

# an open letter



**Date:** November 6, 2015

**To:** Budget Committee Members

**From:** Heather Marshall, Campaigns Director

**Re:** BU13.5 Competitiveness - Municipal User Rates Study Findings - Costs and Levies Charged to Manufacturing

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Dear Members of the Budget Committee,

We are very encouraged by the findings of the Watson & Associates Economists Ltd. report, as it clearly shows that the Budget Committee can proceed with a full cost recovery pricing formula for the Industrial Waste Surcharge Agreement program without having an impact on manufacturers or Toronto's competitive edge in attracting new manufacturing.

Earlier this year, one thousand Toronto residents encouraged City Council to cash in on the \$1.6 Million in savings that full cost recovery pricing would bring. Council chose to wait until they had more information to vote on this decision, and now that information is before you.

The Watson report clearly shows that Toronto is competitive on water & wastewater costs for small, medium and large manufacturers. We also learned that these costs could be further reduced by the introduction of a new stormwater charge.

The big surprise in the report was that Toronto and the GTA are not cost competitive for small manufacturers due to high electricity costs, which account for 45% of small manufacturers' costs. In comparison, water and wastewater costs are only 8%.

**If Budget Committee and Council are serious about creating a cost competitive city for small manufacturers, the attention needs to be put on reducing energy costs not water rates.**

This report reaffirms the position of both Toronto Water and the Auditor General: a full cost recovery pricing formula for the Industrial Waste Surcharge Agreements will not significantly impact manufacturers. Full cost recovery will also increase transparency, reflect the true cost of this fee-for-service, and level the playing field for industry so that only polluters pay.

Accordingly, we urge you to vote in favour of full cost recovery for the industrial waste surcharge program during this budget cycle.

Sincerely,

A handwritten signature in black ink that reads "Heather Marshall". The signature is written in a cursive, flowing style.

Heather Marshall