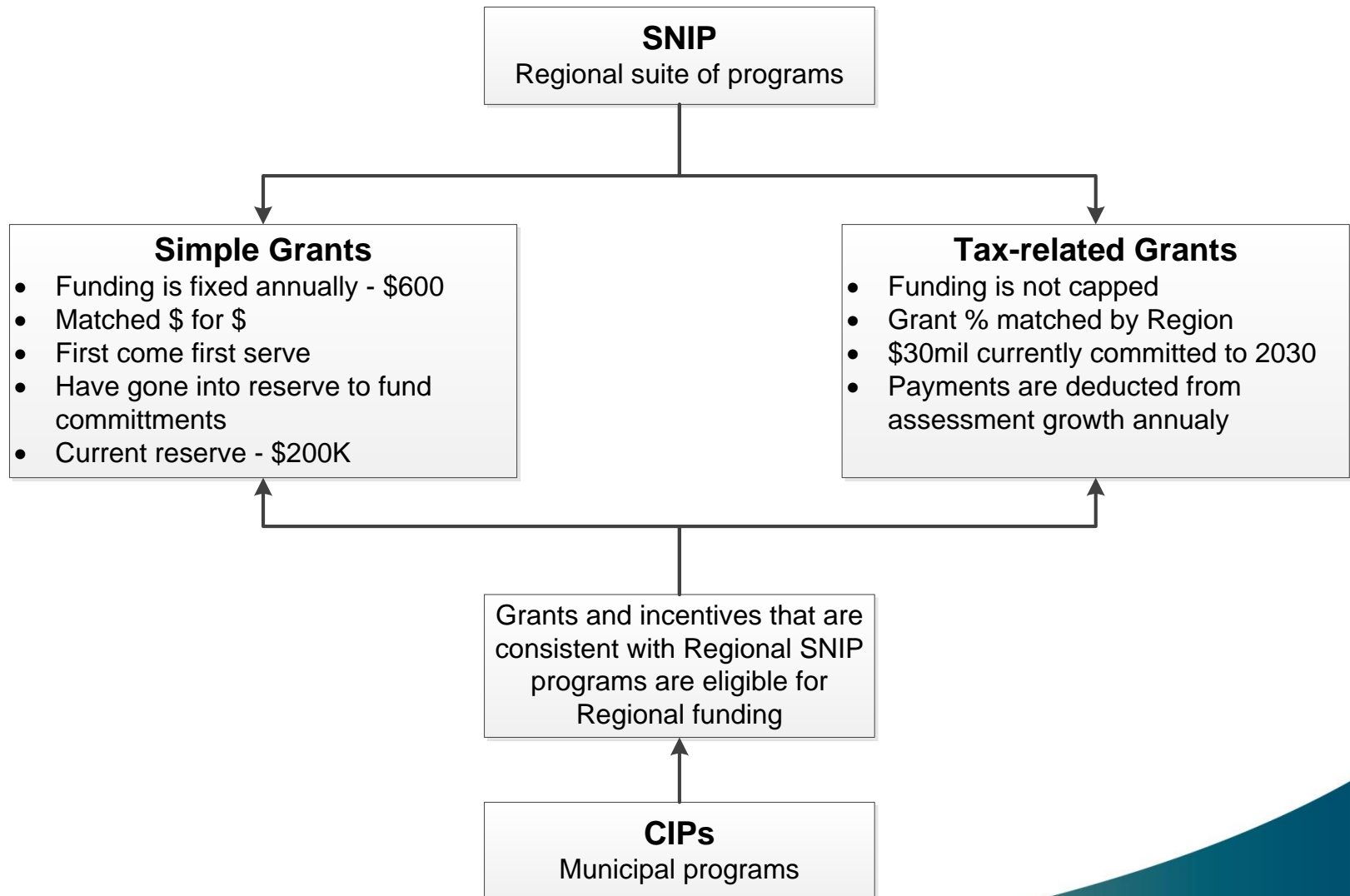
## Development Charge Grants

- Long term projects, budgeted annually, all DC exemptions must be returned to DC reserves from operating revenue

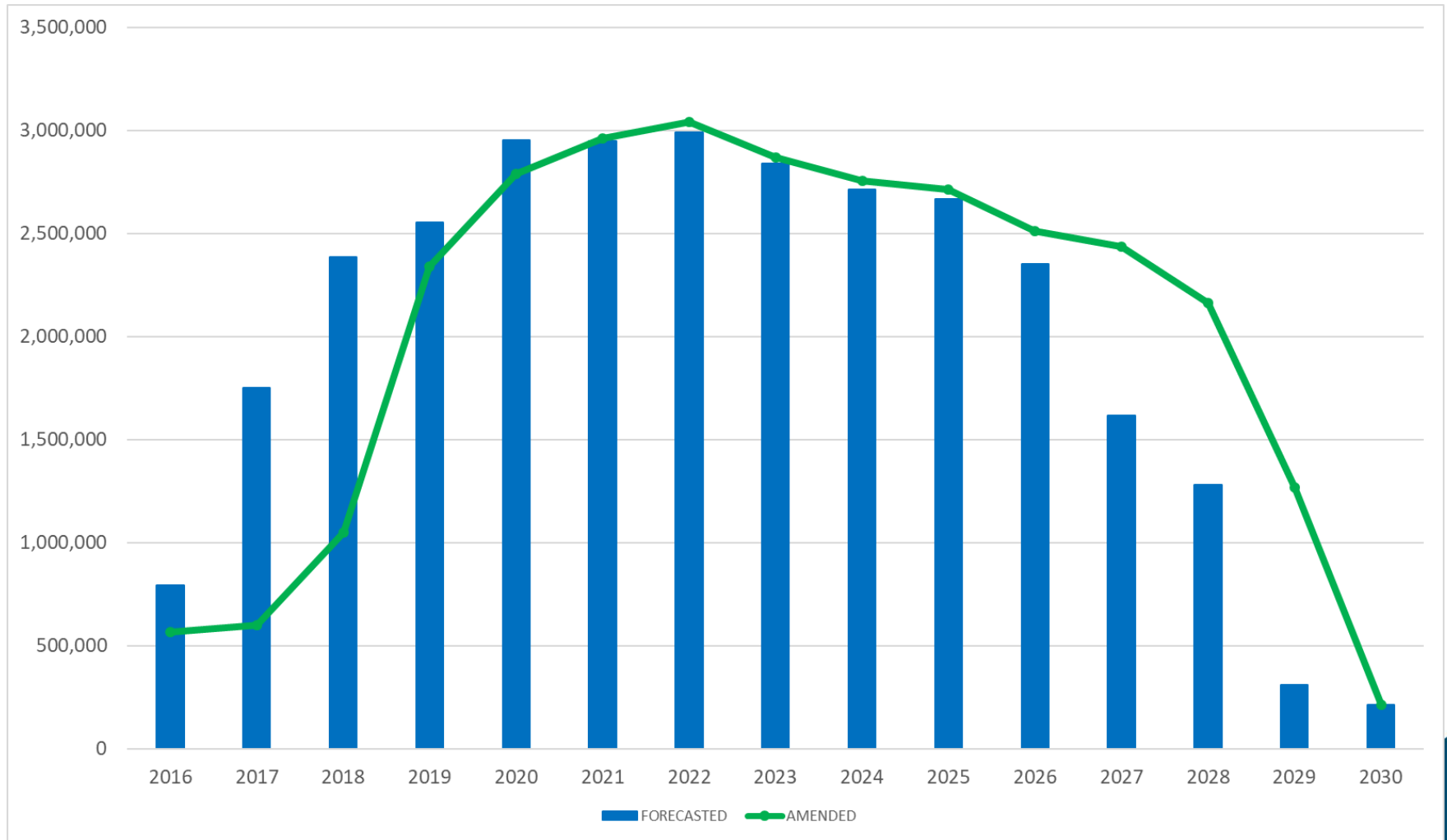
## Single Purpose Grants

- short/medium term projects, budgeted amount from annual Levy, no rollover

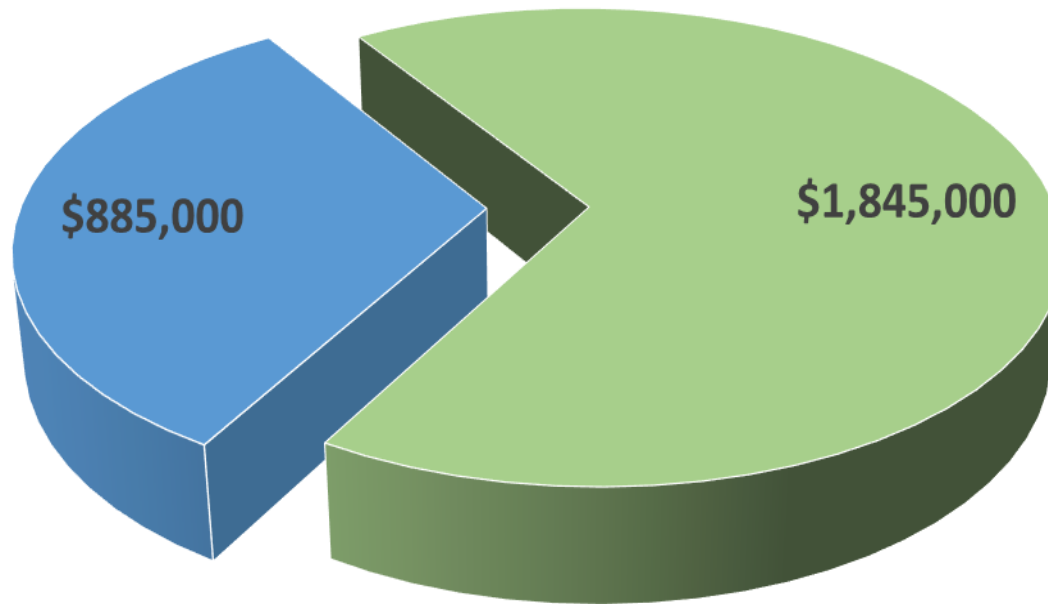
# SNIP/CIP Relationship



# SNIP Tax Increment Grant Commitments



# 2018 SNIP Encumbrances



■ Smarter Niagara Incentive Program - Tax Increment Grant ■ Smarter Niagara Incentive Program - Simple Grants

# Regional Grants and Incentive Review

## Context

- Unclear/outdated program parameters → need for clarity, consistency, focus
- Expanded partners/programs/requests → budget pressures
- Changing economic/development climates → new challenges, priorities

## Objectives

- Grants and incentive programs are clear, accountable, and efficient
- Align with Regional priorities
- Are fiscally responsible
- Target projects of appropriate scale, return on investment

# Incentive Review Overview

## **Preparation Phase (Q3-4 2017)**

- Council endorsement and direction

## **Phase 1 (Q 1-2 2018)**

- Research, data collection, LAM engagement, SWOT analysis
- ICOP Audit reports on program/process and value for money

## **Phase 2 (Q 3-4 2018)**

- Inter-departmental Working Group research, development of program target areas and potential delivery options

## **Phase 3 (Q 2-3 2019)**

- Committee/Council presentation, stakeholder information sessions, Council approval of target areas, development and Council approval of specific programs, consideration of provincial governance review findings

## **Transition & Implementation (Q 4 2019)**

- Subject to Council direction and consultation with Local Area Municipalities

# NIAGARA BIENNIAL DESIGN AWARDS PROGRAM

PRESENTATION TO  
PLANNING AND ECONOMIC  
DEVELOPMENT COMMITTEE

MAY 08, 2019

# Introduction

- ‘Niagara Community Design Awards’ was former design awards program
- New program being rebranded as “Niagara Biennial”
- Taking best components of previous awards program and delivering it as an updated Biennial event
- New format will align with best practices of other design awards programs throughout GTHA and beyond
- Will expand beyond typical design fields:
  - Architecture
  - landscape architecture
  - urban designencompassing broader segment of Region’s design community

**New  
and  
Improved  
Design  
Awards  
Program**



# History of Niagara Community Design Awards

- 'Niagara Community Design Awards' organized by Region for the 12 local area municipalities
- Design categories were: architecture, landscape architecture and urban design
- Ran annually from 2005 to 2016 for 12 installments
- Celebrated excellence in community design in Niagara
- Used Smarter Niagara growth principles as evaluation criteria
- Awards were organized into 12 categories, typically awarding one project per category:
  - Small or large scale projects, Public realm improvements, Architecture: small or large budget, Façade improvement, Adaptive re-use, Brownfield, Sustainability, Policy & Plans, Leadership & Legacy



# Some Past Winners: 2011 – 2012



Inniskillin Wines,  
Niagara-on-the-Lake



Scotiabank Convention Centre,  
Niagara Falls



Gateway Secondary Plan,  
Fort Erie



Niagara College – Welland Campus,  
Welland



Niagara Falls History Museum,  
Niagara Falls



Beamsville Community  
Improvement Plan, Lincoln

# Some Past Winners: 2013 – 2014



Pelham Street Mixed-Use, Pelham



Vale Health & Wellness Centre, Port Colborne



Façade Improvement, Thorold



Lundy's Lane Battlefield Gateway, Niagara Falls



Meridian Centre, St. Catharine



Canal Terrace Park, Welland



## Some Past Winners: 2015 – 2016



East Fonthill Secondary Plan,  
Pelham



Brock U - School of Fine and  
Performing Arts, St. Catharines



Civic Gateway,  
Grimsby



First Ontario Performing Arts Centre,  
St. Catharines



Old Firehall,  
Thorold



John Brant Public School,  
Fort Erie

# What is a Biennial?

- Large contemporary international exhibition
- Emphasis on contemporary (new) works
- Held every 2 years - bi-annually
- Subject matter: the arts, design, architecture, landscape architecture, and urban design
- Events occur over time frame of weeks to months
- Includes many events: exhibitions, installations, presentations, workshops and tours
- **Biennials are a source of local pride, tourism and cultural capital, bringing revenue to host city**

**Contemporary:  
occurring in  
the present**

# Famous Biennials

- Over 100 Biennials in major cities throughout the world
- Some of the most famous Biennials:
  - La Biennale di Venezia (Venice, Italy)
    - Established in 1895
    - The “Olympics” of Art
    - Alternating years, hosts an architecture biennial
  - London Design Biennale (London, UK)
    - Alternating years, hosts an art biennial
    - Submissions from over 40 countries
  - Chicago Architectural Biennial (USA)
    - Attracts over 500,000 visitors



CHICAGO  
ARCHITECTURE  
BIENNIAL



LONDON  
DESIGN  
BIENNALE  
2020



# Design Awards in Canada

- Canada does not host any international Biennials
- Canada has many design awards programs held bi-annually
- Focus on: architecture, landscape architecture and urban design
- Programs held at national, provincial and municipal levels
- Function as design competition with a half day or evening event
- Culminates in awards ceremony



# Why hold a Biennial in Niagara?

- Niagara Region equipped to host design awards program on behalf of the 12 local area municipalities
- Will build on Niagara's globally recognized name, evolving into an international event
- Collaborating with Economic Development and Tourism initiatives will create synergies
- As experienced by other International Biennials:
  - **Contribute to increased regional pride, investment, economic uplift and cultural capital**



**Improve Niagara's  
Global brand**

# Highlights of the Biennial Program

- Expand beyond standard categories to encompass broader segment of design community
- Potential new categories:
  - Industrial design, Interior design, and Graphic design
  - Plus Student design projects
- Creating a “Made in Niagara” theme to program
- Recognize work of local designers with “Niagara-based Designer” award
- Highlight projects that enhance built environment and design context of Niagara
- Promote engagement with design and development communities, providing learning and networking events

**Showcasing  
“Made in  
Niagara”  
Design  
Excellence**

# Niagara Region's Creative Cluster

- Design fields are part of “Creative Cluster”
- Creative Cluster includes:
  - design services, media, publishing, marketing, entertainment, music, visual arts, performing arts and culture
- 2018: cluster had 1,314 businesses with 7,538 jobs
- 2011 to 2018: Job growth increased 29%
- First Biennial will focus on design services
- Will grow and evolve into other areas of creative cluster in future installments

**DESIGN SERVICES** Architectural, Landscape Architectural, Interior, Industrial, Graphic and Specialized design, Computer design

**MUSIC** Music publishers, Sound recording studios, Record production and distribution

**VISUAL ARTS** Independent visual artists and artisans

**PERFORMING ARTS** Independent actors, comedians, performers, and writers and authors, Performing arts promoters (presenters) **CULTURE** Festivals, Non-commercial art museums and galleries, History, Science and other museums, Historic and heritage sites

**MEDIA AND PUBLISHING** Newspaper, Periodical, Book and software publishers, Radio, Television and Internet broadcasting, Pay and Specialty TV, Web search portals, Computer systems Design

**MARKETING** Advertising Agencies, Public Relations, Photographic Services

**ENTERTAINMENT** Video Game Design, Development, Publishers and Post-production, Motion Picture and Video Production, Distribution, Exhibition and Post-production



# What is special about Niagara?



Wineries, Breweries, Distilleries and the Wine Route



Tourist Attractions, Hospitality and Culture



Parks, Recreation and Natural Features

# Alternatives Reviewed

- Staff considered continuing former awards program
- However; many aspects are no longer relevant:
  - Holding event annually produced limited submissions
  - Decline in number off submissions
  - Same jury members participated most years
  - Same design categories used for each program
  - Submitted projects could be up to 10 years old (not current)
- Staff considered postponing new program until 2020:
  - Discovered a lot of interest from design and development communities
  - Desire to create more vital and relevant awards program now

**Fresh  
approach  
To  
Design  
Awards**

# Relationship to Strategic Priorities

## Fostering Investment, Innovation and Entrepreneurship

- Design and development communities compete for awards, creating design legacy in Niagara
- Program will showcase variety and breadth of design happening within Region to wide audience
- Events will provide opportunity for design and development communities to network

## Positioning Niagara Globally

- Program will be promoted via many avenues:
  - publications, website, social media, emails, posters, advertisements and presentations
- Promote Niagara's brand name by showcasing design excellence to global audience
- Collaborating with Economic Development and Tourism allows program to reach broader audience

**Fostering  
Investment,  
Innovation and  
Entrepreneurship**

**Positioning  
Niagara Globally**

# Financial Considerations

- Annual Budget of previous awards program: \$15,000
- Investment in new program (2019 – 2020): \$45,000
- New awards program more extensive with more events
- Can be accommodated within Council approved 2019 Operating Budget
- Some projected expenses could be offset with:
  - Entry fees for submissions
  - Sponsorships and In-kind donations
- **Program is regarded as investment into Niagara's economy**

## **Investment in Tourism and Economic Development**



# Timeline and Phases



# Questions?

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**Subject:** Creating the Ohnia:kara UNESCO Global Geopark

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, May 8, 2019

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## Recommendations

1. That Report PDS 18-2019 **BE RECEIVED** for information;
2. That the concept for the Ohnia:kara UNESCO Global Geopark **BE ENDORSED** and the Ohnia:kara Steering Committee **BE SUPPORTED** in their pursuits of developing a global geopark; and
3. That Report PDS 18-2019 **BE CIRCULATED** to the local area municipalities.

## Key Facts

- The purpose of this report is to provide Council with information regarding the Ohnia:kara UNESCO Global Geopark;
- A *global geopark* is a unified area with a geological heritage of international significance (UNESCO);
- At an April 25, 2018 presentation to Planning and Economic Development Committee, the Ohnia:kara Steering Committee outlined their desire to pursue a UNESCO geopark designation for Niagara.

## Financial Considerations

There are no direct financial implications stemming from this report. However, it would be reasonable to assume that future financial support may be required to further the geopark initiative. This initiative is currently not funded in the 2019 budget and if supported, required financial support will be included in future budget years for Council consideration and approval.

## Analysis

At the April 28, 2018 Planning and Economic Development Committee, a presentation by the Ohnia:kara Steering Committee (steering committee) outlined the potential creation of a geopark in Niagara. The following resolution was carried:

*“That staff **BE DIRECTED** to provide a report regarding the potential creation of the Ohnia:kara UNESCO Global Geopark.”*

Since the presentation in April 2018, Brock University’s Niagara Community Observatory published the attached (Appendix I) policy brief, which is a comprehensive primer on UNESCO geoparks, and the process to achieve the UNESCO designation.

The policy brief, prepared to support the efforts of the steering committee, makes a compelling case for establishing a geopark in Niagara highlighting linkages to existing tourism as well as new tourism opportunities, including international recognition of existing cultural and geological assets (waterfalls, trails, historic sites, etc).

The brief indicates that at least 78 geosites of geological, environmental or cultural interest have been identified across all 12 Niagara municipalities. Due to the cross jurisdictional nature of these features, the report further suggests that the Region, 12 local municipalities, Niagara Parks Commission and Niagara Peninsula Conservation Authority, Ontario Parks, and the St. Lawrence Seaway Management Corporation (Transport Canada) would all need to be involved in advancing the geopark initiative.

Through discussions with members of the Ohnia:kara steering committee, it is understood, that the group has begun to make presentations to local municipal councils, the Niagara Peninsula Conservation Authority as well as several local non-profit organizations.

Staff would suggest that once the steering committee has achieved input from as many local stakeholders as possible, an update could be provided to Council with respect to feedback received and anticipated next steps.

This report recommends that Regional Council endorse the concept of a Niagara Geopark and support the steering committee in their pursuit of a UNESCO designation. The support of Regional Council may be beneficial to helping the group advance this initiative with local stakeholders.

## **Alternatives Reviewed**

Council could choose not to endorse the Ohnia:kara Global Geopark, or not to support the steering committee in pursuing its designation. However, these options are not recommended.

## **Other Pertinent Reports**

N/A

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**Prepared by:**

Erik Acs, MCIP, RPP  
Manager Community Planning  
Planning and Development Services

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**Recommended by:**

Rino Mostacci, MCIP, RPP  
Commissioner  
Planning and Development Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was reviewed by Doug Giles, Director Community and Long Range Planning.*

**Appendices**

Appendix 1

Ohnia:kara Policy Brief

Page 4

## Niagara Community Observatory

NCO Policy Brief #37 | January 2019

By Carol Phillips

# OHNIA : KARA AN ASPIRING GLOBAL GEOPARK

## INTRODUCTION

### What is a UNESCO Global Geopark?

Niagara has long been a world-famous destination, anchored by its iconic Falls. In fact, it has been a meeting place for Indigenous peoples dating back 12,000 years.

The tourism infrastructure that has developed over the decades at Niagara Falls specifically has entrenched this position and its effect has gradually cascaded through Niagara-on-the-Lake and into the rest of the region, primarily through its historical, agricultural and viticulture assets. The importance of tourism to Niagara's local economy is acknowledged by its designation as one of the Niagara Region's four pillars of economic development strategy. Recognition of its role has been accompanied by the desire to expand its impact throughout the region.

Several types of tourism already exist in Niagara, providing a spectrum of different opportunities in a variety of different cultural and environmental contexts. Many of these different types of tourism include mass, rural and farm, cycling, culinary, wine, brewery, and ecotourism. The inclusion of geotourism would serve to reinforce these existing tourism types, but also diversify into new areas, and new products and attractions, that highlight the unique character of the Niagara region.

Geotourism is a niche-market that has grown over the past 20-plus years. It is a form of nature-based tourism that showcases an area's geographical character, its "earth history" which includes geology and landscape, flora and fauna, and their interaction with humans to form a cultural identity. It is a niche that focuses on education, conservation, and sustainability (Megerle & Pietsch, 2017; Dowling, 2011; Farsani et al., 2011). It is through the growing phenomenon of geotourism that the relatively new concept of the "geopark" – and the official designation of the UNESCO Global Geopark – has emerged.

UNESCO defines its geoparks as a "single, unified geographical area where sites and landscapes of international geological significance are managed with a holistic concept of protection, education and sustainable development" (UNESCO 2016).

While the concept of geoparks date back to the 1990s, specifically with their establishment in Europe and China, it wasn't until 2004 that the Global Geoparks Network was formed under UNESCO. Furthermore, the official branding of the UNESCO Global Geopark did not occur until 2015. There are currently 140 UNESCO Global Geoparks in 36 countries, but only three of these are in Canada: Stonehammer in New Brunswick (designated a Global Geopark in 2010), Tumbler Ridge in British Columbia (2014), and Percé in Quebec (2018), signifying that the concept is relatively new in Canada. Members of the Niagara community through Geospatial Niagara have submitted an expression of interest to the Canadian National Committee for Geoparks to become a geopark. This has enabled the group to now market the concept and create a formal application as an "Aspiring Global Geopark". **The Ohnia:kara Aspiring Global Geopark is a non-profit grassroots effort to bring the brand to Niagara.**





## What is UNESCO looking for?

In its application, UNESCO asks that the aspiring Global Geopark addresses 10 topics:

1. the importance of natural resources in the region and their sustainable use;
2. existing geological hazards, such as volcanoes and earthquakes, and disaster mitigation strategies;
3. climate change;
4. educational activities for all ages that spread awareness of geological heritage and its links to our geography, culture and heritage;
5. scientific research with academic institutions;
6. exploring the links between communities and Earth, including activities and partnerships with the arts and heritage communities;
7. the empowerment of women;
8. a sustainable economic development plan;
9. preserving and celebrating local and Indigenous knowledge by including those communities in the planning and management of the geopark; and
10. geo-conservation and the protection of geosites. (UNESCO 2016)



The UNESCO designation does not carry any regulatory status, although sites within the geopark may already be protected by local laws. Rather, it is best understood as an international brand that signifies to potential tourists that this is a destination with significant geological and geographical assets worth visiting. That may seem obvious in Niagara. However, the UNESCO Global Geopark brand was originally meant to support and encourage sustainable economic development in rural areas by showcasing their formidable geological sites. With that goal in mind, a Global Geopark designation could be a means to expanding tourism interest across the Niagara region, by increasing the economic benefits of tourism to all 12 of its municipalities as well as adding value to its core tourism areas of Niagara Falls and Niagara-on-the-Lake, and giving visitors more reason to stay in the region for longer periods.

**This policy brief aims to introduce this relatively new concept to Niagara stakeholders and answer the question: What is a geopark, and how might it enhance an already popular tourism destination?** This study will highlight challenges and opportunities that Ohnia:kara organizers face in their bid for designation. It includes a discussion of the branding process, the current impact of tourism in Niagara and how a geopark designation might differentiate itself; and a brief look at the impact of some current Global Geoparks. It will also build a case for local support of the initiative, placing the discussion within the realm of amplifying culture and tourism assets across the region to contribute to Niagara's overall economic development.

## THE PROCESS

Ohnia:kara, the Mohawk word for "neck between two bodies of water", is proposed to be congruent with the boundaries of the Regional Municipality of Niagara. It has identified 78 "geosites" of geological, environmental, or cultural interest in all 12 municipalities of the region, but that list continues to grow as the group consults with stakeholders. The sites range from the Welland Canal to the Wainfleet Bog to Beamer Falls, as well as historical sites from the War of 1812 and the Mewinza Archeology Gallery in Fort Erie. The Niagara Peninsula Conservation Authority and the Niagara Parks Commission already oversee the bulk of the proposed sites, which should be considered an advantage as there is already infrastructure in place (trails, signage, parking, programming) for visitors and residents to enjoy many of these local assets.

A UNESCO Global Geopark carries a four-year designation after successfully completing an application that includes a dossier of information and a site visit from technical experts. The application should demonstrate the area has "geological heritage of international value" as assessed by scientific professionals, with accompanying details of geo-conservation pressures and efforts. A management team with a business and marketing plan should be in place. Part of the process includes having already implemented geopark projects as proof of commitment and capacity. Information signs at geosites and educational programs offered to schools are such examples.

The designation is re-evaluated every four years, through a progress report and another site visit.

The Ohnia:kara initiative is currently at the beginning of its application process. It has a steering committee and organizers have been making contacts with other geoparks and participating in international conferences and workshops. Once completed, the application will be vetted through the Canadian National Committee for Geoparks (CNCG) before moving to UNESCO for final approvals.

## ROLE OF TOURISM IN NIAGARA'S ECONOMY

Tourism has been identified by Niagara Region as one of four priority sectors in its economic development and growth strategy, alongside agribusiness, manufacturing, and transportation/logistics.

The tourism sector employs approximately 18 per cent of Niagara's workforce, or almost 40,000 people, and has a location quotient of 1.8 relative to Ontario (Niagara Region Economic Development, 2019). This signifies the concentration of a specialized labour pool in this region.

### TOURISM NUMBERS

The latest data from the Ontario Ministry of Tourism shows that the St. Catharines-Niagara Census Metropolitan Area had approximately 12.9 million "person-visits" in 2017. About 8.4 million came from Ontario (another 292,000 visitors from the rest of Canada), 1.1 million came from overseas, and 3.1 million from the U.S. Total expenditures were approximately \$2.36 billion. The ministry numbers measure, among other things, how many nights people stayed in the CMA, what type of accommodation they used, and what they did while they were here. We know, for example, that less than half of those who visited from Ontario stayed overnight (2.98 million) and the majority of those for only a couple of nights. Less than half of overseas visitors stayed overnight in the CMA, the bulk of those spending two nights or less.

*(Note: The St. Catharines-Niagara CMA does not include Grimsby or West Lincoln. Overseas visitors counted were over the age of 15.)*

It is a cross-sectoral industry that includes food and beverage, accommodation, performing arts, spectator sports, heritage institutions, and gambling. As such it provides quality-of-life amenities to residents while marketing to visitors outside the region.

Niagara Falls and its established tourism base is central to the region's competitive advantage. However, challenges in "growing and enriching the experience" moving forward have been identified in recent discussions around the strategic growth of the region (Niagara Region Economic Development 2018, p. 14).

Some of the challenges include:

1. encouraging return visits
2. increasing the number of overnight stays
3. making the entirety of the Niagara region a destination for those seeking a wine, culinary, or arts experience.

In a geopark model, Niagara Falls anchors the tourism experience, but the region-wide potential is realized. Brouder and Fullerton have referred to it as a "cascade effect" (2015). That is, Niagara Falls is still the focal point for tourists, but the rest of the region might also benefit. This policy brief recognizes that tourists to the region are not all alike. The casino buses travelling down the QEW are not necessarily filled with aspiring geotourists. Nor are the bus tours that take international visitors for a quick day trip. The geopark appeals to a separate genre of tourist (and resident) and lends a different perspective to Niagara's assets.

### WHY DO WE NEED A GEOPARK?

If Niagara is already such a popular destination, why do we need to be officially designated as a Global Geopark?

Branding Niagara as a UNESCO Global Geopark may provide an institutional path for the entirety of the region to gain international recognition by drawing attention to the extent of the existing geological and cultural assets, including its many smaller waterfalls, trails, historical sites, wineries, and artisans. For organizers, these branding efforts come with opportunities and challenges. Tourist amenities and attractions are already abundant, and the geopark can take advantage of this infrastructure to establish its own brand of tourism and add value to a visit, highlighting geological assets and earth history (which includes its interaction with humans through culture and heritage). However, the challenge occurs in: 1. differentiating what it can offer to the experience and, 2. quantifying its impact on the established tourism sector as well as the local economy at large.

What difference will a UNESCO Global Geopark make and how can it be measured? The difficulty lies in that often these geosites are not gated (Lemky, 2014), or they may be one of several reasons someone might visit an area.

This could be mitigated through geopark-specific activities and attractions. For example, if it had its own visitors' centre and took visitor counts at its promoted geosites. Because one goal of the Ohnia:kara initiative is to attract tourists already at

<sup>1</sup>Location quotients measure employment concentration in a geographical area compared to a larger geographical area, in this case Niagara to Ontario. If the LQ is greater than 1, that indicates a larger proportion of workers in a sector than the larger area, and a comparative advantage in terms of a specialized labour pool. Agriculture (location quotient 1.94), arts/entertainment/recreation (1.92 LQ), and food/accommodation (1.75 LQ) are the three most significant sectors in Niagara in terms of employment (Niagara Region Economic Development 2018, p. 13).



Niagara Falls to explore the surrounding region (in the hopes they might spend more time in the area), taking counts and surveys at geosites in the surrounding municipalities would give some indication if that strategy is working. Other solutions may include on-site surveys, website visits via on-site QR codes, or “passport” programs in which visitors get stamps for each site visited and then trade them in at the end of a vacation for a small reward.

Determining whether or not the geopark brand is attracting tourists who otherwise would not have made the trip to Niagara may be more difficult. Overall numbers gathered by Statistics Canada before and after the branding can be compared, but one would be challenged to measure how much can be attributed to the actual geopark versus other factors.

This ability to differentiate becomes a significant issue not only when looking for funding and partnerships, but also when making its case to UNESCO in seeking official designation.

The Niagara Escarpment, for example, has been a UNESCO World Biosphere Reserve since 1990. In the case of such branding overlap, UNESCO stipulates an “Aspiring Global Geopark” must show how it would add value to the region both independently and in cooperation with other designations. In this case, Ohnia:kara may argue that as a promoter of geotourism, it can help the Biosphere Reserve tell its story by guiding people to lesser known geosites as the escarpment winds to its greatest asset, Niagara Falls. There are other overlaps, as well: with Ontario Parks, the Niagara Peninsula Conservation Authority, the Niagara Escarpment Commission, and the Niagara Parks Commission.

Megerle and Pietsch (2017) recognized this trade-off in the case of German geoparks – the risk of decreased visibility of a geopark due to the larger profile of established protection agencies, versus the benefit of geosites already enjoying degrees of legislated protection and administrative oversight. In the German case, geoparks overlapped with nature parks, national parks, and a UNESCO Biosphere Reserve. Risks included competition between brands<sup>2</sup> and confusion amongst the public about the difference between them. The danger was having this play out with businesses and other stakeholders questioning the value of paid membership in a geopark. But the research also saw the opportunity of working with higher-profile organizations with better financial resources and infrastructure to mount joint marketing campaigns and joint activities.

## GEOPARKS AROUND THE WORLD: THE COSTS AND BENEFITS

There is evidence that designated Global Geoparks are having positive economic impacts on their regions.

**China**, for example, housed 204 national geoparks in 2017 (35 of them UNESCO Global Geoparks), and each was estimated to generate \$26 million USD per year (Ng 2017), or approximately \$34.5 million CAD. The geopark brand has been used in China since 2000 as part of a rural poverty alleviation strategy with the geoparks directly employing 20,500 managers and administrators, and 464,000 part-time and full-time frontline workers (Ng 2017).<sup>3</sup>

Of course, China could be considered an outlier due to its population size and the sheer number of geoparks. A peer-reviewed study by Farsani et al. (2011) looked at employment numbers in a survey of 25 Global Geoparks in Europe, Asia (excluding China, which did not answer the questionnaire), Australia, and South America. It found an average of 18 people were directly employed by a geopark’s administration. This did not count indirect employment impact in related industries such as food and beverage, accommodation, or retail.



We can infer from these numbers, versus those in China, that the number of people directly employed by a geopark depends on how its management board has decided to run the business and could vary greatly. For example, does the geopark run its own tours, have its own museum, or a dedicated visitors’ centre?

In the Farsani survey, direct employment by geoparks included seasonal workers in visitor centres and as tour guides at sites, as well as facility coffee shops and those working in other

<sup>2</sup>Which can result in too many signs. Biosphere Reserves had better funding and could afford more signage which led to a higher profile than the geopark in which it was situated.

<sup>3</sup>The challenges of operating the brand have included managing such a “high demand for facilities and amenities, visitor management, environmental and heritage protection, and recruiting young people to work in remote parks.”

amenities. The survey found revenue-generating activities run directly by the geoparks included recreation/sports activities, themed restaurants, spas, and bakeries; "geoproducts", and partnerships with existing businesses. Other activities designed to increase the awareness of the geopark and its benefits included education programs (workshops, conferences, tours), and conservation activities (p. 75-76).

An economic impact study conducted for three of **Portugal's** four Global Geoparks in 2014 (the fourth had just opened) found that visitor numbers had doubled since designation. (The parks had been designated between 2006 and 2014, but no indication was given for the timeframe of the increase.) All indicators, as self-reported by the managers, saw various increases in employment, number of restaurants, available beds, hotels, visitors from the school community, average expenses per visitor/day, average length of stay, and overall number of visitors.

The estimated average income (which it reported as average "economic benefit" to the community) of the three parks was 424,940 Euros per year (approx. \$647,398 CAD), 57 per cent of revenues from government sources (mainly municipal and regional), 19 per cent from private sources, and 24 per cent classified as "external".<sup>4</sup>

The study found the initial cost of earning the UNESCO designation ranged from approximately 30,000 Euros to 80,000 Euros (\$45,000 to \$121,000 CAD), including marketing and management plans, inventory and assessment of geo-heritage sites, and a technical team (Portuguese National Commission for UNESCO, 2014, p. 55). The annual cost of affiliation, including the work of technicians, promotional rate payments to the Geopark networks, and participation in conferences, was estimated at 5,417 Euros (\$8,100 CAD).

In the **United Kingdom**, a 2013 report estimated the annual financial benefit that its seven Global Geoparks brought was 18.84 million pounds (\$32 million CAD) – taking into account the estimated "cost of status" at 330,000 pounds (\$562,000 CAD) or approximately 47,000 pounds each (\$80,000 CAD) (UK National Commission for UNESCO, 2013, p. 12).

The report stated that the designation had been used to increase tourism numbers which in turn brought spill-over effects into the local economy and the seven parks had secured a combined 4.6 million pounds/year in funding (\$7.8 million CAD), not accounting for revenues from visitor spending. Its Marble Arch Caves Geopark, given as an example, attracted 250,000 visitors per year which the report equated to an annual 3.9 million pounds (\$6.6 million CAD) in visitor spending per year due to the UNESCO designation (pg. 14).

## SOURCES OF INSPIRATION

Part of the campaign to become a UNESCO Global Geopark, and retain its standing, is to network with already established Global Geoparks in order to gain insight, not only into best practices, but to gain ideas and inspiration into what is possible. Two geoparks that stand out as relevant to the Niagara experience are the **English Riviera Global Geopark** in South Devon, England and the **Beaujolais Global Geopark** in eastern France. But we have also included **Hong Kong** as a brief talking point – considered an urban geopark, it provides an example of how an already world-famous destination has used the branding.

### English Riviera

The English Riviera UNESCO Global Geopark in southwest England is an interesting comparative case for Niagara as it has been a popular domestic vacation destination pre-dating its 2007 UNESCO designation. The English Riviera has declared itself an "urban" geopark with a population of 134,000 over 62 square kilometres, including the resort towns of Torquay, Paignton, and Brixham, around Torbay.<sup>5</sup>

This area became well-known during the Napoleonic Wars when the families of naval officers settled in the area and word spread of its attractiveness. It was also once the United Kingdom's largest fishing port. These days, tourism is its dominant industry, recording nine million bed-nights per year and employing 15,000 people either directly or indirectly.

While the economic impact of the geopark, specifically, was not publicly available, the English Riviera Geopark Organization is mentioned more than once as part of the area's tourism strategy moving forward as it aims to grow its visitor numbers. Between 2010 and 2015, this area saw a 12 per cent increase in domestic visitors and an eight per cent increase in their spending (to 274.4 million pounds in 2015, or \$464.5 million CAD). The number of overseas visitors increased by one per cent and their spending by three per cent. Overall, in 2015, there were 4.5 million trips made to Torbay and 436 million pounds (\$739.2 million CAD) spent.

The English Riviera Global Geopark calls itself an "urban geopark" though 45 per cent of its land remains undeveloped as farmland, woodland, or open space. It has its own visitors' centre, themed playground, and website promoting activities and trails centered around its 32 geosites. It encourages its business partners and commercial members to use the branding to "stand above the crowd" when seeking funding. The geopark operates within the established tourism community as one of 14 stakeholders in the Destination Management Group for the local authority. Its own management organization includes tourism, geography, heritage, business, and educational stakeholders, as well as members of the local council. (English Riviera UNESCO Global Geopark website).

<sup>4</sup>No definition was given for "external sources", but this would include entrance fees, etc.

<sup>5</sup>By way of comparison, Niagara's population is spread out across 1,854 square kilometres.

## Beaujolais

The Beaujolais UNESCO Global Geopark in eastern France seems a natural case to study for Niagara due to its world-famous wine region (producing primarily red wine from the Gamay grape). This geopark located just northwest of Lyon, within view of the Alps, was designated in 2018 and makes the direct connection between its geological and hydraulic resources, and its viticulture, agriculture and history of its community. It currently has 26 geosites, ranging from historical buildings and sites, to vistas, trails, and protected areas. An interactive map of geo-activities on its website features guided tours and walks, museums and trails. As it is a new geopark, economic benefits are not available, and details about its structure are not yet publicly available. (Beaujolais UNESCO Global Geopark website).

## Hong Kong

The Hong Kong UNESCO Global Geopark features outcrops of volcanic rock columns, other rock formations and historical relics that are about an hour's drive from the centre of the city. The city of seven million people acts as host to visitors who make the trek to see the geosites via land-based or water-based tours. Tour guides are accredited. It has a Geopark Visitors Centre, a Volcano Discovery Centre, and several smaller "Geoheritage Centres". It provides an example of how a world-famous city has used the UNESCO branding to enhance and diversify the visitor experience (Ng 2014, Hong Kong UNESCO Global Geopark website).

## CONCLUSION

The UNESCO Global Geopark brand is meant to be used as a tool for communities to support and promote their natural resources and geological heritage through sustainable development practices, including geotourism, conservation, and education. The goal of this brief is to introduce this relatively new concept to economic development, tourism, conservation, and education stakeholders in Niagara. This region has already claimed its spot as a world-famous destination, thanks to the Niagara Falls and adjacent historical and cultural offerings. Wineries, breweries, and agritourism are adding to the draw of Niagara – the region – as a tourism destination. So much of this success already hinges on the uniqueness of Niagara's geography and geology, from the many waterfalls to the building and operation of the Welland Canal, to the soil and climatic factors that lead to a robust Niagara wine industry, particularly ice wine. Supporting a bid to become an internationally recognized geopark could even broaden the region's appeal to those looking for a recreational and educational geotourism experience, the benefits of which can be shared across all 12 municipalities of the region.

## NEXT STEPS

*By Charles Conteh & Carol Phillips*

The vision behind the UNESCO Global Geopark initiative in Niagara is not disconnected from the economic and sociocultural advancement of the region, but rather constitutes another potential engine that can only further drive the tourism sector. It should also be emphasized that leveraging and promoting cultural assets is a fundamentally community-driven initiative if it is to be sustainable. This policy brief encourages all sectors to consider the benefits of a UNESCO Global Geopark and how they may each contribute to its use as a tool of sustainable economic development.

To articulate the essential elements moving forward in a successful local geopark initiative, a framework from Jennifer Clark's work on resilient regions is instructive (2017). There are four core characteristics of resilient and adaptive regions that could inform the strategic direction of the geopark initiative in Niagara. First, building a deep specialized team of local geopark "activists"; second, creating a legitimate platform of institutionalized intermediaries to connect the various organizations and interests invested in the region's natural, environmental and cultural assets; third, cultivating an awareness of geoparks as fundamentally about the management of relationships and narratives between stakeholders in Niagara and the world; and fourth, a clearly articulated role for government at multiple scales of authority. The rest of this section elaborates on each of these elements.

The first element is the need to cultivate a critical mass of local geopark activists who are knowledgeable and passionate about the region's geological, geographic, cultural and historical uniqueness. As a strategic step, this would involve effective outreach to, and partnership with, local schools and post-secondary institutions to integrate geopark training modules into existing curriculum, and host regular public workshops to raise awareness about the region's stock of geopark assets. Ohniakara has already begun this outreach with programs in place at the post-secondary level.



Engaging people of diverse backgrounds and leveraging their skills and passions to create a compelling local ecosystem of geopark activists is an important part of developing a convincing and sustainable initiative. In fact, a major reason UNESCO gives for the designation of a Global Geopark is its educational



benefits – increasing awareness and appreciation for geology by teaching the communities within the geopark, as well as visitors, about the region's earth history.

Most importantly, geology and its role in earth history also provides a portal through which to learn about Niagara's Indigenous cultures which have existed here since time immemorial. With the help of Geospatial Niagara and the participation of Indigenous communities (such as the Niagara Regional Native Centre), educational units can be designed with hands-on experiences for students of all ages, elementary to post-secondary. As well, information at geosites, and on educational/promotional materials can also tell the story of the land from the Indigenous perspective.

The second element in the geopark region's strategic steps would be the creation of a platform for the institutional intermediaries that share the conservation and operational oversight of Niagara's physical assets. This platform can serve as facilitator and provide the glue that holds networks of disparate actors together. As we noted earlier, geoparks often overlap with nature parks, national parks, and biosphere reserves. An effective institutional intermediary platform will pre-empt competition between brands and confusion amongst the public about the difference between them. Moreover, it will address the concerns of businesses and other stakeholders questioning the value of paid membership in a geopark. The cooperation of these types of groups is essential to the upkeep, enhancement, and promotion of geosites. Working together, such an environmental network platform will not only provide the multidimensional perspectives for articulating and differentiating what a geopark can offer to the experience of visitors but also operationalizing those perspectives into quantitative indicators for measuring its impact on the established tourism sector as well as the local economy at large.



This platform could serve as the management team with a business and marketing plan. Where this new platform or management team fits within the

current Niagara tourism landscape is up for further discussion. But as we see from the English Riviera example, the initiative's inclusion in Niagara's tourism discussions and strategies is central to its success.

A third element in the initiative's strategic direction or next-steps is to frame its geopark initiative in terms of managing relationships and cultural narratives between Niagara and the world. Geopark assets are more than objects of nature. They are the critical relics of history that embody the natural heritage of a place. These relics provide the physical emblems that have

shaped the worldview and even belief systems of many generations of Indigenous peoples living in the region. The geopark initiative provides a mechanism for sharing those narratives with tourists from around the world, and with Niagara residents as well who may not be familiar with those stories embedded in these natural vestiges of the distant past. This third element ties well with the concept of branding.

The branding of a UNESCO Global Geopark provides an entrepreneurial opportunity to increase the number of, and expand existing, geotourism activities and visitor amenities. For those who have existing geopark-oriented businesses and events, the branding may help them build on their success by increasing international awareness of the geotourism opportunities in Niagara region.

The fourth and final element in the initiative's strategic next-steps is the question of the role of government. While there is a tendency to tout community initiatives with leadership provided by ordinary residents, the fundamental need for a clear role for local government leadership must not be lost or downplayed. A global initiative aimed at gaining the attention and winning the designation of UNESCO would require the backing, authority, legitimacy and resources of the state at various levels. To what degree, is a matter for discussion.

A geopark initiative for Niagara needs a broad agreement at the regional scale and requires a regional approach – and there is a tourism marketing structure in place for that. Meanwhile, tourism has been tagged by Niagara Region as a pillar of economic development moving forward and the industry is a major employer locally. The challenge is to leverage the entirety of Niagara's geographical and cultural assets to continue to grow the industry. The proposed Ohnia:kara geosites cut across regulatory, administrative, and operational lines. The Niagara Peninsula Conservation Authority, the Niagara Parks Commission, Parks Canada, Ontario parks, Niagara Escarpment Commission, St. Lawrence Seaway Authority, Niagara Region and its 12 municipalities all share responsibility for some facet of Ohnia:kara. Other than providing legitimacy to the efforts, what role can each level of government and regulatory body play? We should also bear in mind that Ohnia:kara provides an opportunity for greater recognition and appreciation for the role of Niagara's Indigenous peoples in the area's history and culture, which predates local governance structures.

The Ohnia:kara Aspiring Global Geopark provides an opportunity to broaden the appreciation for the entirety of Niagara's geological history and its impact on our cultural history through a means of sustainable economic development. For it to succeed, we suggest the geological "activists" and the tourism stakeholders must work closely together. This policy brief is meant only as a first step towards introducing the concept of a geopark to the Niagara community, outlining challenges and opportunities. What direction the geopark initiative takes is ultimately up to those relevant Niagara stakeholders.



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## Contact information

**About the author:** Carol Phillips, PhD, is the research coordinator at the Niagara Community Observatory, Brock University.

### Photos

*Page 1: Morningstar Mill, Comfort Maple*

*Page 2: Beamer Falls*

*Page 4: Niagara Gorge*

*Pages 6-7: Beamer Conservation Area Trail*

*Page 8: Ball's Falls*

The Niagara Community Observatory at Brock University is a public-policy think-tank working in partnership with the Niagara community to foster, produce, and disseminate research on current and emerging local issues. More information on our office, and an electronic copy of this report, can be found on our website [brocku.ca/nco](http://brocku.ca/nco)

### Contact Us

Charles Conteh, PhD  
Director, NCO, Brock University  
[cconteh@brocku.ca](mailto:cconteh@brocku.ca)

Brock University  
Niagara Region  
1812 Sir Isaac Brock Way  
St. Catharines, ON, L2S 3A1 Canada

[brocku.ca/nco](http://brocku.ca/nco)  
[@BrockNCO](https://www.instagram.com/BrockNCO)

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**Subject:** St. Catharines GO Station Primary Access - Ridley College  
Memorandum of Understanding

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, May 8, 2019

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## Recommendations

1. That the Chief Administrative Officer **BE AUTHORIZED** to execute a Memorandum of Understanding to establish the commitment by Ridley College, City of St. Catharines, and Niagara Region to create a municipal right-of-way to enable a preferred access road at the St. Catharines GO Station;
2. That a copy of PDS 20-2019 **BE CIRCULATED** to the City of St. Catharines; and
3. That all parties **BE NOTIFIED** of Regional Council's decision.

## Key Facts

- This report seeks Regional Council to approve the attached Memorandum of Understanding (MOU) between Ridley College, the City of St. Catharines (City), and Niagara Region (Region) for the City to undertake development of a municipal right-of-way at the St. Catharines GO Station.
- The Region, City, and Ridley College have agreed in principle to a preferred alternate primary station access location further east along Ridley Road beyond the approved 2011 ESR station area boundary, which Metrolinx also supports.
- This agreement facilitates establishing the municipal right-of-way as a component of the enabling capital work improvements to prepare for and accommodate improved Station access for GO Rail service at the St. Catharines site.
- The MOU will result in Ridley College submitting a draft plan of subdivision to create a new municipal right-of-way.
- Ridley College Board of Governors will consider the MOU on May 4, 2019, an update on Ridley College decision will be provided on May 8, 2019.

## Financial Considerations

There are no direct financial implications arising from the approval of the MOU. Regional Council already pre-emptively exempted Ridley College from the Regional

planning fees associated with a Draft Plan of Subdivision application in the amount of \$10,000 through PDS 36-2018.

## Analysis

Along with Metrolinx and Ridley College, the Region and City have explored means to accommodating all of the required GO Station elements within the approved 2011 ESR station area boundary. Consensus has been achieved on preferred locations of nearly all functional design elements with exception to the location of a primary station access along Ridley Road (Appendix I).

Upon review of Metrolinx's Functional Station Design for St. Catharines, the Region, City, and Ridley College agree the alignment of station access approved in the 2011 ESR is not preferred by any party, and that a primary station access is further east along Ridley Road (approximately midpoint between Louth Street and Ambrose Street) would serve the station, the development and the community much better.

However, because this preferred location is beyond the approved 2011 ESR station area boundary, this alternative preferred primary station access will require Ridley College to dedicate a municipal right-of-way to the City through a *Planning Act* application. The Region, City, and Ridley College have agreed that a Plan of Subdivision is the most efficient means to dedicate a municipal right-of-way to achieve the preferred primary station access.

The recommendation of creating a municipal right-of-way is preferred as it provides the City of St. Catharines the opportunity to ensure that the street is developed in a way that is consistent with the vision of the Secondary Plan including improved pedestrian and cyclist connectivity. The Metrolinx driveway was proposed to hook west and then north creating an indirect path from the station to Ridley Road. The alignment was not preferred from a connectivity perspective or for efficient future use of the urban land for development. St. Catharines has limited, vacant land available for development especially adjacent to the GO Station and it is in the City's best interest to maximize the development potential of the adjacent lands as it will lead to future tax assessment and additional commercial and residential development to meet the needs of residents. The proposed public road will also allow for appropriate development of the vacant parcel in the future in a manner that implements the vision of the Secondary Plan. The proposed Metrolinx driveway would not contribute to the orderly development of this important parcel of land.

The MOU outlines the Region's, City's, and Ridley College's respective roles in facilitating the new municipal road. Matters described in the MOU include:

- preparation and review of the Plan of Subdivision application;



- design, configuration, and construction of the new municipal road, the new municipal road intersection with Ridley Road, and improvements to Ridley Road; and
- approximate timelines and phasing associated to the new municipal road and nearby capital work projects (2019-2022).

With the arrival of daily GO Train service to the St. Catharines Station effective January 7, 2019, the realization of significant socio-economic benefits, as detailed within Niagara Region's 2015 GO Business Case, are evident. Some expected benefits of GO Rail Service in Niagara include:

- Improved goods movement and reduced QEW congestion by a lessened volume vehicles travelling to and from Niagara;
- Enhanced access and connections to intra- and inter-municipal transit services;
- Strengthened ability to attract skilled-trade workers living in the Greater Toronto Hamilton Area (GTHA) to Niagara's skilled-trade employers;
- Increased exposure of Niagara's tourism assets to the GTHA market area; and
- Improved access to public and institutional facilities (i.e. healthcare and post-secondary) for residents, students, visitors, and staff.

In order to realize the maximum potential economic benefit of the arrival and enhancement of daily GO Train service at St. Catharines, there is a need to invest in capital works improvements around the station areas. The Region has approved budget of \$2.25 million for a preliminary design, environmental assessment study, and detailed design of the CN Bridge Replacement. The Region has included \$12 million in the capital budget forecast for construction costs associated with the bridge replacement in future years. There will also be future long-term investments in the reconstruction of Louth Street, including the intersection at Louth and Ridley Road.

It is anticipated that the investments in improving local infrastructure will lead to significant economic benefits locally and regionally. As an example, the land value around the three stations is estimated to produce over \$50 million in uplift to the local economy, as outlined in the Region's 2015 Business Case.

## **Alternatives Reviewed**

If the municipal road is not established through a *Planning Act* application, in order to undertake construction of the station access approved in the 2011 ESR, Metrolinx would locate the access in an undesired location further west along Ridley Road. Impacts of this would include jeopardizing future development potential of lands adjacent to the transit station, limiting the potential for Transit Oriented Development on the site, inhibiting the parcel's frontage on Louth Street, as well as add increased traffic pressures for queuing at the intersection of Louth Street and Ridley Road. Additionally,



if Metrolinx were to construct the access as laid out in the 2011 approved ESR, it would only serve as station access; a defacto driveway that could not support access to adjacent development parcels.

Alternatively if a Plan of Subdivision were not pursued, the Region could undertake a Municipal Class Environmental Assessment to establish a new right-of-way. This is not recommended, as the EA process would bear more cost to the Region, and would likely produce the same outcome as the Plan of Subdivision.

### **Relationship to Council Strategic Priorities**

This request supports Regional Council's strategic priorities of moving people and goods; and, doing business differently.

### **Other Pertinent Reports**

- PDS 36-2018: Request to exempt Draft Plan of Subdivision Regional Review fees – Ridley College – St. Catharines GO Transit Station

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#### **Prepared by:**

Cheryl Selig, MCIP, RPP  
Planning Lead  
GO Implementation Office

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#### **Recommended by:**

Rino Mostacci, MCIP, RPP  
Commissioner  
Planning and Development Services

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#### **Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation Alex Morrison, Planner, Planning and Development Services and Judy Pihach, Manager Planning Service, City of St. Catharines and reviewed by Matt Robinson, Director, GO Implementation Office and Helen Chamberlain, Director, Financial Management and Planning.*

### **Appendices**

Appendix I

St. Catharines GO Station Functional Site Plan

Page 5



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**Subject:** Niagara Economic Update

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, May 8, 2019

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## Recommendations

That Report ED 5-2019 **BE RECEIVED** for information.

## Key Facts

- Niagara's overall economy has shown steady growth in a number of areas, particularly in job creation and new investment.
- When compared to Ontario, Niagara had some challenge areas such as a higher unemployment rate, lower participation rate, and lower household income per capita.
- Nominal gross domestic product (GDP) reached \$17.2 billion in 2018 and GDP growth from 2015 to 2018 outpaced Ontario's GDP growth.
- In 2018, there were 218,151 jobs in Niagara. From 2015 to 2018, there was a gain of 10,520 new jobs or 5.1% growth. Ontario had an increase of 6%.
- In 2018, Niagara had 13,326 businesses with employees and 27,347 businesses without employees. From 2015 to 2018, the number of businesses with no employees grew by 12% while the number of businesses with employees grew by 4%.
- Although labour force indicators have improved over the past few years, Niagara continues to have some challenge areas.
- Since 2015, Niagara has seen a high-level of growth in construction investment. In 2018, Niagara had \$1.7 billion in construction investment. From 2015 to 2018, construction investment grew by 56% in Niagara, compared to 19% in Ontario.

## Financial Considerations

There are no direct financial implications associated with this report.

## Analysis

The Niagara Economic Update report is an annual report from Niagara Economic Development that provides an overview of the performance of Niagara's overall economy.

The intention of the report is to inform the Planning and Economic Development Committee on the performance of Niagara's economy by identifying areas of strength as well as identifying challenge areas.

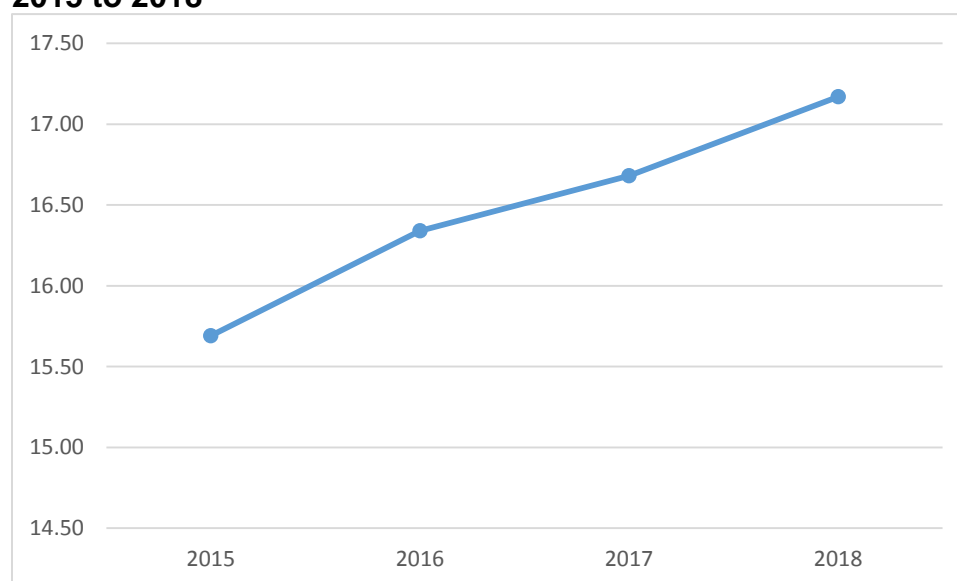
Niagara was greatly affected by the recession of 2009 and experienced a high-level of job loss and reduced level of investment. More recently, economic indicators show that Niagara has been experiencing positive economic growth on many fronts including GDP growth, reduced unemployment rate, substantial job creation, new business creation, increased investment in residential and non-residential building construction, increased building permit values, increased retail sales, and increased value of exports.

Historically, Niagara's economic growth rate lagged Ontario and other comparable census metropolitan areas; however, Niagara has been catching up, especially in areas such as new business and job creation, investment in building construction, and increased value of exports and number of exporting companies.

It is also important to note that although the economy is performing well, Niagara still has some economic challenges including a high-level of inflation, an aging labour force, lower levels of labour force participation, and slow growth in household income per capita.

Below is a series of economic indicators for Niagara including a brief analysis for each.

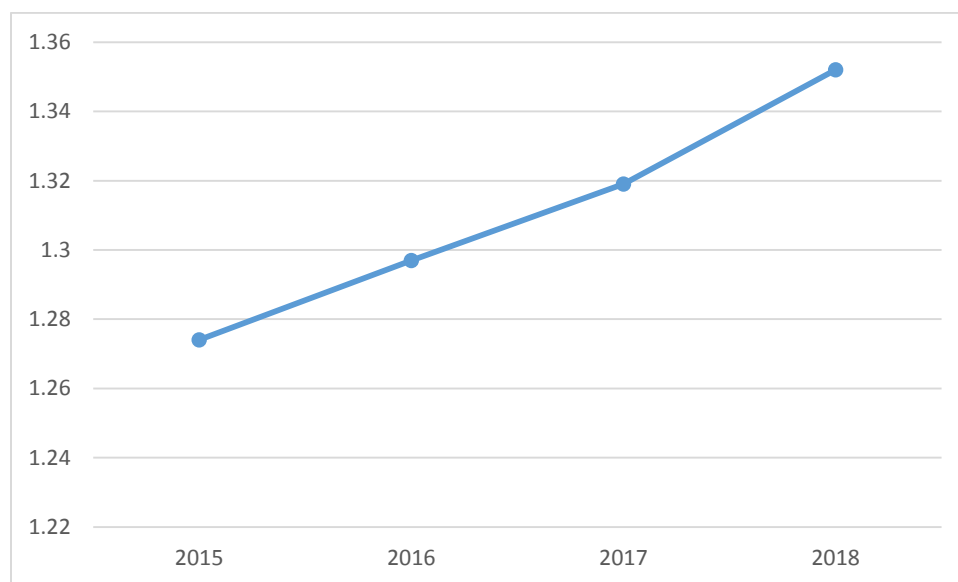
**Gross Domestic Product (GDP), Nominal (\$ Billions), St. Catharines-Niagara CMA, 2015 to 2018**



Source: The Conference Board of Canada, 2019

- Gross domestic product (GDP) is the monetary value of total goods and services produced in a certain geographical area, i.e. economic region, province, country, etc. Nominal GDP is a measurement of GDP at current market prices.
- In 2018, nominal GDP for St. Catharines-Niagara CMA was \$17.2 billion. Nominal GDP does not reflect inflation.
- From 2015 to 2018, nominal GDP increased by \$1.5 billion or 9.4%.
- Comparatively, Ontario's GDP grew by 5.1% during this same time period, so Niagara's GDP grew faster than Ontario's GDP.

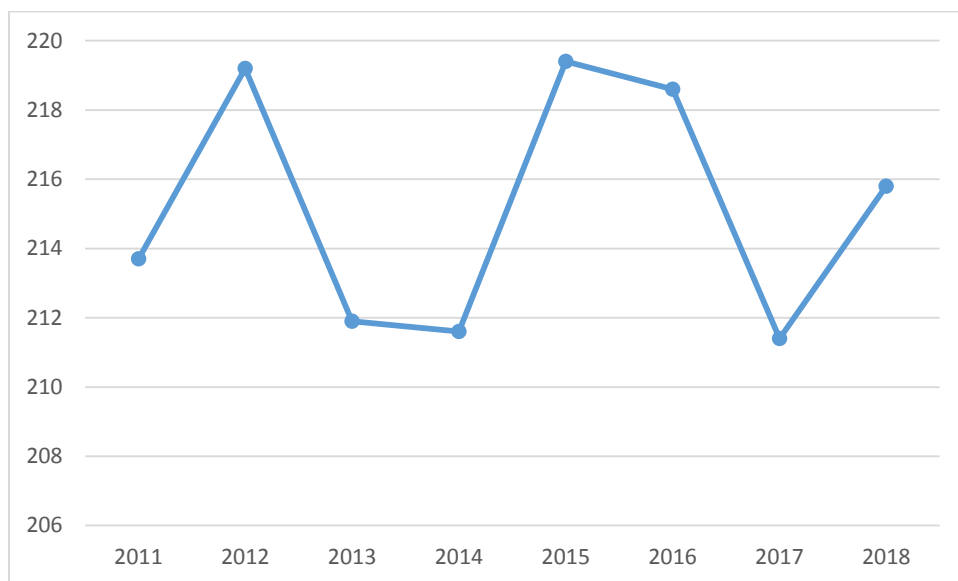
### Consumer Price Index (CPI) (2002=1.0), St. Catharines-Niagara CMA, 2015 to 2018



Source: The Conference Board of Canada, 2019

- Consumer price index (CPI) is a measure of price changes in consumer goods and services such as gasoline, food, clothing, and automobiles.
- The CPI measures inflation as experienced by consumers in their day-to-day living expenses.
- From 2015 to 2018, CPI for the St. Catharines-Niagara CMA increased by 6.1%. This is on par with Ontario.

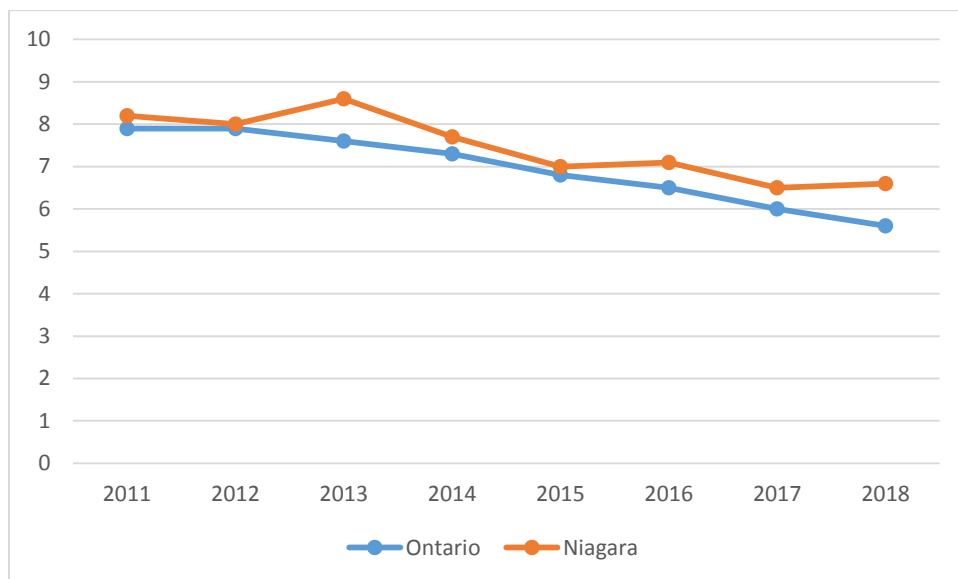
### Labour Force (x1,000), St. Catharines-Niagara CMA, 2015 to 2018



Source: Statistics Canada, Table 14-10-0096-01

- The labour force refers to the total adult population (15+ years) available to the labour market at a specific time and includes the employed, as well as the unemployed that are looking for work.
- Demographical characteristics such as an aging population and migration greatly influence labour force trends.
- In 2018, the labour force for the St. Catharines-Niagara CMA was 215,000 people. This was an increase of 2,100 people or 1.0% over 2011. Niagara's labour force fluctuated significantly year-over-year. This could be a result of changing demographics in Niagara.

### Unemployment Rate (%), Annual, St. Catharines-Niagara CMA and Ontario, 2011 to 2018

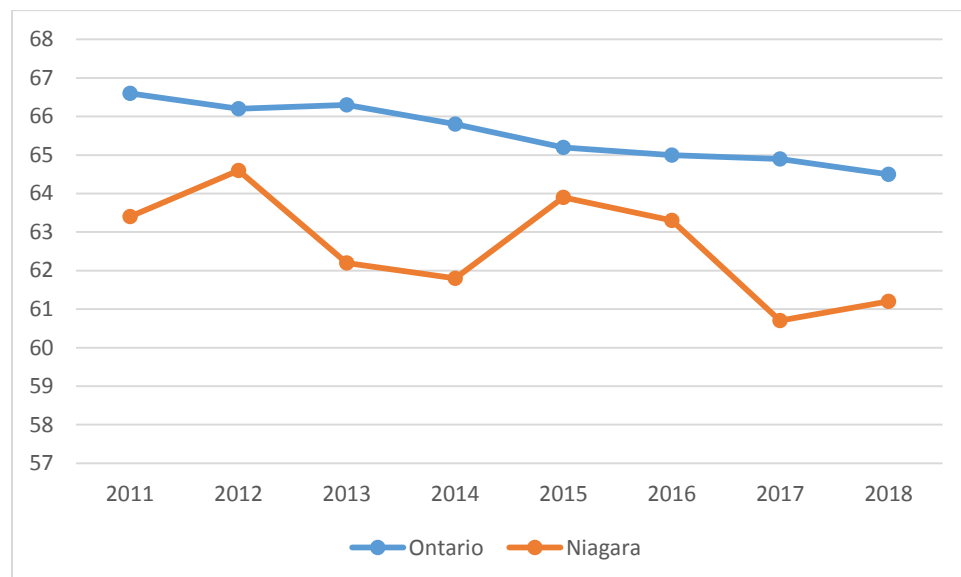


Source: Statistics Canada, Table 14-10-0096-01

- The annual unemployment rate for the St. Catharines-Niagara CMA has trended downward since the last recession. In 2018, the annual unemployment rate was 6.6%, which was a drop from a high of 10.4% in 2009.
- Comparatively, in 2018, Ontario's unemployment rate was 5.6%, which was a drop from 9.1% in 2009.
- From 2011 to 2018, Niagara's unemployment rate dropped by 1.6% while Ontario's dropped by 2.3%.



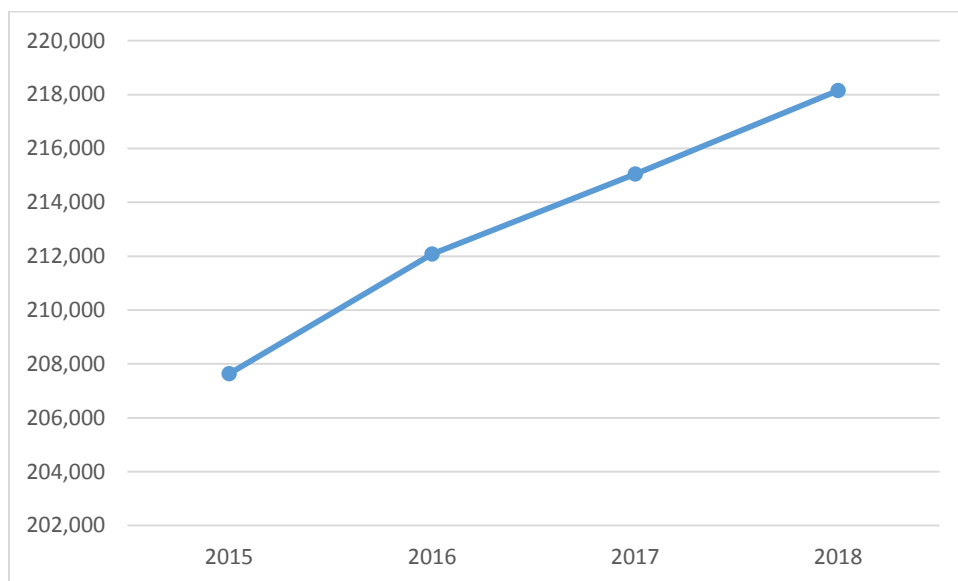
### Participation Rate (%), Annual, St. Catharines-Niagara CMA and Ontario, 2011 to 2018



Source: Statistics Canada, Table 14-10-0096-01

- Participation rate refers to the level of participation in the labour force among the working age population (15 to 64 years). Demographics also have a strong influence on participation rate.
- In 2018, the participation rate was 61.2%, which was a slight drop from 63.4% in 2011.
- Comparatively, Ontario's participation rate is slightly lower at 64.5%, which was a slight drop from 66.6% in 2011.
- From 2011 to 2018, the participation rate for the St. Catharines-Niagara CMA dropped by 2.2% while Ontario's dropped by 2.1%.

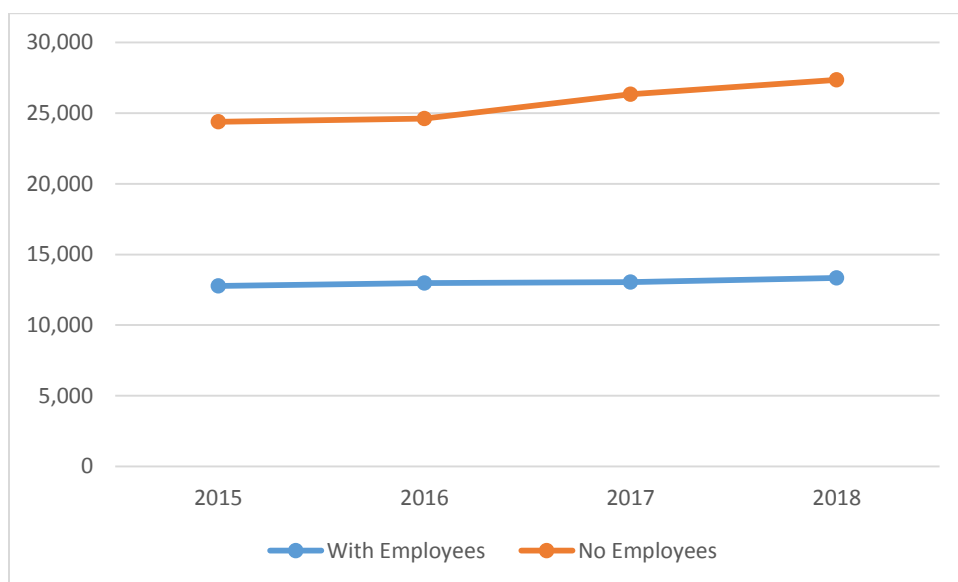
### Jobs, Niagara Census Division, 2015 to 2018



Source: *Emsi 2018.3*

- In 2018, there were 218,151 jobs in Niagara region.
- From 2015 to 2018, there was a gain of 10,520 new jobs or 5.1%.
- Comparatively, Ontario had an increase of 6.0%.

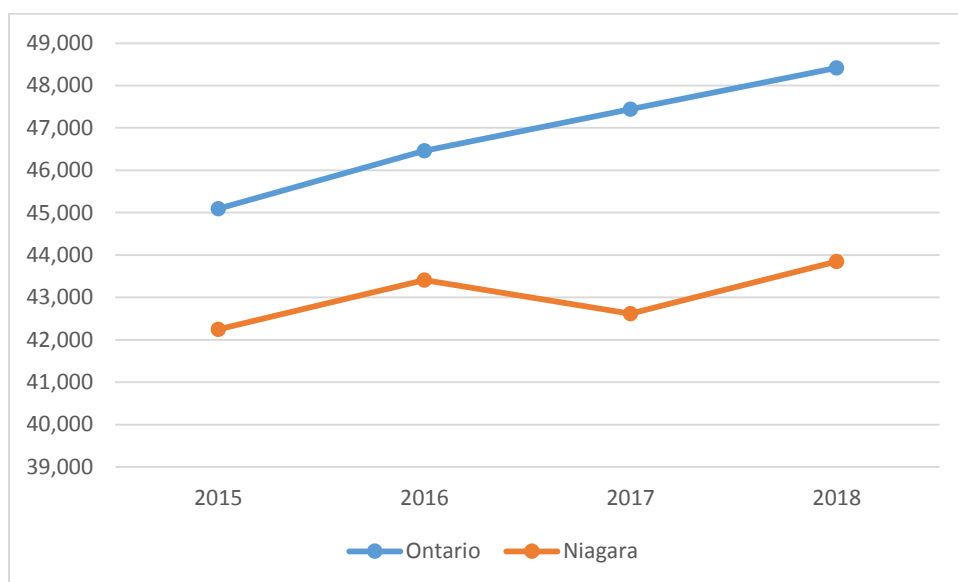
### Business Counts, Niagara Census Division, 2015 to 2018



Source: *Statistics Canada, Canadian Business Counts*

- In 2018, Niagara had 13,326 businesses with employees and 27,347 businesses without employees.
- From 2015 to 2018, Niagara gained 554 businesses with employees at 4% growth.
- From 2015 to 2018, Niagara gained 2,946 businesses without employees at 12% growth.
- Comparatively, Ontario had 5% growth in businesses with employees, and 12% growth in businesses without employees.

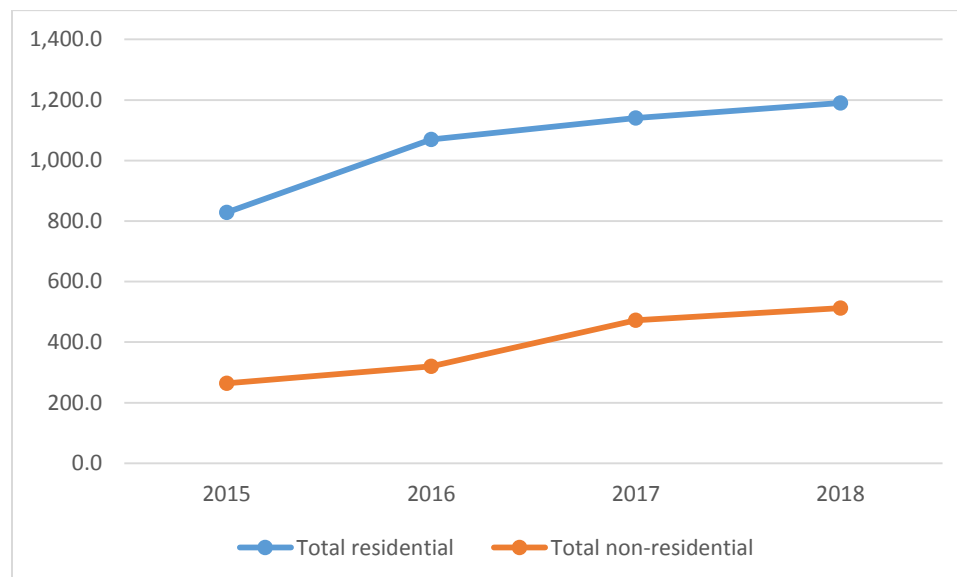
### Household Income Per Capita (\$), St. Catharines-Niagara CMA and Ontario, 2015 to 2018



Source: The Conference Board of Canada, 2019

- In 2018, household income per capita for the St. Catharines-Niagara CMA was \$43,847 compared to \$48,419 for Ontario.
- From 2015 to 2018, the household income per capita for the St. Catharines-Niagara CMA grew by 3.8% while Ontario's grew by 7.4%.

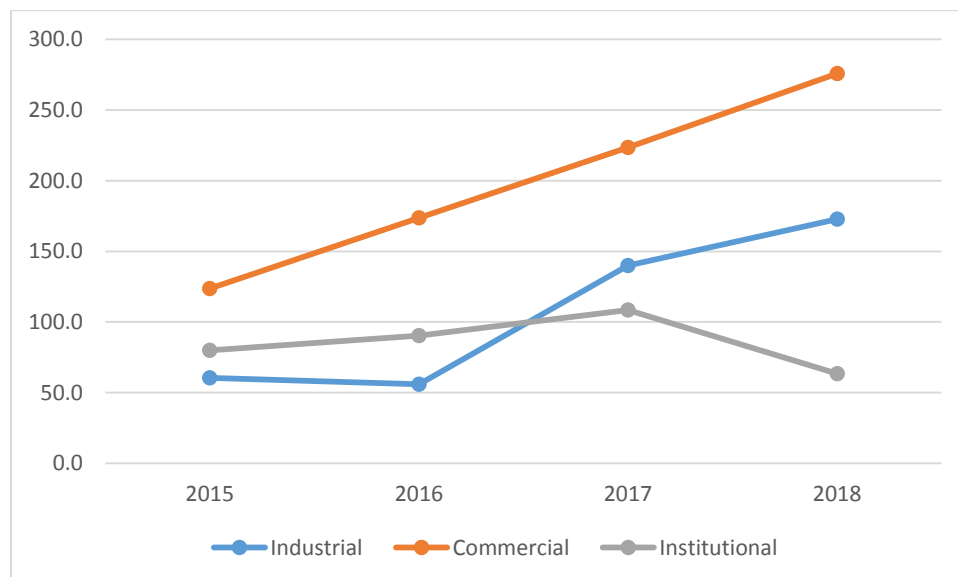
### Investment in Building Construction (\$ Millions), Current Dollars, Residential and Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018



Source: Statistics Canada, Table 34-10-0175-01

- In 2018, the value of building construction in the St. Catharines-Niagara CMA was \$1.7 billion.
- From 2015 to 2018, investment in building construction increased by \$610.2 million or 56% compared to 19% for Ontario.
- In 2018, investment in residential building construction was \$1.2 billion. This was an increase of \$361.9 million or 44% over 2015.
- In 2018, investment in non-residential building construction was \$512.2 million. This was an increase of \$248.3 million or 94% over 2015.

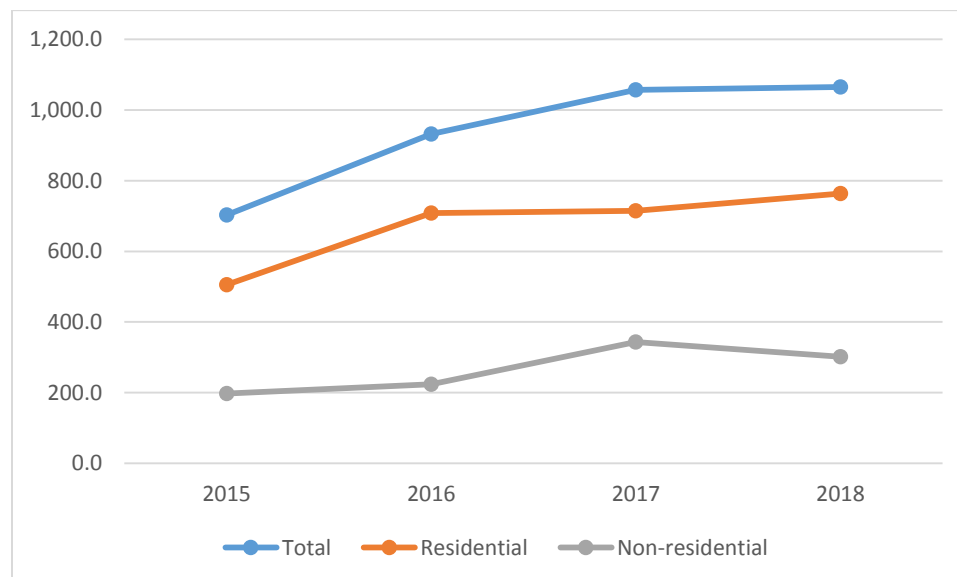
**Investment in Building Construction (\$ Millions), Current Dollars, Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018**



Source: Statistics Canada, Table 34-10-0175-01

- In 2018, investment in commercial building construction for the St. Catharines-Niagara CMA was \$276 million. This was an increase of \$152.3 million or 123% over 2015.
- In 2018, investment in industrial building construction was \$172.7 million. This was an increase of \$32.8 million or 54% over 2015.
- In 2018, investment in institutional building construction was \$63.5 million. This was a decrease of \$16.4 million or 20% over 2015.

### Building Permit Values (\$ Millions), Current Dollars, Total, Residential and Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018

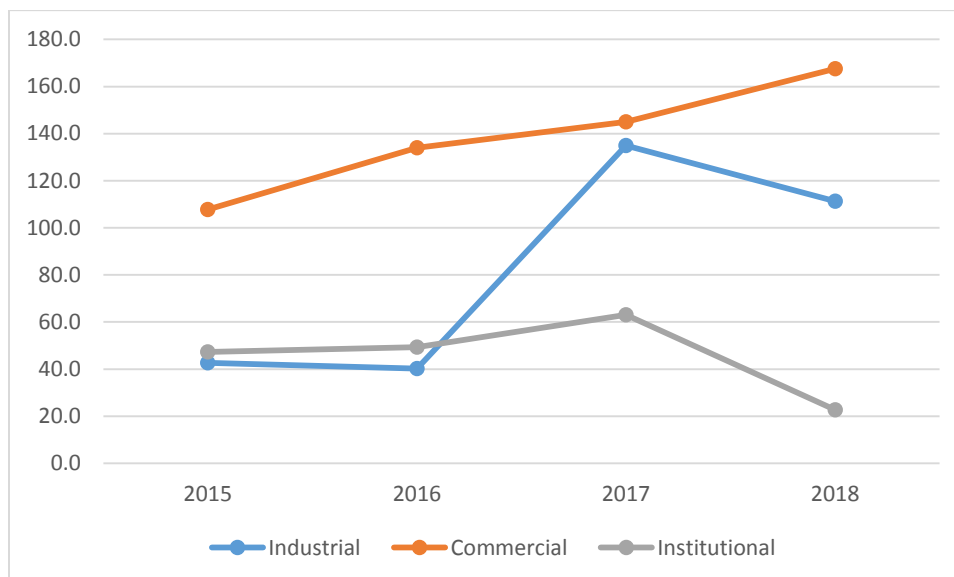


Source: Statistics Canada, Table 34-10-0066-01

- In 2018, total building permit values for the St. Catharines-Niagara CMA were \$1.1 billion. This was an increase of \$362.5 million or 52% over 2015. Ontario had an increase of 17%.
- In 2018, building permit values for residential were \$763.8 million. This was an increase of \$258.5 million or 51% over 2015.
- In 2018, building permit values for non-residential were \$301.5 million. This was an increase of \$103.9 million or 53% over 2015.



**Building Permit Value (\$ Millions), Current Dollars, Non-Residential, St. Catharines-Niagara CMA, 2015 to 2018**

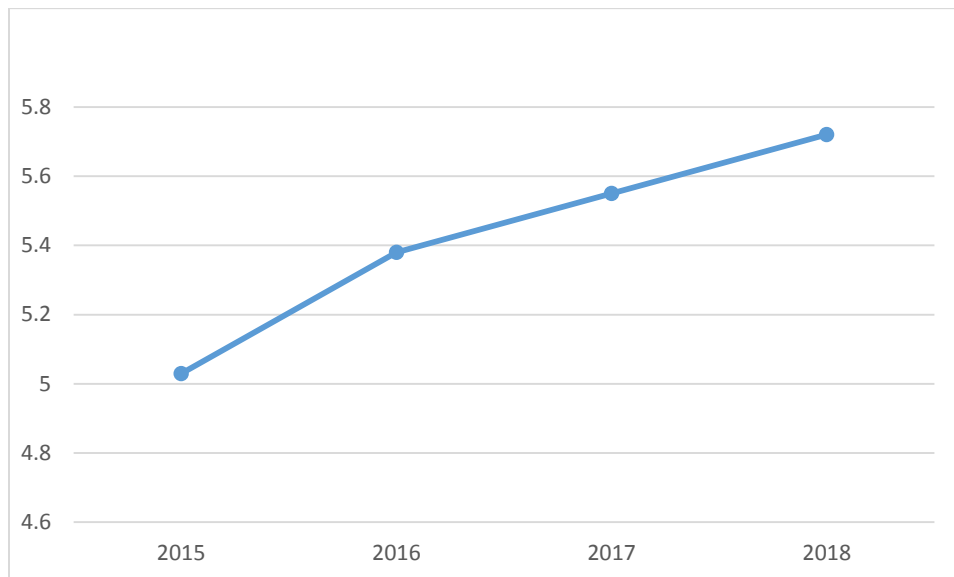


Source: Statistics Canada, Table 34-10-0066-01

- In 2018, commercial building permit values for the St. Catharines-Niagara CMA were \$167.5 million. This was an increase of \$59.7 million or 55% over 2015.
- In 2018, industrial building permit values were \$111.3 million. This was an increase of \$68.7 million or 161% over 2015.
- In 2018, institutional building permit values were \$22.7 million. This was a decrease of \$24.5 million or 52% over 2015.

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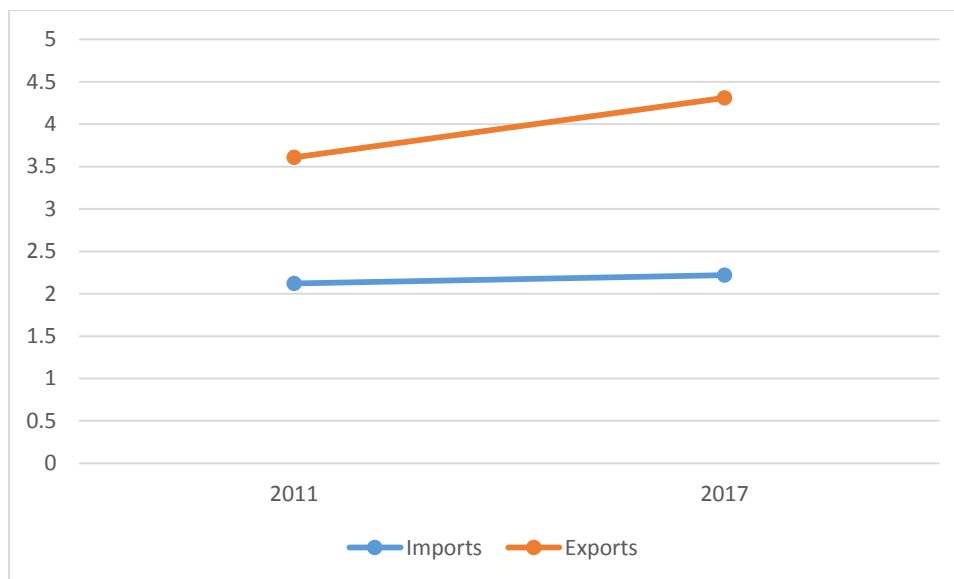
**Retail Sales (\$ Billions), Current Dollars, St. Catharines-Niagara CMA, 2015 to 2018**



Source: *The Conference Board of Canada, 2019*

- In 2018, retail sales for the St. Catharines-Niagara CMA were \$5.72 billion,
- From 2015 to 2018, retail sales grew by \$690 million or 14%. Ontario had an increase of 15%.

### Imports and Exports (\$ Billions), Current Dollars, St. Catharines-Niagara CMA, 2011 and 2017



Source: Statistics Canada, International Accounts and Trade Division

- In 2017, \$4.31 billion worth of goods were exported internationally from the St. Catharines-Niagara CMA.
- From 2011 to 2017, export values increased by \$702.1 million or 19%.
- In 2017, \$2.2 billion worth of goods were imported into the St. Catharines-Niagara CMA.
- From 2011 to 2017, imports grew by \$107.6 million or 5%.

### Conclusion

- It is evident that Niagara's economy is growing and has not shown any signs of a slow down as of late. Niagara has experienced a high-level of investment and substantial job creation in recent years. However, it is important to recognize that there are larger economic forces that may affect economic growth in the near future. Issues such as trade protectionism, border controls, an anticipated economic slowdown for the Canadian and U.S. economies, and other potential economic disruptions may threaten Niagara's economic momentum into the future, so it will be important to continue to monitor economic indicators.

## **Alternatives Reviewed**

The Niagara Economic Update report is intended to provide an overview of economic performance in Niagara based on the most current and complete data available. No alternatives were reviewed.

## **Relationship to Council Strategic Priorities**

Economic development activities described in this report directly support three of Council Strategic Priorities:

- Fostering innovation, investment and entrepreneurship
- Building a labour-ready workforce
- Position Niagara globally

## **Other Pertinent Reports**

ED 1-2019 Economic Development Overview  
ED 2-2019 Economic Development Strategy

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### **Prepared by:**

Blake Landry, BA, Ec.D.  
Manager, Economic Research and  
Analysis  
Economic Development

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### **Recommended by:**

Valerie Kuhns  
Acting Director  
Economic Development

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### **Submitted by:**

Ron Tripp, P.Eng.  
Acting, Chief Administrative Officer

*This report was prepared in consultation with and reviewed by Valerie Kuhns.*

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**Subject:** Niagara Ambassador Program

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, May 8, 2019

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## Recommendations

That Report ED 6-2019 **BE RECEIVED** for information.

## Key Facts

- Niagara Economic Development is working to develop more robust marketing activity in 2019 and build the Niagara brand for business investment.
- A best practice in economic development marketing is using credible third parties to help tell a region's success stories as a support to brand building.
- Niagara Economic Development has explored how other economic development groups have successfully engaged with local stakeholders to support business investment.
- Niagara Economic Development will be launching a Niagara Ambassador Program by May 1, 2019.

## Financial Considerations

There are no financial implications.

## Analysis

In reviewing economic development marketing best practices, a key factor that emerged is the importance of word of mouth as it relates to business investment decisions. Development Counsellors International has surveyed business decision makers and sites selectors regularly since 1996. They ask the question "what sources of information influence your perception of city's business climate?" In 2017, 68% mentioned either dialogue with industry peers, or word of mouth. (*DCI's Winning Strategies in Economic Development Marketing 2017*).

This helps to explain why many communities across Canada and the U.S. use ambassador programs as a critical element of their marketing and communications strategies. In Ontario, cities like Cambridge, Richmond Hill, Oshawa and Aurora have established similar programs. Each of these programs is structured slightly differently: some focus on digital ambassadors, others on an invitation-only format, and others with an application for membership.

Niagara Economic Development has developed a Niagara Ambassador Program designed to generate excitement and positive conversation about the region's business climate. The program is intended to engage local business leaders, community leaders, politicians and general cheerleaders for Niagara to promote Niagara as a great place to do business.

The program has been developed with three key objectives:

- **To develop a community of digital ambassadors** who are willing to share news, information and good news stories with their social media networks. The communication to this group would range from bi-weekly to monthly.
- **To identify ambassadors who would be willing to meet with potential investors** when they visit Niagara. Communication with this group would be intermittent and dependent on investor meeting needs. For example, a German investor would be paired with a German company in Niagara, or a food manufacturing investor would be paired with a similar company.
- **To develop content from ambassadors** by way of quotes and testimonials, business profiles, or case studies to add to the information and content we can share more widely.

The Niagara Ambassador Program complements both attraction and retention efforts, and provides Niagara Economic Development with an opportunity for greater reach and brand awareness. It will also increase and improve communication between Niagara Economic Development and the business community.

The structure of the program will be open to anyone who wants to participate. Local businesses and community leaders are encouraged to participate. To communicate the launch of the program, Niagara Economic Development will develop a media release, will engage the municipal Economic Development Offices, and will share the program with local business groups and associations via email and social media.

**Members of the Planning and Economic Development Committee are invited to join the program and become Niagara Ambassadors. More information and a sign up form can be found at [niagaracanada.com/Ambassadors](http://niagaracanada.com/Ambassadors).**

### **Alternatives Reviewed**

None applicable.

### **Relationship to Council Strategic Priorities**

Economic development activities described in this report directly support two of Council Strategic Priorities:



- Fostering innovation, investment and entrepreneurship
- Positioning Niagara globally

### **Other Pertinent Reports**

None applicable.

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**Prepared by:**  
Farzana Crocco  
Manager, Strategic Marketing  
Economic Development

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**Recommended by:**  
Valerie Kuhns  
Acting Director  
Economic Development

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**Submitted by:**  
Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with and reviewed by Valerie Kuhns.*

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**Subject:** Niagara Biennial Awards Program

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, May 8, 2019

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## **Recommendations**

1. That Report PDS 19-2019 **BE RECEIVED** for information; and,
2. That a copy of Report PDS 19-2019 **BE CIRCULATED** to all Local Area Municipalities for information.

## **Key Facts**

- The purpose of this report is to provide information related to the rebranded design awards program, the Niagara Biennial which is to be delivered by Niagara Region on a biennial basis.
- The new program builds upon the former 'Niagara Community Design Awards' program which was delivered annually from 2004 to 2016.
- The Niagara Biennial is aligned with other biennial awards programs in the GTHA and beyond. It will expand upon the range of eligible design fields and provide learning and networking opportunities relevant to the design industry. This will promote better exposure of design achievements in Niagara and increase both interest and relevance of the program by recognizing unique design practices found in the region which will be promoted broadly.
- The Niagara Biennial will seek submissions from the design community, the development community, and the arts community at a launch symposium in the fall of 2019. Submissions will be juried and awards distributed at an awards ceremony in the spring of 2020.
- The Niagara Biennial event will promote Niagara's global brand by placing it in the realm of other international design destinations with similar competitions, bringing broad-reaching recognition of local design achievements.

## **Financial Considerations**

The previous awards program was an annual event that ran for 12 years. It had an annual budget of approximately \$15,000.00.

The new awards program will comprise a broader scope of design and feature more events with stakeholders that will be held biennially. The new program includes a greater level of outreach and promotion of the design industry in Niagara which will supplement strategic goals of economic development and tourism. An investment in the new program for 2019 to 2020 is projected to be \$45,000.00. This can be accommodated within the Council approved 2019 Operating Budget.

Some of the projected expenses required for holding the events can be offset through submission of entry fees, sponsorships from professional organizations, and in-kind donations.

## **Analysis**

### **Background on the Niagara Community Design Awards**

The Niagara Community Design Awards (NCDA) was an architecture, landscape architecture and urban design awards program organized and hosted by the Niagara Region from 2004 to 2016.

Municipal awards programs that promote the best works of architecture, landscape architecture, and urban design in their respective communities are found in many municipalities in and around the Greater Toronto and Hamilton Area (GTHA). These programs are aimed at raising the bar of design, promoting community pride, and spotlighting the winning designers. The programs are delivered by a planning department with input from other departments such as public works, economic development and tourism. The programs are often well-resourced with interdepartmental funding and staffing and involve extensive planning and preparation.

In the Region of Niagara, the diversity of scales and capacities of partner municipalities makes it impractical for each of the twelve communities to undertake similar programs. Accordingly, the Region has historically performed this role on their behalf.

The objective of the previous NCDA awards program was to celebrate excellence in community design in the Niagara Region by recognizing projects that enhanced the built environment, efficiently used land, and demonstrated creativity and vision. Awards were organized into twelve categories and typically awarded one project per category. These included: small and large scale projects, architecture, façade improvement, adaptive re-use, brownfield, sustainability and public realm improvements. It also included categories

such as Policy and Plans, Leadership and Legacy. Over the past six years, awards were distributed as follows: 2016=13, 2015=16, 2014=19, 2013=9, 2012=12, and 2011=10.

The awards committee that adjudicated the submissions consisted of nine community members, many of whom participated continuously over the twelve year span of the program. The committee consisted of: professional planners, architects, landscape architects, engineers, real estate agents, educators and developers.

The award that was given to each winning project was a steel sculpture entitled, “Transformation”. It was created by Mark Griffis, a sculptor and art educator from Fort Erie. Award winners also received a certificate.

### **What is a Biennial?**

A Biennial is a large contemporary exhibition which is held every two years (bi-annually). The subject matter typically includes works of fine art, film, publishing, design, architecture, landscape architecture, and urban design. A typical Biennial is comprised of many events such as: exhibitions, presentations, talks, workshops and tours. Biennial events occur over a span of time which ranges from one week to several months. There are currently over one hundred biennials in major cities all over the world. Some of the most famous Biennials include: La Biennale di Venezia (Venice, Italy), Chicago Architectural Biennial (Chicago, USA) and the London Design Biennale (London, UK).

For example, the Chicago Architectural Biennial has been running for three installments. It attracts upwards of 500,000 visitors for each exhibition period. The events are increasingly becoming a source of local pride, tourism, cultural capital, and revenue for the host city.

### **Design Awards in the Canadian context**

In Canada, there are no Biennials like those found in the rest of the world. However, Canada has many design awards programs that are held biennially. These programs are design competitions that consist of a one day awards ceremony – unlike the international biennials that run for longer periods of time and consist of multiple events and programming. Canadian design awards programs typically focus on national works of architecture, landscape architecture, urban design and planning. Design award programs in Canada are held at the national, provincial and municipal levels.

Niagara Region is uniquely positioned to be able to host an awards program on behalf of the 12 local area municipalities. Building on Niagara's globally recognized name, a Niagara Biennial has the potential to evolve into an international biennial similar to other established events around the world. Being at an international border, Niagara can host Canadian and International designers, inviting new eyes to see and experience Niagara.

## **The role of a Biennial in Niagara**

A biennial awards program for Niagara is an appropriate vehicle to reward excellence in design and to showcase the state of the art in design. Works of the design and development community, arts community, and others can be paired with the diversity and richness of Niagara's attractions, events, places and people.

The biennial adds an important and unique layer which will entice a new audience to learn about, visit and appreciate design achievements in Niagara.

## **The Niagara Region Design Context**

Niagara's design community comprises a broad and diverse range of artistic and design professions that promote Niagara both locally and globally. The region is home to professional architects, landscape architects, urban designers, urban planners, engineers, industrial designers, interior designers, and graphic designers. It is also home to talented visual artists, performing artists, artisans and makers of all types.

Members of the Niagara design community are spread throughout the diverse geographies of the region. They live and work in downtown centres, historic towns, hamlets, and rural settlements. They are surrounded by a unique physical environment that includes protected woodlands, lakes, rivers, canals, waterfalls, agricultural fields, industrial areas and more. This physical context combined with the Region's historical and cultural assets strongly influence design in Niagara, setting it apart from other regions around the Greater Golden Horseshoe.

## **Niagara Region's Creative Cluster context**

The Creative Cluster includes businesses such as design services, media, publishing, marketing, entertainment, music, visual arts, performing arts and culture. Design professionals, designers, artists and artisans work in many industries that contribute to key economic sectors such as agriculture, manufacturing, tourism, construction, personal services, government, education and healthcare.

In 2018, Niagara Region's creative cluster consisted of 1,314 businesses with a total of 7,538 jobs. Job growth increased 29% between the years of 2011 to 2018. This figure demonstrates the significant contribution to Niagara's economy that the creative cluster provides.

Creative people in the Region of Niagara contribute substantially to the economic growth and vitality of the region. They enhance the quality of life for residents and visitors through their work and their products. Within the design community, there is a vast range of design services that will continue to be important to the development community and to investors in Niagara's economy. Additionally, growth of the design community within

the region will contribute to the retention of youth and new professionals choosing to stay in Niagara.

### **Purpose of the new awards program**

The Niagara Biennial will be inclusive, broad reaching and relevant to the current economic development and tourism climate. In order to do that, the program will:

- Be held as a biennial event, which includes exhibitions, seminars, workshops and spin-off events. This will promote engagement with the design industry, provide learning and networking opportunities and spark interest in the industry,
- Honour and recognize the work of designers and owners with prestigious awards that highlight a 'Made in Niagara' approach to design excellence of projects and initiatives. The criteria for gaining recognition will be based upon industry standards that are clear, fair, relevant, and unbiased. Award winners value recognition for their works when it is received from well-known and respected design practitioners and industry peers,
- Expand beyond the standard categories to encompass a broader segment of the design community and award design projects that enhance the built environment and design context of the Niagara Region,
- Highlight and celebrate the substantial contribution to the region's economy that design professionals, artists, and artisans provide, and;
- Introduce innovative technologies to showcase winning projects to a greater audience and look for new opportunities to interlace these projects with other events and promotions to enrich the overall visitation experience.

### **Timelines and Phasing:**

The Biennial design awards program is currently in the planning and pre-launch stages which will continue into the summer. In the fall (Q4) of 2019, the awards program will be launched at a symposium event which will include an open call for submissions.

The submission period will close in the winter (Q1) of 2020. At that time, the entries will be adjudicated through a juried process. The program will culminate with an awards ceremony in the spring (Q2) of 2020.

## **Alternatives Reviewed**

Staff considered maintaining the Niagara Community Design Awards program that was already in place. However, many aspects of that program are no longer relevant. The previous program was largely unchanged for twelve years and experienced a decline in the number of submissions. Holding the event annually produces a limited number of submissions to make an interesting and competitive atmosphere.

Staff also considered postponing a new program until 2020, however, there is a lot of interest and encouragement from the design and development communities to create a more vital and relevant awards platform. Based upon this appetite, it was decided to embark on the planning stages of the program immediately.

## **Relationship to Council Strategic Priorities**

The awards program will respond to two of the Regional Council's Strategic Priorities:

- Fostering Investment, Innovation and Entrepreneurship, and;
- Positioning Niagara Globally.

*'Fostering Investment, Innovation and Entrepreneurship'* will be achieved in several ways. Inviting the design and development communities to submit projects that compete for awards and recognition will, over time, create a design legacy that commemorates design now and into the future. Additionally, the quality of design execution will improve as designers vie to earn awards.

The awards program will showcase the variety and breadth of design happening within the region. Through a variety of events such as seminars, workshops, tours, film nights, etc., the program will provide an opportunity for the design and development communities to gather and network. The program will also provide opportunities for learning and discovery for these communities along with the public.

*'Positioning Niagara Globally'* will be achieved by promoting the program through publications, a website, social media and advertisements. This will promote Niagara's brand name and showcase design to a global audience.

By collaborating with Economic Development and Tourism initiatives, the program will reach a broader audience of residents, visitors, investors and businesses. In turn, this program will contribute to growth within the creative cluster and to an economic uplift in the Region.



## Other Pertinent Reports

PDS-C 30-2017: Niagara Community Design Awards was a memorandum that informed the intention to rebrand the previous Niagara Community Design Awards program into a biennial event. The memorandum was dated November 08, 2017.

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**Prepared by:**

Julia van der Laan de Vries  
Urban Designer  
Planning and Development Services

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**Recommended by:**

Rino Mostacci, MCIP, RPP  
Commissioner  
Planning and Development Services

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**Submitted by:**

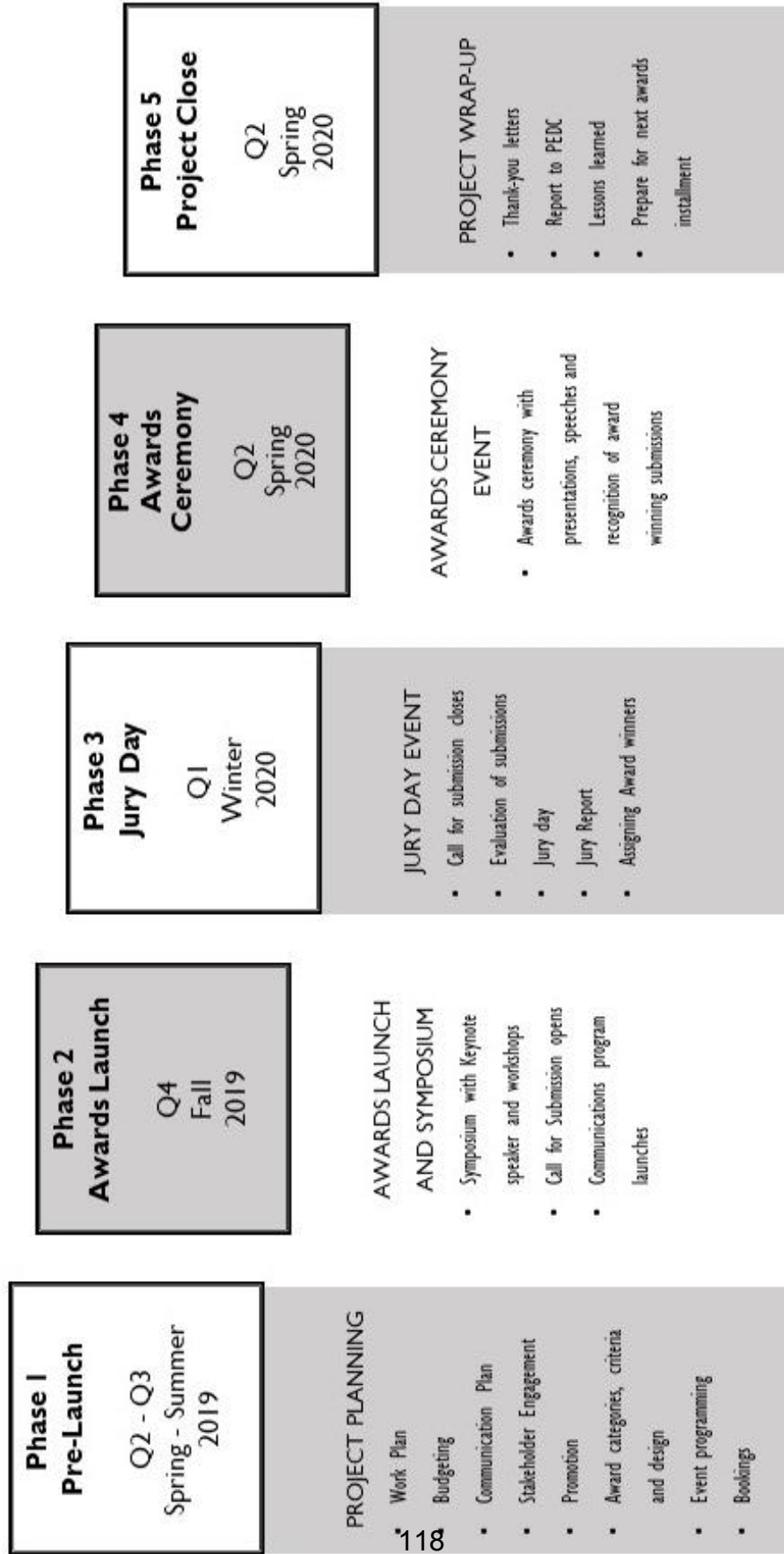
Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was prepared in consultation with: Khaldoon Ahmad, Manager of Urban Design and Landscape Architecture, Planning and Development Services; Blake Landry, Economic Research and Analysis Manager, Planning and Development Services; Farzana Crocco, Economic Development Strategic Marketing Manager, Planning and Development Services Department. This report was reviewed by: Diana Morreale, Director of Development Approvals, Planning and Development Services Department.*

## Appendices

Appendix 1                      Niagara Biennial Awards – Project Overview

# NIAGARA BIENNIAL DESIGN AWARDS – PROJECT OVERVIEW



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**Subject:** Regional Incentives Financial Information

**Report to:** Planning and Economic Development Committee

**Report date:** Wednesday, May 8, 2019

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## Recommendations

1. That Report PDS 22-2019 **BE RECEIVED** for information; and
2. That a copy of Report PDS 22-2019 **BE CIRCULATED** to the Local Area Municipalities.

## Key Facts

- The purpose of this report is to provide background on the financial implications and funding for the Region's incentive programs - particularly tax-related grants accessed through projects eligible under Local Community Improvement Plans (CIPs), as directed by Council at meeting on April 25, 2019.
- The Smarter Niagara Incentive Program (SNIP) is a suite of Regional incentive programs providing matching grants to eligible projects in Local Municipalities (LAMs). SNIP incentives are divided into simple grants (e.g., building and façade improvement grants) and tax-related grants (e.g., tax increment grants).
- Niagara Region is a funding partner on more than 50 CIP-based incentive programs across Niagara. Since May 2017, Regional Council has consistently directed staff to defer partnering on any new or revised incentive programs included in CIPs approved by the LAMs, pending completion of the ongoing Regional incentive review. As of March 2019 this has affected four new or revised locally approved CIPs.
- On April 25, 2019, Council approved including all CIPs which had been or will be locally approved by December 31, 2019 as eligible to submit Regional matching funding requests for SNIP simple grants and Council approved a budget of \$600,000 for 2019 for this purpose. A report on the financial implication of tax-related SNIP grants was also requested.
- SNIP simple grants and tax-related grants are budgeted for and administered in different ways. A description of the financial implications of SNIP tax-related grants, specifically tax increment grants is outlined below, but Regional funding requests for SNIP tax increment grants in 2019 could well be in excess of \$5 million over the life of the grants, usually 10 years.
- Nineteen Regional incentive programs (Appendix 1) administered by the Planning and Development Services, Finance, and Economic Development departments are

currently under review, including SNIP incentives. A presentation on Regional incentives and the Regional incentive review is scheduled for the Committee of the Whole meeting on June 6, 2019.

## **Financial Considerations**

### SNIP Simple Grants

SNIP simple grants are funded through an annual line item in the Levy budget (i.e. \$600,000 in 2019). This funding is allocated to applicants from the LAMs who match the funding and apply through a quarterly, first-come, first-served basis for eligible projects, until the budget limit is reached. In 2016 and 2017, funding from reserves was required to meet historical Regional incentive commitments for SNIP simple grants beyond the \$634,000 annual budget for each of those years, depleting reserves for these programs. (The SNIP simple grant budget was not exceeded in 2018). The unused funds are treated as all other operating budget surpluses for the corporation. No allocation to reserves is budgeted.

### SNIP Tax Increment Grants

SNIP tax increment grants (TIGs) are generally larger financial commitments of longer duration than simple grants. They are funded differently from simple grants. The budget is established in the first year of completed construction when the property is added to the tax roll and funded directly from the assessment growth in that year. The budget for grant/repayment expense is established in that year until the completion of the duration of the commitment - usually 10 years. The 2019 SNIP TIG budget is \$1.6 million. As most of the TIGs are for a 10 year period the cumulative impact of TIGs for which the Region is currently committed is a total over \$30 million through 2030. For all Regional tax increment grant commitments (including Gateway CIP tax increment grants), the total Regional commitment is over \$50 million through 2030. These amounts includes applications approved for which construction is not yet complete therefore assessment growth has not yet occurred and the expense budget respectively has not been established.

Each year the Region includes in the budget process the estimate of additional taxation revenue generated from new development (assessment growth). Historically this new revenue had averaged 1.31% of tax levy or \$4.2 million. Before this revenue can be utilized to fund the cost of services associated with the growing development and population, some must be set aside to provide for the repayment of the TIGs. The concern is that with the expansion of CIPs to greater proportion of the Region, more properties will become eligible, more taxes will be refunded and less funding will be available to fund operating expenses.

In 2019 to date, the Region has received approximately \$5 million in outstanding requests for matching SNIP TIG funding from eligible CIP programs, with more anticipated in 2019, these new commitments will be budgeted across the life of the grants, usually 10 years. This \$5 million is 1.3% of the Regional levy and has the potential, based on the timing of construction, to further erode assessment growth revenue. If the five new or revised locally approved CIPs, four of which have TIG programs, also become eligible for SNIP TIG matching Regional funding, there could be a considerable increase to the 2019 Regional request figure.

## **Analysis**

Nineteen of the Region's incentive programs administered by the Planning, Economic Development and Finance departments are currently under review. A presentation for Councillors on these incentive programs and the incentive review is slated for the June 6, 2019 Committee of the Whole meeting. This report deals specifically with one of oldest of these Regional programs, an umbrella incentive program called the Smarter Niagara Incentive Program, or SNIP.

As noted, SNIP incentives provide matching Regional funding for eligible projects approved by the LAMs through CIPs and all 12 Niagara LAMs have access to Regional SNIP incentives. Ten of the 12 LAMs have CIP programs offering a range of incentive types, and the Region matches over 50 of these programs.

### **SNIP and Tax Increment Grants**

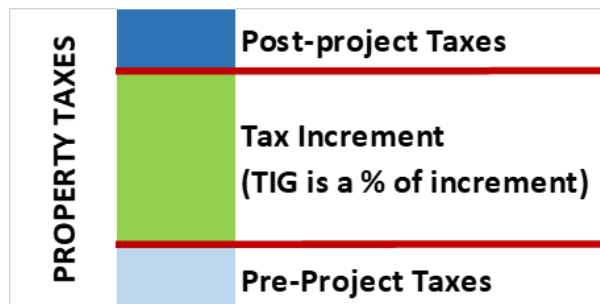
Below is information specifically on the tax increment grant (TIG).

TIGs, such as the SNIP Property Rehabilitation and Redevelopment Tax Increment Financing Grant (SNIP TIG), are grants based on a percentage of the tax related to the additional assessment created from the new construction (the difference between pre- and post-construction assessment) generated when a property is rehabilitated or redeveloped. The TIG is intended to refund taxes attributed to growth.

There is some inconsistency in the methodology by which some LAMs calculate the TIG. The simplest of methods to calculate this in an environment of annual changes to the assessment due to reassessment and increase in taxation (due to increase in budget and tax levies) where the grant is determined in the first year of the new assessment generated and then to continue to refund that 'fixed' amount annually for 10 years. This allows for consistency for the Region and developers.

Some LAMs however calculate the amount each year at a percentage of the taxes paid. This 'variable' methodology has the additional impact of refund budget increases and/or impacts of tax shifts due to reassessment. This methodology is also more challenging

to predict and budget for and additionally has risk to the developer to go down upon a reassessment shifts.



Through the SNIP TIG program, the Region matches the percentage and duration of the locally approved TIGs according to program parameters contained in each local CIP. Each LAM, and indeed each CIP even within the same municipality, may have a different TIG eligibility, rates, durations, and parameters. This means Regional funding for each TIG may differ substantially, depending on the CIP under which it is provided. The only Regional parameter cited in the current SNIP incentive program is that the Region will provide a minimum 75% grant rate for eligible brownfield TIGs.

Regional funding requests for SNIP TIGs are complex and require greater administrative review than SNIP simple grants. They typically involve review by policy planning, development planning and finance staff to determine whether it is an eligible request; the status of the project; the implications of the grant term, cost estimates, and building timelines; the potential impact for other incentives leveraged by the project; and whether it is eligible for delegated staff approval. SNIP TIG funding requests from all LAMs with eligible matching programs are accepted on a rolling in-take basis; there are no Regional limits on number of applications or funding amounts requested.

### Regional Incentive Review

A review of many Regional incentives, including the SNIP suite, is underway. Objectives of this review are to ensure that Regional incentive programs align with Regional Council priorities and are clear, current, accountable and effective. Following a presentation on Regional incentives to Councillors on June 6, reports through the Planning and Economic Development Committee regarding the incentive review are anticipated in June-July 2019. These presentations and reports will provide background on Regional incentives and existing programs; outline the rationale for and status of the incentive review; and seek Council direction on targeted areas for Regional incentive funding. New or revised programs based on this direction and review findings will be developed and are expected come before Council in fall 2019.

## **Alternatives Reviewed**

This report is for information; no alternatives were considered.

## **Relationship to Council Strategic Priorities**

N/A -- this report is brought forward in response to a motion approved at the April 25, 2019 Regional Council meeting.

## **Other Pertinent Reports**

|              |  |
|--------------|--|
| CL-C 35-2019 | Parameters of Regional Matching Funding for Smarter Niagara Incentive Program Tax Increment Grants             |
| PDS 31-2018  | Regional Incentive Delivery and Eligibility in 2019  |
| PDS-C 8-2018 | Regional Incentive Review and Community Improvement Plans  |
| PDS 42-2017  | Overview of 2018 Incentive Review  |
| PDS 33-2017  | Smarter Niagara Incentive Program 2017 Budget Update   |
| PDS 6-2017   | Town of Lincoln Request for the Region to Participate in its New Community Improvement Plan Incentives Program |
| PDS 97-2011  | Review and Update of the Smarter Niagara Incentive Programs  |

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### **Prepared by:**

Doug Giles  
Director, Long Range and Community  
Planning

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### **Recommended by:**

Rino Mostacci, MCIP, RPP  
Commissioner  
Planning and Development Services

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### **Submitted by:**

Ron Tripp, P.Eng.  
Acting Chief Administrative Officer

*This report was reviewed by Doug Giles, BES, MUP, Director, Community and Long Range Planning and Helen Chamberlain, Director, Financial Management & Planning/Deputy Treasurer*

## **Appendices**

Appendix 1 List of Regional Incentive Programs Under Review



## **Appendix 1 – List of Regional Incentive Programs Under Review**

### **1. Smarter Niagara Incentive Program (SNIP)**

- Environmental Assessment Study Grant
- Building and Façade Improvement Grant/Loan
- Residential Grant/Loan
- Heritage Restoration and Improvement Grant/Loan
- Agricultural Buildings and Facilities Revitalization Grant/Loan
- Agricultural Feasibility Study Grant
- Community Improvement Plans (CIPs)/Planning Studies Grant
- Affordable Housing Grant/ Loan Program
- Property Rehabilitation and Redevelopment Tax Increment Grant/Loan
- Brownfield Tax Assistance Program
- Development Charge Reduction Grant

### **2. Public Realm Investment Program**

### **3. Waterfront Investment Program**

### **4. Niagara Investment in Culture Program**

### **5. Gateway Economic Zone and Centre**

- Gateway CIP Tax Increment Based Grant
- Gateway CIP Regional DC Reduction Grant

### **6. Industrial Development Charge Grant**

### **7. Non-Profit Regional Development Charge Grant**

### **8. Heritage Tax Rebate Program**